NEW ISSUE - BOOK ENTRY ONLY

RATINGS:
Moody's: Baa1
"RATING" herein

Subject to compliance by the Illinois Finance Authority and the Borrower (as defined herein) with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Series 2024 Bonds (as hereinafter defined) is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the alternative minimum tax for individuals. Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See the caption "TAX MATTERS" herein for a more complete discussion.

TheChicagoSchool

$79,370,000
ILLINOIS FINANCE AUTHORITY
REVENUE BONDS,
THE CHICAGO SCHOOL,
SERIES 2024

Dated: Date of Delivery **Due:** April 1, as shown on the inside cover

The Illinois Finance Authority Revenue Bonds, The Chicago School, Series 2024 (the "Bonds" or the "Series 2024 Bonds") will be issued pursuant to a Trust Indenture dated as of May 1, 2024 (the "Indenture"), between the Illinois Finance Authority (the "Authority") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). Interest will be payable on April 1 and October 1 of each year, commencing on October 1, 2024. The principal of and premium, if any, on the Bonds is payable at the designated corporate trust office of the Trustee, or at the designated corporate trust office of any successor trustee or additional paying agent appointed under the Indenture. Pursuant to a Loan Agreement (the "Loan Agreement") dated as of May 1, 2024, between the Authority and The Chicago School—California, Inc., doing business as The Chicago School (the "Borrower"), the proceeds of the Series 2024 Bonds will be loaned to the Borrower to be applied as set forth therein and described herein.

The Bonds are subject to optional redemption and purchase in lieu of optional redemption prior to maturity as described herein. See "THE BONDS - Optional Redemption" and "- Purchase in Lieu of Optional Redemption."

The Bonds are to be issued for the purposes of: (i) paying certain costs relating to the planning, design, acquisition, construction, renovation, improvement, expansion, completion and/or equipping of certain of the Borrower's "educational facilities," as defined in the Act (as defined herein), including, the acquisition and renovation of a building to house, among other things, the Borrower's Illinois College of Osteopathic Medicine (collectively, the "Project") and (ii) paying certain costs relating to the issuance of the Series 2024 Bonds, all as permitted by the Act. See "PLAN OF FINANCING."

The Bonds are initially issuable as fully registered bonds without coupons. The Bonds, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form only in denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Bonds. The principal of and interest on the Bonds are payable by the Trustee, to DTC, which is to remit such principal and interest to its Participants (as defined herein). In turn, the Participants are to remit such principal and interest to the Beneficial Owners (as defined herein) of the Series 2024 Bonds, as described herein. All notices given by the Trustee pursuant to the Indenture, including any notice of redemption, shall be mailed only to Cede & Co. See "BOOK-ENTRY ONLY SYSTEM".

The Bonds are payable from payments required to be made by the Borrower under the Loan Agreement and under the Promissory Note, Series 2024, of the Borrower (the "Note" or the "Series 2024 Note") (as defined herein). The Borrower's obligation to make payments under the Loan Agreement and the Note are general unsecured obligations of the Borrower and require the Borrower to make payments thereunder in amounts sufficient to pay, when due, the principal of, redemption premium, if any, and interest on the Bonds. The Borrower has other outstanding indebtedness that is secured by liens on collateral of the Borrower. See "SECURITY FOR THE BONDS."

THE BONDS AND THE INTEREST THEREON AND PREMIUM, IF ANY, ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AND THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS AND OTHER COSTS INCIDENTAL THERETO ONLY FROM THE PAYMENTS TO BE MADE ON THE NOTE AND FROM AMOUNTS PAYABLE UNDER THE LOAN AGREEMENT (OTHER THAN CERTAIN UNASSIGNED RIGHTS), AND FROM THE FUNDS AND ACCOUNTS PLEDGED UNDER THE INDENTURE, AND EXCEPT TO SUCH LIMITED EXTENT, THE BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION, GENERAL OR MORAL, OR A PLEDGE OF THE FULL FAITH OR A LOAN OF CREDIT OF THE AUTHORITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE PURVIEW OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS OR OTHER COSTS INCIDENTAL THERETO. NO OWNER OF ANY BOND SHALL HAVE THE RIGHT TO COMPEL THE TAXING POWER, IF ANY, OF THE AUTHORITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE AUTHORITY DOES NOT HAVE THE POWER TO LEVY TAXES FOR ANY PURPOSES WHATSOEVER.

The Series 2024 Bonds are being offered by the Underwriters, when, as and if issued by the Authority and accepted by the Underwriters, subject to prior sale, withdrawal, or modification of the offer without any notice, and subject to the delivery of an approving opinion by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. Certain legal matters will be passed upon for the Authority by its special counsel, Burke Burns & Pinelli, Ltd., Chicago, Illinois, for the Borrower by Taft Stettinius & Hollister LLP, Chicago, Illinois, and for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP. It is expected that the Series 2024 Bonds will be available for delivery through the book-entry procedures of DTC on or about May 29, 2024.

RBC Capital Markets **Jefferies**

Dated: May 21, 2024

$79,370,000
ILLINOIS FINANCE AUTHORITY
Revenue Bonds,
The Chicago School,
Series 2024

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

Maturity Date (April 1)	Principal Amount ($)	Interest Rate (%)	Yield (%)	Price (% of par)	CUSIP† (45204F)
2025	2,995,000	5.000	3.950	100.852	XH3
2026	2,485,000	5.000	3.930	101.875	XJ9
2027	2,610,000	5.000	3.800	103.195	XK6
2028	2,740,000	5.000	3.700	104.607	XL4
2029	2,880,000	5.000	3.730	105.570	XM2
2030	3,020,000	5.000	3.740	106.549	XN0
2031	3,175,000	5.000	3.750	107.474	XP5
2032	3,330,000	5.000	3.770	108.275	XQ3
2033	3,500,000	5.000	3.810	108.854	XR1
2034	3,670,000	5.000	3.840	109.425	XS9
2035	3,855,000	5.000	3.840	109.425*	XT7
2036	4,050,000	5.250	3.860	111.284*	XU4
2037	4,260,000	5.250	3.990	110.164*	XV2
2038	4,485,000	5.250	4.100	109.228*	XW0
2039	4,720,000	5.250	4.170	108.637*	XX8
2040	4,970,000	5.250	4.290	107.633*	XY6
2041	5,230,000	5.250	4.390	106.805*	XZ3
2042	5,505,000	5.250	4.460	106.230*	YA7
2043	5,795,000	5.250	4.510	105.821*	YB5
2044	6,095,000	5.250	4.560	105.415*	YC3

* Priced to first optional redemption date of April 1, 2034.

 The CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the Underwriter or the Borrower and are included solely for the convenience of the owners of the Bonds. None of the Authority, the Underwriter or the Borrower is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of such Bonds.

REGARDING USE OF THIS OFFICIAL STATEMENT

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE AUTHORITY, THE BORROWER, OR THE UNDERWRITERS, TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT (WHICH TERM, WHENEVER USED HEREIN, WILL BE DEEMED TO INCLUDE THE FRONT COVER, THE INSIDE COVER, THE TABLE OF CONTENTS AND ALL OF THE APPENDICES TO THIS OFFICIAL STATEMENT), AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE AUTHORITY, THE BORROWER OR THE UNDERWRITERS. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION SET FORTH HEREIN RELATING TO THE AUTHORITY UNDER THE HEADINGS “THE AUTHORITY” AND “LITIGATION – THE AUTHORITY” HAS BEEN OBTAINED FROM THE AUTHORITY. ALL OTHER INFORMATION HEREIN HAS BEEN OBTAINED BY THE UNDERWRITERS FROM THE BORROWER AND OTHER SOURCES DEEMED BY THE UNDERWRITERS TO BE RELIABLE, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY THE AUTHORITY OR THE UNDERWRITERS. THE AUTHORITY HAS NOT REVIEWED OR APPROVED ANY INFORMATION IN THIS OFFICIAL STATEMENT EXCEPT INFORMATION RELATING TO THE AUTHORITY UNDER THE HEADINGS “THE AUTHORITY” AND “LITIGATION – THE AUTHORITY” HEREIN.

THE INFORMATION HEREIN IS SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY OR THE BORROWER SINCE THE DATE HEREOF.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THIS OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE SALE OF THE SECURITIES DESCRIBED IN IT, AND MAY NOT BE REPRODUCED OR USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSES. THE INFORMATION, ESTIMATES AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE OF THE BONDS SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY, THE

BORROWER OR ANY OTHER PERSON DESCRIBED HEREIN SUBSEQUENT TO THE DATE AS OF WHICH SUCH INFORMATION IS PRESENTED.

THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE FACING COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

THE CUSIP NUMBERS INCLUDED IN THIS OFFICIAL STATEMENT ARE FOR THE CONVENIENCE OF THE OWNERS AND THE POTENTIAL OWNERS OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT THE CUSIP NUMBERS FOR THE BONDS WILL REMAIN THE SAME AFTER THE DATE OF ISSUANCE AND DELIVERY OF THE BONDS.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE AUTHORITY, THE BORROWER AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

PURCHASE OF THE BONDS INVOLVES SIGNIFICANT RISK. PROSPECTIVE INVESTORS SHOULD READ THIS ENTIRE OFFICIAL STATEMENT PRIOR TO MAKING AN INVESTMENT DECISION. SEE "BONDHOLDERS' RISKS" FOR CERTAIN FACTORS THAT PROSPECTIVE PURCHASERS SHOULD CONSIDER PRIOR TO PURCHASING ANY OF THE BONDS.

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS OFFICIAL STATEMENT.

CAUTIONARY STATEMENTS REGARDING PROJECTIONS, ESTIMATES AND OTHER FORWARD LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE UNITED STATES SECURITIES ACT OF

1933, AS AMENDED. THESE STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS "MAY," "BELIEVE," "WILL," "PROJECT," "INTEND," "ANTICIPATE," "CONTINUE," "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. THESE FORWARD LOOKING STATEMENTS INCLUDE, AMONG OTHERS, THE INFORMATION UNDER THE CAPTIONS "BONDHOLDERS' RISKS" IN THE FOREPART OF THIS OFFICIAL STATEMENT AND CERTAIN INFORMATION INCLUDED IN APPENDIX A – "INFORMATION REGARDING THE CHICAGO SCHOOL – CALIFORNIA, INC. AND AFFILIATES" TO THIS OFFICIAL STATEMENT."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN THESE FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCES OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCES OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THESE FORWARD LOOKING STATEMENTS. OTHER THAN AS MAY BE REQUIRED BY LAW, THE BORROWER DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD LOOKING STATEMENTS IF OR WHEN CHANGES IN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH THESE STATEMENTS ARE BASED, OCCUR.

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$79,370,000
ILLINOIS FINANCE AUTHORITY
REVENUE BONDS, THE CHICAGO SCHOOL, SERIES 2024

INTRODUCTION

The purpose of this Official Statement, including the cover page, this Introduction and the Appendices hereto, is to set forth information in connection with the offering by the Illinois Finance Authority (the "Authority"), a body politic and corporate created and existing under the Illinois Finance Authority Act, as amended (the "Act"), of $79,370,000 in aggregate principal amount of its Revenue Bonds, The Chicago School, Series 2024 (the "Bonds" or the "Series 2024 Bonds"). The Authority is issuing the Bonds pursuant to an authorizing resolution adopted by the Authority on April 9, 2024 (the "Resolution"). Definitions of certain words and terms used in this Official Statement regarding the Bonds are set forth in APPENDIX C, attached hereto, and within the text herein.

The Bonds are being issued pursuant to a Trust Indenture dated as of May 1, 2024 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Authority will lend the proceeds from the sale of the Bonds to The Chicago School—California, Inc., a California nonprofit public benefit corporation, doing business as The Chicago School (the "Borrower"), under the terms of the Loan Agreement dated as of May 1, 2024 (the "Loan Agreement"), between the Borrower and the Authority, through the purchase of a Promissory Note, Series 2024 (the "Note" or the "Series 2024 Note") of the Borrower.

The proceeds of the Bonds will be used, together with certain other monies, by the Borrower to (i) finance, refinance or reimburse the Borrower for all or a portion of the costs of the planning, design, acquisition, construction, renovation, improvement, expansion, completion and/or equipping of certain of its facilities constituting "educational facilities," as defined in the Act, including, the acquisition and renovation of a building to house, among other things, the Borrower's Illinois College of Osteopathic Medicine (collectively, the "Project") and (ii) pay certain costs relating to the issuance of the Series 2024 Bonds, all as permitted by the Act. See "PLAN OF FINANCING."

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

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

THE CHICAGO SCHOOL—CALIFORNIA, INC.

The Borrower is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code (the "Code") that directly or through its affiliates owns or leases and operates six campuses located in Chicago, Illinois, Los Angeles, San Diego and Anaheim, California, Washington, D.C. and Richardson (near Dallas), Texas and online. The Borrower offers programs in psychology, health, business, counseling, and behavioral sciences.

The Borrower is the sole member of The Chicago School of Professional Psychology, an Illinois nonprofit corporation ("TCS Illinois"), The Chicago School – Washington, D.C. Inc., a District of Columbia nonprofit corporation ("TCS D.C."), and TCS Education – Texas Inc., a Texas nonprofit corporation ("TCS Texas" and collectively with TCS Illinois and TCS D.C., the "Affiliates"). Each of the Affiliates is an organization described in Section 501(c)(3) of the Code. The Borrower and the Affiliates are each doing business as "The Chicago School." The Borrower and the Affiliates have been supported in their operations since 2009 though their relationship with TCS Education System (the "System"), an organization described in Section 501(c)(3) of the Code, which acts as sole member of the Borrower and provides management services and other support activities to the Borrower and the Affiliates.

The Borrower is the only entity obligated under the Loan Agreement and with respect to the Bonds. Concurrently with the issuance of the Bonds, (1) the Borrower will enter into a Use Agreement, dated as of May 1, 2024 (the "Use Agreement") with TCS Illinois and the System relating to the use of the Project for federal tax law purposes and (2) the Borrower and the Affiliates will enter into the Contribution Agreement dated as of May 1, 2024 (the "Contribution Agreement") under which the Affiliates are obligated to transfer to the Borrower amounts necessary to enable the Borrower to meet its obligations under the Loan Agreement. See "SECURITY FOR THE BONDS" herein for more information about the Contribution Agreement.

As described in APPENDIX A, the Borrower is currently in the process of simplifying its corporate structure. Under this contemplated simplification, the Affiliates would be eliminated and consolidated into the Borrower. The University anticipates that TCS D.C. and TCS Texas will be consolidated into the Borrower on or about June 1, 2024 and that TCS Illinois will be consolidated into the Borrower in 2025, although no assurances can be given as to when or if the Affiliates will consolidate into the Borrower. Until such time as all of the Affiliates are consolidated into the Borrower, the Affiliates will be obligated under the Contribution Agreement to transfer to the Borrower amounts necessary to enable the Borrower to meet its obligations under the Loan Agreement.

Audited consolidated financial statements of the Borrower (including the Affiliates) as of and for the years ended May 31, 2023, May 31, 2022 and May 31, 2021 are included in APPENDIX B hereto, which have been audited by RSM US LLP as independent auditors. RSM US LLP, the Borrower's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. RSM US LLP also has not performed any procedures relating to this Official Statement.

The Borrower is using the proceeds of the Bonds for the Project. See "PLAN OF FINANCING."

Further information about the Borrower, the Affiliates and the Project is contained in APPENDIX A – "INFORMATION REGARDING THE CHICAGO SCHOOL – CALIFORNIA, INC. AND AFFILIATES" and APPENDIX B - "THE CHICAGO SCHOOL—CALIFORNIA, INC., D/B/A THE CHICAGO SCHOOL CONSOLIDATED FINANCIAL REPORTS FOR MAY 31, 2023, MAY 31, 2022 AND MAY 31, 2021 (WITH INDEPENDENT AUDITORS' REPORTS THEREON).

THE BONDS

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

General

The Bonds are dated the date of issuance, will bear interest at the rates set forth on the inside cover page hereof, and will mature, subject to prior redemption, on April 1 of each of the years and in the principal amounts set forth on the inside cover page hereof. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year, with the first interest payment date being October 1, 2024. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Payment of interest on the Bonds on any interest payment date will be made to the Owner of the Bond as shown on the registration books of the Authority and maintained by the Trustee at the close of business of the Trustee on the Record Date. So long as the Bonds are registered in the name of Cede & Co. as nominee of DTC, the initial securities depository for the Bonds, principal of, premium, if any, and interest on the Bonds will be paid as described in this Official Statement under "BOOK-ENTRY ONLY SYSTEM." The Bonds will be available only in fully registered form in Authorized Denominations. Authorized Denominations for any Bond means the denomination of $5,000 or any integral multiple thereof.

As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute Owner of such Bond for all purposes, and payment of either principal of or interest on or premium, if any, on any such Bond shall be made only to or upon order of the Owner of such Bond or such Owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the premium, if any, and interest on such Bond, to the extent of the sum or sums so paid.

The Trustee shall keep the registration books for the Bonds at its designated corporate trust office. Subject to the conditions contained in the Indenture, the Bonds may be transferred or exchanged for a like aggregate amount of fully registered Bonds of the same maturity and series of other Authorized Denominations. While the Bonds are held in a book-entry only system, transfers and exchanges of beneficial interests in the Bonds shall be made in accordance with the customary procedures of DTC. In the event that the Bonds are not held in a book-entry only system, transfers and exchanges shall be made in accordance with terms set forth in the Indenture.

Optional Redemption

The Bonds maturing on or after April 1, 2035 are subject to redemption prior to maturity in whole or in part, and if in part, then in Authorized Denominations and by maturities or portions thereof designated by the Borrower, or if not so designated, then in the inverse order of their maturities and randomly within a maturity in such manner as shall be determined by the Trustee to be fair and equitable, on any date occurring on or after April 1, 2034 by the Authority at the direction of the Borrower out of any moneys received by the Trustee from the Borrower pursuant to the Loan Agreement and deposited in the Optional Redemption Fund, at a redemption price equal to 100% (expressed as a percentage of the principal amount of such Bonds to be redeemed) plus accrued interest thereon to the redemption date.

Purchase in Lieu of Optional Redemption

Under the Indenture, the Authority grants to the Borrower the option to purchase, at any time and from time to time, any Bond which is otherwise then redeemable pursuant to the optional redemption provision summarized in the preceding paragraph at a purchase price equal to the applicable redemption price for such Bond. To exercise such option, the Borrower shall give the Authority and the Trustee a Written Request exercising such option within the time period specified in the Loan Agreement as though such Written Request were a Written Request of the Borrower for prepayment of the Note, and the Trustee shall thereupon give the holders of such Bonds to be purchased notice of such purchase in the manner specified in the Indenture as though such purchase were a redemption. On the date fixed for purchase pursuant to any exercise of such option, the Borrower shall pay the purchase price of such Bonds then being purchased to the Trustee in immediately available funds, who shall pay the same to the sellers of such Bonds against delivery thereof. Following such purchase, the Trustee shall cause such Bonds to be registered in the name of the Borrower or its nominee and shall deliver them to the Borrower or its nominee. No purchase of Bonds as described in this paragraph shall operate to extinguish the indebtedness of the Authority evidenced thereby.

Certain Credits

The Authority shall receive a credit against its obligation to have moneys on deposit in the Bond Sinking Fund in an amount sufficient to pay the Bonds (at maturity) on any date (a) to the extent that the Borrower delivers to the Trustee for cancellation on or prior to any such date one or more Bonds maturing on such date and bearing interest at the same rate or (b) to the extent Bonds maturing on such date and bearing interest at the same rate are optionally redeemed as described above under "Optional Redemption."

Notice of Redemption; Effect

Unless waived by any Owner of the Bonds, or portions thereof, to be redeemed pursuant to the Indenture, notice of any such redemption identifying the Bonds, or portions thereof, to be redeemed shall be given by the Trustee as Bond Registrar on behalf of the Authority by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 20 days and not more than 60 days prior to the date fixed for redemption, to the Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Owner to the Trustee; provided that, as long as DTC or its nominee is the Owner of the Bonds, the Bond Registrar may give such notice of redemption by e-mail, facsimile transmission or other electronic delivery method so long as such delivery method is authorized under the Letter of Representations dated September 25, 2018 from the Authority to DTC (as the same may be supplemented or amended). The failure of the Bond Registrar to give notice to a Bondholder, or any defect in such notice, shall not affect the validity of the redemption of any other Bonds as to which proper notice was given.

All notices of redemption shall be dated and shall state: (i) the redemption date; (ii) the redemption price; (iii) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal installment amounts) of the Bonds to be redeemed; (iv) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after such date; (v) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Trustee; and (vi) the CUSIP number and the bond certificate number of the Bonds to be redeemed.

If notice of redemption has been given and upon the satisfaction of all conditions described in such notice, if any, have been satisfied, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and, from and after the redemption date (unless the Authority shall default in the payment of the redemption price), such Bonds or portions of such Bonds shall cease to bear interest, shall no longer be protected by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture, and the Owners of such Bonds shall have the right only to receive the redemption price of the Bond plus accrued interest to the date fixed for redemption.

Prior to the date that any notice of optional redemption (except any notice that refers to Bonds of a series that are the subject of an advance refunding or a current refunding) is first mailed, as a condition precedent to the mailing of such notice, the Borrower shall deposit with the Trustee an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed pursuant to such notice, or such notice shall state that any redemption is conditional upon such funds being deposited with the Trustee on or prior to such redemption date and that failure to so deposit such funds shall not constitute an event of default under the Indenture. The Trustee shall promptly notify the applicable Owners of the Bonds of the failure to satisfy any such condition and of the resulting cancellation of any such redemption in the same manner as the original notice of redemption was given.

Additional Bonds

At the request of the Borrower, under the Indenture, the Authority may issue Additional Bonds from time to time for any purpose permitted by the Act. The proceeds of any such Additional Bonds shall be lent to the Borrower as evidenced by one or more Additional Notes of the Borrower issued to the Authority. Each series of Additional Bonds issued under the Indenture shall be equal in aggregate principal amount to the principal amount of the Additional Note or Notes evidencing the loan of the proceeds thereof to the Borrower. See APPENDIX C –

"DEFINITIONS AND SUMMARY OF PRINCIPAL DOCUMENTS RELATING TO THE SERIES 2024 BONDS – THE INDENTURE - Issuance and Delivery of Additional Bonds."

SECURITY FOR THE BONDS

The following is a brief description of the security provided for the payment of the Bonds. Reference is made hereby to APPENDIX C, attached hereto for the definitions of certain capitalized terms used under this caption and for a brief description of certain provisions of the Indenture and the Loan Agreement. The discussion herein is qualified by such reference.

General

The Bonds, together with all principal and interest thereon and premium, if any, with respect thereto, are special limited obligations of the Authority secured by the Loan Agreement and the Series 2024 Note (together with any Additional Notes, the "Notes") and shall always be payable solely from the revenues and income derived from the Loan Agreement and the Notes (except to the extent paid out of moneys attributable to proceeds of the Bonds, the income from the temporary investment thereof, or payments made pursuant to or derived from a mortgage or assignment of leases and rents or credit enhancement device), are and shall always be a valid claim of the respective Owners thereof only against the revenues and income derived from the Loan Agreement and the Notes, which revenues and income shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture, the Bond Resolution and the Loan Agreement. The State shall not in any event be liable for the payment of the principal of, premium, if any, or interest on any of the Bonds or for the performance of any pledge, mortgage, obligation or agreement undertaken by the Authority.

The Bonds are secured by a pledge and assignment by the Authority to the Trustee of the Note and the Authority's rights, title and interest under the Loan Agreement (except its Unassigned Rights) and by a pledge to the Trustee of the Authority's right, title and interest in and to all moneys and securities held by the Trustee pursuant to the Indenture. The payments on the Note are required to be sufficient to pay the principal of, premium, if any, and interest on the Bonds when due.

No Reserve Fund

The Bonds are not secured by any reserve fund.

The Loan Agreement

The Borrower's obligation to make payments under the Loan Agreement and on the Note are general unsecured obligations of the Borrower, and require the Borrower to make payments thereunder in amounts sufficient to pay when due, the principal of, redemption premium, if any, and interest on the Bonds issued under the Indenture.

As of the date of issuance, no portion of the Borrower's revenues, buildings or other property is mortgaged or pledged as security for its obligations under the Note or the Loan Agreement.

Under the Loan Agreement, the Borrower covenants that it will not incur additional Long-Term Indebtedness unless any then outstanding Long-Term Indebtedness has an existing rating of "Baa1" or greater from Moody's and the proposed Long-Term Indebtedness receives a rating of at least "Baa1" or greater from Moody's. Such additional Long-Term Indebtedness, if incurred by the Borrower, may be either secured or unsecured and, if secured, may be entitled to payment prior to the payments under the Loan Agreement and the Note. Under the Loan Agreement, the Borrower covenants that it will not incur any Long-Term Indebtedness secured by the assets or property of the Borrower and the Affiliates, unless the Borrower has obtained the written consent of the owners of a simple majority in aggregate principal amount of the Bonds then Outstanding. The incurrence of Indebtedness (other than Long-Term Indebtedness) is not limited by the Loan Agreement.

As used herein, "Long-Term Indebtedness" means Indebtedness having a final maturity or payment date of more than one year from the date of creation thereof (or which is renewable or extendible at the option of the obligor to a date more than one year from the date of creation thereof), but excluding any portion thereof which is properly included in current liabilities under generally accepted accounting principles and "Indebtedness" means all indebtedness of the Borrower and/or the Affiliates for borrowed money.

The Borrower has other outstanding indebtedness that is secured by liens on collateral of the Borrower. See APPENDIX A--"INFORMATION REGARDING THE CHICAGO SCHOOL – CALIFORNIA, INC. AND AFFILIATES – Outstanding Indebtedness."

The Contribution Agreement

In connection with the issuance of the Bonds, the Borrower and the Affiliates have entered into the Contribution Agreement under which the Affiliates are obligated to transfer to the Borrower amounts necessary to enable the Borrower to meet its obligations under the Loan Agreement. The University anticipates that TCS D.C. and TCS Texas will be consolidated into the Borrower on or about June 1, 2024 and that TCS Illinois will be consolidated into the Borrower in 2025, although no assurances can be given as to when or if the Affiliates will consolidate into the Borrower. Until such time as all of the Affiliates are consolidated into the Borrower, the Affiliates will be obligated under the Contribution Agreement to transfer to the Borrower amounts necessary to enable the Borrower to meet its obligations under the Loan Agreement. See "BONDHOLDERS' RISKS – Enforceability of Remedies."

The Borrower is obligated under the Loan Agreement to enforce the obligations of the Affiliates under the Contribution Agreement.

State of Illinois Not Liable on the Bonds

The Bonds, any premium thereon and the principal and interest thereon constitute special limited obligations of the Authority and do not and shall never constitute an indebtedness or obligation, general or moral, or a pledge of the faith and credit of the Authority, the State of Illinois or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision. The Bonds are payable solely from sources specified in the Indenture. Neither the full faith and credit nor the taxing powers, if any, of the Authority, the State of Illinois or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, and interest on the Bonds. No owner of any Bond shall have the right to compel any exercise of the taxing power, if any, of the Authority, the State of Illinois or any political subdivision thereof to pay the principal of, premium, if any, or interest on the Bonds. The Authority does not have the power to levy taxes for any purpose whatsoever.

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY AND THE BORROWER BELIEVE TO BE RELIABLE, BUT THE UNDERWRITERS, THE AUTHORITY, THE TRUSTEE AND THE BORROWER TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE BORROWER, THE AUTHORITY NOR THE TRUSTEE (IN THEIR CAPACITY AS SUCH) WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNERS WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS OF THE BONDS; OR (IV) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS A BONDHOLDER.

PLAN OF FINANCING

The Bonds

The proceeds from the sale of the Bonds will be loaned by the Authority to the Borrower, and used by the Borrower, together with other funds, to (i) finance, refinance or reimburse the Borrower for all or a portion of the costs of the Project which includes the acquisition and renovation of a building to house, among other things, the Borrower's Illinois College of Osteopathic Medicine and (ii) pay certain costs relating to the issuance of the Series 2024 Bonds, all as permitted by the Act.

In March 2024, the Borrower used institutional liquidity to purchase an approximately 247,000 square feet office building in Chicago's West Loop, located at 400 S. Jefferson Street, for $38.5 million to serve as the site of the Borrower's new Chicago campus. The Borrower expects to renovate and equip this building and when complete, to move its existing Chicago campus to this new location. Concurrently with the issuance of the Bonds, the Borrower, TCS Illinois and the System will enter into the Use Agreement relating to the use of the Project for federal tax law purposes.

The Borrower expects that the renovation and construction and equipment budget, inclusive of architect fees, furniture, fixtures and equipment, for the facility will be approximately $51.5 million. Construction work is expected to begin in summer 2024, and the Borrower estimates that construction will be substantially complete by December 2025 and the building will be open by summer 2026. The Borrower has engaged a contractor for pre-construction services to work with the architect team to establish a guaranteed maximum price for the Project.

The proceeds of the Bonds are being used to reimburse the Borrower for the purchase price for the building and fund the costs of the Project, less an anticipated equity contribution of approximately $7 million from the System.

For a detailed description of the Project and the required accreditation for the new Doctor of Osteopathic Medicine degree to be offered at the new Chicago facility, see APPENDIX A – "INFORMATION REGARDING THE CHICAGO SCHOOL - CALIFORNIA, INC. AND AFFILIATES– The Project" and "—Proposed Illinois College of Osteopathic Medicine." See also "BONDHOLDERS' RISKS – Construction Risks Associated with Renovation Projects" and "-Accreditation Risks of the Project."

The Authority makes no warranty or representation, whether express or implied, with respect to the educational facilities financed or refinanced by the Bonds or the location, use, operation, design, workmanship, merchantability, fitness, suitability or use for a particular purpose, condition or durability thereof or title thereto.

Future Borrowing

After the sale of the Bonds, additional parity bonds may be issued with any additional authorization required by the Authority.

Estimated Sources and Uses of Funds

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

Sources of Funds	
Principal Amount of Bonds	$ 79,370,000.00
Original Issue Premium	5,629,031.40
Total Sources:	$ 84,999,031.40
Uses of Funds	
Project Fund Deposit	$ 83,887,616.55
Costs of Issuance[1]	1,111,414.85
Total Uses:	$ 84,999,031.40

[1] Includes the Underwriters' discount and costs relating to the issuance of the Bonds.

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for each fiscal year ending May 31, the amounts[1] required to be made available for payment of principal and interest on the Bonds.

Fiscal Year Ending (May 31)	Principal	Interest	Total Debt Service
2025	$ 2,995,000	$ 3,423,736	$ 6,418,736
2026	2,485,000	3,931,525	6,416,525
2027	2,610,000	3,807,275	6,417,275
2028	2,740,000	3,676,775	6,416,775
2029	2,880,000	3,539,775	6,419,775
2030	3,020,000	3,395,775	6,415,775
2031	3,175,000	3,244,775	6,419,775
2032	3,330,000	3,086,025	6,416,025
2033	3,500,000	2,919,525	6,419,525
2034	3,670,000	2,744,525	6,414,525
2035	3,855,000	2,561,025	6,416,025
2036	4,050,000	2,368,275	6,418,275
2037	4,260,000	2,155,650	6,415,650
2038	4,485,000	1,932,000	6,417,000
2039	4,720,000	1,696,538	6,416,538
2040	4,970,000	1,448,738	6,418,738
2041	5,230,000	1,187,813	6,417,813
2042	5,505,000	913,238	6,418,238
2043	5,795,000	624,225	6,419,225
2044	6,095,000	319,988	6,414,988
Total:	$ 79,370,000	$ 48,977,199	$ 128,347,199

(1) The estimated amounts have been rounded to the nearest dollar. As a result, numbers in certain rows and columns may not total. The Borrower has other outstanding indebtedness that is not included in this table. See APPENDIX A--"INFORMATION REGARDING THE CHICAGO SCHOOL – CALIFORNIA, INC. AND AFFILIATES – Outstanding Indebtedness."

BONDHOLDERS' RISKS

The following is a discussion of certain risks that could affect payments to be made with respect to the Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto. There can be no assurance that other risks or considerations not discussed herein are not or will not become material in the future.

General

The Bonds are special, limited obligations of the Authority, payable solely from and secured by the solely from the revenues and income derived from the Loan Agreement and the Notes. No representation or assurance can be given that the Borrower will realize revenues in amounts sufficient to make such payments with respect to the Bonds and to pay other expenses and obligations of the Borrower. The realization of future revenues is dependent upon, among other things, the capabilities of the management of the Borrower and future changes in economic and other conditions that are unpredictable and cannot be determined at this time.

The Borrower is subject to the same competitive pressures that affect other private higher education institutions. Changing demographics may mean a smaller pool of university-bound persons from which to draw entering classes. Greater competition for students together with rising tuition may mean that the Borrower will need to increase its financial aid packages to attract and retain students or that it may face fewer students and decreased revenues. Attracting and keeping qualified administrators and faculty may mean higher expenditures for salaries and administrative costs. Each of these factors can have an impact on the revenues of the Borrower. Factors that may also adversely affect the operations and financial condition of the Borrower, although the extent cannot be presently determined, include, among others: (1) employee strikes and other labor actions, contract disputes, discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, interpersonal torts (such as between employees or between employees and students) and other risks that may flow from the relationships between employer and employee or between students and employees that could result in a substantial reduction in revenues without corresponding decreases in costs; (2) increased costs and decreased availability of insurance; (3) changes in the demand for higher education in general or for programs offered by the Borrower in particular; (4) cost and availability of energy; (5) high interest rates and inflation, which could strain cash flow or prevent borrowing for needed capital expenditures; (6) a decrease in availability of student loan funds or other aid; (7) an increase in salaries and the costs of health care benefits, retirement plan or other benefit packages offered by the Borrower to its employees and retirees; (8) a significant decline in the Borrower's investments based on market or other external factors; (9) litigation; (10) reductions in funding support from donors or other external sources (11) natural disasters, which might damage the Borrower's facilities, interrupt service to its facilities or otherwise impair the operation of the Borrower's facilities; (12) cybersecurity risks related to breaches of the Borrower's information technology systems or computer viruses and inadvertent disclosure of confidential student and other information; and (13) international events, including any acts of war and terrorism, which may have adverse effects on enrollment and investments. There are also risks related to the Project described below under

"Construction Risks Associated with Renovation Projects" and "Accreditation Risk Related to the Project."

Construction Risks Associated with Renovation Projects

The Borrower is undertaking a large renovation project with the proceeds of the Bonds to convert an office building into a medical educational facility. The Borrower has estimated the cost of the Project but has not executed a guaranteed maximum price construction contract with the contractor for the Project. Accordingly, the cost of the Project could be materially higher than the cost currently estimated by the Borrower. See APPENDIX A – "INFORMATION REGARDING THE CHICAGO SCHOOL – CALIFORNIA, INC. AND AFFILIATES – The Project" for more information.

Such projects are subject to a variety of risks, including but not limited to delays in issuance of required building permits or other necessary approvals or permits, including environmental approvals, strikes, shortages of qualified contractors or materials and labor, and adverse weather conditions. Such events could increase the costs of the Project and delay the completion of the renovation, the occupancy of the Project by the Borrower, and the commencement by the Borrower of educational operations. Increased costs may occur due to negotiations with the contractor and cost overruns may occur due to change orders, delays in construction schedules, scarcity of building materials and labor, tariffs on construction materials, and other factors. Cost increases could cause Project costs to exceed estimates and require more funds than originally allocated or require the Borrower to borrow additional funds to complete the Project. Failure of the Borrower to complete the Project on time and on budget could have a material adverse impact on the financial condition and operations of the Borrower.

Accreditation

As described in APPENDIX A – "INFORMATION REGARDING THE CHICAGO SCHOOL – CALIFORNIA, INC. AND AFFILIATES – Proposed Illinois College of Osteopathic Medicine," the Borrower is seeking to offer a Doctor of Osteopathic Medicine (D.O.) degree through a College of Osteopathic Medicine (COM) which will be accredited by the Commission on Osteopathic College Accreditation (COCA) at its new Chicago facility. The development and operation of a U.S. osteopathic medical school requires full accreditation from COCA. The COCA currently accredits all osteopathic medical schools in the United States and Canada. Accreditation standards are rigorous and require appropriate performance across certain standards to obtain and maintain accreditation. New and developing COMs proceed through a three-stage process prior to reaching full accreditation: Applicant Status, Candidate Status, and Pre-Accreditation Status prior to Full Accreditation.

The Borrower received Candidate Status with the COCA in April 2024. As part of receiving Candidate Status, the Borrower funded required segregated escrow funds in the approximate amount of $54 million, which depletes the Borrower's cash position. This amount will not be released from escrow until the graduation of the first cohort of students from the new Chicago facility, which is expected in 2030. A lack of access by the Borrower to these escrowed funds could have a material adverse impact on the financial condition and operations of the Borrower.

The Borrower can be considered for Full Accreditation status following the graduation of its first class, which it anticipates will occur in May 2030. The attainment of Full Accreditation status is subject to review and approval by the COCA. The failure to obtain and maintain full accreditation will result in significant oversight and reporting requirements, accreditation proceedings such as a show-cause directive, an action to defer or deny action related to an institution's application for a new grant of accreditation or an action to suspend an institution's accreditation. While the Borrower expects to receive Full Accreditation, no assurances can be given as to if and when the Borrower will receive Full Accreditation.

Enrollment maximums are set by the COCA. The COCA maximum enrollment limits will limit the amount of students the Borrower can admit to the new Chicago facility. Moreover, in order to attract students and to qualify under federal, state and private student financial aid programs, the Borrower must maintain its accreditation with its accreditation agencies. There is no guarantee on the timing of accreditation status or that it will be successfully maintained in the future. Failure or delay or loss of accreditation status by the Borrower could have a material adverse impact on the financial condition and operations of the Borrower.

Tuition and Fees

The Borrower derives substantial revenue from tuition and fees. Such tuition and fees comprised approximately 87.8% of the Borrower's operating revenues for fiscal year 2023. Because tuition and fee revenue depend on a variety of factors, including the effect of the COVID-19 pandemic on in-person learning, economic and demographic factors and public and private funding of financial aid, many of which are outside the control of the Borrower, it is possible that such revenues will not continue at expected levels in the future. Although the Borrower has consistently demonstrated a high level of student demand for its programs at current fee levels, there is no assurance that it will be able to do so in the future. A sizable reduction in the enrollment of students at the Borrower would have a material adverse impact on the financial condition and operations of the Borrower.

Reliance on the System

The System is the sole member of the Borrower and has certain reserved powers over the Borrower. Since 2009, the System has provided comprehensive management and other support services to the Borrower pursuant to a services agreement. The payments by the Borrower to the System under the services agreement represent the majority of its operating expenses. Accordingly, the Borrower is reliant on the System to conduct its operations. Any disruption in the relationship between the System and the Borrower could have a material adverse impact on the financial condition and operations of the Borrower.

Investment in Kansas Health Science Center

As described in APPENDIX A – "INFORMATION REGARDING THE CHICAGO SCHOOL – CALIFORNIA, INC. AND AFFILIATES – Kansas Health Science Center," the Borrower has a substantial investment in the shares of an affiliate of the System, the Kansas Health Science Center. This investment is not liquid. The inability to liquidate this investment if cash is needed by the Borrower could have a material adverse impact on the financial condition and operations of the Borrower. In addition, the Borrower is jointly and severally liable with the Kansas Health Science Center with respect to two lines of credit. See APPENDIX A – "INFORMATION REGARDING THE CHICAGO SCHOOL – CALIFORNIA, INC. AND AFFILIATES – Outstanding Indebtedness."

Outstanding Secured Indebtedness

As described in APPENDIX A – "INFORMATION REGARDING THE CHICAGO SCHOOL – CALIFORNIA, INC. AND AFFILIATES – Outstanding Indebtedness," the Bonds are unsecured obligations of the Borrower while the Borrower has other outstanding secured indebtedness, secured by a lien on cash and investments on deposit in an account with the secured lender in the amount of $41,918,306 as of March 31, 2024. Under the agreement with this secured lender, the Borrower is obligated to pledge collateral in an amount specified by the lender. In addition to the lien described above, the Borrower has outstanding indebtedness with another lender. This lender holds the Borrower's operating accounts and is entitled to debit the operating accounts of the Borrower to pay fees and payments owed to the lender in accordance with the terms of that lending arrangement. Moreover, the Borrower is jointly and severally liable to each of these two lenders for amounts drawn by the Affiliates and other affiliates of the System that are parties to these lines of credit. As a result, any draws by parties other than the Borrower that are not repaid by such parties could result in a liability of the Borrower and as a result could have a material adverse impact on the financial condition and operations of the Borrower. See "Bankruptcy." Under the Loan Agreement, the Borrower covenants that it will not incur additional Long-Term Indebtedness unless any then outstanding Long-Term Indebtedness has an existing rating of "Baa1" or greater from Moody's and the proposed Long-Term Indebtedness receives a rating of at least "Baa1" or greater from Moody's. Such additional Long-Term Indebtedness, if incurred by the Borrower may be either secured or unsecured and, if secured, may be entitled to payment prior to the payments under the Loan Agreement and the Note. Under the Loan Agreement, the Borrower covenants that it will not incur any Long-Term Indebtedness secured by the assets or property of the Borrower and the Affiliates, unless the Borrower has obtained the written consent of the owners of a simple majority in aggregate principal amount of the Bonds then Outstanding. The incurrence of Indebtedness (other than Long-Term Indebtedness) is not limited by the Loan Agreement.

Future Changes in Law

The Borrower is subject to substantial complex regulation by various governmental authorities. There can be no assurance that there will not be any change in, reinterpretation of, or addition to the laws or regulations applicable to the Borrower, including changes in the Higher Education Act, regulations concerning research, and federal immigration laws. There can be no assurance that any such changes in laws or regulations will not have a material adverse effect on the financial condition of the Borrower.

Possible Tax Changes Affecting the Borrower

The possible modification or repeal of certain existing federal income or state tax laws, or other loss by the Borrower of the present advantages of certain provisions of the federal income or state tax laws, could materially and adversely affect the tax exemptions relied upon by the

Borrower and thereby its revenues. In addition, modification or repeal of the Borrower's exemption from property taxes under state and local laws could adversely affect the Borrower's financial condition.

The Borrower is an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The maintenance by the Borrower of its Section 501(c)(3) tax-exempt status depends, in part, upon compliance with general rules in the Code and related United States Treasury regulations regarding the organization and operation of tax-exempt entities, including their operation for charitable and educational purposes and their avoidance of transactions that may cause their assets to inure to the benefit of private individuals.

For a discussion of certain tax matters relating to the Bonds, see the discussion under the caption "TAX MATTERS" herein.

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

Environmental Laws and Regulations

The Borrower is subject to a wide variety of federal and state environmental, health and safety laws and regulations. In the role of an operator of properties or facilities, the Borrower may be subject to liability for investigating and remedying any hazardous substances that have come to be located on its property, including any such substances that may have migrated off of its property. As such, educational operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations.

At the present time, the Borrower is not aware of any pending or threatened claim, investigation or enforcement action regarding environmental, health or safety issues which, if determined adversely to the Borrower, would have material adverse consequences to the operations or financial condition of the Borrower.

Damage to Facilities

Colleges and universities are highly dependent on the condition and functionality of their physical facilities. Damage from natural causes, fire, deliberate acts of destruction, terrorism or various facility system failures may have a material adverse impact on operations, financial conditions and results of operations, especially if insurance is inadequate to cover resulting property and business losses. No assurance is given as to the continuation of existing insurance coverage, which, among other things, may not be available at a reasonable cost in the future. Climate change may increase the frequency or severity of natural disasters.

The occurrences of natural disasters, including floods, blizzards, tornadoes and earthquakes, as well as other casualty events, including epidemics or other public health crises, may damage the Borrower's facilities, interrupt utility service to facilities or otherwise impair the operation of some the Borrower's facilities or the generation of revenues beyond existing insurance coverage. Although the facilities are covered by insurance, a significant fire affecting one or more of the Borrower's facilities could have a material adverse effect on the Borrower and could result in material damage and temporary or permanent cessation of operations at one or more of the facilities of the Borrower.

Secondary Market Considerations

The Underwriters currently intend, but are not obligated, to make a market for the Bonds. There can be no assurance that there will always be a secondary market for the purchase or sale of the Bonds, and from time to time there may be no market for them depending on prevailing market conditions, the financial condition or market position of firms who may make the secondary market and the financial condition and results of operations of the Borrower.

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operation of the Borrower. Despite the implementation of network security measures by the Borrower, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware, or computer viruses, or may otherwise be breached due to employee error, malfeasance, or other disruptions. Any such breach could compromise networks, and the information stored thereon could be disrupted, accessed, publicly disclosed, lost, or stolen. Although the Borrower does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly-situated entities, any such disruption, access, disclosure, or other loss of information could result in reputational damage to the Borrower and have an adverse effect on the Borrower's operations and financial condition. Further, as cybersecurity threats continue to evolve, the Borrower may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate, and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

Risks as Employer

The Borrower combines a complex mix of full-time faculty, part-time faculty, technical and clerical support staff and other types of workers in a single operation. As with all large employers, the Borrower bears a wide variety of risks in connection with its employees. These risks include discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, interpersonal torts (such as between employees or between employees and students) and other risks that may flow from the relationships between employer and employee or between students and employees. Certain of these risks are not covered by insurance, and certain of them cannot be anticipated or prevented in advance.

Risks Not Covered by Insurance

Although the Borrower maintains a program of insurance and self-insurance to protect against certain operating and other risks, not all risks are insured or insurable (for example, losses as a result of certain litigation), and disputes may develop over insured risks. In addition, there can be no assurance that such insurance coverage will be available in the future at all or on commercially reasonable terms or at commercially reasonable rates. If certain operating risks occur, or if there is a total or partial loss of some or all the Borrower's facilities, there can be no assurance that the proceeds of the applicable insurance policies will be adequate to cover lost revenues, increased expenses, or the cost of repair or replacement. Any of the foregoing events could materially adversely affect the Borrower's financial condition.

Public Health Emergencies

The impact of the COVID-19 pandemic on commerce, financial markets, the Borrower, the State and the region was significant. Given trends in globalization, additional pandemics and other public health emergencies may occur with greater frequency and intensity in the future. The emergence of a new pandemic could have adverse impacts on the Borrower's operations, including revenues and expenses, and, more broadly, on global financial markets. Such impacts are not known or estimable.

Enforceability of Remedies

The enforceability of the rights and remedies of the Trustee or the holders of the Series 2024 Bonds under the Indenture and the availability of remedies to any party seeking to enforce the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay.

The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Illinois and the United States of America, by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a preceding in equity or at law). These exceptions would encompass any exercise of federal, State of Illinois or local police powers (including the police powers of the State of Illinois), in a manner consistent with the public health and welfare. The enforceability of the Indenture and the availability of remedies to a party seeking to enforce a pledge of security under the Indenture in a situation where such enforcement or availability may adversely affect public health and welfare may be subject to these police powers.

There exists common law authority and authority under various state statutes pursuant to which courts may terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that the corporation has insufficient assets to carry out its stated charitable purposes or has taken some action that renders it unable to carry out its purposes. Such court action may arise on the court's own motion or pursuant to a petition of the attorney general of a particular state or other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

The obligations of the Affiliates under the Contribution Agreement may not be enforceable under any of the following circumstances: (i) to the extent payments under the Contribution

Agreement are requested to be made from assets of an Affiliate which are donor-restricted, or which are subject to a direct, express or charitable trust that does not permit the use of such assets for such payments; (ii) if the purpose of the debt created and evidenced by the Contribution Agreement is not consistent with the charitable purposes of the Affiliate from which such payment is requested or required, or if the debt was incurred or issued for the benefit of an entity other than a nonprofit corporation that is exempt from federal income taxes under Section 501(a) of the Code as a 501(c)(3) organization and is not a "private foundation" as defined in Section 509(a) of the Code; (iii) to the extent payments under the Contribution Agreement would result in the cessation or discontinuation of any material portion of the services previously provided by such Affiliate; or (iv) if and to the extent payments are requested to be made pursuant to any loan violating applicable usury laws.

Bankruptcy

The Borrower is a California nonprofit public benefit corporation. Should the Borrower become the subject of a bankruptcy case, there could be adverse effects on the holders of the Bonds that could result in delays or reductions in payments on, or other losses with respect to, the Bonds.

The automatic stay provisions of the Bankruptcy Code could prevent any action to collect amounts from the Borrower or any action to enforce any obligation of the Borrower, including payments under the Loan Agreement, unless the permission of the bankruptcy court is obtained. These disruptions and the related restrictions may also prevent the Trustee from making payments to the holders of the Bonds during the pendency of the bankruptcy proceedings.

The Borrower may be able, without the consent and over the objection of the Trustee and the holders of the Bonds, to alter the priority, interest rate, principal amount, payment terms, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture, the Loan Agreement, and/or the Bonds, as long as the bankruptcy court determines that any such alterations are fair and equitable.

Payments previously made to the holders of the Bonds prior to the filing of a bankruptcy petition may be avoided as preferential payments, so that the holders of Bonds may be required to return such payments to the Borrower.

The holders of the Bonds will be unsecured creditors in any bankruptcy of the Borrower and will be paid from amounts, if any, that are remaining after secured creditors are paid. The Borrower has outstanding secured indebtedness and may incur additional secured indebtedness in the future, the payment of which will take precedence over payments to holders of the Bonds in the event of the bankruptcy of the Borrower.

Actions could be taken in a bankruptcy of the Borrower that could adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

In the event of bankruptcy of the Borrower, there may be delays in payments on the Bonds while the court considers these and other issues. Other possible effects of a bankruptcy of the Borrower could result in delays or reductions in payments on the Bonds, or result in other losses to the holders of the Bonds. Regardless of any specific adverse determinations in a bankruptcy of the Borrower, the occurrence of a bankruptcy of the Borrower could have a material adverse effect on the liquidity and value of the Bonds.

Maintenance of Rating

The Bonds have been rated as to their creditworthiness by Moody's (as defined under the heading "RATING"). No assurance can be given that the Bonds will maintain their original credit rating as set forth on the front cover hereof. If Moody's changes the rating on the Bonds, the market value and liquidity of the Bonds in the secondary market may be affected. See "RATING."

THE AUTHORITY

Description of the Authority

The Authority is a body politic and corporate created under the laws of the State of Illinois (the "State"). The Authority was created under the Act, which consolidated seven of the State's previously existing financing authorities (the "Predecessor Authorities"). All bonds, notes or other evidences of indebtedness of the Predecessor Authorities were assumed by the Authority effective January 1, 2004. Under the Act, the Authority may not have outstanding at any one time bonds for any of its corporate purposes in an aggregate principal amount exceeding $28,150,000,000 (subject to change, from time to time, by acts of the State Legislature), excluding bonds issued to refund the bonds of the Authority or bonds of the Predecessor Authorities. Pursuant to the Act, the Authority is governed by up to 15 Members appointed by the Governor of the State of Illinois with the advice and consent of the State Senate. The Members receive no compensation for the performance of their duties but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of such duties.

The offices of the Authority are located at 160 North LaSalle Street, Suite S-1000, Chicago, Illinois 60601, and its telephone number is (312) 651-1300.

Bonds of the Authority

The Authority may from time to time issue bonds as provided in the Act for the purposes set forth in the Act. The Bonds of the Authority as described herein are special, limited obligations of the Authority payable solely from the specific sources and revenues of the Authority specified in the resolution authorizing the issuance of the Bonds and the Indenture authorizing the issuance of the Bonds. Any bonds issued by the Authority (and any premium thereon and the interest thereon) do not constitute indebtedness or an obligation, general or moral, or a pledge of the full faith or a loan of credit of the State of Illinois or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision. No Owner of any Bond shall have the right to compel any taxing power of the State of Illinois or any political subdivision thereof to pay the principal of, premium, if any or interest on the Bonds. The Authority has no taxing power.

Other Matters

The Authority makes no warranty or representation, whether express or implied, with respect to the Project, or the use thereof. The Authority has not prepared any material for inclusion in this Official Statement, except that material under the headings "THE AUTHORITY" and "LITIGATION – The Authority." The distribution of this Official Statement has been duly approved and authorized by the Authority. Such approval and authorization does not, however, constitute a representation or approval by the Authority of the accuracy or sufficiency of any information contained herein except to the extent of the material under the headings referenced in this paragraph.

LITIGATION

The Authority

There is not now pending (as to which the Authority has received service of process) or, to the actual knowledge of the Authority, threatened, any litigation against the Authority restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which the Bonds are to be issued. Neither the creation, organization or existence of the Authority nor the title of any of the present members or other officers of the Authority to their respective offices is being contested. There is no litigation against the Authority pending (as to which the Authority has received service of process) or, to the actual knowledge of the Authority, threatened, which in any manner questions the right of the Authority to enter into the Indenture, the Loan Agreement or the Bond Purchase Agreement or to secure the Bonds in the manner provided in the Indenture, the resolutions authorizing the Bonds and the Act.

The Borrower

The Borrower is a party to a lawsuit brought in December 2022 by six former students attempting to assert a class action claim of breach of implied contract related to statements made in the University's handbooks, policy announcements, emails, and other formal communications regarding the quality of the PhD programs at the University's Los Angeles campus, which the students allege not to have received in exchange for their tuition payments. The Borrower is a party to a lawsuit brought in December 2022 by six former students currently pursuing a class action claim of breach of implied contract related to statements made in the University's handbooks, policy announcements, emails, and other formal communications, which the students allege not to have received in exchange for their tuition payments. At the pleading stage, nine out of ten of the asserted claims were dismissed with prejudice to refiling. Procedurally, the parties will jointly request that the court lift the stay on discovery, which would allow the parties to begin discovery related to the validity of the proposed class and the nature of the alleged implied contract. The Borrower's insurer is currently determining whether coverage exists. The Borrower intends to vigorously defend against the allegations. Given the status of the litigation, management of the Borrower is not in a position to estimate potential damages.

Except as described in the preceding paragraph, no action, suit, proceeding, or investigation at law or in equity, before or by any court, any governmental agency, or any public board or body is pending for which the Borrower has received service of process or written notice or, to the

Borrower's knowledge, threatened affecting the validity of the Loan Agreement, the Indenture, the Contribution Agreement, the Tax Agreement, the Bond Purchase Agreement or the Bonds or contesting the corporate existence or powers of the Borrower.

In addition to the above, the Borrower is a party in various legal proceedings arising in the ordinary course of its operations. Although the outcome of any such proceedings, including the tuition class actions described above, cannot be currently determined, the Borrower's management is of the opinion that the eventual liability from such proceedings, if any, have been adequately provided for, are without merit, or are of such kind that if disposed of unfavorably, would not have a material adverse effect on the consolidated financial position of the Borrower.

CERTAIN LEGAL MATTERS

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

Certain legal matters will be passed upon for the Authority by its special counsel, Burke Burns & Pinelli, Ltd., Chicago, Illinois; for the Borrower by Taft Stettinius & Hollister LLP, Chicago, Illinois; and for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP.

In addition to the legal representation described above, each of the law firms referred to above may represent one or more of the Underwriters or the Borrower or its affiliates from time to time with respect to matters unrelated to the Series 2024 Bonds.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Authority, the Borrower, TCS Illinois and the System have covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to compliance by the Authority, the Borrower, TCS Illinois and the System with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludible from the gross income of the owners thereof for federal income tax purposes, and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Authority and the Borrower with respect to certain material facts within the Authority's, the Borrower's, TCS Illinois' and the System's knowledge, and will rely on an opinion of Taft Stettinius & Hollister LLP, special counsel to the Borrower, that each of the Borrower, TCS Illinois and the System is a 501(c)(3) organization and certain other matters. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

Owners of the Bonds who dispose of the Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax–exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Authority as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

RATING

Moody's Investors Service Inc. ("Moody's") has assigned a municipal bond rating of "Baa1" to the Bonds. In connection with the development of the plan of finance for the Bonds, the Borrower had discussions with another rating agency, which rating agency did not ultimately rate the Bonds. Any explanation of the significance of the rating may only be obtained from Moody's. Certain information and materials not included in this Official Statement were furnished to the Moody's by the Borrower. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the rating agencies themselves. There is no assurance that the rating mentioned above will remain in effect for any given period of time or that they might not be lowered, suspended or withdrawn entirely by Moody's, if in its judgment circumstances so warrant. Any such downward change in, suspension of or withdrawal of any rating might have an adverse effect on the market price or marketability of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The Underwriters have undertaken no responsibility either to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the Bonds. Such rating should not be taken as a recommendation to buy or hold the Bonds.

UNDERWRITING

The Bonds are being purchased by RBC Capital Markets, LLC, on behalf of itself and as representative of the other underwriters set forth on the cover page of this Official Statement (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Bonds from the Authority pursuant to a bond purchase agreement (the "Bond Purchase Agreement") among the Authority, the Borrower and RBC Capital Markets, LLC, on behalf of the Underwriters at a purchase price of $84,709,111.55 (representing the aggregate principal amount of the Bonds, less an underwriters' discount of $289,919.85 plus a bond premium of $5,629,031.40), pursuant to the Bond Purchase Agreement entered into by and among the Underwriters, the Authority and the Borrower. The obligation of the Underwriters to accept delivery of the Bonds is subject to terms and conditions contained in the Bond Purchase Agreement and the approval of legal matters by counsel. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trust) at prices lower than the public offering prices set forth on the cover page of this Official Statement and such public offering prices may be changed, from time to time, by the Underwriters. The Bond Purchase Agreement requires the Borrower to indemnify the Underwriters and the Authority against losses, claims and liabilities arising out of any untrue statement of a material fact contained in this Official Statement or the omission in this Official Statement of any material fact in connection with the transaction contemplated by this Official Statement.

Any obligations of the Underwriters are its sole obligation and do not create any obligations on the part of any affiliate of the Underwriters, including any affiliated banks. Securities sold, offered or recommended by the Underwriters are not deposits, are not insured by the Federal

Deposit Insurance Corporation, are not guaranteed by any affiliated banks of the Underwriters and are not otherwise an obligation or responsibility of any such affiliated banks.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain Underwriters and their respective affiliates have, from time to time, performed and may in the future perform, various investment banking services for the Authority, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for its own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

FINANCIAL ADVISOR

PFM Financial Advisors LLC ("PFM") has served as financial advisor to the Borrower in connection with the issuance of the Bonds. PFM is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Official Statement. PFM is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing securities.

CONTINUING DISCLOSURE

The Borrower has entered into a Continuing Disclosure Agreement (the "Disclosure Agreement") with Digital Assurance Certification L.L.C. (the "Dissemination Agent") for the benefit of the owners of the Bonds and certain other outstanding bonds heretofore issued for the benefit of the Borrower that are subject to the Rule (collectively, the "Covered Bonds"). Pursuant to the Disclosure Agreement, the Borrower has agreed to file, or cause the Dissemination Agent to file, certain annual financial information and operating data and notices of certain events with respect to the Covered Bonds with the Municipal Securities Rulemaking Board (the "MSRB") on its Electronic Municipal Market Access ("EMMA") system. Within 90 days of the filing of the Annual Report, the Borrower shall conduct a conference call (the "Annual Investor Call") with the Holders of the Bonds to discuss the financial and operating results of the Borrower for the prior fiscal year, including available enrollment data for fall of the current school year. Notice of the Annual Investor Call shall be given by the Borrower to the MSRB at least 10 days in advance of such call. The form of the Disclosure Agreement is included as APPENDIX D to this Official Statement. The Disclosure Agreement may be enforced by any beneficial or registered Owner of any series of the Covered Bonds, but the Borrower's failure to comply will not be a default under the respective indentures or loan agreements for any of the Covered Bonds. A failure by the Borrower to comply with the Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The Authority has not made and will not make any provision to provide any annual financial statements or other credit information, with respect to itself or the Borrower, to investors on a periodic basis.

The Borrower has not previously entered into a continuing disclosure undertaking pursuant to the Rule.

MISCELLANEOUS

The agreement of the Authority with the Owners of the Bonds is fully set forth in the Indenture, and neither any advertisement of such Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of such Bonds. The references herein to the Act,

The Bonds, the Indenture, the Loan Agreement and the Bond Purchase Agreement are summaries of certain provisions thereof. Such summaries do not purport to be complete and for full and complete statements of the provisions thereof reference is made to the Act, the Bonds, the Indenture, the Loan Agreement and the Bond Purchase Agreement. Prior to the delivery of the Bonds, copies of the proposed forms of such documents may be obtained from the Underwriters. Subsequent to delivery of the Bonds, copies of such documents may be obtained from the Trustee. So far as any statements are made in this Official Statement involving estimates, projections or matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

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

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

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

This Official Statement is approved:

THE CHICAGO SCHOOL—CALIFORNIA, INC.

By: /s/ Jennifer Gantz

Corporate Treasurer, The Chicago School—California, Inc.

Appendix A

Information Regarding The Chicago School – California, Inc. and Affiliates

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Introduction

The Chicago School – California, Inc. (the "Borrower") is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code (the "Code") that directly or through its affiliates owns or leases six campuses located across the country and online. The Borrower offers programs in psychology, health, business, counseling, and behavioral sciences.

As described below under "Organization Structure," the Borrower is the sole member of The Chicago School of Professional Psychology, an Illinois nonprofit corporation ("TCS Illinois"), The Chicago School – Washington, D.C. Inc., a District of Columbia nonprofit corporation ("TCS D.C."), and TCS Education – Texas Inc., a Texas nonprofit corporation ("TCS Texas" and collectively with TCS Illinois and TCS D.C., the "Affiliates"). Each of the Affiliates is an organization described in Section 501(c)(3) of the Code. The Borrower and the Affiliates are each doing business as "The Chicago School" and are collectively referred to herein as the "University."

The Chicago School has a Corporate President and an Institution President. The Corporate President is responsible for directing and managing the affairs of the University and its business operations. The Institution President has the general powers and duties usually vested in the office of president of a college including responsibility for administering all aspects of the delivery of degree programs and all related academic affairs as well as the day-to-day management of all campuses and principal educational units of the University (the "Institution").

The University began in Chicago in 1979, by a group of innovative psychologists and educators committed to providing hands-on training to students in urban, real-world settings. This practical approach to education continues to guide the University today as described below under "History, Mission, Vison and Values" and equips the University's graduates with the skills to work with individuals from diverse backgrounds in clinics, nonprofits, government agencies, and in private practice.

The University has a core focus in delivering graduate education, as well as providing select undergraduate programs. Areas of academic focus include Psychology, Business, Counseling, Health, and Behavioral Sciences. The University is organized into three academic colleges, offering more than 45 degree and certificate programs to students: the College of Professional Psychology, the College of Graduate and Professional Studies, and the College of Undergraduate Studies. See "Curriculum and Degree Offerings."

With its founding campus located in Chicago opening in 1979, the University has expanded to include locations in Los Angeles (2008), Washington, D.C. (2010), San Diego (2017), Richardson (near Dallas) (2018) and Anaheim (2021) as well as a robust online presence. See "Physical Facilities and Plant Assets." Today, more than 6,000 students are studying online or in-person at one of the University's six metropolitan campus locations. The University has been supported in its operations since 2009 though its relationship with TCS Education System, an organization described in Section 501(c)(3) of the Code, which acts as sole member of the Borrower and provides management services and other support services to the University.

In March 2024, the Borrower purchased a new building to consolidate and expand the operations of its Chicago campus at a new location. See "The Project." The Borrower plans to offer a new program at the new location to further expand into integrated health and health education: the Doctor of Osteopathic Medicine degree. This expansion is in response to a nationally critical need for physicians. The University views this expansion as integral to its mission and consistent with its history of innovation in response to educational demand and societal need. See "Proposed Illinois College of Osteopathic Medicine."

History, Mission, Vision and Values

History. The first 30 years of the University's history were focused on its founding Chicago campus where TCS Illinois prepared students for careers in clinical psychology. Over time, TCS Illinois began to develop programs that spanned several areas of study—including psychology, business, behavioral sciences, counseling, and health.

These programs were developed to address the current and emerging integrated health needs of individuals, organizations, and communities.

As the reputation of The Chicago School grew, so did the mission to empower communities across the United States. In 2006, the TCS Illinois continued to expand the accessibility of academic programming by offering online and certificate programs. From 2008 through 2013, the Borrower and the other Affiliates were created, and the University opened up five additional locations consistent with its strategy on establishing a presence in urban locations, immersing students in the diverse communities that they would ultimately serve. In 2009, TCS Education System became the sole member of the Borrower and began providing management and support services to the University. See "TCS Education System."

Key milestones in the University's history include:

- 1979: TCS Illinois was incorporated and opened "The Chicago School of Professional Psychology" doing business as "The Chicago School"; The Chicago School becomes an affiliate member of the National Council of Schools and Programs of Professional Psychology (NCSPP).
- 1980: The Commission on Institutions of Higher Education of the North Central Association of Colleges and Schools awards candidate-for-accreditation-status.
- 1984: The Chicago School receives full accreditation from The Commission on Institutions of Higher Education of the North Central Association of Colleges and Schools.
- 1985: The Chicago School becomes a full member of NCSPP.
- 1992: The Clinical Psy.D. Department at The Chicago School is awarded full accreditation by the American Psychological Association.
- 2008: The Borrower is incorporated and becomes the sole member of TCS Illinois; The Borrower opens The Chicago School's Los Angeles, CA campus.
- 2009: The Chicago School becomes the founding institution of TCS Education System and TCS Education System becomes the sole member of the Borrower. TCS D.C. is incorporated with the Borrower as its sole member.
- 2010: TCS D.C. opens The Chicago School's Washington, D.C., campus.
- 2011: The Chicago School earns accreditation from the WASC Senior College and University Commission (WSCUC).
- 2013: TCS Texas is incorporated with the Borrower as its sole member.
- 2017: The Borrower opens The Chicago School's San Diego, CA campus.
- 2018: TCS Texas opens The Chicago School's Richardson (near Dallas), Texas campus.
- 2021: The Borrower opens The Chicago School's Anaheim, CA campus.
- 2023: The Borrower, together with TCS Illinois, launch the development of its proposed Illinois College of Osteopathic Medicine as an extension of the University's mission to expand access to integrated healthcare.
- 2024: The Borrower purchases the site for the new location for The Chicago School's Chicago, Illinois campus.

Mission, Vision and Values. The Chicago School's *mission* is to educate the next generation of change-makers in innovative theory and culturally competent practice to strengthen the integrated health of individuals, organizations, and communities. This is consistent with the University's *vision*; The Chicago School seeks to be a global leader in increasing accessibility to expert, integrated, culturally competent care within all communities and organizations. Both the University's mission and vision are a reflection of the organization's *values*; four core elements that guide the organization's approach to learning. The values are:

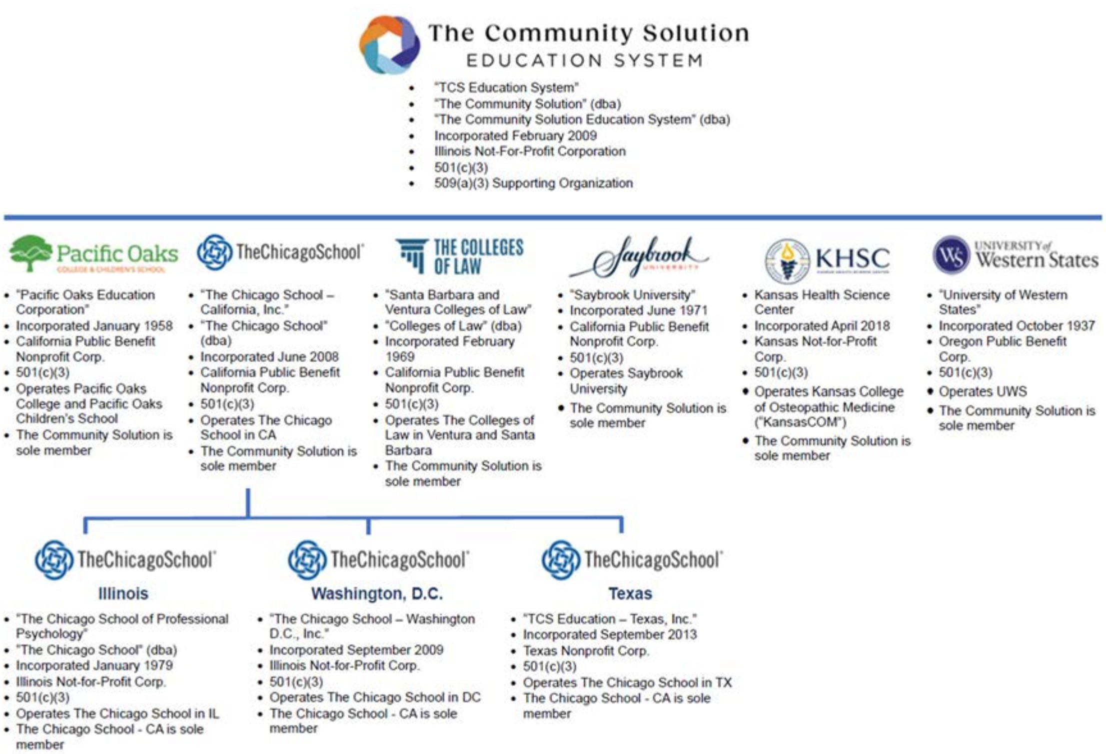
1. *Education*: Preparing tomorrow's integrated health professionals.
2. *Innovation*: Embracing next-gen learning and practice.
3. *Community*: Creating connection, inclusion and belonging.
4. *Impact*: Helping individuals, organizations and communities.

These four core elements underpin "The Chicago School Approach," a guiding philosophy that goes beyond academic theory to equip graduates with the practical and solutions-oriented training they'll need to address current challenges and anticipate future needs in their respective fields. The Chicago School Approach is not an intellectual pursuit for the sake of intellectual pursuit. What matters most to the University is equipping graduates with the theory, practice, and cultural competence to have a positive impact on individuals, organizations, and communities throughout the world.

TCS Education System. In 2009, The Chicago School became the founding institution of TCS Education System (the "System"), a nonprofit group of six independent institutions that collectively advance institutional sustainability, student success, and community impact. With this affiliation, the System became the sole member of the Borrower with certain reserved powers. See "Organizational Structure." Since its founding, System has grown to include six independent colleges and universities across the United States. Through a centralized infrastructure and distinct model of governance, universities within the System work together to strive for achieve remarkable success in an ever-changing higher education landscape. This culture of collaboration leads to real, positive outcomes for our universities, our students, and our communities. The System and the University relationship is controlled by corporate governance documents (i.e., Articles of Incorporation and Bylaws) and a services agreement that defines those general and administrative support activities that the System provides to the University (e.g., legal and compliance, human resources, finance and accounting, marketing, enrollment services, information technology), as well as the core functions that the University retains exclusive control over. See note 9 to the Consolidated Audited Financial Statements for Fiscal Year 2023 attached as Appendix B to this Official Statement.

Organization Structure

A graphic showing the corporate organizational structure of the System, the Borrower, the Affiliates and other entities related to the System is illustrated below. The Borrower is the only entity obligated under the Loan Agreement and with respect to the Bonds. Under the Contribution Agreement, the Affiliates are obligated to transfer to the Borrower amounts necessary to enable the Borrower to meet its obligations under the Loan Agreement. See "SECURITY FOR THE BONDS" in the forepart of this Official Statement for more information. **Neither the System nor any of its affiliates (other than the Borrower) is obligated in any way under the Loan Agreement or with respect to the Bonds.**



As shown in the graphic above, the Borrower operates the campuses located in California, TCS Illinois operates the campus located in Chicago, TCS D.C. operates the campus located in the District of Columbia and TCS Texas operates the campus located in Texas. See "Physical Facilities and Plant Assets."

The Borrower and the Affiliates each have a Board of Trustees which retains exclusive control over all core institutional functions. Each institution's Board of Trustees delegates to its president the authority to operate the institution. As the sole member of the Borrower, the System reserves the right to consent to the election of Board members, annual financial statements and the selection of independent auditors, operating and capital budgets, significant facility projects, incurrence of debt, investment decisions and sale of assets, and legal and tax entity structure. In addition, the System has the sole right to appoint or remove the officers of the University (but not the Institution) and to amend the Articles of Incorporation or Bylaws of the University. See "History, Mission, Vision and Values - The Community Solution Education System."

Consolidation of the Borrower's Affiliates. As the University's scope of operations evolved over time, it was necessary to create the Borrower as well as TCS D.C. and TCS Texas. While the University started in Illinois with TCS Illinois, the University's administration later made the decision to create the Borrower when it opened The Chicago School campuses in California and move the headquarters to California due to considerations for institutional accreditation with regional accrediting bodies. As the University expanded to Washington, D.C. and Texas, TCS D.C and TCS Texas were created to operate The Chicago School campuses in those jurisdictions.

The University's administration is currently in the process of simplifying its corporate structure. Under this contemplated simplification, the Affiliates would be eliminated and consolidated into the Borrower. The University anticipates that TCS D.C. and TCS Texas will be consolidated into the Borrower on or about June 1, 2024 and that TCS Illinois will be consolidated into the Borrower in 2025, although no assurances can be given as to when or if any or all of the Affiliates will consolidate into the Borrower. Until such time as all Affiliates are consolidated into the Borrower, the Affiliates will be obligated under the Contribution Agreement to transfer to the Borrower amounts necessary to enable the Borrower to meet its obligations under the Loan Agreement. See "SECURITY FOR THE BONDS" in the forepart of this Official Statement for more information.

Kansas Health Science Center. One of the System's affiliates is the Kansas Health Science Center ("KHSC"). KHSC is in the process of opening a College of Osteopathic Medicine having reached Pre-Accreditation Status, similar to the College of Osteopathic Medicine planned to be opened by the Borrower as part of the Project described below. See "Proposed Illinois College of Osteopathic Medicine" and "Kansas Health Science Center" below.

Strategic Plan

The University operates on a 5-year strategic planning cycle. The current strategic plan, which was adopted in 2020 and runs through 2025, is entitled "Integrating Professions: Forging the Path Forward." The plan builds on the momentum of progress from the prior strategic plan and focuses on four key goals, each of which is associated with detailed initiatives and metrics for success. An overview of the four key goals is provided below:

1. *Evolve and Strengthen the Brand:* Refresh mission, vision, values, and core brand elements to demonstrate a continuing commitment to strengthening integrated health and community impact.
2. *Prepare for Demographic Changes:* Build momentum for sustained new and continuing student growth and student success despite industry-wide enrollment headwinds.
3. *Provide Shorter and Lower-Cost Pathways to Academic Achievements:* Explore new and innovative pathways to helping students achieve their academic goals by focusing on curriculum and degree offerings.
4. *Modernize Our Workforce and Infrastructure:* Optimize efficiency across a multi-state university and changing workforce expectations.

The University rigorously manages progress across these key goals in the strategic plan, and – since inception in 2020 – the plan has resulted in a number of changes including a comprehensive re-branding initiative of The Chicago School of Professional Psychology as The Chicago School (in pursuit of Goal 1) and the acquisition of the new location for the Chicago campus and the opening of the proposed Illinois College of Osteopathic Medicine, more fully detailed in "The Project" and Proposed Illinois College of Osteopathic Medicine" below (in pursuit of Goals 1 and 2).

The Project

In March 2024, the Borrower used institutional liquidity to purchase an approximately 247,000 square feet office building in the Chicago's West Loop, located at 400 S. Jefferson Street, for $38.5 million to serve as the site of the University's new Chicago campus. The Borrower expects to renovate and equip this building and when complete, to move its existing Chicago campus to this new location. In addition to operating The Chicago School at this site, the new building will be used for the administrative headquarters of the University and the System. Moreover, the facility will also be the site of the new proposed Illinois College of Osteopathic Medicine, the first new medical school in Chicago in nearly a century, which is currently seeking accreditation. See "Proposed Illinois College of Osteopathic Medicine." The new facility is expected to accommodate more than 2,000 students, faculty, and staff from the University and the System.

The Borrower expects that the renovation and construction and equipment budget, inclusive of architect fees, furniture, fixtures and equipment, for the facility will be approximately $51.5 million. Construction work is expected to begin in summer 2024, and the Borrower estimates that construction will be substantially complete by December 2025 and the building will be open by summer 2026. The Borrower has engaged Skender for pre-construction services to work with the architect team to establish a guaranteed maximum price for the project. Skender is one of the nation's largest building contractors and is headquartered in Chicago, bringing specialized education and healthcare experience to the project. The proceeds of the Series 2024 Bonds are being used to reimburse the Borrower for the purchase price for the building and fund the construction costs, less an anticipated equity contribution of approximately $7 million due from the System as consideration for the administrative space to be used by the System in the new building.

This new facility is expected to include lecture halls, classrooms, laboratories, and areas for collaborative learning and working, including:

- One large (approximately 196 capacity) lecture hall
- Approximately 5,400-square-foot flexible event space
- Approximately 11,700 square feet of community space (e.g., student lounge, study spaces)
- Approximately 41 classrooms, lab, and small-group spaces

Additionally, the new facility is expected to include approximately 15,000 square feet of administrative space for the University and the System.

See "BONDHOLDERS' RISKS – Construction Risks Associated with Renovation Projects."

Proposed Illinois College of Osteopathic Medicine

Need and Mission. The Borrower plans to offer a new Doctor of Osteopathic Medicine degree at the new Chicago facility. This expansion is in response to a nationally critical need for physicians. The Borrower views this expansion as integral to its mission and consistent with its history of innovation in response to educational demand and societal need.

The Doctor of Osteopathic Medicine program at the proposed Illinois College of Osteopathic Medicine ("IllinoisCOM") is guided by a mission to train physicians with a whole-person approach to health care. The competency-based curriculum emphasizes outcomes-driven education; integration of basic and clinical sciences; and a focus on wellness, inclusivity, and growth. The pre-clinical curriculum progressively develops comprehensive medical knowledge and clinical skills, while the clinical curriculum builds on this foundation to provide core education in medical specialties. The curriculum aligns with established osteopathic competencies and incorporates an evidence-based approach, ensuring students are prepared for lifelong learning and holistic, interprofessional osteopathic medicine practice.

Accreditation. The Borrower is seeking to offer a Doctor of Osteopathic Medicine (D.O.) degree through a College of Osteopathic Medicine (COM) which will be accredited by the Commission on Osteopathic College Accreditation (COCA). The COCA currently accredits all osteopathic medical schools in the United States and Canada. Accreditation standards are rigorous and require appropriate performance across certain standards to obtain and maintain accreditation. New and developing COMs proceed through a three-stage process prior to reaching full accreditation: Applicant Status, Candidate Status, and Pre-Accreditation Status prior to Full Accreditation.

The proposed Illinois College of Osteopathic Medicine received Candidate Status with the COCA in April 2024. As part of this process, the proposed IllinoisCOM submitted a comprehensive self-study along with a feasibility study and business plan that assessed the viability of the proposed new COM. The feasibility study and business plan must be developed in partnership with a professional nationally known external business consulting firm. The proposed IllinoisCOM at The Chicago School used a third-party firm for the feasibility study and business plan. The Borrower believes it can successfully complete the opening of IllinoisCOM based on the prior track record of the System relating to the KansasCOM. See "Prior Track Record" below.

The IllinoisCOM can be considered for Full Accreditation status following the graduation of its first class, which it anticipates will occur in May 2030. The attainment of Full Accreditation status is subject to review and approval by the COCA. As part of the COCA accreditation, COCA also sets enrollment maximums.

Prior Track Record. Management of the Borrower and System believe that IllinoisCOM can be completed successfully based on a track record of success in the inception of KHSC, which was opened in 2022 and has been granted pre-accreditation status from the COCA. KHSC-KansasCOM is the first new medical school to open in Kansas in over 100 years. See "Kansas Health Science Center" below. In addition, management has extensively studied the market demand for IllinoisCOM as detailed above, and believes that the development of IllinoisCOM is an integral component of the University's strategic vision for future expansion into integrated health.

Pro Forma: Management has modeled projected revenues and expenses for the proposed IllinoisCOM project through fiscal year 2035. Enrollment is projected to begin in fiscal year 2027 with 85 students, fiscal year 2028 with 127 students, and then a maximum of 170 students per class year each year thereafter. This enrollment step-up is mandated by the COCA. In total, the Borrower is projecting to hire more than 90 new faculty and staff for the proposed IllinoisCOM. Beginning in fiscal year 2030, with the graduation of the first cohort of students, the IllinoisCOM is expected to return an annual surplus. As with any projections, no assurances can be given that actual results will reflect management's projections.

Escrowed Reserve & Operating Funds. As part of achieving Candidate Status with the COCA in April 2024, the Borrower funded a segregated, unencumbered $43,296,960 escrowed reserve fund, as well as a segregated, unencumbered $10,824,240 operating reserve fund. Both funds were funded from the Borrower's existing cash and investments and must remain in place through to the graduation of the first class of students from the IllinoisCOM in May 2030. Earnings from the funds may not be withdrawn and the Borrower will be required to replenish the fund accounts in the event the value of the account decreases below the starting value.

See "BONDHOLDERS' RISKS –Accreditation Risks of the Project."

Governance

The Borrower is governed by a Board of Trustees of not more than 17 members. The President of the Borrower (Institution President) and the President of the System (Corporate President) are *ex officio* members of the Board, having all the rights and responsibilities of an elected member of the Board. Except for the President of the

Borrower, no member of Board may also be an employee of the University, or a member of its administration, staff, faculty, or student body.

The first elected term for Trustees is one year, followed by up to two three-year terms. Trustees who have served 7 consecutive years (3 terms) shall not be eligible for re-election. However, the Governance Committee may approve the re-election of a Trustee beyond the 7 years, if the Committee determines that the person brings to the Board important personal and professional attributes and experience.

The Board of Trustees meets a minimum of three times per year. The Board has six standing committees: Executive, Governance, Academic Affairs, Audit, Finance, and Advancement. Each Trustee serves on at least one committee. In addition, an Executive Committee of the Board is empowered to act on behalf of the Board with regard to specific matters. The Board also has a special committee dedicated to guiding the growth and development of the proposed Illinois College of Osteopathic Medicine. This special committee meets twice annually.

Current members of the Board and their affiliations are:

Name	**Affiliation**
T.V. Joe Layng, Ph.D. *Chair*	Managing Partner, Generategy
Marie Hansen, J.D., Ph.D. *Vice Chair*	Dean, College of Business and the New England School of Communications, Husson University
Michele Nealon, Psy.D.	President, The Chicago School
Michael Horowitz, Ph.D.	President, TCS Education System and Corporate President, The Chicago School
R. Edward Bergmark, Ph.D.	Founder, Optum / UnitedHealth Group Inc. (Retired)
John Boyd	Vice President, Behavioral Health & Wellness, Kaiser Permanente
Daniel Diaz, D.O.	Medical Director of Sports Medicine, AltaMed Health Services
Victoria Dolon, MBA	Chief Financial Officer, Revlon, Inc. (Retired)
Dorothy Farris	Vice President, Veeam Software (Retired)
Brian C. Lein, M.D.	Assistant Director, Healthcare Administration, Defense Health Administration
Richard (Dick) Osborn, Ph.D.	Vice President, WASC Senior College & University Commission (WSCUC) (Retired)
Eloisa Perard, M.S.	President and Chief Executive Officer, Gracelight Community Health
Sian Seligman	Chief Marketing Officer, Koan

Life Trustees of the Board and their affiliations are:

Each of the Affiliates has a Board of Directors comprised of a subset of the above Trustees of the Borrower.

Executive Team

The corporate officers of the Borrower (Corporate President, Treasurer, and Secretary) direct and manage the affairs of the Borrower and its business offerings, subject to those powers reserved to the Board of Trustees, the System, and/or the Institution President.

The Institution President is appointed by the Borrower's Board of Trustees. The Institution President is both an executive officer of the Board of Trustees of the Borrower and serves as the academic and administrative head of the University. The Institution President appoints the Institution's Executive Team.

Set forth below is a listing of the executive teams of the Borrower and the Institution.

Name & Position	Hire Date
Michael Horowitz, Ph.D. *Corporate President,* The Chicago School – California, Inc. *& President & CEO, TCS Education System*	2009
Jennifer Gantz, M.S. *Corporate Treasurer,* The Chicago School – California, Inc. *& Chief Financial Officer, TCS Education System*	2020
Shari Mikos, M.S.M. *Corporate Secretary,* The Chicago School – California, Inc. *& Chief of Staff, TCS Education System*	2007
Michele Nealon, Psy.D. *Institution President*	2003
Ted Scholz, Ph.D. *Institution Chief Academic Officer*	2007
William Brown, Psy.D. *Institution Chief Strategy Officer*	2019
Michael Falotico, Psy.D. *Institution Chief Operating Officer*	2014
Elizabeth Brown, MPA, M.Ed. *Institution Chief of Staff*	2021
Lance Garrison, Ph.D. *Dean of the College of Professional Psychology*	2017
Jonathan Dodrill, Ph.D. *Dean of the College of Undergraduate Studies*	2017
John Lucas, DO *Dean and Chief Academic Officer of the Proposed Illinois College of Osteopathic Medicine*	2023
Alisha DeWalt, Ph.D. *Dean of the College of Graduate and Professional Studies*	2011

Michael Horowitz, Ph.D., Corporate President, The Chicago School – California, Inc. *& President & CEO, TCS Education System.* Dr. Horowitz has served as founding president of TCS Education System since 2009 and has more than 30 years of experience in higher education in roles that include faculty member, program director, and dean. Prior to founding The Community Solution, Dr. Horowitz served as president of The Chicago School for nearly a decade. With a 30-year career as an innovator in higher education, Dr. Horowitz is a nationally recognized strategic leader. The Community Solution in Higher Education – a nonprofit system advancing institutional sustainability, student success, and community impact – provides operational expertise and support to these institutions, allowing them to collectively educate more than 13,000 students annually and maintain the relationships they hold with more than 35,000 collective alumni. Horowitz holds a B.A. in Psychology from Columbia University and a Ph.D. in Clinical Psychology from Northwestern University.

Jennifer Gantz, M.S., Corporate Treasurer, The Chicago School – California, Inc. *& Chief Financial Officer, TCS Education System.* Jennifer Gantz joined The System in 2020 as chief financial officer of Kansas Health Science Center before transitioning into her current role as chief financial officer and corporate treasurer at The Community Solution in 2023. Jennifer has been an integral part of the leadership team, bringing a wealth of both financial and operational expertise to the System and KHSC during the build of a brand-new college of osteopathic medicine. Prior to KHSC, Jennifer served as chief financial officer for both Newman University and The Independent School in Wichita for a combined total of 13 years, as well as having held key positions at Grant Thornton LLP and PricewaterhouseCoopers LLP. Jennifer has her M.S. in Accounting from San Jose State University and a B.A. in Business Management Economics from University of California, Santa Cruz.

Shari Mikos, M.S.M., Corporate Secretary, The Chicago School – California, Inc. *& Chief of Staff, TCS Education System.* Since 2007, Shari Mikos has served as chief of staff and corporate secretary at The Community Solution Education System. Along with serving as a key member of the President's Cabinet, she is a principal advisor and delegate to the Board of Trustees. Shari is responsible for the achievement of key strategic goals and initiatives, effective governance and board relations, organizational communications, internal and external relationships, and daily operations for the President's Office. Ms. Mikos has worked at the executive level of higher education institutions for more than 20 years. Shari holds an M.S.M. from National-Louis University and a B.S. from Northwestern University.

Michele Nealon, Psy.D., Institution President. Beginning her career in psychology in Dublin, Ireland, Dr. Nealon emigrated to the U.S. in 1994. As an international student, she attended The Chicago School at the Chicago campus and graduated from the Psy.D. Clinical Psychology program. After graduation, she served as a faculty member and chair of the Psy.D. Clinical Psychology program at the Chicago campus. Later, she led the successful expansion of the Los Angeles campus as the Campus President. Dr. Nealon became president of The Chicago School in July 2010. In addition to being President of The Chicago School, she is a licensed clinical psychologist with clinical experience in a variety of settings with diverse groups of people, including inpatient, outpatient, community mental health, and forensic settings.

Michael Falotico, Psy.D., Institution Chief Operating Officer. Dr. Falotico joined The Chicago School in 2014. With extensive operational leadership experience, he leads the effective management and continuous improvement of the institution's operations, supporting the University's mission, vision, and values. Previously, he held executive roles for over 9 years at Argosy University, including overseeing ten campuses serving 5,500 students. His expertise spans business operations, human resources, student support, campus management, academic operations, and strategic planning. Prior to his career in higher education, Dr. Falotico worked as a clinical therapist in the Illinois Department of Human Services. Dr. Falotico earned a Psy.D. from the Adler School of Professional Psychology and a B.S. from Central Michigan University.

Ted Scholz, Ph.D., Institution Chief Academic Officer. Dr. Ted Scholz joined The Chicago School in 2007 and has held numerous leadership positions in academic affairs, including his current position as Vice President of Academic Affairs and Chief Academic Officer. Previously, Dr. Scholz was Chair of the English department at Robert Morris University. His research areas of interest include faculty development and pedagogy, student support, organizational commitment, and organizational leadership. Dr. Scholz received a Ph.D. in organizational leadership from The Chicago School, an M.A. in Literature from DePaul University, and a B.A. in English from The University of Wisconsin-Oshkosh.

William Brown, Psy.D., Institution Chief Strategy Officer. After many years in healthcare, Dr. Brown transitioned into higher education, where he served in multiple academic and operational roles for Argosy University, including Associate Professor, Program Chair, Campus Vice President of Academic Affairs, Campus President, and Group Vice President. Dr. Brown joined The Chicago School as the Dean of the Online Campus, and later transitioned into his current role as Chief Strategy Officer. Dr. Brown earned a Psy.D. in Clinical Psychology from the Florida Institute of Technology, and a B.S. in Psychology from the University of Florida.

Elizabeth Brown, MPA, M.Ed., Institution Chief of Staff. Liz Brown became The Chicago School's inaugural Chief of Staff in 2021. In her role, Liz works with the executive leadership team to develop university strategy, advance major cross-functional projects and priorities, and streamline operations. Liz started her career as a consultant, product manager, and administrator at the Education Advisory Board, an international research, consulting, and technology firm. Liz has an MPA and M.Ed. in higher education from Penn State University and a B.S. in political science from the University of Wyoming.

Alisha DeWalt, Ph.D,. Dean of the College of Graduate and Professional Studies. Dr. DeWalt's career at The Chicago School spans over 11 years, during which she has held diverse roles focused on elevating operational efficiency, advancing programmatic enhancement, and leading international strategic initiatives. Currently, Dr. DeWalt serves as the College Dean of the College of Graduate and Professional Studies. In this role, Dr. DeWalt drives forward student growth with a focus on academic excellence to prepare professionals to live, thrive, and serve in a diverse and global world. Dr. DeWalt holds an M.A. in clinical psychology and a Ph.D. in business psychology, both from The Chicago School.

Lance Garrison, Ph.D., Dean of the College of Professional Psychology Dr. Garrison is a licensed psychologist and currently serves as the Dean for the College of Professional Psychology at The Chicago School. In higher education, Dr. Garrison has more than 20 years of experience in a variety of leadership roles including Department Chair, Vice president of Academic Affairs, and Chief Academic Officer. Dr. Garrison has extensive clinical experience, working with school districts, pain management and rehabilitation, and psychological assessment. Dr. Garrison completed a Ph.D. in Health Psychology and Behavioral Medicine and an M.A. in School Psychology at the University of North Texas.

Jonathan Dodrill, Ph.D., Dean of the College of Undergraduate Studies Dr. Jonathan Dodrill is the Dean of the College of Undergraduate Studies at The Chicago School. Previously, Dr. Dodrill served as the Senior Director of Student Support Services for six years at The Chicago School. Altogether, Dr. Dodrill has taught and worked in higher education for 15 years, with experience in Student Affairs, Academic Affairs, and Development. He received a Ph.D. in religious and historical studies at Garrett Theology Seminary, an M.Div. from Princeton Theology Seminary, and a B.A. in religious studies from Indiana Wesleyan University.

John Lucas, DO., Dean and Chief Academic Officer of the Proposed Illinois College of Osteopathic Medicine at The Chicago School. Dr. Lucas came to IllinoisCOM from the Edward Via College of Osteopathic Medicine (VCOM), where he served as Senior Vice President of Institutional Advancement and Administration, Associate Dean of Post-Graduate Affairs, Chair of Emergency Medicine, and CEO of ViaSTAR. Prior to his most recent engagement with VCOM, he worked for HCA Healthcare's South Atlantic Division as Vice President of Graduate Medical Education. A board-certified Emergency Physician, Dr. Lucas earned his D.O. from the Lake Erie College of Osteopathic Medicine and his B.A. in psychology from James Madison University.

Curriculum and Degree Offerings

The University operates facilities at each of its six campuses and also operates online. The University is organized into three academic colleges (the College of Professional Psychology, the College of Graduate and Professional Studies, and the College of Undergraduate Studies), and offers more than 45 degree and certificate programs to students. The University offers degrees in the following areas of academic focus:

Psychology. The University is recognized for its contributions to the field of Psychology and offers a wide range of academic programs in the field across geographic locations. These include a B.A. in Psychology, M.A.s in Applied Psychology, Forensic Psychology, Counseling Psychology, International Psychology, and Psychopharmacology, and an M.S. in Clinical Psychopharmacology. The Doctor of Psychology (Psy.D.) is offered in School Psychology, International Psychology, Clinical Psychology, Clinical Forensic Psychology, and Applied Clinical Psychology. The University offers a Doctor of Education (Ed.D.) in Educational Psychology and Technology, and a Ph.D. in International Psychology. A range of certificates and professional programs in Clinical Psychopharmacology, Instructional Design, and Forensic Psychology are also offered.

Business. Business programs are focused on the disciplines Behavioral Economics, Business Psychology, Industrial and Organizational Psychology, and Organizational Leadership. Degrees offered include a B.S. in Business Psychology, and M.A.s in Behavioral Economics, Industrial and Organizational Psychology, and Organizational

Leadership. The Ph.D. is offered in Organizational Leadership and Business Psychology. Certificate programs are offered in Behavioral Economics, Organizational Leadership, and Industrial and Organizational Psychology.

Counseling. Counseling programs prepare students to assess a wide range of mental health needs in the fields of Clinical Mental Health Counseling, Marriage and Family Therapy, and Counselor Education and Supervision. Degrees offered include M.A. programs in Clinical Mental Health Counseling as well as Marriage, Couples, and Family Therapy. The Psy.D. is offered in Marital and Family Therapy and the Ph.D. is in Counselor Education and Supervision.

Behavioral Sciences. Behavioral sciences offer a results-driven approach to the field of psychology, ranging from individual to organizational solutions. Degrees offered include Applied Behavioral Analysis (Certificate, M.S., and Ph.D.) as well as Criminology (B.A.).

Health. Health programs provide opportunities for addressing peoples' needs in an evolving healthcare landscape. Utilizing the tenets of integrative health, students learn how human well-being can be impacted by cultural, social, environmental, economic, and other forces. The University currently offers the Master of Public Health and is currently developing a Doctor of Osteopathic Medicine degree (D.O.). See "Proposed Illinois College of Osteopathic Medicine" above.

Accreditation

The University is accredited by the WASC Senior College and University Commission (WSCUC). The accreditation was initially obtained in 2011, and was subsequently reaffirmed in 2017 for the maximum 10-year accreditation period and thus will be reviewed in 2027. Certain specific degree programs at specific locations are accredited by various programmatic accreditors, including but not limited to the American Psychological Association (APA), Master in Psychology and Counseling Accreditation Council (MPCAC), Association for Behavior Analysis-International (ABAI), Council for Accreditation of Counseling and Related Educational Programs (CACREP), Commission on Accreditation for Marriage and Family Therapy Education (COAMFTE), National Association of School Psychologists (NASP), and the Council on Education for Public Health (CEPH). All accreditations are in good standing and the University anticipates no challenges with maintaining the necessary accreditations to continue to offer its current portfolio of programs. Certain specific programs at specific locations are also approved by the Association for Behavior Analysis International's Verified Course Sequence, and the California Consortium of Addictions Programs and Professionals (CCAPP).

The University also has a number of specific programs at specific locations which are seeking or preparing to seek accreditation, including the M.A. Clinical Mental Health Counseling from the Council for Accreditation of Counseling and Related Educational Programs (CACREP), the Ph.D. in Counselor Education Supervision from Council for Accreditation of Counseling and Related Educational Programs (CACREP), and the Ed.S. School Psychology from the California Commission on Teacher Credentialing. Further, the proposed Illinois College of Osteopathic Medicine at The Chicago School received Candidate Status with the COCA in April 2024. See "Proposed Illinois College of Osteopathic Medicine" for more information on the accreditation being sought for the new IllinoisCOM.

The University is regulated by the Department of Education and remains in good standing across all required regulatory measures by the department. The University does not anticipate any change to its performance across these measures and is not aware of any planned or contemplated regulatory changes that would pose a challenge to the University's good standing with the Department of Education.

Student Enrollment

The University seeks to admit a diverse student population comprised of students who have demonstrated academic competency and are committed to their chosen profession. The University has established standards and policies and procedures for obtaining, selecting and admitting qualified applicants in a timely fashion. The admissions requirements and policies vary by program.

The University has increased its full-time equivalent enrollment by 2.4% in the past five academic years including all six campuses and online. As of Fall 2023, the University's enrollment is 2,639 full-time equivalent ("FTE") students, with most of enrollment in doctoral programs. The University has experienced consistently strong demand for all its health professional programs.

The following table depicts the University's FTE enrollment by college for all six campuses and online for the past five academic years, reflecting Fall enrollments.

Table 1

Full Time Equivalent[1] Enrollment by Degree Program

	Fall 2019	Fall 2020	Fall 2021	Fall 2022	Fall 2023
College of Graduate and Professional Studies	1,086	1,094	1,022	991	995
College of Professional Psychology	1,388	1,466	1,436	1,466	1,469
College of Undergraduate Studies	104	114	147	180	175
TOTAL	**2,578**	**2,674**	**2,605**	**2,637**	**2,639**

1. *Full Time Equivalent = 12 credit hours*

Source: Internal University Records

The following sets forth the University's enrollment by campus location and online for the past five academic years, reflecting Fall enrollments.

Table 2

Full Time Equivalent[1] Enrollment by Location

Campus Location	Fall 2019	Fall 2020	Fall 2021	Fall 2022	Fall 2023
Anaheim[2]	266	256	263	274	295
Chicago	813	799	828	822	812
Richardson (near Dallas)[3]	57	89	106	119	128
Los Angeles[4]	407	437	377	366	339
Online	541	582	589	631	650
San Diego	69	71	77	76	78
Washington, DC	426	440	366	349	336
TOTAL	**2,578**	**2,674**	**2,605**	**2,637**	**2,639**

1. *Full Time Equivalent = 12 credit hours*
2. *Anaheim campus was located in Irvine for Fall 2019 & Fall 2020*
3. *Richardson (near Dallas) campus includes XULA partnership students in New Orleans. In 2013, The Chicago School initiated a partnership with Xavier University of Louisiana (XULA) in 2013 to host the Psy.D. in Clinical Psychology program on their campus. The partnership is governed by a program services agreement that covers the terms associated with the limited space XULA provides on their campus. There is no lease agreement. Due to insufficient enrollment, The Chicago School has notified Xavier of our desire to terminate the agreement, effective once our last student has completed the program, which we anticipate will be by the Summer of 2027. There are currently 19 students left in the program. There is no financial obligation to Xavier University related to terminating the agreement or giving up the space after our last student has finished. The decision to close the XULA location has minimal impact on The Chicago School's operations.*
4. *Los Angeles campus includes 2 Westwood students through Fall 2021*

Source: Internal University Records

The following table highlights the University's application, acceptance, and enrollment statistics for all six campuses and online for the previous five academic years and the current academic year, reflecting Fall enrollments.

Table 3

Applications, Acceptances and Enrollments

	2019	2020	2021	2022	2023
Number of Applications	4525	4954	4630	4652	5050
Number of Acceptances	2106	2338	2195	2116	2341
Acceptance Rate	47%	47%	47%	45%	46%
Number of Matriculations	1245	1409	1235	1224	1318
Matriculation Rate	59%	60%	56%	58%	56%

Source: Internal University Records

The University's acceptance rate and matriculation rate (yield) varies significantly among its degree programs. For example, the University's Doctor of Psychology (Psy.D.) in Clinical Psychology programs' acceptance rate averaged 31% over the past five years, while its matriculation rate averaged 52%. For the 2023-24 academic year, the Doctor of Psychology programs enrolled 53% of its accepted students and welcomed an incoming class of 237 students.

Tuition

The University believes its tuition and fees are competitive with those of other institutions providing comparable degree programs. Set forth below is a listing of tuition and fees charged by each of the University's degree programs for the previous five academic years, beginning with Fall enrollments.

Table 4

Tuition and Fees Summary

$ / Credit Hour	2019	2020	2021	2022	2023
Psy.D. / Ph.D. / Ed.D.	$1,449	$1,492	$1,537	$1,560	$1,622
Ed.S.	$1,202	$1,238	$1,275	$1,275	$1,326
M.A./M.S.	$1,164	$1,198	$1,234	$1,253	$1,303
B.A./ B.S.	$445	$458	$465	$472	$491

Source: Internal University Records

Comparative Tuition - Competitors

The following table compares 2021-22 tuition for graduate programs with certain other institutions with which the University compares itself and regularly competes for students. The table below captions graduate school tuition rates for selected peer institutions.

Table 5

Comparative Tuition & Fees: Graduate Programs

Institution	Tuition
The Chicago School (Graduate)	$23,454
Adler University	$41,930
Alliant International University	$19,484
Arizona State University	$12,014
Capella University	$14,826
Liberty University	$7,893
National Louis University	$11,646
Pepperdine University	$39,100
Roosevelt University	$22,764
Southern New Hampshire	$18,900
Walden University	$9,902

Source: Integrated Postsecondary Education Data System (IPEDS)

Financial Aid

Financial aid is any form of assistance to bridge the gap between family and student financial contributions and the University's cost of attendance. Financial aid is available in the form of scholarships, grants and loans. Students are required to complete the Free Application for Federal Student Aid (FAFSA) in order to be eligible for federal financial assistance.

The University offers a minimal amount of institutional financial aid to its students, in the form of scholarships allotted by the University's Administration to each degree program. For the 2022-23 financial year, the University granted approximately $5.5 million in institutional aid to students. University students finance their education through federal and other loan programs, grants, external scholarships, work study programs, third party loans, and family / individual wealth.

The University participates in the Federal Pell Grant and Federal Supplemental Educational Opportunity Grant programs, which are only available to undergraduate students. These grants are awarded to students with demonstrated financial need after completion of the FAFSA. Pell Grants provided $1.7 million to University students for the fiscal year ended May 31, 2023.

The Department of Education reports that default rates on federal student loans for University students were 0% for 2020, 0.6% for 2019, 3.4% for 2018 (the most recent data available). These low default rates are strong and indicate that graduates are employed and have the means to pay indebtedness.

Retention Management

The University regularly monitors enrollment both within and across each of its programs. The following table highlights the University's retention for the previous five years across all six of its campuses and online. In that time, the University has made significant strides to bolster its retention efforts through targeted initiatives. By streamlining student support services, modernizing communication with students, and investing in academic support programs, the University has created a strong infrastructure to decrease barriers and promote student success. The coalescence of a shift towards high-impact advising practices driven by student academic behavior analytics and a holistic approach to students and their needs has positioned the University to effectively meet the needs of its growing and diversifying student body.

Table 6

Retention Rates Summary

	Fall 2019	**Fall 2020**	**Fall 2021**	**Fall 2022**	**Fall 2023**
Retention Rates (first year to second year)	70.66%	72.53%	73.35%	75.70%	74.87%

Source: Internal University Records

Graduation Rates

One measure of retention that is reported regularly in compliance with the Student Right to Know Act is graduation rates. The most recent data reflects that an average of 60% of Masters and Doctorate students graduate within 6 years of first enrolling and this graduation rate has increased in recent years. The following table highlights the University's graduation rate over the last five years.

Table 7

Graduation Rates by Starting Cohort Academic Year

Starting cohort academic year:	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Graduation Rates (Masters and Doctorate programs <6 years)	56%	55%	57%	55%	60%

Source: Internal University Records

Research

Because of the University's specialization in graduate education, the faculty is continuously engaged in a substantial number of research projects, which are typically interrelated with instruction. The University's faculty are composed of science-practitioner and practitioner-scholar researchers who actively participate in their field of expertise. In response to increasingly diverse and complex societal needs, their research incorporates a commitment to community engagement and social change at the system-level. The University innovatively combines an emphasis on preparing professionally competent and culturally sophisticated practitioners whose work is supported by empirical validation, with a responsibility for achieving significant and lasting change.

Researchers are committed to solving some pressing health challenges and with the launch of the proposed Illinois College of Osteopathic Medicine at the new Chicago campus, the University will continue to grow its research activity related to integrated health.

Community Impact

The University's commitment to the highest standards of educational excellence and service is reflected in the impact the University imparts on its campuses, in the broader community and through its work in graduating professionals dedicated to the communities they serve. Faculty and students engage frequently in community service projects with positive impact in the health and socioeconomic well-being of the community.

Faculty and students contribute about 1.2 million service hours annually. The University partners with more than 1,100 community organizations across 47 states and 13 countries through current students' clinical training experiences, faculty-directed pro bono consulting engagements, and capacity-building community service projects.

Faculty and Staff

For the 2023 academic year, the University's faculty is comprised of 224 full-time members and 35 part-time members. All of the University's faculty members hold a terminal master's or doctoral degree.

The following table depicts the composition of the University's faculty and staff for the past five academic years.

Table 8

Faculty and Staff Composition

Fiscal Year	**2019**	**2020**	**2021**	**2022**	**2023**
Faculty	227	246	253	262	259
Staff	271	265	305	304	321
Adjuncts	890	978	873	854	1,014
Student Workers	363	353	375	482	530

Source: Internal University Records

The University strives to attract and maintain the highest quality faculty, and currently employs faculty who have been honored for their contribution in teaching, research, and scholarship. Faculty members are on time-bound contracts and the University does not offer tenure to its full-time faculty members. There is no known or expected union activity at the University.

Physical Facilities and Plant Assets

The University currently maintains academic campuses located in Anaheim, Chicago, Richardson (near Dallas), Los Angeles, San Diego, and Washington D.C.

The University's flagship campus is currently located in downtown Chicago at 325 N. Wells Street. This campus houses the main academic and research infrastructure of the University, comprising approximately 89,000 square feet. The Chicago campus is owned by TCS Illinois. TCS Illinois intends to sell the facility as part of the decision to relocate the campus to the newly purchased 400 S. Jefferson building. The University has identified a prospective buyer and is in the early stages of negotiating the sale of the 325 N. Wells facility. Depending on the final date of sale, TCS Illinois expects to leaseback space in the 325 N. Wells facility until the 400 S. Jefferson building is ready in 2026.

The Borrower operates a campus in Anaheim, California - positioned directly across from Angel Stadium and in the second-largest business park in Orange County at 2400 E Katella Avenue, totaling approximately 22,700 square feet. The Anaheim campus is leased.

TCS Texas operates a campus in Richardson (near Dallas), Texas – located in the northern portion of the city at 2101 Waterview Parkway, totaling approximately 29,000 square feet. The Richardson campus is leased until December 2024 at which point the campus will relocate to the new International Business Park building located in Plano, Texas as part of a 10-year lease to occupy approximately 17,000 square feet. This is an ongoing $5.2 million project expected to conclude by the end of 2024.

The Borrower operates a campus in Los Angeles, California - positioned in the financial district adjacent to Pershing Square in the Aon Center at 707 Wilshire Boulevard, totaling approximately 40,000 square feet. The Los Angeles campus is leased.

The Borrower operates a campus in San Diego, California – located in the downtown of the city at 401 West A Street, totaling approximately 6,300 square feet. The San Diego campus is leased.

TCS D.C. operates a campus in Washington, D.C. – located in center city, adjacent to the White House, split between 1015 15th Street and the McPherson Building at 901 15th Street NW, and totaling approximately 28,800 square feet. Both Washington, D.C. campus locations are leased through the end of July 2025. The University anticipates consolidating the campus into a single space and is in the process of identifying the best option for a new lease.

The following table sets forth the facilities of the University, both leased and owned, with terms of the current lease agreements, as applicable. See also Note 10 to the Consolidated Audited Financial Statements for Fiscal Year 2023 attached as Appendix B to this Official Statement for annual operating lease payments.

Table 9

University Facilities (Owned and Leased)

Facility Address	Name	Approx. Size	Initial Date of Lease	Expiration Date
325 North Wells, Chicago, IL	Chicago Campus	89,000 sq ft	Owned; negotiating sale and lease back	
401 West A Street -Suite 180, San Diego, CA	San Diego Campus	6,300 sq ft	5/1/2022	10/31/2027
707 Wilshire Boulevard, Los Angeles, CA	LA Campus	40,000 sq ft	6/1/2019	10/31/2029
2400 East Katella Ave, Anaheim, CA	Anaheim Campus	22,700 sq ft	7/1/2020	12/31/2030
901 15th Street NW, Washington, D.C.	Washington DC Campus	14,000 sq ft	5/1/2010	7/31/2025
1015 15th Street - Suite 400, Washington, D.C.	Washington DC Campus	14,800 sq ft	8/1/2012	7/31/2025
2101 North Waterview Parkway, Richardson, TX See above for relocation plans.	Richardson (near Dallas) Campus	29,010 sq ft	12/15/2023	12/31/2024

Source: Internal University Records

As of May 31, 2023, property, building and equipment assets, net of accumulated depreciation, totaled $28,470,756. The following table presents a breakdown of the University's plant assets over the past five years.

Table 10

Total Plant Asset Balances

	2023	2022	2021	2020	2019
Building	$20,946,197	$20,946,197	$18,812,012	$18,812,012	$15,688,070
Building improvements	5,415,673	5,415,673	5,315,823	5,295,823	5,272,054
Land	912,450	912,450	-	-	-
Furniture and fixtures	5,467,121	5,467,121	5,249,545	5,398,197	5,387,416
Library	384,473	384,473	384,473	384,473	452,760
Test kits	694,331	620,431	368,765	388,065	494,475
Computer equipment and software	4,624,220	4,562,022	4,529,019	3,743,162	4,617,382
Medical equipment	229,445	229,445	229,445	-	-
Leasehold improvements	20,521,940	20,324,079	20,322,086	17,362,951	8,898,702
Construction in progress	-	57,155	-	107,147	3,691,541
	59,195,850	58,919,046	55,211,168	51,491,830	44,502,400
Less accumulated depreciation	(30,725,094)	(27,859,412)	(24,940,163)	(24,967,763)	(24,423,242)
Total	$28,470,756	$31,059,634	$30,271,005	$26,524,067	$20,079,158

Source: Internal University Records

Retirement Plan

All eligible full time and part time employees of the University can participate in a 403(b) defined contribution retirement benefit plan administered by Transamerica. Employees who meet the eligibility requirements receive a defined contribution from the University. The University offers eligibility terms competitive with other employers and encourages employee participation in the plan. For the fiscal years 2022 and 2023, the ongoing University-funded contributions to the retirement plant totaled $2,953,546 and $2,828,919 respectively. The University has a nonqualified 457(b) deferred compensation plan and 457(f) deferred compensation plan for its president. The details of Employee Benefit Plans are more fully described in Note 11 of the Consolidated Audited Financial Statements for Fiscal Year 2023 attached as Appendix B to this Official Statement.

Insurance

The University maintains a comprehensive insurance program designed to protect the University's financial position and ensure the continuation of the University's mission in the event of a large financial loss. The University maintains commercial general liability, management and directors & officers, auto, workers compensation, sexual misconduct liability, pollution legal liability, foreign liability, property, crime, and cyber-liability insurance. The University also maintains a professional liability insurance policy. Property and crime policies generally cover 100% replacement costs after applicable deductibles. The University maintains insurance policies with limits, retentions and deductibles that are reasonable and customary for organizations of similar size and financial standing. Insurance is placed with commercial insurers with strong financial positions.

Legal Proceedings

The University is not aware of any litigation pending or threatened wherein an unfavorable decision would adversely affect its ability to enter into the Loan Agreement and carry out its obligations thereunder or would have a material adverse impact on the operations or financial condition of the University.

Summary Consolidated Financial Information

The following summaries of financial data of the University were derived by management of the Borrower from the Consolidated Audited Financial Statements attached as Appendix B to this Official Statement, which have been audited by RSM US LLP as independent auditors. RSM US LLP, the University's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. RSM US LLP also has not performed any procedures relating to this Official Statement.

The University operates on a fiscal year ending May 31. The financial statements have been prepared in accordance with the U.S. Generally Accepted Accounting Principles. The presentation includes consolidated results for the University, which includes the Affiliates. Only the Borrower is obligated under the Loan Agreement and with respect to the Bonds. See "SECURITY FOR THE BONDS" in the forepart of this Official Statement. See "Supplementary Information" attached to the Consolidated Audited Financial Statements included as Appendix B for a breakdown of the financial results for the Borrower and each Affiliate. The data should be read in conjunction with "Management's Discussion and Analysis" below.

Table 11

Income Statement
For the Fiscal Years Ended May 31

The Chicago School—California, Inc.
Consolidated Statement of Activities

	2023	**2022**	**2021**
Operating revenues:			
Tuition revenue	$140,854,254	$131,465,283	$125,878,679
Less scholarships	(5,496,485)	(4,731,303)	(4,595,425)
Net tuition revenue	**135,357,769**	**126,733,980**	**121,283,254**
Fee revenue	15,183,835	13,004,255	12,773,059
Contributions	110,265	87,737	118,213
Other school revenue	963,895	707,324	498,349
Grant revenue	2,548,427	5,879,815	1,591,864
Total revenues	**154,164,191**	**146,413,111**	**136,264,739**
Operating expenses:			
Program services:			
Educational services and facilities	62,815,629	63,491,020	56,128,970
Student services	25,606,963	24,422,174	22,038,604
Total program services	**88,422,592**	**87,913,194**	**78,167,574**
Management, general, and administration	52,705,594	47,305,475	43,378,747
Fundraising	1,146,835	815,480	1,081,376
Total expenses	**142,275,021**	**136,034,149**	**122,627,697**
Increase in net assets before non-operating items	**11,889,170**	**10,378,962**	**13,637,042**
Non-operating items:			
Interest, net of fees	2,644,241	1,602,066	1,282,043
Dividend on preferred stock in affiliate	694,412	62,996	7,335
Net gain (loss) on investments	1,689,677	(9,734,247)	15,188,514
Other non-operating items	(3,398)	(47,862)	106,019
Loss on disposal of equipment	-	-	(62,606)
Total non-operating items	**5,024,932**	**(8,117,047)**	**16,521,305**
Changes in net assets	**16,914,102**	**2,261,915**	**30,158,347**
Net assets, beginning of the year	154,721,409	152,459,494	122,301,147
Net assets, end of the year	$171,635,511	$154,721,409	$152,459,494

Source: Audited Financial Statements

Table 12

Balance Sheet
As of May 31

The Chicago School—California, Inc.
Consolidated Statements of Financial Position

	2023	2022	2021
Assets			
Cash and cash equivalents	$50,827,308	$43,127,970	$50,582,907
Student accounts receivable, net of allowance	2,876,700	2,224,879	1,868,170
Prepaid expenses	1,314,344	1,276,269	1,093,352
Other accounts receivable	807,180	1,145,043	511,925
Investments	87,562,540	86,026,053	76,842,594
Preferred stock in affiliate	33,045,000	29,295,000	30,380,000
Dividend receivable on preferred stock in investment in affiliate	764,743	70,331	7,335
Other assets	706,511	687,774	715,752
Property and equipment, net	28,470,756	31,059,634	30,271,005
Intangible assets, net	326,083	357,063	388,041
Right-of-use assets	16,211,531	-	-
Total assets	$222,912,696	$195,270,016	$192,661,081
Liabilities and Net Assets			
Accounts payable	$291,525	$445,507	$237,449
Student refunds payable	1,374,312	4,275,377	2,656,423
Accrued compensation related expenses	6,344,511	6,702,515	6,165,154
Due to affiliates	497,546	219,716	212,065
Other accrued expenses	1,036,551	1,353,235	505,902
Deferred revenue and tuition deposits	17,578,224	19,435,775	21,548,344
Refundable advances	703,326	-	-
Other payables	156,546	230,871	207,506
Deferred rent	-	7,324,622	8,079,778
Other liabilities	579,726	560,989	588,966
Right-of-use liability	22,714,918	-	-
Total liabilities	**51,277,185**	**40,548,607**	**40,201,587**
Net assets:			
Without donor restrictions	169,294,274	152,325,219	149,827,557
With donor restrictions	2,341,237	2,396,190	2,631,937
Total net assets	**171,635,511**	**154,721,409**	**152,459,494**
Total liabilities and net assets	**$222,912,696**	**$195,270,016**	**$192,661,081**

Source: Audited Financial Statements

Grant Revenues

The following table outlines the University's history of federal, state and private grants.

Table 13

History of Grant and Grant Revenues

	FY2019	FY2020	FY2021	FY2022	FY2023
HEERF	$0	$0	$983,657	$5,162,980	$1,653,970
IDHS	$230,124	$231,434	$391,560	$477,830	$486,242
HRSA SDS	$449,999	$449,750	$0	$0	$0
Other	$334,002	$335,614	$216,647	$239,006	$408,215
Total	**$1,014,125**	**$1,016,798**	**$1,591,864**	**$5,879,815**	**$2,548,427**

1. HEERF = Higher Education Emergency Relief Fund
2. IDHS = Illinois Department of Human Services
3. HRSA SDS = Health Resources and Services Administration Scholarships for Disadvantaged Students

Source: Internal University Records

Fundraising

The University is in the early stages of a new capital campaign dedicated to the proposed IllinoisCOM, focusing on donor engagement and a campaign feasibility study. The University does not rely on grant dollars or private gifts to fund the ongoing operations of the University.

Endowment and Similar Funds

As of May 31, 2023, the University's endowment in the amount of approximately $70 million consisted of donor-restricted funds for scholarships and a Board-designated fund for general institutional support. To satisfy its long-term rate-of-return objections, the University relies on a total return strategy, without regard to capital gains and income. To provide consistent long-term growth, the University targets a diversified asset allocation strategy. Current investment policy guidelines disallow more than 65% of equity investments at time of purchase.

Outstanding Indebtedness

The Borrower is jointly and severally liable for a line of credit drawn by KHSC, for an amount not to exceed $50,000,000, which expires on April, 29, 2025. As of March 31, 2024, the balance on the line was $38,568,879. The Borrower is obligated to pledge collateral in an amount specified by the lender. The Borrower pledged cash and investments on deposit in an account with the lender as collateral for the credit facility of $41,918,306 as of March 31, 2024. As part of this arrangement, KHSC is required to pay guarantor fees to the Borrower. See Note 2 to the Consolidated Audited Financial Statements for Fiscal Year 2023 attached as Appendix B to this Official Statement.

The Borrower and the Affiliates are co-borrowers with the System (including KHSC) and other affiliates of the System with respect to a line of credit of $17,500,000, which expires on May 31, 2024. The lender of this line of credit requires that the Borrower and the Affiliates maintain their operating accounts with the lender and that the lender can debit the operating accounts to pay fees and payments owed with respect to the line. As of April 1, 2024, there were no outstanding borrowings on the line of credit and no plans to do so. The Borrower and the Affiliates expect to renew this line of credit for a new 3-year term prior to the maturity date. See Note 8 to the Consolidated Audited Financial Statements for Fiscal Year 2023 attached as Appendix B to this Official Statement. See "BONDHOLDERS'RISKS – Outstanding Secured Indebtedness."

There are no plans for further indebtedness beyond the Series 2024 obligations for any of the corporate entities operated under the umbrella of the University.

Kansas Health Science Center

As described above under "Organization Structure," one of the System's affiliates is the KHSC, a Kansas nonprofit corporation incorporated in 2018 that is an organization described in Section 501(c)(3) of the Code. KHSC operates the Kansas College of Osteopathic Medicine ("KansasCOM") which opened in 2022. KHSC's mission is to train the osteopathic physician of the future to provide effective, empathetic, and innovative care to optimize the health of patients and their communities. KHSC is the first new medical school to open in Kansas in over 100 years.

KansasCOM has been granted Pre-Accreditation status from the COCA. (See "Proposed Illinois College of Osteopathic Medicine" above for information on the accreditation process through COCA.) Pre-Accreditation, as distinct from Full Accreditation, permits KansasCOM to solicit applications and admit students, offer medical instruction within the approved osteopathic medical curriculum, and announce its pre-accreditation status. KansasCOM can be considered for Full Accreditation status following the graduation of its first class, which it anticipates will occur in May 2026. The attainment of Full Accreditation status is subject to review and approval by the COCA.

Enrollment maximums are set by the COCA. KansasCOM has successfully enrolled a maximum-allowed number of students into each class each year of its operation so far, with an extensive waitlist of students and abundance of applications. To date, KansasCOM is on track to receive Full Accreditation from the COCA in May 2026. Management of the System is confident about KansasCOM's ability to continue to maximize class sizes each year and the institution's ability to achieve full accreditation in May 2026.

As part of the requirements to reach Full Accreditation, KHSC was required by COCA to deposit funds into escrow for an operating and tuition reserve in the amounts of $9,350,000 and $37,400,000, respectively. In order to fund the escrow, KHSC converted from a Member to a Stock Nonprofit Corporation and subsequently issued 31.6 million common shares and 2.9 million non-voting preferred shares, which were acquired by the Borrower for $31,700,000. As the preferred shareholder, the Borrower will receive preferred returns before the common shareholder. The preferred shares earn dividends equal to the proportional market returns generated on the escrow investment account. KHSC shall automatically redeem 300,000 preferred shares one year after the release of the full escrow, anticipated May 2028. After the initial redemption, KHSC will then redeem a further 100,000 shares each quarter through to a final redemption in November 2034. The operating reserve will be released upon KHSC graduating its first class, estimated to be May 2026. The tuition reserve will be released upon KHSC graduating its second class, estimated to be May 2027. The relationship between KHSC, the System and the Borrower is described in Note 2 of the Consolidated Audited Financial Statements for Fiscal Year 2023 attached as Appendix B to this Official Statement. See also "Outstanding Indebtedness" above relating to indebtedness that the Borrower is jointly and severally liable for with KHSC and see "BONDHOLDERS' RISKS – Investment in Kansas Health Science Center."

Management Discussion and Analysis

The University has recorded strong financial results across the past three completed fiscal years (2021, 2022, 2023). Over this period net assets have increased by $49.3 million (40%), which is an average of $16.4 million per year. The majority of the increase has been from operating surpluses across the three years, totaling $35.9 million, and reflecting an average 8% of revenues each year. The University has been able to deliver consistent operating surpluses over this period due to growth in new and continuing student enrollments coupled with an average tuition rate increase of 3% per year.

As well as the operating surplus, the University has recorded non-operating changes to net assets of $13.4 million over the three-year period. The non-operating items include dividends received from the KHSC preferred stock (preferred stock in affiliate) as well as an increase in the fair-value of this preferred stock.

The University anticipates delivering an operating surplus in FY2024 of approximately $7 million. This is based on year-over-year anticipated revenue growth of 1.7% or $2.7 million and projected expenses of $149.6 million. The University carefully manages operations to a net margin, and anticipates that the existing business (i.e. excluding investments associated with launching the proposed IllinoisCOM) will continue to perform in alignment with historical trends.

The investments in the proposed IllinoisCOM start-up ahead of graduating the first class in FY2030 means that the University is forecasting operating deficits that are gradually declining between FY2025 and FY2029. These operating deficits will be funded by existing cash and investments. Investments include the upfront costs of hiring faculty, investing in facilities, and obtaining necessary equipment for instruction, which are estimated at $124.5 million in total.

From FY2030 onwards the University is projected to return to delivering annual operating surpluses that will be significantly increased as a result of the contribution of an expected fully enrolled IllinoisCOM. The University is projecting to enroll 650 students at the IllinoisCOM and generate operating surpluses of approximately $7 million per year on a stand-alone basis.

During this period of investment in the proposed IllinoisCOM (see also "Proposed Illinois College of Osteopathic Medicine – Escrowed Reserve and Operating Funds" for a discussion of the funding of the segregated escrow funds required for the accreditation process for the proposed IllinoisCOM), the University expects cash and investments to decrease relative to the FY 2023 audited financial statements, while remaining at a level that provides sufficient liquidity for operations. The University has undertaken extensive cash management forecasting to ensure adequate liquidity based on a range of operating performance.

As part of the planning process associated with the proposed IllinoisCOM, the University has undertaken an extensive forward projection analysis regarding anticipated revenues and expenses, and the impact on institutional liquidity. This analysis takes into account the following:

– Anticipated net expenses of $80.6 million operating expenses reflecting the upfront costs associated with IllinoisCOM faculty and staff, administrative, and depreciation costs from FY 2024 to FY 2029. From FY 2030 onward, the IllinoisCOM is projected to generate an operating surplus.

– The anticipated release of the escrows associated with KansasCOM, which are expected to provide $9.8 million and $44 million of incremental unrestricted liquidity in FY 2026 to FY 2027, respectively.

– Upfront proceeds projected in the range of $7.5 million - $8.5 million associated with the sale of The Chicago School's current (owned) real estate (325 N. Wells).

– The reimbursement of institutional funds of $38.5 million utilized in the purchase of the 400 S. Jefferson Street location.

– The initial restriction of $54.1 million for the purpose of funding the IllinoisCOM escrow.

– Conservative projections for the ongoing operations of The Chicago School's existing enterprise.

Given this analysis, the University believes that minimum unrestricted liquidity in the range of $50 million to $60 million, with an improved position projected to begin in FY 2027.

As part of the COCA accreditation process, the University engaged an independent consultant (Tripp Umbach) to assess the University's plan for the proposed IllinoisCOM, which found that the plan demonstrated reasonable feasibility and meets all AOA COCA requirements for a new and developing college of osteopathic medicine. Tripp Umbach systemically examined the documents for the proposed IllinoisCOM; key findings are summarized below:

- IllinoisCOM has obtained significant support from the community, including a letter of support from the Illinois Osteopathic Medical Society and key support from hospital systems and healthcare entities as evidenced by their affiliation agreements.

- IllinoisCOM has secured at least 285 clinical training positions for the third-year core rotations and two core rotations in the fourth year. Electives are traditionally taken in the fourth year at medical centers in the United States. Considering their proposed eventual class size of 170 osteopathic medical students per year, IllinoisCOM has significantly surpassed the 120% requirement by AOA COCA with a minimum total number of secured spots of 160% of the approved class size.

- IllinoisCOM's ability to work with health-care institutions and organizations for graduate medical education (GME) is strongly supported.

- Besides leveraging the resources of the larger university, the IllinoisCOM will have 91 FTEs comprising a combination of part-time and full-time faculty, staff, and administration to fulfill organizational needs when in full operation. The total number of faculty, exclusive to senior administration, offering instruction to students when the college is in full operation will be 35. IllinoisCOM's hiring timeline exceeds reasonable faculty adequacy standards, and staff and administration are adequate to support their vision and mission.

- IllinoisCOM has a favorable pro forma that demonstrates the project's financial viability. The projected annual revenue for this project in Fiscal Year 2031 is $41.4 million, and the projected annual expenses would total $37.2 million. Positive cash flow and margins at the time that the college graduates its first class provide a strong measure of sustainability.

Similar to the projection for operating surpluses, once the proposed Illinois COM graduates the first cohort in FY2030 and the operating and teach-out escrow values are returned, the University has projected that cash and investments position will grow quickly and by FY2030 is projected to significantly exceed the values reported in the FY 2023 audited financial statements.

The projections in this section constitute "forward-looking statements." All forward-looking statements, including intentions, expectations and projections, are inherently subject to economic, political, regulatory, competitive and other uncertainties, all of which are difficult to predict and many of which will be beyond the control of the University. Projected results may not be realized, and actual results could be significantly different than projected. The University is not obligated to update, or otherwise revise, the projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even if any or all of the assumptions are shown to be in error.

APPENDIX B

THE CHICAGO SCHOOL—CALIFORNIA, INC.
CONSOLIDATED FINANCIAL REPORTS FOR
MAY 31, 2023, MAY 31, 2022 AND MAY 31, 2021
(WITH INDEPENDENT AUDITORS' REPORTS THEREON)

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The Chicago School—California, Inc.
d/b/a The Chicago School

Consolidated Financial Report
May 31, 2023

Contents

Independent Auditor's Report

Board of Trustees
The Chicago School—California, Inc. d/b/a The Chicago School

Opinion
We have audited the consolidated financial statements of The Chicago School—California, Inc. d/b/a The Chicago School, which comprise the consolidated statements of financial position as of May 31, 2023 and 2022, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Chicago School as of May 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Chicago School 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.

Emphasis of Matter
As discussed in Note 1 to the financial statements, effective June 1, 2022, The Chicago School adopted Financial Accounting Standards Board's Accounting Standards Codification Topic 842, Leases. Our opinion is not modified with respect to this matter.

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 The Chicago School's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

- Identify and assess the risks of material misstatement of the 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 Chicago School'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 Chicago School'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.

RSM US LLP

Chicago, Illinois
November 10, 2023

The Chicago School—California, Inc.
d/b/a The Chicago School

Consolidated Statements of Financial Position
May 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	**$ 50,827,308**	$ 43,127,970
Student accounts receivable, net of allowance of $1,954,715 and $1,478,892, respectively	**2,876,700**	2,224,879
Prepaid expenses	**1,314,344**	1,276,269
Other accounts receivable	**807,180**	1,145,043
Investments	**87,562,540**	86,026,053
Preferred stock in affiliate	**33,045,000**	29,295,000
Dividend receivable on preferred stock investment in affiliate	**764,743**	70,331
Other assets	**706,511**	687,774
Property and equipment, net	**28,470,756**	31,059,634
Intangible assets	**326,083**	357,063
Right-of-use assets	**16,211,531**	-
Total assets	**$ 222,912,696**	$ 195,270,016
Liabilities and Net Assets		
Accounts payable	**$ 291,525**	$ 445,507
Student refunds payable	**1,374,312**	4,275,377
Accrued compensation related expenses	**6,344,511**	6,702,515
Due to affiliates	**497,546**	219,716
Other accrued expenses	**1,036,551**	1,353,235
Deferred revenue and tuition deposits	**17,578,224**	19,435,775
Refundable advances	**703,326**	-
Other payables	**156,546**	230,871
Deferred rent	**-**	7,324,622
Other liabilities	**579,726**	560,989
Right-of-use liability	**22,714,918**	-
Total liabilities	**51,277,185**	40,548,607
Net assets:		
Without donor restrictions	**169,294,274**	152,325,219
With donor restrictions	**2,341,237**	2,396,190
Total net assets	**171,635,511**	154,721,409
Total liabilities and net assets	**$ 222,912,696**	$ 195,270,016

See notes to consolidated financial statements.

The Chicago School—California, Inc.
d/b/a The Chicago School

Consolidated Statement of Activities
Year Ended May 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Tuition revenue	$ 140,854,254	$ -	$ 140,854,254
Less scholarships	(5,496,485)	-	(5,496,485)
Net tuition revenue	135,357,769	-	135,357,769
Fee revenue	15,183,835	-	15,183,835
Contributions	65,787	44,478	110,265
Other school revenue	963,490	405	963,895
Grant revenue	2,548,427	-	2,548,427
Net assets released from restriction	37,953	(37,953)	-
Total revenues	154,157,261	6,930	154,164,191
Operating expenses:			
Program services:			
Educational services and facilities	62,815,629	-	62,815,629
Student services	25,606,963	-	25,606,963
Total program services	88,422,592	-	88,422,592
Management, general and administration	52,705,594	-	52,705,594
Fundraising	1,146,835	-	1,146,835
Total expenses	142,275,021	-	142,275,021
Increase in net assets before non-operating items	11,882,240	6,930	11,889,170
Non-operating items:			
Interest, net of fees	2,644,241	-	2,644,241
Dividend on preferred stock in affiliate	694,412	-	694,412
Net gain (loss) on investments	1,751,560	(61,883)	1,689,677
Other non-operating items	(3,398)	-	(3,398)
Total non-operating items	5,086,815	(61,883)	5,024,932
Changes in net assets	16,969,055	(54,953)	16,914,102
Net assets, beginning of the year	152,325,219	2,396,190	154,721,409
Net assets, end of the year	$ 169,294,274	$ 2,341,237	$ 171,635,511

See notes to consolidated financial statements.

The Chicago School—California, Inc.
d/b/a The Chicago School

Consolidated Statement of Activities
Year Ended May 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Tuition revenue	$ 131,465,283	$ -	$ 131,465,283
Less scholarships	(4,731,303)	-	(4,731,303)
Net tuition revenue	126,733,980	-	126,733,980
Fee revenue	13,004,255	-	13,004,255
Contributions	38,337	49,400	87,737
Other school revenue	707,324	-	707,324
Grant revenue	5,879,815	-	5,879,815
Net assets released from restriction	27,130	(27,130)	-
Total revenues	146,390,841	22,270	146,413,111
Operating expenses:			
Program services:			
Educational services and facilities	63,491,020	-	63,491,020
Student services	24,422,174	-	24,422,174
Total program services	87,913,194	-	87,913,194
Management, general and administration	47,305,475	-	47,305,475
Fundraising	815,480	-	815,480
Total expenses	136,034,149	-	136,034,149
Increase in net assets before non-operating items	10,356,692	22,270	10,378,962
Non-operating items:			
Interest, net of fees	1,602,066	-	1,602,066
Dividend on preferred stock in affiliate	62,996	-	62,996
Net loss on investments	(9,476,230)	(258,017)	(9,734,247)
Other non-operating items	(47,862)	-	(47,862)
Total non-operating items	(7,859,030)	(258,017)	(8,117,047)
Changes in net assets	2,497,662	(235,747)	2,261,915
Net assets, beginning of the year	149,827,557	2,631,937	152,459,494
Net assets, end of the year	$ 152,325,219	$ 2,396,190	$ 154,721,409

See notes to consolidated financial statements.

The Chicago School—California, Inc.
d/b/a The Chicago School

Consolidated Statements of Cash Flows
Years Ended May 31, 2023 and 2022

	2023	2022
Cash flow from operating activities:		
Change in net assets	**$ 16,914,102**	$ 2,261,915
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**2,896,662**	2,950,228
Bad debt reserve	**475,823**	(426,799)
Net (gain) loss on investments	**(1,689,677)**	9,734,247
Dividend on preferred stock in affiliate	**(694,412)**	(62,996)
Other non-operating items	**3,398**	47,862
Right-of-use asset amortization	**5,040,650**	-
Interest on lease liability	**(730,394)**	-
Changes in assets and liabilities:		
Student accounts receivable	**(1,127,644)**	70,090
Prepaid expenses	**(38,075)**	(182,917)
Other accounts receivable	**337,863**	(633,118)
Other assets	**(22,135)**	(19,884)
Accounts payable	**(153,982)**	208,058
Student refunds payable	**(2,901,065)**	1,618,954
Accrued compensation related expenses	**(358,004)**	537,361
Other accrued expenses	**(316,684)**	847,333
Deferred revenue and tuition deposits	**(1,857,551)**	(2,112,569)
Refundable advances	**703,326**	-
Other payables	**(74,325)**	23,365
Deferred rent	**(7,324,622)**	(755,156)
Due to/from affiliates	**277,830**	7,651
Other liabilities	**18,737**	(27,977)
Right-of-use liability	**2,193,131**	-
Net cash provided by operating activities	**11,572,952**	14,085,648
Cash flows from investing activities:		
Purchases of property and equipment	**(276,804)**	(3,707,878)
Purchases of investments	**(44,304,886)**	(46,395,947)
Proceeds from sales of investments	**40,708,076**	28,563,240
Net cash used in investing activities	**(3,873,614)**	(21,540,585)
Net increase (decrease) in cash and cash equivalents	**7,699,338**	(7,454,937)
Cash and cash equivalents, beginning of year	**43,127,970**	50,582,907
Cash and cash equivalents, end of year	**$ 50,827,308**	$ 43,127,970
Supplemental cash flow information related to leases:		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows-payments on operating leases	**$ 5,892,752**	$ -

See notes to consolidated financial statements.

Note 1. Nature of Business and Significant Accounting Policies

The Chicago School of Professional Psychology (“the College”) is a nonprofit, accredited institution with more than 5,000 students at campuses across the country (Chicago, Illinois; Los Angeles, Anaheim and San Diego, California; Washington, D.C.; Richardson, Texas and online). The College has been an innovator in the field of psychology and related behavioral science for more than 40 years. The College offers more than 25 degree programs and a wealth of opportunities for international experiences. Integrating theory, professional practice and innovation, the College provides an excellent education for careers in psychology and related behavioral and health sciences. The College is committed to service and embraces the diverse communities of our society. The College is accredited by the Accrediting Commission for Senior Colleges and Universities of the Western Association of Schools and Colleges and is an active member of the National Council of Schools and Programs of Professional Psychology, which has recognized the College for its distinguished service and outstanding contributions to cultural diversity and advocacy.

The College formed and is a part of a private, nonprofit system of colleges advancing student success and community impact, which are supported and coordinated by TCS Education System (“the System”), a 501(c)(3) organization recognized by the Internal Revenue Service as a Type II supporting organization. The System provides management services and conducts other support activities for the exclusive benefit of the supported organizations.

The following entities are included within the scope of the College’s consolidated financial statements:

The Chicago School—California, Inc., a 501(c)(3) private, California public benefit organization that prepares professional psychologists who reflect, in practice, a commitment to respect and acknowledgment of individual and cultural differences. It is the sole member of the following subsidiary entities:

The Chicago School of Professional Psychology, a 501(c)(3) private, nonprofit educational College that operates campuses in Illinois.

The Chicago School—Washington D.C., Inc., a 501(c)(3) private, District of Columbia nonprofit public benefit corporation that operates a campus in the District of Columbia.

TCS Education—Texas, Inc. d/b/a The College of Nursing and Advanced Health Professions (CONAHP), a 501(c)(3) nonprofit corporation located in Dallas, Texas. In April 2018, the College’s Board of Trustees approved a merger with TCS Education—Texas, Inc. d/b/a Dallas Nursing Institute (DNI), which is also part of the System.

Accounting policies: The College follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition. References to generally accepted accounting principles of the United States of America (U.S. GAAP) in these footnotes are to the FASB Accounting Standards Codification, sometimes referred to as the Codification or ASC.

Principles of consolidation: The consolidated financial statements include the accounts of the College and its related entities in which it has a controlling financial interest. All significant intercompany transactions and accounts are eliminated in consolidation.

Management’s use of estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from these estimates.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Financial statement presentation: To ensure observance of limitations and restrictions placed on the use of resources available to the College, resources are classified for accounting and financial reporting purposes into categories established according to their nature and purposes. The assets, liabilities and net assets of the College are reported in two categories as follows:

Without donor restrictions: Net assets that are not subject to donor-imposed restrictions. Without donor restriction net assets include the revenues and expenses of the primary operations of the College.

With donor restrictions: Net assets subject to donor- or grant-imposed stipulations that require they be maintained permanently or that may or will be met either by actions of the College and/or the passage of time.

Revenues are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as donor-restricted support that increases that net asset class. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are received. Expirations of net assets with donor restrictions are reported as reclassifications between the applicable classes of net assets.

Cash and cash equivalents: The College considers short-term, highly liquid investments that are readily convertible to known amounts of cash, and so near their maturity that they present an insignificant risk of change in value from changes in interest rates, and that have an original maturity of three months or less when purchased, to be cash equivalents. The College maintains funds in accounts that at times are in excess of the Federal Deposit Insurance Corporation insurance limit; however, the College minimizes this risk by maintaining deposits in high-quality financial institutions. The College has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Student accounts receivable: Student accounts receivable consist primarily of amounts due to the College from its students. The College maintains an allowance for doubtful accounts to reflect the expected amount of student accounts receivable that will not be realized based on past collection history and risks identified among uncollectible accounts. Student accounts receivable are charged to the allowance for doubtful accounts when the College determines the receivable is not collectible. Bad debt expense for the years ended May 31, 2023 and 2022, were $2,512,734 and $1,318,544, respectively. The College evaluates each student’s creditworthiness on a case-by-case basis.

Other accounts receivable: Other accounts receivable consists primarily of refunds or repayments due back to the College from outside vendors or employees and grants receivable from governmental agencies. All receivable balances were deemed collectable at May 31, 2023 and 2022.

Investments: The College accounts for its investments at fair value. Realized gains and losses on sales of securities represent the difference between net proceeds received and the cost of the investments. Realized and unrealized gains and losses are included in the consolidated statements of activities and gains and/or losses are allocated to net asset classes, dependent upon donor specifications. If the underlying restriction is met in the same period, realized gains and/or losses are reported under net assets without donor restrictions.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Investment expenses are reported as a reduction of interest income on investments. The College's investments include various types of investment securities and investment vehicles. Investment securities are exposed to several risks, such as interest rates, currency, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the College's consolidated financial statements.

Preferred stock in affiliate: Preferred stock in affiliate is accounted for at fair value and represents the College's investment in the redeemable preferred shares of Kansas Health Science Center, Inc. as discussed in Note 2. The preferred shareholder shall receive preferred returns before the common shareholder, as defined in the agreement. Per the agreement, the preferred shares will earn dividends equal to the proportional market returns generated on the escrow investment account. Dividends will continue to accrue through the final redemption date, at which time, the dividends will be paid on the preferred stock.

Property and equipment: Property and equipment, including acquisition fees and other acquisition costs incurred, are stated at cost or in the case of contributions, at fair value at the date of receipt. The College capitalizes property and equipment with a value of $2,500 or more and an estimated useful life of one year or more. Expenditures for ordinary maintenance and repairs are expensed as they are incurred. Significant renovations and improvements which improve or extend the useful life of the asset are capitalized.

Depreciation and amortization of property and equipment are accounted for using the straight-line method over the estimated useful lives of the assets as follows:

Building and building improvements	39 years
Furniture and fixtures	5-7 years
Library	3 years
Test kits	3 years
Computer equipment and software	3 years
Leasehold improvements	Shorter of lease term or useful life

Intangible assets: Intangible assets relate to accreditation and is recorded at cost and amortized over the useful life using the straight-line method.

Definite lived intangible assets, along with long-lived assets used by the College, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. When such factors indicate that assets should be evaluated for possible impairment, the College performs an analysis, comparing the carrying value of the assets to future undiscounted cash flows of the underlying assets. The carrying value of the underlying assets is adjusted to fair value if the sum of the expected undiscounted cash flows is less than book value. There was no impairment recorded during the years ended May 31, 2023 or 2022.

Student refunds payable: Student refunds payable represent the excess of loan proceeds over total tuition due that was subsequently paid to the students.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Revenue recognition and deferred revenue: The College receives revenues from various sources. Revenues are recognized as follows:

Tuition revenues are recognized ratably over the length of a course when instructional services are provided. As part of the requirements for completion of courses, students are required to pay other fees associated with courses in addition to tuition, which include an Academic Success Lab Fee, Experiential Learning Technology Fee and Student Institutional Service Fee. These fees are recognized as service revenue over time corresponding to the instructional period, similar to tuition. The College also charges certain fees such as Deferred Tuition Plan Fee, Degree Conferral Fee, Duplicate Diploma Fee, Graduate Transfer Credit Fee and other administrative fees that are recognized at the time of assessment.

Tuition and fees are refunded 100% to students if withdrawn in the first week. After one week and up until the second week, withdrawal will result in a refund of 75% of tuition and fees. After two weeks and up until the third week, withdrawal will result in a refund of 50% of tuition and fees. After three weeks and up until the fourth week, withdrawal will result in a refund of 25% of tuition and fees. No refund is given if a student withdraws after the fourth week. These refunds reduce tuition and fee revenue at the point in time they occur. All refunds related to withdrawals are fully recognized by each semester end.

The College utilized the portfolio approach to apply the new revenue recognition standard to tuition and fee revenue. Tuition and fees received in advance of services rendered are recorded as deferred revenue. Scholarships and discounts are recorded net of revenues. The College reported receivables of $1,868,170, net of allowances, and deferred revenues of $21,548,344 as of July 1, 2021.

Grant revenue represents conditional contributions received from governmental agencies in connection with COVID-19 relief. Revenue is recognized when the related conditions are satisfied, generally when qualifying expenditures are incurred. Refundable advances represent contributions received in which conditions have not been met. The College reported $703,326 and $0 as of May 31, 2023 and 2022, respectively.

Contributions: Contributions in the form of an unconditional promise to give are recognized as revenue by the College in the period in which the promise is received. Conditional promises to give are recognized as revenue when the conditions are met. Amounts to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved and the expected period of payment. The discount on those amounts is computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of discounts (if any) is included in contributions in the accompanying consolidated statements of activities. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as the age of the receivable, creditworthiness of parties, historical collection experience and type of contribution and nature of fundraising activity.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Leases: Prior to June 1, 2022, the College followed the lease accounting guidance in FASB ASC Topic 840. Effective June 1, 2022, the College adopted and follows the lease accounting guidance in FASB ASC Topic 842. The College determines if an arrangement is a lease at inception of the contract. Under Topic 842, a lease is a contract, or part of a contract, that conveys the right to control the use of identified property or equipment (i.e., an identified asset) for a period of time in exchange for consideration. The College's contracts determined to be or contain a lease include explicitly or implicitly identified assets where the College has the right to obtain substantially all of the economic benefits of the assets and has the ability to direct how and for what purpose the assets are used during the lease term.

Leases are classified as either operating or financing. For operating leases, the College has recognized a lease liability equal to the present value of the remaining lease payments, and a right-of-use asset equal to the lease liability, subject to certain adjustments, such as for prepaid rent and lease incentives. The College has elected to use the risk-free rate as the discount rate for all leases.

The College defines a short-term lease as any arrangement with a lease term of 12 months or less that does not include an option to purchase the underlying asset. The College has made an accounting policy election not to recognize right-of-use assets and lease liabilities for short-term leases; as a result, short-term lease payments are recognized as expense over the lease term.

Adoption of Topic 842 resulted in the recording of additional right-of-use assets and lease liabilities related to the College's operating leases of $20,521,787 and $27,846,253, respectively, at June 1, 2022. The adoption of the new lease standard did not result in a cumulative adjustment to the opening balance of net assets.

Advertising: Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses amounted to $23,680,328 and $20,874,685 for the years ended May 31, 2023 and 2022, respectively.

Income taxes: The College has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of state law and, accordingly, is not subject to federal or state income taxes.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the College may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the College and various positions related to the potential sources of unrelated business taxable income. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended May 31, 2023 and 2022. The campuses file Form 990s annually in the U.S. federal jurisdiction and in their respective state or district, if applicable.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Newly adopted accounting pronouncements: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The College adopted ASU 2016-02 on June 1, 2022, using the optional transition method to the modified retrospective approach. ASC Topic 842 includes practical expedient and policy election choices. The College elected the package of practical expedients available in the standard and, as a result, did not reassess the lease classification of existing contracts or leases or the initial direct costs associated with existing leases. The College did not elect the hindsight practical expedient and so did not re-evaluate the lease term for existing leases. The College's adoption of this standard did not result in an adjustment to the opening balance of net assets. Refer to Note 10 for the College's lease disclosures.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requiring an entity to present contributed nonfinancial assets as a separate line item in the standard of activities, apart from contributions of cash or other financial assets. The guidance in this ASU also requires an entity to disclose the contributed nonfinancial assets by category that identifies the type of nonfinancial asset and disclose certain required information. The College has adopted this standard for the period ended May 31, 2023. Implementation of the standard had no significant impact on the College's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)—Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. In December 2022, the FASB issued ASU No. 2022-06, *Deferral of the Sunset Date of Reference Rate Reform (Topic 848)*. Topic 848 provides optional expedients and exceptions for applying GAAP to transactions affected by reference rate (e.g., LIBOR) reform if certain criteria are met, for a limited period on financial reporting. The ASU deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. The ASU is effective as of December 31, 2022 through December 31, 2024. The College has early adopted this standard. Implementation of the standard had no significant impact on the College's consolidated financial statements.

Recent accounting pronouncements: In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the current incurred loss impairment methodology for financial assets reported at amortized cost, such as receivables, with a methodology that reflects current expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments in this update are effective for fiscal years beginning after December 15, 2022. The College is currently evaluating the effect that this amendment will have on the consolidated financial statements.

Reclassifications: Certain 2022 balances have been reclassified to conform to the current year presentation without any effect on the previously reported net assets or changes in net assets.

Note 2. Preferred Stock, Line of Credit, and Subsequent Event

On December 7, 2020, the College entered into a Preferred Stock Purchase Agreement with Kansas Health Science Center, Inc. (KHSC), an affiliated organization through common ownership by the System. As part of the requirements to reach full accreditation, KHSC is required to deposit funds into escrow for an operating and tuition reserve. In order to fund the escrow, KHSC converted from a Member to a Stock Nonprofit Corporation and subsequently issued 31.6 million common shares and 2.9 million non-voting preferred shares. All common shares were issued to the System, whereby the System retained the voting rights it had previously as the sole member. The College acquired all 2.9 million non-voting preferred shares for $31,750,000. KHSC shall automatically redeem 300,000 preferred shares one year after the release of the full escrow, anticipated in May 2028. The operating reserve will be released upon KHSC graduating its first class, estimated to be in May 2026. The tuition reserve will be released upon KHSC graduating its second class, estimated to be in May 2027.

After the initial 300,000 share redemption, KHSC will redeem 100,000 shares each quarter resulting in quarterly fixed payments of $1,094,828 to the College that will continue through November 2034, the final redemption date. As of May 31, 2023 and 2022, the College has a dividend receivable from KHSC of $764,743 and $70,331, respectively, and the dividend income incurred for fiscal years 2023 and 2022 was $694,412 and $62,996, respectively. The preferred shares are recorded as investments at fair value on the consolidated statements of financial position. The College recorded the $31,750,000 investment at a premium of $1,295,000 to par resulting in a fair value of $33,045,000 at May 31, 2023, and a discount of ($2,455,000) to par resulting in a fair value of $29,295,000 at May 31, 2022, on the consolidated statements of financial position. Unrealized gain (loss) of $3,750,000 and ($1,085,000), respectively, is included within net gain (loss) on investments on the consolidated statements of activities for the years ended May 31, 2023 and 2022, respectively. The KHSC escrow account was held in low risk, liquid money market and U.S. Treasury Notes with Intrust Bank during fiscal year ended May 31, 2023 and was held in low risk, liquid money market and certificates of deposit with Intrust Bank during fiscal year ended May 31, 2022.

On May 7, 2021, the College and KHSC entered into a joint revolving credit agreement as co-borrowers with UBS Bank USA for an amount not to exceed $30,000,000, which will primarily be used for the benefit of KHSC and for which the College is jointly and severally liable for amounts borrowed thereunder. The College pledged cash and investments as collateral for the credit facility of $33,999,443 and $34,500,348 as of May 31, 2023 and 2022, respectively. As of May 31, 2023 and 2022, there was $29,850,000 and $17,500,000 drawn on the revolving credit facility, respectively, which is recorded as a liability within KHSC's financial statements. As part of the credit agreement, KHSC is required to pay guarantor fees to the College. The College reported revenues from the guarantor fees of $488,601 and $197,587 for the years ended May 31, 2023 and 2022, respectively, and is classified within other school revenue in the consolidated statements of activities. As of May 31, 2023, the College does not believe it is probably their performance on this guarantee will be required. Subsequent to period end, effective June 2, 2023, the joint revolving credit agreement available borrowings was increased from $30,000,000 to $50,000,000.

Note 3. Financial Assets Availability and Liquidity

The College regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers general expenditures to be all expenditures related to its ongoing mission-related activities, as well as the conduct of services undertaken to support those activities.

	2023	2022
Cash and cash equivalents	$ 50,827,308	$ 43,127,970
Student accounts receivable, net	2,876,700	2,224,879
Other accounts receivable	807,180	1,145,043
Investments	87,562,540	86,026,053
Preferred stock investment in affiliate	33,045,000	29,295,000
Dividend receivable on preferred stock in affiliate	764,743	70,331
Retirement plan assets, included in other assets	579,726	560,989
Financial assets, May 31	176,463,197	162,450,265
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restrictions by donor with time or purpose restrictions	(230,385)	(223,455)
Donor-restricted endowments	(2,110,852)	(2,172,735)
Retirement plan assets	(579,726)	(560,989)
Preferred stock in affiliate	(33,045,000)	(29,295,000)
Dividend receivable on preferred stock in affiliate	(764,743)	(70,331)
Board-designated (quasi) endowment fund	(67,902,799)	(67,906,372)
Financial assets available to meet cash needs, for general expenditures within one year	$ 71,829,692	$ 62,221,383

The College generally maintains available cash, cash equivalents and short-term investments to meet 90 days of normal operating expenses. Excess operating cash balances are invested in a money market deposit account, which offers daily liquidity. Although the College does not intend to spend from its quasi endowment in the fiscal year ended May 31, 2024, these amounts could be made available if approved by the Board of Trustees. In addition, the College has access to a line of credit of $17,500,000 through the affiliation with the System. The College also operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 4. Investments

The College's investment strategy incorporates a diversified asset allocation approach. This strategy provides the College with a long-term and short-term asset mix that is most likely to meet the College's return goals with the appropriate level of risk. The College's management and the finance, investment and audit committee of the System's Board of Trustees review reports provided by the fund managers and attend meetings of the fund managers in order to evaluate the risk associated with these investments. In addition, the System's finance, investment and audit committee monitors its portfolio mix to ensure that it is in accordance with the Board of Trustees' policy.

Note 4. Investments (Continued)

State law permits the Board of Trustees to appropriate as much of the net appreciation of the investments as is prudent considering the College's long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions. The College has certain policies and procedures with respect to the maintenance and application of its funds.

The composition of investment assets held by the College is summarized as follows at May 31, 2023 and 2022:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Equity mutual funds	$ 43,112,030	$ 51,808,615	$ 48,034,950	$ 51,581,678
Fixed income mutual funds	18,913,843	16,588,334	16,444,197	16,826,748
Real estate investment trust mutual funds	3,276,794	3,248,031	3,736,759	3,865,764
Preferred stock in affiliate	31,750,000	33,045,000	31,750,000	29,295,000
Commercial paper	9,977,643	10,090,950	7,793,927	7,787,325
Corporate bonds	4,133,921	4,114,317	5,971,858	5,964,538
Government bonds	1,701,037	1,712,293	-	-
Total	$ 112,865,268	$ 120,607,540	$ 113,731,691	$ 115,321,053

Note 5. Fair Value Measurements

The College follows ASC Topic, Fair Value Measurements and Disclosures, which provides the framework for measuring fair value under U.S. GAAP. This Topic applies to all financial instruments that are being measured and reported on a fair value basis. As defined in the Topic, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the College uses various methods including market, income and cost approaches. Based on these approaches, the College often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable inputs. The College utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used on the valuation techniques, the College is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Note 5. Fair Value Measurements (Continued)

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 assets primarily include listed equities, money market funds, government securities and mutual funds. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option 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 in determining the fair value assigned to such assets or liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The College's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

For fiscal years 2023 and 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent with techniques used in previous years. The valuation methodologies used for instruments at fair value are described below:

The College holds investments in mutual funds comprised of equities, fixed income and real estate investment trusts. Investments in securities traded on a national securities exchange or reported on the NASDAQ national market are stated at the last reported sales price on the day of valuation; other securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price. The fair value of corporate bonds is estimated using market price quotes corroborated by recently executed transactions observable in the market. The fair value of commercial paper is estimated using market pricing and other observable market inputs for the same or similar securities obtained from a number of industry standard data providers. For government bonds, the College utilizes recent market transactions for identical or similar bonds to corroborate pricing service fair value measurements. Certificates of deposit are held at amortized cost.

The College entered into a transaction during the year ended May 31, 2021, to purchase preferred stock in KHSC (see Note 2). The College determined the fair value of the preferred stock using the income approach and market approach. The income approach considers the expected returns on an investment which are discounted at an appropriate rate of return to reflect the College's risk and hazards. The market approach was utilized to determine a market yield to be used as the present worth factor in the discounted net cash flow analysis. The market yield utilized in the determination of the fair value was 5.50% for both the years ended May 31, 2023 and 2022. The dividend yield utilized in the determination of the fair was 5.23% and 4.62% for the years ended May 31, 2023 and 2022, respectively.

Note 5. Fair Value Measurements (Continued)

The College assesses the levels of financial instruments at each measurement date and transfers between levels are recognized on the actual date of the event of change in circumstances that caused the transfer in accordance with the College's accounting policy regarding recognition of transfers between levels of the fair value hierarchy. There were no such transfers for fiscal years 2023 or 2022.

The following tables present the College's fair value hierarchy for those assets measured at fair value on a recurring basis as of May 31, 2023 and 2022:

	2023			
	Fair Value Measurements Using			
Description	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds:				
Equity securities	$ 51,808,615	$ -	$ -	$ 51,808,615
Fixed income	16,588,334	-	-	16,588,334
Real estate investment trusts	3,248,031	-	-	3,248,031
Total mutual funds	71,644,980	-	-	71,644,980
Commercial paper	-	10,090,950	-	10,090,950
Preferred stock in affiliate	-	-	33,045,000	33,045,000
Corporate bonds	-	4,114,317	-	4,114,317
Government bonds	-	1,712,293	-	1,712,293
Total investments	$ 71,644,980	$ 15,917,560	$ 33,045,000	120,607,540
Other assets:				
Investments held for deferred compensation:				
Equity securities	$ 496,866	$ -	$ -	$ 496,866
Fixed income	74,824	-	-	74,824
Real estate investment trusts	8,036	-	-	8,036
Total investments held for deferred compensation	579,726	-	-	579,726
Total other assets	$ 579,726	$ -	$ -	$ 579,726

	2022			
	Fair Value Measurements Using			
Description	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds:				
Equity securities	$ 51,581,678	$ -	$ -	$ 51,581,678
Fixed income	16,826,748	-	-	16,826,748
Real estate investment trusts	3,865,764	-	-	3,865,764
Total mutual funds	72,274,190	-	-	72,274,190
Commercial paper	-	7,787,325	-	7,787,325
Preferred stock in affiliate	-	-	29,295,000	29,295,000
Corporate bonds	-	5,964,538	-	5,964,538
Total investments	$ 72,274,190	$ 13,751,863	$ 29,295,000	$ 115,321,053
Other assets:				
Investments held for deferred compensation:				
Equity securities	$ 494,138	$ -	$ -	$ 494,138
Fixed income	66,851	-	-	66,851
Total investments held for deferred compensation	560,989	-	-	560,989
Total other assets	$ 560,989	$ -	$ -	$ 560,989

Note 6. Property and Equipment

Depreciation expense recognized on all depreciable assets was $2,865,682 and $2,919,249 for the years ended May 31, 2023 and 2022, respectively. Property and equipment at May 31, 2023 and 2022, consist of the following:

	2023	2022
Building	$ 20,946,197	$ 20,946,197
Building improvements	5,415,673	5,415,673
Land	912,450	912,450
Furniture and fixtures	5,467,121	5,467,121
Library	384,473	384,473
Test kits	694,331	620,431
Computer equipment and software	4,624,220	4,562,022
Medical equipment	229,445	229,445
Leasehold improvements	20,521,940	20,324,079
Construction in progress	-	57,155
	59,195,850	58,919,046
Less accumulated depreciation	(30,725,094)	(27,859,412)
Total	$ 28,470,756	$ 31,059,634

Note 7. Intangible Assets

As part of the affiliation with CONAHP, the College attained a definite-lived intangible asset related to accreditation with an amortization period of 20 years. Intangible assets at May 31 consist of the following:

	2023	2022
Accreditation	$ 620,000	$ 620,000
Less accumulated amortization	(293,917)	(262,937)
Total	$ 326,083	$ 357,063

Amortization expense recognized on intangible assets was $30,980 and $30,979 for the years ended May 31, 2023 and 2022, respectively. Aggregate future amortization expense is as follows:

Years ending May 31:	
2024	$ 31,064
2025	30,979
2026	30,979
2027	30,979
2028	31,064
Thereafter	171,018
Total	$ 326,083

Note 8. Debt

The Chicago School has a $17,500,000 line of credit as a co-borrower with the System and the affiliated colleges. The Chicago School and the co-borrowers have the option for the interest rate on the line of credit to be (a) the one-month SOFR rate plus 1.57% or (b) the greater of (i) the Prime rate minus 1.25%, and (ii) 2.25%. The average rate for the years ended May 31, 2023 and 2022, was 5.02% and 1.69%, respectively. If not renewed, the line of credit will mature on May 31, 2024. As of May 31, 2023 and 2022, there were no outstanding borrowings on the line of credit.

Note 9. Related-Party Transactions

The College is part of the System, a nonprofit system of colleges advancing student success and community impact. The System provides management services and conducts other support activities for the exclusive benefit of the support organizations. The provision of those services and the allocation of costs related thereto could result in operating results or a financial position of the College that is significantly different from those that would have been obtained if the College operated independently.

In addition to the management services and support activities, the System has billed the College for certain costs incurred on its behalf. Total management and support expenses for the years ended May 31, 2023 and 2022, were $50,791,492 and $46,764,076, respectively. The total amounts due to the System as of May 31, 2023 and 2022, were $497,546 and $219,716, respectively.

The College has a preferred stock investment in KHSC, an affiliated organization through common ownership by the System. The College is also jointly and severally liable for a line of credit drawn by KHSC and has pledged certain cash and investments for the line. See Note 2.

Note 10. Leases

The College adopted ASC Topic 842, Leases, as of June 1, 2022. Upon adoption, the College recognized right-of-use (ROU) lease assets and liabilities in their statement of financial position. The rental commitments for operating leases consist of lease obligations for office and campus facilities.

Minimum future operating lease obligations: The College has various operating leases for several classroom and administrative facilities in Chicago, Illinois; Los Angeles, Orange County and San Diego, California; and Washington, D.C.

In June 2020, the College entered into a 10-year and six-month lease for a new location in Anaheim, California commencing July 2020. The Irvine campus relocated to Anaheim in March 2021. The lease includes a tenant improvement allowance of approximately $2,200,000 and 10 months of abatement spread out over the first 5 years of the lease that were included as a lease incentive within the right-of-use assets and amortized over the life of the lease. In May 2022, the College renewed their San Diego lease to extend the term. The lease now ends in October 2027. Beginning November 2021, the College extended one of their DC leases' terms. This lease now ends July 2025. Several of the leases include options to extend the lease. The College did not include these renewal periods in the liability as it was not reasonably certain that the College would exercise these options. The College considered a number of factors when evaluating whether the options in its lease contracts were reasonably certain of exercise, such as length of time before the option exercise, importance of the lease to overall operations, costs to negotiate a new lease, and any contractual or economic penalties.

The weighted average remaining lease term is 5 years and 8 months at May 31, 2023. The weighted average discount rate of the leases at May 31, 2023 was 2.93%.

Note 10. Leases (Continued)

The minimum annual future operating lease payments as of May 31, 2023, are as follows:

Fiscal years ending May 31:	
2024	$ 5,645,966
2025	4,400,536
2026	3,343,699
2027	3,150,927
2028	3,059,561
Thereafter	5,117,625
Total lease payments	24,718,314
Less imputed interest	(2,003,396)
	$ 22,714,918

The minimum annual future operating lease payments as of May 31, 2022, under ASC 840 are as follows:

Fiscal years ending May 31:	
2023	$ 5,819,724
2024	5,603,961
2025	4,358,532
2026	3,301,694
2027	3,108,922
Thereafter	8,040,676
Total	$ 30,233,509

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended May 31, 2023:

Operating lease cost	$ 5,040,650
Short-term lease cost	2,631
Variable lease cost	930,981
Total lease cost	$ 5,974,262

Rent expense for the year ended May 31, 2022 was $5,796,681.

Note 11. Employee Benefit Plans

The College offers eligible employees a basic contributory 403(b) retirement program. Employees' contributions to this plan are tax deferred. The College contributes a discretionary amount of an employee's salary. Expense related to the 403(b) plan for the years ended May 31, 2023 and 2022, was $2,953,546 and $2,828,919, respectively.

The College has a nonqualified 457(b) deferred compensation plan and a 457(f) deferred compensation plan for its president. Contributions to the plan are invested in equity securities. The College made contributions of $21,346 and $20,025 for the fiscal years ended May 31, 2023 and 2022, respectively. At May 31, 2023 and 2022, $579,726 and $560,989, respectively, was accrued as a liability and set aside in a separate account for this benefit. The assets held in this account are the property of the College and are subject to the claims of the general creditors. The College accounts for the assets held by this plan as investments held for deferred compensation recorded in other assets, as described in Note 5, with the related liability recorded in other liabilities on the consolidated statements of financial position.

Note 12. Net Assets

Net assets with donor restrictions consist of the following as of May 31, 2023 and 2022:

	2023	2022
Subject to expenditure for specific purpose:		
Student financial assistance	$ 142,038	$ 153,756
General purpose	51,127	39,733
Naomi Ruth Cohen Institute for Mental Health Education	37,220	29,966
Subject to the College or Naomi Ruth Cohen Institute's spending policy and appropriation:		
Investments in perpetuity (including original gift amount of $1,381,121 as of May 31, 2023 and 2022) expendable support scholarships	2,110,852	2,172,735
Total net assets with donor restrictions	$ 2,341,237	$ 2,396,190

The College's Board of Trustees has designated $67,902,799 and $67,906,372 in net assets without donor restrictions (quasi-endowment) for general institutional support as of May 31, 2023 and 2022, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows for the fiscal years ended May 31, 2023 and 2022:

	2023	2022
Purpose restrictions accomplished:		
Student financial assistance	$ 27,926	$ 26,960
General purpose	10,027	64
Naomi Ruth Cohen Institute	-	106
Total net assets released from restrictions	$ 37,953	$ 27,130

The Naomi Ruth Cohen Institute for Mental Health Education is dedicated to eradicating the stigma associated with mental illness. The institute annually plans and promotes a community mental health conference.

Note 13. Endowment

As of May 31, 2023, the College's endowment consisted of donor-restricted funds for scholarships and a Board-designed fund for general institutional support. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Underwater endowment funds: Endowment funds are recorded in accordance with state-approved Uniform Prudent Management of Institutional Funds Act (UPMIFA). The College has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift contributed to a donor-restricted endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the College considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument (underwater funds). The College has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. Additionally, in accordance with UPMIFA, the College considers the following factors, if relevant, in making a determination to appropriate or accumulate donor-restricted endowment funds:

i. The duration and preservation of the fund

ii. The purpose of the donor-restricted endowment fund

iii. General economic conditions

iv. The possible effect of inflation and deflation

v. The expected total return from income and the appreciation of investments

vi. Other resources of the College

vii. The investment policies of the College

As of May 31, 2023 and 2022, there were no underwater endowment funds.

Endowment use and restrictions: Subject to donor requirements, appropriations from the College's donor-restricted endowment fund shall not exceed 5% of the fair market value of the donor-restricted endowment fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure is made. The Board appropriated $0 from the Board-designated endowment fund in fiscal years 2023 and 2022.

Endowment net asset composition by type of fund is summarized as follows:

	2023	2022
Donor-restricted endowment funds	$ 2,110,852	$ 2,172,735
Quasi endowment funds	67,902,799	67,906,372
Total endowment funds	$ 70,013,651	$ 70,079,107

Note 13. Endowment (Continued)

Changes in endowment net assets for the years ended May 31, 2023 and 2022, are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 67,906,372	$ 2,172,735	$ 70,079,107
Investment return:			
Interest and dividends, net	696,640	-	696,640
Net depreciation, realized and unrealized	(700,213)	(61,883)	(762,096)
Total investment return	(3,573)	(61,883)	(65,456)
Endowment net assets end of year	$ 67,902,799	$ 2,110,852	$ 70,013,651

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 71,857,381	$ 2,430,752	$ 74,288,133
Investment return:			
Interest and dividends, net	897,927	-	897,927
Net depreciation, realized and unrealized	(4,848,936)	(258,017)	(5,106,953)
Total investment return	(3,951,009)	(258,017)	(4,209,026)
Endowment net assets end of year	$ 67,906,372	$ 2,172,735	$ 70,079,107

Return objectives and risk parameters: The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the value of endowment assets. Under this policy, as approved by the College's finance and investment committee, and Board of Trustees, the benchmarks for the equity portion of the endowment shall be the S&P 500 Index and the MCSI All Country World ex-US Index. For fixed income investments, the benchmark portion shall be the Barclays Aggregate Bond Index and the Barclays Global Aggregate ex-US TR Hdg USD Index. For real estate investment trusts (REIT), the benchmark portion shall be the MSCI US REIT Gross Index. Actual returns in any year may vary from this amount.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy, without regard to capital gains and income. To provide consistent long-term growth, the College targets a diversified asset allocation strategy. Current investment policy guidelines disallow more than 65% of equity investments in the total investment fund at purchase. Due to market fluctuations, asset allocation variances up to 5% above or below the 65% threshold are deemed acceptable.

Note 14. Classification of Expenses

The following reflects the classification of the College's expenses, by both the underlying nature of the expense and the function, for the years ended May 31, 2023 and 2022, respectively. An individual expense is allocated to the underlying function to which it was incurred. The consolidated statement of activities includes certain expenses which must be allocated on a reasonable basis. Facilities related and depreciation expenses have been allocated based on faculty and staff headcount. Certain senior leadership expenses are allocated based on time spent by function.

Expenses are classified as follows:

	2023				
	Program services				
	Educational Services and Facilities	Student Services	Management, General and Administrative	Fundraising	Total
Compensation and employee	$ 49,851,769	$ 12,124,124	$ 6,322,693	$ 728,904	$ 69,027,490
Facility and office	6,743,416	1,846,274	595,564	106,414	9,291,668
Services and other	4,245,224	11,033,687	45,497,200	283,090	61,059,201
Depreciation and amortization	1,975,220	602,878	290,137	28,427	2,896,662
Total	$ 62,815,629	$ 25,606,963	$ 52,705,594	$ 1,146,835	$ 142,275,021

	2022				
	Program services				
	Educational Services and Facilities	Student Services	Management, General and Administrative	Fundraising	Total
Compensation and employee	$ 48,457,686	$ 11,230,985	$ 5,511,297	$ 570,309	$ 65,770,277
Facility and office	6,534,418	2,054,263	140,583	92,976	8,822,240
Services and other	6,478,504	10,457,393	41,431,654	123,853	58,491,404
Depreciation and amortization	2,020,412	679,533	221,941	28,342	2,950,228
Total	$ 63,491,020	$ 24,422,174	$ 47,305,475	$ 815,480	$ 136,034,149

Note 15. Subsequent Events

Management has evaluated all events or transactions that occurred after May 31, 2023, through November 10, 2023, the date the consolidated financial statements are available for issuance, for potential recognition or disclosure in the consolidated financial statements.

Supplementary Information

RSM US LLP

Independent Auditor's Report on the Supplementary Information

Board of Trustees
The Chicago School—California, Inc. d/b/a The Chicago School

We have audited the consolidated financial statements of The Chicago School—California, Inc. d/b/a The Chicago School as of and for the years ended May 31, 2023 and 2022, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Chicago, Illinois
November 10, 2023

The Chicago School—California, Inc.
d/b/a The Chicago School

Consolidating Schedule of Financial Position
May 31, 2023

	The Chicago School—Illinois	The Chicago School—California, Inc.	The Chicago School—Washington D.C., Inc.	The Chicago School—Texas	Eliminations	The Chicago School Total
Assets						
Cash and cash equivalents	$ 1,801,556	$ 48,734,864	$ 79,002	$ 211,886	$ -	$ 50,827,308
Student accounts receivable, net	621,162	1,665,639	314,190	275,709	-	2,876,700
Due from affiliates	24,278,820	11,868,193	9,618,577	-	(45,765,590)	-
Prepaid expenses	322,005	793,644	172,411	26,284	-	1,314,344
Other accounts receivable	412,707	392,020	2,453	-	-	807,180
Investments	42,735,104	44,827,436	-	-	-	87,562,540
Preferred stock in affiliate	-	33,045,000	-	-	-	33,045,000
Dividend receivable on preferred stock in affiliate	-	764,743	-	-	-	764,743
Other assets	-	648,994	57,517	-	-	706,511
Property and equipment, net	14,454,285	10,614,297	200,348	3,201,826	-	28,470,756
Intangible assets, net	-	-	-	326,083	-	326,083
Right-of-use assets	1,215,998	12,161,125	2,834,408	-	-	16,211,531
Total assets	$ 85,841,637	$ 165,515,955	$ 13,278,906	$ 4,041,788	$ (45,765,590)	$ 222,912,696
Liabilities and Net Assets (Deficit)						
Accounts payable	$ 84,641	$ 189,174	$ 8,596	$ 9,114	$ -	$ 291,525
Student refunds payable	321,286	814,541	156,552	81,933	-	1,374,312
Accrued compensation related expenses	1,214,264	4,235,062	446,977	448,208	-	6,344,511
Due to affiliate	-	34,394,943	-	11,868,193	(45,765,590)	497,546
Other accrued expenses	293,825	334,884	24,112	383,730	-	1,036,551
Deferred revenue and tuition deposits	3,057,742	12,177,356	1,661,740	681,386	-	17,578,224
Refundable advances	95,987	515,062	-	92,277	-	703,326
Other payables	8,459	147,717	370	-	-	156,546
Deferred rent	-	-	-	-	-	-
Other liabilities	-	579,726	-	-	-	579,726
Right-of-use liability	1,333,010	18,126,797	3,255,111	-	-	22,714,918
Total liabilities	6,409,214	71,515,262	5,553,458	13,564,841	(45,765,590)	51,277,185
Net assets (deficit):						
Without donor restrictions	77,235,081	93,873,890	7,721,200	(9,535,897)	-	169,294,274
With donor restrictions	2,197,342	126,803	4,248	12,844	-	2,341,237
Total net assets (deficit)	79,432,423	94,000,693	7,725,448	(9,523,053)	-	171,635,511
Total liabilities and net assets (deficit)	$ 85,841,637	$ 165,515,955	$ 13,278,906	$ 4,041,788	$ (45,765,590)	$ 222,912,696

The Chicago School—California, Inc.
d/b/a The Chicago School

Consolidating Schedule of Financial Position
May 31, 2022

	The Chicago School—Illinois	The Chicago School—California, Inc.	The Chicago School—Washington D.C., Inc.	The Chicago School—Texas	Eliminations	The Chicago School Total
Assets						
Cash and cash equivalents	$ 2,420,586	$ 39,836,780	$ 604,668	$ 265,936	$ -	$ 43,127,970
Student accounts receivable, net	420,312	1,395,810	265,617	143,140	-	2,224,879
Due from affiliates	21,322,776	8,861,376	7,377,239	-	(37,561,391)	-
Prepaid expenses	317,972	753,388	181,658	23,251	-	1,276,269
Other accounts receivable	714,656	101,507	34,061	294,819	-	1,145,043
Investments	42,461,866	43,564,187	-	-	-	86,026,053
Preferred stock in affiliate	-	29,295,000	-	-	-	29,295,000
Dividend receivable on preferred stock in affiliate	-	70,331	-	-	-	70,331
Other assets	-	630,257	57,517	-	-	687,774
Property and equipment, net	15,179,655	12,137,850	436,272	3,305,857	-	31,059,634
Intangible assets, net	-	-	-	357,063	-	357,063
Total assets	$ 82,837,823	$ 136,646,486	$ 8,957,032	$ 4,390,066	$ (37,561,391)	$ 195,270,016
Liabilities and Net Assets (Deficit)						
Accounts payable	$ 52,029	$ 340,726	$ 36,038	$ 16,714	$ -	$ 445,507
Student refunds payable	658,168	2,573,165	752,064	291,980	-	4,275,377
Accrued compensation related expenses	1,289,318	4,446,113	458,302	508,782	-	6,702,515
Due to affiliate	-	28,919,731	-	8,861,376	(37,561,391)	219,716
Other accrued expenses	106,843	747,263	55,149	443,980	-	1,353,235
Deferred revenue and tuition deposits	4,010,468	12,641,149	1,960,784	823,374	-	19,435,775
Other payables	14,994	211,183	3,408	1,286	-	230,871
Deferred rent	244,621	6,442,544	637,457	-	-	7,324,622
Other liabilities	-	560,989	-	-	-	560,989
Total liabilities	6,376,441	56,882,863	3,903,202	10,947,492	(37,561,391)	40,548,607
Net assets (deficit):						
Without donor restrictions	74,207,791	79,636,170	5,049,582	(6,568,324)	-	152,325,219
With donor restrictions	2,253,591	127,453	4,248	10,898	-	2,396,190
Total net assets (deficit)	76,461,382	79,763,623	5,053,830	(6,557,426)	-	154,721,409
Total liabilities and net assets (deficit)	$ 82,837,823	$ 136,646,486	$ 8,957,032	$ 4,390,066	$ (37,561,391)	$ 195,270,016

The Chicago School—California, Inc.
d/b/a The Chicago School

Consolidating Schedule of Activities
Year Ended May 31, 2023

	The Chicago School—Illinois	The Chicago School—California, Inc.	The Chicago School—Washington D.C., Inc.	The Chicago School—Texas	Eliminations	The Chicago School Total
Operating revenues:						
Tuition revenue	$ 33,152,280	$ 84,321,215	$ 15,763,069	$ 7,617,690	$ -	$ 140,854,254
Less scholarships	(2,486,740)	(2,159,334)	(622,319)	(228,092)	-	(5,496,485)
Net tuition revenue	30,665,540	82,161,881	15,140,750	7,389,598	-	135,357,769
Fee revenue	3,143,832	10,051,524	1,559,687	428,792	-	15,183,835
Contributions	5,070	88,250	-	16,945	-	110,265
Other school revenue	199,561	759,338	-	4,996	-	963,895
Grant revenue	1,036,317	1,057,090	170,654	284,366	-	2,548,427
Intercompany revenue	318,444	4,968,435	-	-	(5,286,879)	-
Total revenues	35,368,764	99,086,518	16,871,091	8,124,697	(5,286,879)	154,164,191
Operating expenses:						
Program services:						
Educational services and facilities	16,937,473	35,312,661	7,285,303	5,017,712	(1,737,520)	62,815,629
Student services	5,385,937	16,760,734	2,677,334	2,077,981	(1,295,023)	25,606,963
Total program services	22,323,410	52,073,395	9,962,637	7,095,693	(3,032,543)	88,422,592
Management, general and administration	10,012,444	36,594,183	4,142,002	3,958,956	(2,001,991)	52,705,594
Fundraising	227,795	1,040,866	94,844	35,675	(252,345)	1,146,835
Total expenses	32,563,649	89,708,444	14,199,483	11,090,324	(5,286,879)	142,275,021
Increase (decrease) in net assets before non-operating items	2,805,115	9,378,074	2,671,608	(2,965,627)	-	11,889,170
Non-operating items:						
Interest, net of fees	936,257	1,707,974	10	-	-	2,644,241
Dividend on preferred stock in affiliate	-	694,412	-	-	-	694,412
Net gain (loss) on investments	(770,331)	2,460,008	-	-	-	1,689,677
Other non-operating items	-	(3,398)	-	-	-	(3,398)
Total non-operating items	165,926	4,858,996	10	-	-	5,024,932
Changes in net assets (deficit)	2,971,041	14,237,070	2,671,618	(2,965,627)	-	16,914,102
Net assets (deficit), beginning of the year	76,461,382	79,763,623	5,053,830	(6,557,426)	-	154,721,409
Net assets (deficit), end of the year	$ 79,432,423	$ 94,000,693	$ 7,725,448	$ (9,523,053)	$ -	$ 171,635,511

The Chicago School—California, Inc.
d/b/a The Chicago School

Consolidating Schedule of Activities
Year Ended May 31, 2022

	The Chicago School—Illinois	The Chicago School—California, Inc.	The Chicago School—Washington D.C., Inc.	The Chicago School—Texas	Eliminations	The Chicago School Total
Operating revenues:						
Tuition revenue	$ 30,576,525	$ 78,217,591	$ 15,386,427	$ 7,284,740	$ -	$ 131,465,283
Less scholarships	(2,086,704)	(1,843,899)	(584,401)	(216,299)	-	(4,731,303)
Net tuition revenue	28,489,821	76,373,692	14,802,026	7,068,441	-	126,733,980
Fee revenue	2,732,422	8,478,465	1,467,991	325,377	-	13,004,255
Contributions	17,935	62,207	780	6,815	-	87,737
Other school revenue	169,558	483,735	16,106	37,925	-	707,324
Grant revenue	1,755,968	3,310,053	610,217	203,577	-	5,879,815
Intercompany revenue	-	15,003,371	-	-	(15,003,371)	-
Total revenues	33,165,704	103,711,523	16,897,120	7,642,135	(15,003,371)	146,413,111
Operating expenses:						
Program services:						
Educational services and facilities	17,601,426	39,526,490	7,486,146	4,860,279	(5,983,321)	63,491,020
Student services	4,871,634	16,385,297	2,797,192	2,166,039	(1,797,988)	24,422,174
Total program services	22,473,060	55,911,787	10,283,338	7,026,318	(7,781,309)	87,913,194
Management, general and administration	8,351,834	37,172,917	4,401,793	3,889,171	(6,510,240)	47,305,475
Fundraising	188,773	1,197,195	100,573	40,761	(711,822)	815,480
Total expenses	31,013,667	94,281,899	14,785,704	10,956,250	(15,003,371)	136,034,149
Increase (decrease) in net assets before non-operating items	2,152,037	9,429,624	2,111,416	(3,314,115)	-	10,378,962
Non-operating items:						
Interest, net of fees	958,513	643,553	-	-	-	1,602,066
Dividend on preferred stock in affiliate	-	62,996	-	-	-	62,996
Net losses on investments	(5,134,124)	(4,600,123)	-	-	-	(9,734,247)
Other non-operating items	-	(47,862)	-	-	-	(47,862)
Total non-operating items	(4,175,611)	(3,941,436)	-	-	-	(8,117,047)
Changes in net assets (deficit)	(2,023,574)	5,488,188	2,111,416	(3,314,115)	-	2,261,915
Net assets (deficit), beginning of the year	78,484,956	74,275,435	2,942,414	(3,243,311)	-	152,459,494
Net assets (deficit), end of the year	$ 76,461,382	$ 79,763,623	$ 5,053,830	$ (6,557,426)	$ -	$ 154,721,409

The Chicago School—California, Inc.
d/b/a The Chicago School of Professional Psychology

Consolidated Financial Report
May 31, 2022

Contents

Independent Auditor's Report

Board of Trustees
The Chicago School—California, Inc.
d/b/a The Chicago School of Professional Psychology

Opinion

We have audited the consolidated financial statements of The Chicago School—California, Inc. d/b/a The Chicago School of Professional Psychology, which comprise the consolidated statements of financial position as of May 31, 2022 and 2021, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Chicago School—California, Inc. d/b/a The Chicago School of Professional Psychology as of May 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Chicago School—California, Inc. d/b/a The Chicago School of Professional Psychology and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Chicago School—California, Inc. d/b/a The Chicago School of Professional Psychology's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

- Identify and assess the risks of material misstatement of the 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 Chicago School—California, Inc. d/b/a The Chicago School of Professional Psychology'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 Chicago School—California, Inc. d/b/a The Chicago School of Professional Psychology'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.

RSM US LLP

Chicago, Illinois
October 28, 2022

The Chicago School—California, Inc.
d/b/a The Chicago School of Professional Psychology

Consolidated Statements of Financial Position
May 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	**$ 43,127,970**	$ 50,582,907
Student accounts receivable, net of allowance of $1,478,892 and $1,905,691, respectively	**2,224,879**	1,868,170
Prepaid expenses	**1,276,269**	1,093,352
Other accounts receivable	**1,145,043**	511,925
Investments	**86,026,053**	76,842,594
Preferred stock in affiliate	**29,365,331**	30,387,335
Other assets	**687,774**	715,752
Property and equipment, net	**31,059,634**	30,271,005
Intangible assets	**357,063**	388,041
Total assets	**$ 195,270,016**	$ 192,661,081
Liabilities and Net Assets		
Accounts payable	**$ 445,507**	$ 237,449
Student refunds payable	**4,275,377**	2,656,423
Accrued compensation related expenses	**6,702,515**	6,165,154
Due to affiliates	**219,716**	212,065
Other accrued expenses	**1,353,235**	505,902
Deferred revenue and tuition deposits	**19,435,775**	21,548,344
Other payables	**230,871**	207,506
Deferred rent	**7,324,622**	8,079,778
Other liabilities	**560,989**	588,966
Total liabilities	**40,548,607**	40,201,587
Net assets:		
Without donor restrictions	**152,325,219**	149,827,557
With donor restrictions	**2,396,190**	2,631,937
Total net assets	**154,721,409**	152,459,494
Total liabilities and net assets	**$ 195,270,016**	$ 192,661,081

See notes to consolidated financial statements.

The Chicago School—California, Inc.
d/b/a The Chicago School of Professional Psychology

Consolidated Statement of Activities
Year Ended May 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Tuition revenue	$ 131,465,283	$ -	$ 131,465,283
Less scholarships	(4,731,303)	-	(4,731,303)
Net tuition revenue	126,733,980	-	126,733,980
Fee revenue	13,004,255	-	13,004,255
Contributions	38,337	49,400	87,737
Other school revenue	707,324	-	707,324
Grant revenue	5,879,815	-	5,879,815
Net assets released from restriction	27,130	(27,130)	-
Total revenues	146,390,841	22,270	146,413,111
Operating expenses:			
Program services:			
Educational services and facilities	63,491,020	-	63,491,020
Student services	24,422,174	-	24,422,174
Total program services	87,913,194	-	87,913,194
Management, general, and administration	47,305,475	-	47,305,475
Fundraising	815,480	-	815,480
Total expenses	136,034,149	-	136,034,149
Increase in net assets before non-operating items	10,356,692	22,270	10,378,962
Non-operating items:			
Interest and dividends, net of fees	1,665,062	-	1,665,062
Net losses on investments	(9,476,230)	(258,017)	(9,734,247)
Other non-operating items	(47,862)	-	(47,862)
Total non-operating items	(7,859,030)	(258,017)	(8,117,047)
Changes in net assets	2,497,662	(235,747)	2,261,915
Net assets, beginning of the year	149,827,557	2,631,937	152,459,494
Net assets, end of the year	$ 152,325,219	$ 2,396,190	$ 154,721,409

See notes to consolidated financial statements.

The Chicago School—California, Inc.
d/b/a The Chicago School of Professional Psychology

Consolidated Statement of Activities
Year Ended May 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Tuition revenue	$ 125,878,679	$ -	$ 125,878,679
Less scholarships	(4,595,425)	-	(4,595,425)
Net tuition revenue	121,283,254	-	121,283,254
Fee revenue	12,773,059	-	12,773,059
Contributions	51,954	66,259	118,213
Other school revenue	498,349	-	498,349
Grant revenue	1,591,864	-	1,591,864
Net assets released from restriction	167,471	(167,471)	-
Total revenues	136,365,951	(101,212)	136,264,739
Operating expenses:			
Program services:			
Educational services and facilities	56,128,970	-	56,128,970
Student services	22,038,604	-	22,038,604
Total program services	78,167,574	-	78,167,574
Management, general, and administration	43,378,747	-	43,378,747
Fundraising	1,081,376	-	1,081,376
Total expenses	122,627,697	-	122,627,697
Increase (decrease) in net assets before non-operating items	13,738,254	(101,212)	13,637,042
Non-operating items:			
Interest and dividends, net of fees	1,223,237	66,141	1,289,378
Net gains on investments	14,631,300	557,214	15,188,514
Other non-operating items	106,019	-	106,019
Loss on disposal of equipment	(62,606)	-	(62,606)
Total non-operating items	15,897,950	623,355	16,521,305
Changes in net assets	29,636,204	522,143	30,158,347
Net assets, beginning of the year	120,191,353	2,109,794	122,301,147
Net assets, end of the year	$ 149,827,557	$ 2,631,937	$ 152,459,494

See notes to consolidated financial statements.

The Chicago School—California, Inc.
d/b/a The Chicago School of Professional Psychology

Consolidated Statements of Cash Flows
Years Ended May 31, 2022 and 2021

	2022	2021
Cash flow from operating activities:		
Change in net assets	**$ 2,261,915**	$ 30,158,347
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**2,950,228**	2,573,461
Bad debt reserve	**(426,799)**	(265,966)
Forgiveness of loan receivable from officer	**-**	40,978
Net losses (gains) on investments	**9,734,247**	(15,188,514)
Other non-operating items	**47,862**	(106,019)
Loss on disposal of equipment	**-**	62,606
Changes in assets and liabilities:		
Student accounts receivable	**70,090**	117,795
Prepaid expenses	**(182,917)**	203,359
Other accounts receivable	**(633,118)**	177,053
Other assets	**(19,884)**	(119,831)
Accounts payable	**208,058**	(139,186)
Student refunds payable	**1,618,954**	1,313,354
Accrued compensation related expenses	**537,361**	1,029,249
Other accrued expenses	**847,333**	116,252
Deferred revenue and tuition deposits	**(2,112,569)**	6,660,721
Other payables	**23,365**	50,343
Deferred rent	**(755,156)**	1,212,638
Due to/from affiliates	**7,651**	213,590
Other liabilities	**(27,977)**	287,151
Net cash provided by operating activities	**14,148,644**	28,397,381
Cash flows from investing activities:		
Purchases of property and equipment	**(3,707,878)**	(6,285,438)
Purchases of investments	**(46,458,943)**	(45,540,466)
Proceeds from sales of investments	**28,563,240**	65,413,653
Purchase of preferred stock of affiliate	**-**	(31,750,000)
Net cash used in investing activities	**(21,603,581)**	(18,162,251)
Cash flows from financing activities:		
Payments on long-term note payable due to affiliates	**-**	(2,235,290)
Net cash used in by financing activities	**-**	(2,235,290)
Net (decrease) increase in cash and cash equivalents	**(7,454,937)**	7,999,840
Cash and cash equivalents, beginning of year	**50,582,907**	42,583,067
Cash and cash equivalents, end of year	**$ 43,127,970**	$ 50,582,907

See notes to consolidated financial statements.

Note 1. Nature of Business and Significant Accounting Policies

The Chicago School of Professional Psychology (the College) is a nonprofit, accredited institution with more than 5,000 students at campuses across the country (Chicago, Illinois; Los Angeles, Anaheim and San Diego, California; Washington, D.C.; Richardson, Texas and online). The College has been an innovator in the field of psychology and related behavioral science for more than 40 years. The College offers more than 25 degree programs and a wealth of opportunities for international experiences. Integrating theory, professional practice and innovation, the College provides an excellent education for careers in psychology and related behavioral and health sciences. The College is committed to service and embraces the diverse communities of our society. The College is accredited by the Accrediting Commission for Senior Colleges and Universities of the Western Association of Schools and Colleges and is an active member of the National Council of Schools and Programs of Professional Psychology, which has recognized the College for its distinguished service and outstanding contributions to cultural diversity and advocacy.

The College formed and is a part of a private, nonprofit system of colleges advancing student success and community impact, which are supported and coordinated by TCS Education System, a 501(c)(3) organization recognized by the Internal Revenue Service as a Type II supporting organization (the System). The System provides management services and conducts other support activities for the exclusive benefit of the supported organizations.

The following entities are included within the scope of the College's consolidated financial statements:

The Chicago School—California, Inc., a 501(c)(3) private, California public benefit organization that prepares professional psychologists who reflect, in practice, a commitment to respect and acknowledgment of individual and cultural differences. It is the sole member of the following subsidiary entities:

The Chicago School of Professional Psychology, a 501(c)(3) private, nonprofit educational College that operates campuses in Illinois.

The Chicago School—Washington D.C., Inc., a 501(c)(3) private, District of Columbia nonprofit public benefit corporation that operates a campus in the District of Columbia.

TCS Education—Texas, Inc. d/b/a The College of Nursing and Advanced Health Professions (CONAHP), a 501(c)(3) nonprofit corporation located in Dallas, Texas. In April 2018, the College's Board of Trustees approved a merger with TCS Education—Texas, Inc. d/b/a Dallas Nursing Institute (DNI), which is also part of the System.

Accounting policies: The College follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition. References to generally accepted accounting principles of the United States of America (U.S. GAAP) in these footnotes are to the FASB Accounting Standards Codification, sometimes referred to as the Codification or ASC.

Principles of consolidation: The consolidated financial statements include the accounts of the College and its related entities in which it has a controlling financial interest. All significant intercompany transactions and accounts are eliminated in consolidation.

Management's use of estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from these estimates.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Financial statement presentation: To ensure observance of limitations and restrictions placed on the use of resources available to the College, resources are classified for accounting and financial reporting purposes into categories established according to their nature and purposes. The assets, liabilities and net assets of the College are reported in two categories as follows:

Without donor restrictions: Net assets that are not subject to donor-imposed restrictions. Without donor restriction net assets include the revenues and expenses of the primary operations of the College.

With donor restrictions: Net assets subject to donor- or grant-imposed stipulations that require they be maintained permanently or that may or will be met either by actions of the College and/or the passage of time.

Revenues are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as donor-restricted support that increases that net asset class. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are received. Expirations of net assets with donor restrictions are reported as reclassifications between the applicable classes of net assets.

Cash and cash equivalents: The College considers short-term, highly liquid investments that are readily convertible to known amounts of cash, and so near their maturity that they present an insignificant risk of change in value from changes in interest rates, and that have an original maturity of three months or less when purchased, to be cash equivalents. The College maintains funds in accounts that at times are in excess of the Federal Deposit Insurance Corporation insurance limit; however, the College minimizes this risk by maintaining deposits in high-quality financial institutions. The College has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Student accounts receivable: Student accounts receivable consist primarily of amounts due to the College from its students. The College maintains an allowance for doubtful accounts to reflect the expected amount of student accounts receivable that will not be realized based on past collection history and risks identified among uncollectible accounts. Student accounts receivable are charged to the allowance for doubtful accounts when the College determines the receivable is not collectible. Write-offs for the years ended May 31, 2022 and 2021, were $1,318,544 and $2,059,078, respectively. The College evaluates each student's creditworthiness on a case-by-case basis.

Investments: The College accounts for its investments at fair value. Realized gains and losses on sales of securities represent the difference between net proceeds received and the cost of the investments. Realized and unrealized gains and losses are included in the consolidated statements of activities and gains and/or losses are allocated to net asset classes, dependent upon donor specifications. If the underlying restriction is met in the same period, realized gains and/or losses are reported under net assets without donor restrictions.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Investment expenses are reported as a reduction of dividend and interest income on investments. The College's investments include various types of investment securities and investment vehicles. Investment securities are exposed to several risks, such as interest rates, currency, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the College's consolidated financial statements.

Preferred stock in affiliate: Preferred stock in affiliate is accounted for at fair value and represents the College's investment in the redeemable preferred shares of Kansas Health Science Center, Inc. as discussed in Note 2.

Property and equipment: Property and equipment, including acquisition fees and other acquisition costs incurred, are stated at cost or in the case of contributions, at fair value at the date of receipt. The College capitalizes property and equipment with a value of $2,500 or more and an estimated useful life of one year or more. Expenditures for ordinary maintenance and repairs are expensed as they are incurred. Significant renovations and improvements which improve or extend the useful life of the asset are capitalized.

Depreciation and amortization of property and equipment are accounted for using the straight-line method over the estimated useful lives of the assets as follows:

Building and building improvements	39 years
Furniture and fixtures	5-7 years
Library	3 years
Test kits	3 years
Computer equipment and software	3 years
Leasehold improvements	Shorter of lease term or useful life

Intangible assets: Intangible assets relate to accreditation and is recorded at cost and amortized over the useful life using the straight-line method.

Definite lived intangible assets, along with long-lived assets used by the College, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. When such factors indicate that assets should be evaluated for possible impairment, the College performs an analysis, comparing the carrying value of the assets to future undiscounted cash flows of the underlying assets. The carrying value of the underlying assets is adjusted to fair value if the sum of the expected undiscounted cash flows is less than book value. There was no impairment recorded during the years ended May 31, 2022 or 2021.

Student refunds payable: Student refunds payable represent the excess of loan proceeds over total tuition due that was subsequently paid to the students.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Revenue recognition and deferred revenue: The College receives revenues from various sources. Revenues are recognized as follows:

Tuition revenues are recognized ratably over the length of a course when instructional services are provided. As part of the requirements for completion of courses, students are required to pay other fees associated with courses in addition to tuition, which include an Academic Success Lab Fee, Experiential Learning Technology Fee and Student Institutional Service Fee. These fees are recognized as service revenue over time corresponding to the instructional period, similar to tuition. The College also charges certain fees such as Deferred Tuition Plan Fee, Degree Conferral Fee, Duplicate Diploma Fee, Graduate Transfer Credit Fee and other administrative fees that are recognized at the time of assessment.

Tuition and fees are refunded 100% to students if withdrawn in the first week. After one week and up until the second week, withdrawal will result in a refund of 75% of tuition and fees. After two weeks and up until the third week, withdrawal will result in a refund of 50% of tuition and fees. After three weeks and up until the fourth week, withdrawal will result in a refund of 25% of tuition and fees. No refund is given if a student withdraws after the fourth week. These refunds reduce tuition and fee revenue at the point in time they occur. All refunds related to withdrawals are fully recognized by each semester end.

The College utilized the portfolio approach to apply the new revenue recognition standard to tuition and fee revenue. Tuition and fees received in advance of services rendered are recorded as deferred revenue. Scholarships and discounts are recorded net of revenues.

Grant revenue represents conditional contributions received from governmental agencies in connection with COVID-19 relief. Revenue is recognized when the related conditions are satisfied, generally when qualifying expenditures are incurred. The College also has exchange grants where revenue is recognized when performance requirements are met.

Contributions: Contributions in the form of an unconditional promise to give are recognized as revenue by the College in the period in which the promise is received. Conditional promises to give are recognized as revenue when the conditions are met. Amounts to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved and the expected period of payment. The discount on those amounts is computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of discounts (if any) is included in contributions in the accompanying consolidated statements of activities. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as the age of the receivable, creditworthiness of parties, historical collection experience and type of contribution and nature of fundraising activity.

Leases: Operating leases are recognized on a straight-line basis over the term of the lease. Deferred rent in the consolidated statements of financial position is the result of rent escalation clauses in the building leases of the campuses and represents the differences between the straight-line rent expense recorded and the cash payment made on a monthly basis. Deferred rent also includes certain lease incentives discussed in Note 9. These lease incentives are amortized on a straight-line basis over the lease term.

Advertising: Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses amounted to $20,874,685 and $17,108,385 for the years ended May 31, 2022 and 2021, respectively.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Income taxes: The College has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of state law and, accordingly, is not subject to federal or state income taxes.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the College may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the College and various positions related to the potential sources of unrelated business taxable income. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended May 31, 2022 and 2021. The campuses file Form 990s annually in the U.S. federal jurisdiction and in their respective state or district, if applicable.

Recent accounting pronouncements: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. The new standard is effective for the College in the fiscal year ending May 31, 2023. The College is currently evaluating the impact of the adoption of the standard on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requiring an entity to present contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash or other financial assets. The guidance in this ASU also requires an entity to disclose the contributed nonfinancial assets by category that identifies the type of nonfinancial asset and disclosure of certain required information. The new standard is effective for the College in the fiscal year ending May 31, 2023. The College is currently evaluating the impact of the adoption of the standard on the consolidated financial statements.

Risks and uncertainties: On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and, on March 11, 2020, declared COVID-19 a pandemic. COVID-19 has had minimal impact on the operations, financials, and academic program offerings at the College since its ground operations and programs were transitioned online. The College continues to experience strong enrollment growth despite the restrictions put in place by local governments to mitigate the spread of COVID-19. The College will continue to monitor the impacts of COVID-19 on future financial performance.

Note 2. Preferred Stock Purchase

On December 7, 2020, the College entered into a Preferred Stock Purchase Agreement with Kansas Health Science Center, Inc. (KHSC), an affiliated organization through common ownership by the System. As part of the requirements to reach full accreditation, KHSC is required to deposit funds into escrow for an operating and tuition reserve. In order to fund the escrow, KHSC converted from a Member to a Stock Nonprofit Corporation and subsequently issued 31.6 million common shares and 2.9 million non-voting preferred shares. All common shares were issued to the System, whereby the System retained the voting rights it had previously as the sole member. The College acquired all 2.9 million non-voting preferred shares for $31,750,000. The preferred shareholder shall receive preferred returns before the common shareholder, as defined in the agreement. Per the agreement, the preferred shares will earn dividends equal to the proportional market returns generated on the escrow investment account. KHSC shall automatically redeem 300,000 preferred shares one year after the release of the full escrow, anticipated in May 2028. The operating reserve will be released upon KHSC graduating its first class, estimated to be in May 2026. The tuition reserve will be released upon KHSC graduating its second class, estimated to be in May 2027.

After the initial 300,000 share redemption, KHSC will redeem 100,000 shares each quarter resulting in quarterly fixed payments of $1,094,828 to the College that will continue through November 2034, the final redemption date. Dividends will continue to accrue through the final redemption date, at which time, the dividends will be paid on the preferred stock. As of May 31, 2022 and 2021, the College has a dividend receivable from KHSC of $70,331 and $7,335, respectively, which equals the dividend income incurred for fiscal years 2022 and 2021. The preferred shares are recorded as investments at fair value on the consolidated statements of financial position. The College recorded the $31,750,000 investment at a discount of $1,370,000 to par resulting in a fair value of $30,380,000 plus accrued interest of $70,331 and $7,335 at May 31, 2022 and 2021, respectively, on the consolidated statements of financial position, and an unrealized loss of $1,085,000 and $1,370,000, respectively, included within net gains on investments on the consolidated statements of activities for the years ended May 31, 2022 and 2021, respectively. The KHSC escrow account is held in low risk, liquid money market and certificates of deposit with Intrust Bank.

On May 7, 2021, the College and KHSC entered into a joint revolving credit agreement as co-borrowers with UBS Bank USA for an amount not to exceed $30,000,000, which will primarily be used for the benefit of KHSC and for which the College is jointly and severally liable for amounts borrowed thereunder. The College pledged cash and investments as collateral for the credit facility of $34,500,348 and $21,539,801 as of May 31, 2022 and 2021, respectively. As of May 31, 2022 and 2021, there was $17,500,000 and $0 drawn on the revolving credit facility, respectively, which is recorded as a liability within KHSC's financial statements.

Note 3. Financial Assets Availability and Liquidity

The College regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers general expenditures to be all expenditures related to its ongoing mission-related activities, as well as the conduct of services undertaken to support those activities.

	2022	2021
Cash and cash equivalents	$ 43,127,970	$ 50,582,907
Student accounts receivable, net	2,224,879	1,868,170
Other accounts receivable	1,145,043	511,925
Investments	86,026,053	76,842,594
Preferred stock investment in affiliate	29,365,331	30,387,335
Retirement plan assets, included in other assets	560,989	588,966
Financial assets, May 31	162,450,265	160,781,897
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restrictions by donor with time or purpose restrictions	(193,489)	(180,497)
Donor-restricted endowments	(2,172,735)	(2,430,752)
Retirement plan assets	(560,989)	(588,966)
Preferred stock investment in affiliate	(29,365,331)	(30,387,335)
Board-designated (quasi) endowment fund	(67,906,372)	(71,857,381)
Financial assets available to meet cash needs, for general expenditures within one year	$ 62,251,349	$ 55,336,966

The College generally maintains available cash, cash equivalents and short-term investments to meet 90 days of normal operating expenses, which are, on average, approximately $34,000,000 and $31,000,000 in the fiscal years ended May 31, 2022 and 2021, respectively. Excess operating cash balances are invested in a money market deposit account, which offers daily liquidity. Although the College does not intend to spend from its quasi endowment in the fiscal years ended May 31, 2022 and 2021, these amounts could be made available if approved by the Board of Trustees. In addition, the College has access to a line of credit of $17,500,000 through the affiliation with the System. The College also operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 4. Investments

The College's investment strategy incorporates a diversified asset allocation approach. This strategy provides the College with a long-term and short-term asset mix that is most likely to meet the College's return goals with the appropriate level of risk. The College's management and the finance, investment and audit committee of the System's Board of Trustees review reports provided by the fund managers and attend meetings of the fund managers in order to evaluate the risk associated with these investments. In addition, the System's finance, investment and audit committee monitors its portfolio mix to ensure that it is in accordance with the Board of Trustees' policy.

Note 4. Investments (Continued)

State law permits the Board of Trustees to appropriate as much of the net appreciation of the investments as is prudent considering the College's long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions. The College has certain policies and procedures with respect to the maintenance and application of its funds.

The composition of investment assets held by the College is summarized as follows at May 31, 2022 and 2021:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Equity mutual funds	$ 48,034,950	$ 51,581,678	$ 34,154,699	$ 52,178,646
Fixed income mutual funds	16,444,197	16,826,748	18,264,383	18,306,344
Real estate investment trust mutual funds	3,736,759	3,865,764	3,733,372	3,854,740
Preferred stock investment in affiliate	31,750,000	29,365,331	31,750,000	30,387,335
Commercial paper	7,793,927	7,787,325	-	-
Corporate bonds	5,971,858	5,964,538	2,296,667	2,257,256
Certificates of deposit	-	-	245,000	245,608
Total	$ 113,731,691	$ 115,391,384	$ 90,444,121	$ 107,229,929

Note 5. Fair Value Measurements

The College follows ASC Topic, Fair Value Measurements and Disclosures, which provides the framework for measuring fair value under U.S. GAAP. This Topic applies to all financial instruments that are being measured and reported on a fair value basis. As defined in the Topic, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the College uses various methods including market, income and cost approaches. Based on these approaches, the College often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The College utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used on the valuation techniques, the College is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Note 5. Fair Value Measurements (Continued)

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 assets primarily include listed equities, money market funds, government securities and mutual funds. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option 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 in determining the fair value assigned to such assets or liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The College's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

For fiscal years 2022 and 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent with techniques used in previous years. The valuation methodologies used for instruments at fair value are described below:

The College holds investments in mutual funds comprised of equities, fixed income and real estate investment trusts. Investments in securities traded on a national securities exchange or reported on the NASDAQ national market are stated at the last reported sales price on the day of valuation; other securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price. The fair value of corporate bonds is estimated using market price quotes corroborated by recently executed transactions observable in the market. The fair value of commercial paper is estimated using market pricing and other observable market inputs for the same or similar securities obtained from a number of industry standard data providers. For government bonds, the College utilizes recent market transactions for identical or similar bonds to corroborate pricing service fair value measurements. Certificates of deposit are held at amortized cost.

The College entered into a transaction during the year ended May 31, 2021, to purchase preferred stock in KHSC (see Note 2). The College determined the fair value of the preferred stock using the income approach and market approach. The income approach considers the expected returns on an investment which are discounted at an appropriate rate of return to reflect the College's risk and hazards. The market approach was utilized to determine a market yield to be used as the present worth factor in the discounted net cash flow analysis. The market yield utilized in the determination of the fair value was 5.50% and 3.00% for the years ended May 31, 2022 and 2021, respectively.

The College assesses the levels of financial instruments at each measurement date and transfers between levels are recognized on the actual date of the event of change in circumstances that caused the transfer in accordance with the College's accounting policy regarding recognition of transfers between levels of the fair value hierarchy. There were no such transfers for fiscal years 2022 or 2021.

Note 5. Fair Value Measurements (Continued)

The following tables present the College's fair value hierarchy for those assets measured at fair value on a recurring basis as of May 31, 2022 and 2021:

	2022			
	Fair Value Measurements Using			
Description	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds:				
Equity securities	$ 51,581,678	$ -	$ -	$ 51,581,678
Fixed income	16,826,748	-	-	16,826,748
Real estate investment trusts	3,865,764	-	-	3,865,764
Total mutual funds	72,274,190	-	-	72,274,190
Commercial paper	-	7,787,325	-	7,787,325
Preferred stock investment in affiliate	-	-	29,365,331	29,365,331
Corporate bonds	-	5,964,538	-	5,964,538
Total investments	$ 72,274,190	$ 13,751,863	$ 29,365,331	115,391,384
Other assets:				
Investments held for deferred compensation:				
Equity securities	$ 494,138	$ -	$ -	$ 494,138
Fixed income	66,851	-	-	66,851
Total investments held for deferred compensation	560,989	-	-	560,989
Total other assets	$ 560,989	$ -	$ -	$ 560,989

	2021			
	Fair Value Measurements Using			
Description	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds:				
Equity securities	$ 52,178,646	$ -	$ -	$ 52,178,646
Fixed income	18,306,344	-	-	18,306,344
Real estate investment trusts	3,854,740	-	-	3,854,740
Total mutual funds	74,339,730	-	-	74,339,730
Preferred stock investment in affiliate	-	-	30,387,335	30,387,335
Corporate bonds	-	2,257,256	-	2,257,256
Total equity and fixed income	$ 74,339,730	$ 2,257,256	$ 30,387,335	106,984,321
Certificates of deposit				245,608
Total investments				$ 107,229,929
Other assets:				
Investments held for deferred compensation:				
Equity securities	$ 542,449	$ -	$ -	$ 542,449
Fixed income	46,517	-	-	46,517
Total investments held for deferred compensation	588,966	-	-	588,966
Total other assets	$ 588,966	$ -	$ -	$ 588,966

Note 6. Property and Equipment

Depreciation expense recognized on all depreciable assets was $2,919,249 and $2,542,482 for the years ended May 31, 2022 and 2021, respectively. Property and equipment at May 31, 2022 and 2021, consist of the following:

	2022	2021
Building	$ 20,946,197	$ 18,812,012
Building improvements	5,415,673	5,315,823
Land	912,450	-
Furniture and fixtures	5,467,121	5,249,545
Library	384,473	384,473
Test kits	620,431	368,765
Computer equipment and software	4,562,022	4,529,019
Medical equipment	229,445	229,445
Leasehold improvements	20,324,079	20,322,086
Construction in progress	57,155	-
	58,919,046	55,211,168
Less accumulated depreciation	(27,859,412)	(24,940,163)
Total	$ 31,059,634	$ 30,271,005

Note 7. Intangible Assets

As part of the affiliation with CONAHP, the College attained a definite-lived intangible asset related to accreditation with an amortization period of 20 years. Intangible assets at May 31 consist of the following:

	2022	2021
Accreditation	$ 620,000	$ 620,000
Less accumulated amortization	(262,937)	(231,959)
Total	$ 357,063	$ 388,041

Amortization expense recognized on intangible assets was $30,979 for both the years ended May 31, 2022 and 2021. Aggregate future amortization expense is as follows:

Years ending May 31:	
2023	$ 30,979
2024	31,064
2025	30,979
2026	30,979
2027	30,979
Thereafter	202,083
Total	$ 357,063

Note 8. Related-Party Transactions

The College is part of the System, a nonprofit system of colleges advancing student success and community impact. The System provides management services and conducts other support activities for the exclusive benefit of the support organizations. The provision of those services and the allocation of costs related thereto could result in operating results or a financial position of the College that is significantly different from those that would have been obtained if the College operated independently.

In addition to the management services and support activities, the System has billed the College for certain costs incurred on its behalf. Total management and support expenses for the years ended May 31, 2022 and 2021, were $46,764,076 and $42,016,901, respectively. The total amounts due to the System as of May 31, 2022 and 2021, were $219,716 and $212,065, respectively.

On September 29, 2021, the College purchased the building in Richardson, Texas from the System for $3,300,000 in cash.

The College has a preferred stock investment in KHSC, an affiliated organization through common ownership by the System. The College is also jointly and severally liable for a line of credit drawn by KHSC and has pledged certain cash and investments for the line. See Note 2.

Note 9. Commitments and Contingencies

Minimum future operating lease obligations: The College has various operating leases for several classroom and administrative facilities in Chicago, Illinois; Los Angeles, Orange County and San Diego, California; and Washington, D.C.

In June 2020, the College entered into a 10-year and six-month lease for a new location in Anaheim, California commencing July 2020. The Irvine campus relocated to Anaheim in March 2021. The lease includes a tenant improvement allowance of approximately $2,200,000 and 10 months of abatement spread out over the first 5 years of the lease. In May 2022, the College renewed their San Diego lease to extend the term. The lease now ends in October 2027. Beginning November 2021, the College extended one of their DC leases' terms. This lease now ends July 2025. On September 29, 2021, the College purchased the building in Richardson, Texas from the System for $3,300,000 in cash. The lease between the System and the College on the building was terminated on that date. The amounts from these leases are recorded within deferred rent on the consolidated statement of activities.

The minimum annual future lease payments are as follows:

Fiscal years ending May 31:	
2023	$ 5,819,724
2024	5,603,961
2025	4,358,532
2026	3,301,694
2027	3,108,922
Thereafter	8,040,676
Total	$ 30,233,509

Rent expense for the years ended May 31, 2022 and 2021, was $5,796,681 and $6,113,606, respectively.

Note 10. Employee Benefit Plans

The College offers eligible employees a basic contributory 403(b) retirement program. Employees' contributions to this plan are tax deferred. The College contributes a discretionary amount of an employee's salary. Expense related to the 403(b) plan for the years ended May 31, 2022 and 2021, was $2,828,919 and $2,562,229, respectively.

The College has a nonqualified 457(b) deferred compensation plan and a 457(f) deferred compensation plan for its president. Contributions to the plan are invested in equity securities. The College made contributions of $20,025 and $254,128 for the fiscal years ended May 31, 2022 and 2021, respectively. At May 31, 2022 and 2021, $560,989 and $588,966, respectively, was accrued as a liability and set aside in a separate account for this benefit. The assets held in this account are the property of the College and are subject to the claims of the general creditors. The College accounts for the assets held by this plan as investments held for deferred compensation recorded in other assets, as described in Note 5, with the related liability recorded in other liabilities on the consolidated statements of financial position.

Note 11. Net Assets

Net assets with donor restrictions consist of the following as of May 31, 2022 and 2021:

	2022	2021
Subject to expenditure for specific purpose:		
Student financial assistance	$ 153,756	$ 143,779
General purpose	39,733	36,718
Subject to the College or Naomi Ruth Cohen Institute's spending policy and appropriation:		
Investments in perpetuity (including original gift amount of $1,381,121 as of May 31, 2022 and 2021) expendable support scholarships	2,202,701	2,451,440
Total net assets with donor restrictions	$ 2,396,190	$ 2,631,937

The College's Board of Trustees has designated $67,906,372 and $71,857,381 in net assets without donor restrictions (quasi-endowment) for general institutional support as of May 31, 2022 and 2021, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows for the fiscal years ended May 31, 2022 and 2021:

	2022	2021
Purpose restrictions accomplished:		
Student financial assistance	$ 26,960	$ 99,224
General purpose	64	-
Naomi Ruth Cohen Institute	106	68,247
Total net assets released from restrictions	$ 27,130	$ 167,471

The Naomi Ruth Cohen Institute for Mental Health Education is dedicated to eradicating the stigma associated with mental illness. The institute annually plans and promotes a community mental health conference.

Note 12. Endowment

As of May 31, 2022, the College's endowment consisted of donor-restricted funds for scholarships and a Board-designed fund for general institutional support. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Underwater endowment funds: Endowment funds are recorded in accordance with state-approved Uniform Prudent Management of Institutional Funds Act (UPMIFA). The College has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift contributed to a donor-restricted endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the College considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument (underwater funds). The College has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. Additionally, in accordance with UPMIFA, the College considers the following factors, if relevant, in making a determination to appropriate or accumulate donor-restricted endowment funds:

i. The duration and preservation of the fund

ii. The purpose of the donor-restricted endowment fund

iii. General economic conditions

iv. The possible effect of inflation and deflation

v. The expected total return from income and the appreciation of investments

vi. Other resources of the College

vii. The investment policies of the College

As of May 31, 2022 and 2021, there were no underwater endowment funds.

Endowment use and restrictions: Subject to donor requirements, appropriations from the College's donor-restricted endowment fund shall not exceed 5% of the fair market value of the donor-restricted endowment fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure is made. The Board appropriated $0 from the Board-designated endowment fund in fiscal years 2022 and 2021.

Endowment net asset composition by type of fund is summarized as follows:

	2022	2021
Donor-restricted endowment funds	$ 2,172,735	$ 2,430,752
Quasi endowment funds	67,906,372	71,857,381
Total endowment funds	$ 70,079,107	$ 74,288,133

Note 12. Endowment (Continued)

Changes in endowment net assets for the years ended May 31, 2022 and 2021, are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 71,857,381	$ 2,430,752	$ 74,288,133
Investment return:			
Interest and dividends, net	897,927	-	897,927
Net depreciation, realized and unrealized	(4,848,936)	(258,017)	(5,106,953)
Total investment return	(3,951,009)	(258,017)	(4,209,026)
Endowment net assets end of year	$ 67,906,372	$ 2,172,735	$ 70,079,107

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 54,809,151	$ 1,875,146	$ 56,684,297
Investment return:			
Interest and dividends, net	1,077,448	66,141	1,143,589
Net appreciation, realized and unrealized	15,970,782	557,214	16,527,996
Total investment return	17,048,230	623,355	17,671,585
Appropriation for expenditure	-	(67,749)	(67,749)
Endowment net assets end of year	$ 71,857,381	$ 2,430,752	$ 74,288,133

Return objectives and risk parameters: The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the value of endowment assets. Under this policy, as approved by the College's finance and investment committee, and Board of Trustees, the benchmarks for the equity portion of the endowment shall be the S&P 500 Index and the MCSI All Country World ex-US Index. For fixed income investments, the benchmark portion shall be the Barclays Aggregate Bond Index and the Barclays Global Aggregate ex-US TR Hdg USD Index. For real estate investment trusts (REIT), the benchmark portion shall be the MSCI US REIT Gross Index. Actual returns in any year may vary from this amount.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy, without regard to capital gains and income. To provide consistent long-term growth, the College targets a diversified asset allocation strategy. Current investment policy guidelines disallow more than 65% of equity investments in the total investment fund at purchase. Due to market fluctuations, asset allocation variances up to 5% above or below the 65% threshold are deemed acceptable.

Note 13. Classification of Expenses

The following reflects the classification of the College's expenses, by both the underlying nature of the expense and the function, for the years ended May 31, 2022 and 2021, respectively. An individual expense is allocated to the underlying function to which it was incurred. The consolidated statement of activities includes certain expenses which must be allocated on a reasonable basis. Facilities related and depreciation expenses have been allocated based on faculty and staff headcount. Certain senior leadership expenses are allocated based on time spent by function.

Expenses are classified as follows:

	2022				
	Program services				
	Educational Services and Facilities	Student Services	Management, General and Administrative	Fundraising	Total
Compensation and employee	$ 48,457,686	$ 11,230,985	$ 5,511,297	$ 570,309	$ 65,770,277
Facility and office	6,534,418	2,054,263	140,583	92,976	8,822,240
Services and other	6,478,504	10,457,393	41,431,654	123,853	58,491,404
Depreciation and amortization	2,020,412	679,533	221,941	28,342	2,950,228
Total	$ 63,491,020	$ 24,422,174	$ 47,305,475	$ 815,480	$ 136,034,149

	2021				
	Program services				
	Educational Services and Facilities	Student Services	Management, General and Administrative	Fundraising	Total
Compensation and employee	$ 45,414,119	$ 9,912,950	$ 6,364,490	$ 837,722	$ 62,529,281
Facility and office	6,547,102	1,652,779	498,205	104,735	8,802,821
Services and other	2,356,974	9,985,272	36,266,951	112,937	48,722,134
Depreciation and amortization	1,810,775	487,603	249,101	25,982	2,573,461
Total	$ 56,128,970	$ 22,038,604	$ 43,378,747	$ 1,081,376	$ 122,627,697

Note 14. Subsequent Events

Management has evaluated all events or transactions that occurred after May 31, 2022, through October 28, 2022, the date the consolidated financial statements are available for issuance, for potential recognition or disclosure in the consolidated financial statements.

Supplementary Information

Independent Auditor's Report on the Supplementary Information

Board of Trustees
The Chicago School—California, Inc.
d/b/a The Chicago School of Professional Psychology

We have audited the consolidated financial statements of The Chicago School—California, Inc. d/b/a The Chicago School of Professional Psychology (the College) as of and for the years ended May 31, 2022 and 2021, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Chicago, Illinois
October 28, 2022

The Chicago School—California, Inc.
d/b/a The Chicago School of Professional Psychology

Consolidating Schedule of Financial Position
May 31, 2022

	TCSPP Illinois	The Chicago School—California, Inc.	The Chicago School—Washington D.C., Inc.	College of Nursing and Advanced Health Professions	Eliminations	TCSPP Total
Assets						
Cash and cash equivalents	$ 2,420,586	$ 39,836,780	$ 604,668	$ 265,936	$ -	$ 43,127,970
Student accounts receivable, net	420,312	1,395,810	265,617	143,140	-	2,224,879
Due from affiliates	21,322,776	8,861,376	7,377,239	-	(37,561,391)	-
Prepaid expenses	317,972	753,388	181,658	23,251	-	1,276,269
Other accounts receivable	714,656	101,507	34,061	294,819	-	1,145,043
Investments	42,461,866	43,564,187	-	-	-	86,026,053
Preferred stock in affiliate	-	29,365,331	-	-	-	29,365,331
Other assets	-	630,257	57,517	-	-	687,774
Property and equipment, net	15,179,655	12,137,850	436,272	3,305,857	-	31,059,634
Intangible assets, net	-	-	-	357,063	-	357,063
Total assets	$ 82,837,823	$ 136,646,486	$ 8,957,032	$ 4,390,066	$ (37,561,391)	$ 195,270,016
Liabilities and Net Assets						
Accounts payable	$ 52,029	$ 340,726	$ 36,038	$ 16,714	$ -	$ 445,507
Student refunds payable	658,168	2,573,165	752,064	291,980	-	4,275,377
Accrued compensation related expenses	1,289,318	4,446,113	458,302	508,782	-	6,702,515
Due to affiliate	-	28,919,731	-	8,861,376	(37,561,391)	219,716
Other accrued expenses	106,843	747,263	55,149	443,980	-	1,353,235
Deferred revenue and tuition deposits	4,010,468	12,641,149	1,960,784	823,374	-	19,435,775
Other payables	14,994	211,183	3,408	1,286	-	230,871
Deferred rent	244,621	6,442,544	637,457	-	-	7,324,622
Other liabilities	-	560,989	-	-	-	560,989
Total liabilities	6,376,441	56,882,863	3,903,202	10,947,492	(37,561,391)	40,548,607
Net assets (deficit):						
Without donor restrictions	74,207,791	79,636,170	5,049,582	(6,568,324)	-	152,325,219
With donor restrictions	2,253,591	127,453	4,248	10,898	-	2,396,190
Total net assets (deficit)	76,461,382	79,763,623	5,053,830	(6,557,426)	-	154,721,409
Total liabilities and net assets (deficit)	$ 82,837,823	$ 136,646,486	$ 8,957,032	$ 4,390,066	$ (37,561,391)	$ 195,270,016

The Chicago School—California, Inc.
d/b/a The Chicago School of Professional Psychology

Consolidating Schedule of Financial Position
May 31, 2021

	TCSPP Illinois	The Chicago School—California, Inc.	The Chicago School—Washington D.C., Inc.	College of Nursing and Advanced Health Professions	Eliminations	TCSPP Total
Assets						
Cash and cash equivalents	$ 5,760,561	$ 44,491,213	$ 187,384	$ 143,749	$ -	$ 50,582,907
Student accounts receivable, net	315,460	897,891	209,872	444,947	-	1,868,170
Due from affiliates	8,996,298	3,244,373	5,940,808	-	(18,181,479)	-
Prepaid expenses	284,846	606,930	173,980	27,596	-	1,093,352
Other accounts receivable	357,182	79,554	8,298	66,891	-	511,925
Investments	53,649,984	23,192,610	-	-	-	76,842,594
Preferred stock in affiliate	-	30,387,335	-	-	-	30,387,335
Other assets	-	658,235	57,517	-	-	715,752
Property and equipment, net	15,868,913	13,607,750	717,458	76,884	-	30,271,005
Intangible assets, net	-	-	-	388,041	-	388,041
Total assets	$ 85,233,244	$ 117,165,891	$ 7,295,317	$ 1,148,108	$ (18,181,479)	$ 192,661,081
Liabilities and Net Assets						
Accounts payable	$ 71,075	$ 124,681	$ 7,971	$ 33,722	$ -	$ 237,449
Student refunds payable	526,576	1,661,065	409,159	59,623	-	2,656,423
Accrued compensation related expenses	1,252,737	3,884,508	537,460	490,449	-	6,165,154
Due to affiliate	-	15,149,171	-	3,244,373	(18,181,479)	212,065
Other accrued expenses	285,454	161,145	25,983	33,320	-	505,902
Deferred revenue and tuition deposits	4,448,286	14,099,991	2,471,421	528,646	-	21,548,344
Other payables	66,824	136,461	2,935	1,286	-	207,506
Deferred rent	97,336	7,084,468	897,974	-	-	8,079,778
Other liabilities	-	588,966	-	-	-	588,966
Total liabilities	6,748,288	42,890,456	4,352,903	4,391,419	(18,181,479)	40,201,587
Net assets (deficit):						
Without donor restrictions	75,984,880	74,158,639	2,938,199	(3,254,161)	-	149,827,557
With donor restrictions	2,500,076	116,796	4,215	10,850	-	2,631,937
Total net assets (deficit)	78,484,956	74,275,435	2,942,414	(3,243,311)	-	152,459,494
Total liabilities and net assets (deficit)	$ 85,233,244	$ 117,165,891	$ 7,295,317	$ 1,148,108	$ (18,181,479)	$ 192,661,081

The Chicago School—California, Inc.
d/b/a The Chicago School of Professional Psychology

Consolidating Schedule of Activities
Year Ended May 31, 2022

	TCSPP Illinois	The Chicago School—California, Inc.	The Chicago School—Washington D.C., Inc.	College of Nursing and Advanced Health Professions	Eliminations	TCSPP Total
Operating revenues:						
Tuition revenue	$ 30,576,525	$ 78,217,591	$ 15,386,427	$ 7,284,740	$ -	$ 131,465,283
Less scholarships	(2,086,704)	(1,843,899)	(584,401)	(216,299)	-	(4,731,303)
Net tuition revenue	28,489,821	76,373,692	14,802,026	7,068,441	-	126,733,980
Fee revenue	2,732,422	8,478,465	1,467,991	325,377	-	13,004,255
Contributions	17,935	62,207	780	6,815	-	87,737
Other school revenue	169,558	483,735	16,106	37,925	-	707,324
Grant revenue	1,755,968	3,310,053	610,217	203,577	-	5,879,815
Intercompany revenue	-	15,003,371	-	-	(15,003,371)	-
Total revenues	33,165,704	103,711,523	16,897,120	7,642,135	(15,003,371)	146,413,111
Operating expenses:						
Program services:						
Educational services and facilities	17,601,426	39,526,490	7,486,146	4,860,279	(5,983,321)	63,491,020
Student services	4,871,634	16,385,297	2,797,192	2,166,039	(1,797,988)	24,422,174
Total program services	22,473,060	55,911,787	10,283,338	7,026,318	(7,781,309)	87,913,194
Management, general, and administration	8,351,834	37,172,917	4,401,793	3,889,171	(6,510,240)	47,305,475
Fundraising	188,773	1,197,195	100,573	40,761	(711,822)	815,480
Total expenses	31,013,667	94,281,899	14,785,704	10,956,250	(15,003,371)	136,034,149
Increase (decrease) in net assets before non-operating items	2,152,037	9,429,624	2,111,416	(3,314,115)	-	10,378,962
Non-operating items:						
Interest and dividends	958,513	706,549	-	-	-	1,665,062
Net losses on investments	(5,134,124)	(4,600,123)	-	-	-	(9,734,247)
Other non-operating items	-	(47,862)	-	-	-	(47,862)
Total non-operating items	(4,175,611)	(3,941,436)	-	-	-	(8,117,047)
Changes in net assets (deficit)	(2,023,574)	5,488,188	2,111,416	(3,314,115)	-	2,261,915
Net assets (deficit), beginning of the year	78,484,956	74,275,435	2,942,414	(3,243,311)	-	152,459,494
Net assets (deficit), end of the year	$ 76,461,382	$ 79,763,623	$ 5,053,830	$ (6,557,426)	$ -	$ 154,721,409

The Chicago School—California, Inc.
d/b/a The Chicago School of Professional Psychology

Consolidating Schedule of Activities
Year Ended May 31, 2021

	TCSPP Illinois	The Chicago School—California, Inc.	The Chicago School—Washington D.C., Inc.	College of Nursing and Advanced Health Professions	Eliminations	TCSPP Total
Operating revenues:						
Tuition revenue	$ 30,326,266	$ 73,370,535	$ 16,983,321	$ 5,198,557	$ -	$ 125,878,679
Less scholarships	(1,905,588)	(1,931,555)	(553,082)	(205,200)	-	(4,595,425)
Net tuition revenue	28,420,678	71,438,980	16,430,239	4,993,357	-	121,283,254
Fee revenue	2,754,441	8,294,421	1,559,042	165,155	-	12,773,059
Contributions	12,190	101,294	1,225	3,504	-	118,213
Other school revenue	73,562	373,065	22,300	37,487	(8,065)	498,349
Grant revenue	759,106	485,454	131,375	215,929	-	1,591,864
Intercompany revenue	-	13,331,754	-	-	(13,331,754)	-
Total revenues	32,019,977	94,024,968	18,144,181	5,415,432	(13,339,819)	136,264,739
Operating expenses:						
Program services:						
Educational services and facilities	17,134,400	33,240,725	7,262,770	3,807,757	(5,316,682)	56,128,970
Student services	4,857,333	14,451,042	2,700,941	1,626,951	(1,597,663)	22,038,604
Total program services	21,991,733	47,691,767	9,963,711	5,434,708	(6,914,345)	78,167,574
Management, general, and administration	8,268,146	33,806,819	5,096,691	2,000,051	(5,792,960)	43,378,747
Fundraising	183,592	1,400,545	100,763	28,990	(632,514)	1,081,376
Total expenses	30,443,471	82,899,131	15,161,165	7,463,749	(13,339,819)	122,627,697
Increase (decrease) in net assets before non-operating items	1,576,506	11,125,837	2,983,016	(2,048,317)	-	13,637,042
Non-operating items:						
Interest and dividends	1,140,031	149,347	-	-	-	1,289,378
Net gains (losses) on investments	16,510,238	(1,321,724)	-	-	-	15,188,514
Other non-operating items	-	106,019	-	-	-	106,019
Loss on disposal of property and equipment	-	(62,606)	-	-	-	(62,606)
Total non-operating items	17,650,269	(1,128,964)	-	-	-	16,521,305
Changes in net assets (deficit)	19,226,775	9,996,873	2,983,016	(2,048,317)	-	30,158,347
Net assets (deficit), beginning of the year	59,258,181	64,278,562	(40,602)	(1,194,994)	-	122,301,147
Net assets (deficit), end of the year	$ 78,484,956	$ 74,275,435	$ 2,942,414	$ (3,243,311)	$ -	$ 152,459,494

The Chicago School – California, Inc
d/b/a The Chicago School of Professional Psychology

Consolidated Financial Report
May 31, 2021

Contents

Independent Auditor's Report

Board of Trustees
The Chicago School – California, Inc d/b/a The Chicago School of Professional Psychology

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of The Chicago School – California, Inc d/b/a The Chicago School of Professional Psychology, which comprise the consolidated statements of financial position as of May 31, 2021 and 2020, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility 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; this includes 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Chicago School – California, Inc d/b/a The Chicago School of Professional Psychology as of May 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter
As discussed in Note 2 to the financial statements, the 2020 financial statements have been restated to retroactively reflect a change in reporting entity to include TCS Education – Texas, Inc. d/b/a the College of Nursing and Advanced Health Professions. Our opinion is not modified with respect to this matter.

RSM US LLP

Chicago, Illinois
November 4, 2021

The Chicago School - California, Inc
d/b/a The Chicago School of Professional Psychology

Consolidated Statements of Financial Position
May 31, 2021 and 2020

	2021	2020 (As Restated)
Assets		
Cash and cash equivalents	**$ 50,582,907**	$ 42,583,067
Student accounts receivable, net of allowance of $1,905,691 and $2,171,657, respectively	**1,868,170**	1,719,999
Due from affiliates	**-**	1,525
Prepaid expenses	**1,093,352**	1,296,711
Other accounts receivable	**511,925**	729,956
Investments	**76,842,594**	80,164,602
Preferred stock in affiliate	**30,387,335**	-
Other assets	**715,752**	489,902
Property and equipment, net	**30,271,005**	26,590,655
Intangible assets	**388,041**	419,020
Total assets	**$ 192,661,081**	$ 153,995,437
Liabilities and Net Assets		
Accounts payable	**$ 237,449**	$ 376,635
Student refunds payable	**2,656,423**	1,343,069
Accrued compensation related expenses	**6,165,154**	5,135,905
Due to affiliates	**212,065**	-
Other accrued expenses	**505,902**	389,650
Deferred revenue and tuition deposits	**21,548,344**	14,887,623
Other payables	**207,506**	157,163
Deferred rent	**8,079,778**	6,867,140
Other liabilities	**588,966**	301,815
Note payable due to affiliates	**-**	2,235,290
Total liabilities	**40,201,587**	31,694,290
Net assets:		
Without donor restrictions	**149,827,557**	120,191,353
With donor restrictions	**2,631,937**	2,109,794
Total net assets	**152,459,494**	122,301,147
Total liabilities and net assets	**$ 192,661,081**	$ 153,995,437

See notes to consolidated financial statements.

The Chicago School - California, Inc
d/b/a The Chicago School of Professional Psychology

Consolidated Statement of Activities
Year Ended May 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Tuition revenue	$ 125,878,679	$ -	$ 125,878,679
Less scholarships	(4,595,425)	-	(4,595,425)
Net tuition revenue	121,283,254	-	121,283,254
Fee revenue	12,773,059	-	12,773,059
Contributions	51,954	66,259	118,213
Other school revenue	498,349	-	498,349
Grant revenue	1,591,864	-	1,591,864
Net assets released from restriction	167,471	(167,471)	-
Total revenues	136,365,951	(101,212)	136,264,739
Operating expenses:			
Program services:			
Educational services and facilities	56,128,970	-	56,128,970
Student services	22,038,604	-	22,038,604
Total program services	78,167,574	-	78,167,574
Management, general, and administration	43,378,747	-	43,378,747
Fundraising	1,081,376	-	1,081,376
Total expenses	122,627,697	-	122,627,697
Increase (decrease) in net assets before non-operating items	13,738,254	(101,212)	13,637,042
Non-operating items:			
Interest and dividends, net of fees of $48,105	1,223,237	66,141	1,289,378
Net gains on investments	14,631,300	557,214	15,188,514
Other non-operating items	106,019	-	106,019
Loss on disposal of equipment	(62,606)	-	(62,606)
Total non-operating items	15,897,950	623,355	16,521,305
Changes in net assets	29,636,204	522,143	30,158,347
Net assets, beginning of the year	120,191,353	2,109,794	122,301,147
Net assets, end of the year	$ 149,827,557	$ 2,631,937	$ 152,459,494

See notes to consolidated financial statements.

The Chicago School - California, Inc
d/b/a The Chicago School of Professional Psychology

Consolidated Statement of Activities
Year Ended May 31, 2020

	Without Donor Restrictions (As Restated)	With Donor Restrictions (As Restated)	Total (As Restated)
Operating revenues:			
Tuition revenue	$ 122,022,509	$ -	$ 122,022,509
Less scholarships	(4,394,494)	-	(4,394,494)
Net tuition revenue	117,628,015	-	117,628,015
Fee revenue	12,318,704	-	12,318,704
Contributions	1,056,557	167,228	1,223,785
Other school revenue	361,109	-	361,109
Net assets released from restriction	181,001	(181,001)	-
Total revenues	131,545,386	(13,773)	131,531,613
Operating expenses:			
Program services:			
Educational services and facilities	52,611,170	-	52,611,170
Student services	21,859,333	-	21,859,333
Total program services	74,470,503	-	74,470,503
Management, general, and administration	37,737,227	-	37,737,227
Fundraising	781,208	-	781,208
Total expenses	112,988,938	-	112,988,938
Increase (decrease) in net assets before non-operating items	18,556,448	(13,773)	18,542,675
Non-operating items:			
Interest and dividends, net of fees of $33,637	2,565,152	73,189	2,638,341
Net gains on investments	1,310,657	54,348	1,365,005
Other non-operating items	10,189	-	10,189
Loss on disposal of equipment	(14,197)	-	(14,197)
Total non-operating items	3,871,801	127,537	3,999,338
Changes in net assets	22,428,249	113,764	22,542,013
Net assets, beginning of the year, as previously reported	98,348,683	1,990,530	100,339,213
Prior period adjustment - change in reporting entity (Note 2)	(585,579)	5,500	(580,079)
Net assets, beginning of the year, as restated	97,763,104	1,996,030	99,759,134
Net assets, end of the year, as restated	$ 120,191,353	$ 2,109,794	$ 122,301,147

See notes to consolidated financial statements.

The Chicago School - California, Inc
d/b/a The Chicago School of Professional Psychology

Consolidated Statements of Cash Flows
Years Ended May 31, 2021 and 2020

	2021	2020 (As Restated)
Cash flow from operating activities:		
Change in net assets	**$ 30,158,347**	$ 22,542,013
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**2,573,461**	2,702,345
Bad debt reserve	**(265,966)**	980,448
Forgiveness of loan receivable from officer	**40,978**	38,726
Net gains on investments	**(15,188,514)**	(1,365,005)
Other non-operating income	**(106,019)**	(10,189)
Loss on disposal of property and equipment	**62,606**	14,197
Changes in assets and liabilities:		
Student accounts receivable	**117,795**	(1,544,422)
Prepaid expenses	**203,359**	(47,699)
Other accounts receivable	**177,053**	(261,635)
Other assets	**(119,831)**	(16,170)
Accounts payable	**(139,186)**	131,805
Student refunds payable	**1,313,354**	254,250
Accrued compensation related expenses	**1,029,249**	979,894
Other accrued expenses	**116,252**	(335,092)
Deferred revenue and tuition deposits	**6,660,721**	(1,419,435)
Other payables	**50,343**	(67,486)
Deferred rent	**1,212,638**	4,480,036
Due to/from affiliates	**213,590**	(115,682)
Other liabilities	**287,151**	29,382
Net cash provided by operating activities	**28,397,381**	26,970,281
Cash flows from investing activities:		
Purchases of property and equipment	**(6,285,438)**	(11,718,437)
Purchases of investments	**(45,540,466)**	(42,649,280)
Proceeds from sales of investments	**65,413,653**	36,194,048
Purchase of preferred stock of affiliate	**(31,750,000)**	-
Net cash used in investing activities	**(18,162,251)**	(18,173,669)
Cash flows from financing activities:		
Payments on long-term note payable due to affiliates	**(2,235,290)**	-
Issuance of long-term note payable due to affiliates	**-**	1,173,154
Net cash (used in) provided by financing activities	**(2,235,290)**	1,173,154
Net increase in cash and cash equivalents	**7,999,840**	9,969,766
Cash and cash equivalents, beginning of year	**42,583,067**	32,613,301
Cash and cash equivalents, end of year	**$ 50,582,907**	$ 42,583,067

See notes to consolidated financial statements.

Note 1. Nature of Business and Significant Accounting Policies

The Chicago School of Professional Psychology (the College) is a nonprofit, accredited institution with more than 5,000 students at campuses across the country (Chicago, Illinois; Los Angeles, Anaheim and San Diego, California; Washington, D.C.; Richardson, Texas and online). The College has been an innovator in the field of psychology and related behavioral science for more than 40 years. The College offers more than 25 degree programs and a wealth of opportunities for international experiences. Integrating theory, professional practice and innovation, the College provides an excellent education for careers in psychology and related behavioral and health sciences. The College is committed to service and embraces the diverse communities of our society. The College is accredited by the Accrediting Commission for Senior Colleges and Universities of the Western Association of Schools and Colleges and is an active member of the National Council of Schools and Programs of Professional Psychology—which has recognized the College for its distinguished service and outstanding contributions to cultural diversity and advocacy.

The College formed and is a part of a private, nonprofit system of colleges advancing student success and community impact, which are supported and coordinated by TCS Education System, a 501(c)(3) organization recognized by the Internal Revenue Service as a Type II supporting organization (the System). The System provides management services and conducts other support activities for the exclusive benefit of the supported organizations.

The following entities are included within the scope of the College's consolidated financial statements:

The Chicago School – California, Inc, a 501(c)(3) private, California public benefit organization that prepares professional psychologists who reflect, in practice, a commitment to respect and acknowledgment of individual and cultural differences. It is the sole member of the following subsidiary entities:

The Chicago School of Professional Psychology, a 501(c)(3) private, nonprofit educational College that operates campuses in Illinois.

The Chicago School of Professional Psychology Counseling Centers (Counseling Centers), (formerly California Graduate Institute), a 501(c)(3) private, California public benefit organization that provides counseling services with locations in Los Angeles and Orange County, California. Counseling Centers was closed in October 2019.

The Chicago School – Washington D.C., Inc, a 501(c)(3) private, District of Columbia nonprofit public benefit corporation that operates a campus in the District of Columbia.

TCS Education – Texas, Inc. d/b/a the College of Nursing and Advanced Health Professions (CONAHP), a 501(c)(3) nonprofit corporation located in Dallas, Texas. In April 2018, the College's Board of Trustees approved a merger with TCS Education-Texas, Inc. d/b/a Dallas Nursing Institute (DNI), which is also part of the System. The merger was completed on July 10, 2020, and the d/b/a name was changed to CONAHP. The transaction qualifies as a transfer of an entity under common control, as the System has a controlling interest in both the College and CONAHP. As the transaction results in a change in reporting entity, the net assets of CONAHP are recorded by the College at their historic carrying amounts and are presented as if the transaction had occurred at the beginning of the earliest period presented (see Note 2). The transaction received approval from the U.S. Department of Education in December 2020. DNI ceased issuing Title IV federal student aid under their Office of Postsecondary Education Identification Number (OPEID) on the date of the transaction.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

In addition to the management services and support activities, the System has billed the College for certain costs incurred on its behalf. Total management and support expenses for the years ended May 31, 2021 and 2020, were $42,016,901 and $37,271,931, respectively. The total amounts due (to) from the System as of May 31, 2021 and 2020, were ($212,065) and $1,525, respectively.

Accounting policies: The College follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition. References to generally accepted accounting principles of the United States of America (U.S. GAAP) in these footnotes are to the FASB Accounting Standards Codification, sometimes referred to as the Codification or ASC.

Principles of consolidation: The consolidated financial statements include the accounts of the College and its related entities in which it has a controlling financial interest. All significant intercompany transactions and accounts are eliminated in consolidation.

Business combinations under common control: The College accounts for business combinations under common control based on ASC 805-50, Business Combinations, Transactions between Entities Under Common Control. Per ASC 805-50, when common control exists between separate entities, the receiving party shall report the results of operations for the period in which the transaction occurs as though the transfer of net assets had occurred as of the beginning of the earliest period presented. Similarly, the receiving entity shall report the statement of financial position as of the beginning of the earliest period presented as though the assets and liabilities had been transferred at that date.

Management's use of estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from these estimates.

Financial statement presentation: To ensure observance of limitations and restrictions placed on the use of resources available to the College, resources are classified for accounting and financial reporting purposes into categories established according to their nature and purposes. The assets, liabilities and net assets of the College are reported in two categories as follows:

Without donor restrictions: Net assets that are not subject to donor-imposed restrictions. Without donor restriction net assets include the revenues and expenses of the primary operations of the College.

With donor restrictions: Net assets subject to donor- or grant-imposed stipulations that require they be maintained permanently or that may or will be met either by actions of the College and/or the passage of time.

Revenues are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as donor-restricted support that increases that net asset class. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are received. Expirations of net assets with donor restrictions are reported as reclassifications between the applicable classes of net assets.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Cash and cash equivalents: The College considers short-term, highly liquid investments that are readily convertible to known amounts of cash, and so near their maturity that they present an insignificant risk of change in value from changes in interest rates, and that have an original maturity of three months or less when purchased, to be cash equivalents. The College maintains funds in accounts that at times are in excess of the Federal Deposit Insurance Corporation insurance limit; however, the College minimizes this risk by maintaining deposits in high-quality financial institutions. The College has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Student accounts receivable: Student accounts receivable consist primarily of amounts due to the College from its students. The College maintains an allowance for doubtful accounts to reflect the expected amount of student accounts receivable that will not be realized based on past collection history and risks identified among uncollectible accounts. Student accounts receivable are charged to the allowance for doubtful accounts when the College determines the receivable is not collectible. Write-offs for the years ended May 31, 2021 and 2020, were $2,059,078 and $1,480,245, respectively. The College evaluates each student's creditworthiness on a case-by-case basis.

Investments: The College accounts for its investments at fair value. Realized gains and losses on sales of securities represent the difference between net proceeds received and the cost of the investments. Realized and unrealized gains and losses are included in the consolidated statements of activities and gains and/or losses are allocated to net asset classes, dependent upon donor specifications. If the underlying restriction is met in the same period, realized gains and/or losses are reported under net assets without donor restrictions.

Investment expenses are reported as a reduction of dividend and interest income on investments. The College's investments include various types of investment securities and investment vehicles. Investment securities are exposed to several risks, such as interest rates, currency, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the College's consolidated financial statements.

Preferred stock in affiliate: Preferred stock in affiliate is accounted for at fair value and represents the College's investment in the redeemable preferred shares of Kansas Health Science Center, Inc. as discussed in Note 3.

Property and equipment: Property and equipment, including acquisition fees and other acquisition costs incurred, are stated at cost or in the case of contributions, at fair value at the date of receipt. The College capitalizes property and equipment with a value of $2,500 or more and an estimated useful life of one year or more. Expenditures for ordinary maintenance and repairs are expensed as they are incurred. Significant renovations and improvements which improve or extend the useful life of the asset are capitalized.

Depreciation and amortization of property and equipment are accounted for using the straight-line method over the estimated useful lives of the assets as follows:

Building and building improvements	39 years
Furniture and fixtures	5-7 years
Library	3 years
Test kits	3 years
Computer equipment and software	3 years
Leasehold improvements	Shorter of lease term or useful life

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Intangible assets: Intangible assets relate to accreditation and is recorded at cost and amortized over the useful life using the straight-line method.

Definite lived intangible assets, along with long-lived assets used by the College, are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. When such factors indicate that assets should be evaluated for possible impairment, the College performs an analysis, comparing the carrying value of the assets to future undiscounted cash flows of the underlying assets. The carrying value of the underlying assets is adjusted to fair value if the sum of the expected undiscounted cash flows is less than book value. There was no impairment recorded during the year ended May 31, 2021.

Student refunds payable: Student refunds payable represent the excess of loan proceeds over total tuition due that was subsequently paid to the students.

Revenue recognition and deferred revenue: The College receives revenues from various sources. Revenues are recognized as follows:

Tuition revenues are recognized ratably over the length of a course when instructional services are provided. As part of the requirements for completion of courses, students are required to pay other fees associated with courses in addition to tuition, which include an Academic Success Lab Fee, Experiential Learning Technology Fee and Student Institutional Service Fee. These fees are recognized as service revenue over time corresponding to the instructional period, similar to tuition. The College also charges certain fees such as Deferred Tuition Plan Fee, Degree Conferral Fee, Duplicate Diploma Fee, Graduate Transfer Credit Fee and other administrative fees that are recognized at the time of assessment.

Tuition and fees are refunded 100% to students if withdrawn in the first week. After one week and up until the second week, withdrawal will result in a refund of 75% of tuition and fees. After two weeks and up until the third week, withdrawal will result in a refund of 50% of tuition and fees. After three weeks and up until the fourth week, withdrawal will result in a refund of 25% of tuition and fees. No refund is given if a student withdraws after the fourth week. These refunds reduce tuition and fee revenue at the point in time they occur. All refunds related to withdrawals are fully recognized by each semester end.

The College utilized the portfolio approach to apply the new revenue recognition standard to tuition and fee revenue. Tuition and fees received in advance of services rendered are recorded as deferred revenue. Scholarships and discounts are recorded net of revenues.

Grant revenue represents conditional contributions received from governmental agencies in connection with COVID-19 relief. Revenue is recognized when the related conditions are satisfied, generally when qualifying expenditures are incurred. The College also has exchange grants where revenue is recognized when performance requirements are met.

Contributions: Contributions in the form of an unconditional promise to give are recognized as revenue by the College in the period in which the promise is received. Conditional promises to give are recognized as revenue when the conditions are met. Amounts to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved and the expected period of payment. The discount on those amounts is computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of discounts (if any) is included in contributions in the accompanying consolidated statements of activities. An allowance for uncollectible contributions receivable is provided based upon management’s judgment, including such factors as the age of the receivable, creditworthiness of parties, historical collection experience and type of contribution and nature of fundraising activity.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Leases: Operating leases are recognized on a straight-line basis over the term of the lease. Deferred rent in the consolidated statements of financial position is the result of rent escalation clauses in the building leases of the campuses and represents the differences between the straight-line rent expense recorded and the cash payment made on a monthly basis. Deferred rent also includes certain lease incentives discussed in Note 10. These lease incentives are amortized on a straight-line basis over the lease term.

Advertising: Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses amounted to $17,108,385 and $13,828,626 for the years ended May 31, 2021 and 2020, respectively.

Income taxes: The College has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of state law and, accordingly, is not subject to federal or state income taxes.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the College may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the College and various positions related to the potential sources of unrelated business taxable income. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended May 31, 2021 and 2020. The campuses file Form 990s annually in the U.S. federal jurisdiction and in their respective state or district, if applicable.

Adopted accounting pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The College has adopted this standard using the retrospective with cumulative effect transition method in the fiscal year ended May 31, 2021. Implementation of the new standard had no significant impact on the College's consolidated financial statements.

Recent accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. The new standard is effective for the College in the fiscal year ending May 31, 2023. The College is currently evaluating the impact of the adoption of the standard on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requiring an entity to present contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash or other financial assets. The guidance in this ASU also requires an entity to disclose the contributed nonfinancial assets by category that identifies the type of nonfinancial asset and disclosure certain required information. The new standard is effective for the College in the fiscal year ending May 31, 2023. The College is currently evaluating the impact of the adoption of the standard on the consolidated financial statements.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Risks and uncertainties: On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. COVID-19 has had minimal impact on the operations, financials, and academic program offerings at the College, since its ground operations and programs were transitioned online. The College continues to experience strong enrollment growth despite the restrictions put in place by local governments to mitigate the spread of COVID-19. The College will continue to monitor the impacts of COVID-19 on future financial performance.

Note 2. Affiliation and Restatement

On July 10, 2020, the College affiliated with TCS Education-Texas, Inc. d/b/a DNI, which is also part of the System. The College immediately changed DNI's d/b/a name to CONAHP. The affiliation was made to expand the educational opportunities of the College, by expanding into Health Professions. The transaction qualifies as a transfer of an entity under common control, as the System has a controlling interest in both the College and CONAHP. As such, the net assets of CONAHP are recorded by the College at their historic carrying amounts and are presented as if the transaction had occurred at the beginning of the earliest period presented. This change in reporting entity required a restatement of the College's previously issued May 31, 2020 financial statements. Beginning net assets without donor restriction at June 1, 2019, were decreased by $585,579 and beginning net assets with donor restrictions at June 1, 2019, were increased by $5,500.

The effect on the previously issued 2020 financial statements are summarized below:

	As Previously Presented	CONAHP	As Restated
Statement of Financial Position			
Total assets	$ 152,561,984	$ 1,433,453	$ 153,995,437
Total liabilities	$ 29,065,843	$ 2,628,447	$ 31,694,290
Total net assets, without donor restrictions	$ 121,396,847	$ (1,205,494)	$ 120,191,353
Total net assets, with donor restrictions	2,099,294	10,500	2,109,794
Total net assets	$ 123,496,141	$ (1,194,994)	$ 122,301,147
Statement of Activities			
Total revenues, without donor restrictions	$ 127,863,185	$ 3,757,201	$ 131,620,386
Total revenues, with donor restrictions	(18,773)	5,000	(13,773)
Total revenues	$ 127,844,412	$ 3,762,201	$ 131,606,613
Total expenses	$ 108,686,822	$ 4,377,116	$ 113,063,938
Changes in net assets, without donor restrictions	$ 23,048,164	$ (619,915)	$ 22,428,249
Changes in net assets, with donor restrictions	108,764	5,000	113,764
Total changes in net assets	$ 23,156,928	$ (614,915)	$ 22,542,013
Statement of Cash Flows			
Net cash provided by operating activities	$ 28,117,953	$ (1,147,672)	$ 26,970,281
Net cash used in investing activities	$ (18,173,669)	$ -	$ (18,173,669)
Net cash provided by financing activities	$ -	$ 1,173,154	$ 1,173,154
Net increase in cash and cash equivalents	$ 9,944,284	$ 25,482	$ 9,969,766

Note 3. Preferred Stock Purchase

On December 7, 2020, the College entered into a Preferred Stock Purchase Agreement with Kansas Health Science Center, Inc. (KHSC), an affiliated organization through common ownership by the System. As part of the requirements to reach full accreditation, KHSC is required to deposit funds into escrow for an operating and tuition reserve. In order to fund the escrow, KHSC converted from a Member to a Stock Nonprofit Corporation and subsequently issued 31.6 million common shares and 2.9 million non-voting preferred shares. All common shares were issued to the System, whereby the System retained the voting rights it had previously as the sole member. The College acquired all 2.9 million non-voting preferred shares for $31,750,000. The preferred shareholder shall receive preferred returns before the common shareholder, as defined in the agreement. Per the agreement, the preferred shares will earn dividends equal to the proportional market returns generated on the escrow investment account. KHSC shall automatically redeem 300,000 preferred shares one year after the release of the full escrow, anticipated in May 2028. The operating reserve will be released upon KHSC graduating its first class, estimated to be in May 2026. The tuition reserve will be released upon KHSC graduating its second class, estimated to be in May 2027.

After the initial 300,000 share redemption, KHSC will redeem 100,000 shares each quarter resulting in quarterly fixed payments of $1,094,828 to the College that will continue through November 2034, the final redemption date. Dividends will continue to accrue through the final redemption date, at which time, the dividends will be paid on the preferred stock. As of May 31, 2021, the College has a dividend receivable from KHSC of $7,335, which equals the dividend income incurred for fiscal year 2021. The preferred shares are recorded as investments at fair value on the consolidated statement of financial position. The College recorded the $31,750,000 investment at a discount of $1,370,000 to par resulting in a fair value of $30,380,000 plus accrued interest of $7,335 at May 31, 2021 on the consolidated statements of financial position and an unrealized loss of $1,370,000 included within net gains on investments on the consolidated statements of activities for the year ended May 31, 2021. The KHSC escrow account is held in low risk, liquid money market and certificates of deposit with Intrust Bank.

On May 7, 2021, the College and KHSC entered into a joint revolving credit agreement as co-borrowers with UBS Bank USA for an amount not to exceed $30,000,000, which will primarily be used for the benefit of KHSC and for which the College is jointly and severally liable for amounts borrowed thereunder. The College pledged cash and investments as collateral for the credit facility of $21,539,801 as of May 31, 2021. As of May 31, 2021, there were no outstanding borrowings on the revolving credit facility.

Note 4. Financial Assets Availability and Liquidity

The College regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the College considers general expenditures to be all expenditures related to its ongoing mission-related activities, as well as the conduct of services undertaken to support those activities.

	2021	2020 As Restated
Cash and cash equivalents	$ 50,582,907	$ 42,583,067
Student accounts receivable, net	1,868,170	1,719,999
Due from affiliates	-	1,525
Other accounts receivable	511,925	729,956
Investments	76,842,594	80,164,602
Preferred stock investment in affiliate	30,387,335	-
Retirement plan assets, included in other assets	588,966	301,815
Financial assets, May 31	160,781,897	125,500,964
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restrictions by donor with time or purpose restrictions	(180,497)	(234,648)
Donor-restricted endowments	(2,430,752)	(1,875,146)
Retirement plan assets	(588,966)	(301,815)
Preferred stock investment in affiliate	(30,387,335)	-
Board-designated (quasi) endowment fund	(71,857,381)	(54,809,151)
Financial assets available to meet cash needs, for general expenditures within one year	$ 55,336,966	$ 68,280,204

The College generally maintains available cash, cash equivalents and short-term investments to meet 90 days of normal operating expenses, which are, on average, approximately $31,000,000 and $26,000,000 in the fiscal years ending May 31, 2021 and 2020, respectively. Excess operating cash balances are invested in a money market deposit account, which offers daily liquidity. Although the College does not intend to spend from its quasi endowment in the fiscal year ending May 31, 2021, these amounts could be made available if approved by the Board of Trustees. In addition, the College has access to a line of credit of $17,500,000 through the affiliation with the System. The College also operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 5. Investments

The College's investment strategy incorporates a diversified asset allocation approach. This strategy provides the College with a long-term and short-term asset mix that is most likely to meet the College's return goals with the appropriate level of risk. The College's management and the finance, investment and audit committee of the System's Board of Trustees review reports provided by the fund managers and attend meetings of the fund managers in order to evaluate the risk associated with these investments. In addition, the System's finance, investment and audit committee monitors its portfolio mix to ensure that it is in accordance with the Board of Trustees' policy.

State law permits the Board of Trustees to appropriate as much of the net appreciation of the investments as is prudent considering the College's long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions. The College has certain policies and procedures with respect to the maintenance and application of its funds.

The composition of investment assets held by the College is summarized as follows at May 31, 2021 and 2020:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Equity mutual funds	$ 34,154,699	$ 52,178,646	$ 33,998,993	$ 38,980,851
Fixed income mutual funds	18,264,383	18,306,344	14,254,151	15,066,982
Real estate investment trust mutual funds	3,733,372	3,854,740	2,702,684	2,595,841
Preferred stock investment in affiliate	31,750,000	30,387,335	-	-
Commercial paper	-	-	17,222,968	17,394,698
Corporate bonds	2,296,667	2,257,256	5,357,423	5,390,574
Certificates of deposit	245,000	245,608	725,000	735,656
Total	$ 90,444,121	$ 107,229,929	$ 74,261,219	$ 80,164,602

Note 6. Fair Value Measurements

The College follows ASC Topic, Fair Value Measurements and Disclosures, which provides the framework for measuring fair value under U.S. GAAP. This Topic applies to all financial instruments that are being measured and reported on a fair value basis. As defined in the Topic, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the College uses various methods including market, income and cost approaches. Based on these approaches, the College often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The College utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used on the valuation techniques, the College is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 assets primarily include listed equities, money market funds, government securities and mutual funds. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option 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 in determining the fair value assigned to such assets or liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The College's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

For fiscal years 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent with techniques used in previous years. The valuation methodologies used for instruments at fair value are described below:

Note 6. Fair Value Measurements (Continued)

The College holds investments in mutual funds comprised of equities, fixed income and real estate investment trusts. Investments in securities traded on a national securities exchange or reported on the NASDAQ national market are stated at the last reported sales price on the day of valuation; other securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price. The fair value of corporate bonds is estimated using market price quotes corroborated by recently executed transactions observable in the market. The fair value of commercial paper is estimated using market pricing and other observable market inputs for the same or similar securities obtained from a number of industry standard data providers. For government bonds, the College utilizes recent market transactions for identical or similar bonds to corroborate pricing service fair value measurements. Certificates of deposit are held at amortized cost.

The College entered into a transaction during the year ended May 31, 2021, to purchase preferred stock in KHSC, see Note 3. The College determined the fair value of the preferred stock using the income approach and market approach. The income approach considers the expected returns on an investment which are discounted at an appropriate rate of return to reflect the College's risk and hazards. The market approach was utilized to determine a market yield to be used as the present worth factor in the discounted net cash flow analysis. The market yield utilized in the determination of the fair value was 3%.

The College assesses the levels of financial instruments at each measurement date and transfers between levels are recognized on the actual date of the event of change in circumstances that caused the transfer in accordance with the College's accounting policy regarding recognition of transfers between levels of the fair value hierarchy. There were no such transfers for fiscal years 2021 or 2020.

The following tables present the College's fair value hierarchy for those assets measured at fair value on a recurring basis as of May 31, 2021 and 2020:

	2021			
	Fair Value Measurements Using			
Description	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds:				
Equity securities	$ 52,178,646	$ -	$ -	$ 52,178,646
Fixed income	18,306,344	-	-	18,306,344
Real estate investment trusts	3,854,740	-	-	3,854,740
Total mutual funds	74,339,730	-	-	74,339,730
Preferred stock investment in affiliate	-	-	30,387,335	30,387,335
Corporate bonds	-	2,257,256	-	2,257,256
Total equity and fixed income	$ 74,339,730	$ 2,257,256	$ 30,387,335	106,984,321
Certificates of deposit				245,608
Total investments				$ 107,229,929
Other assets:				
Investments held for deferred compensation:				
Equity securities	$ 542,449	$ -	$ -	$ 542,449
Fixed income	46,517	-	-	46,517
Total investments held for deferred compensation	588,966	-	-	588,966
Total other assets	$ 588,966	$ -	$ -	$ 588,966

Note 6. Fair Value Measurements (Continued)

	2020			
	Fair Value Measurements Using			
Description	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds:				
Equity securities	$ 38,980,851	$ -	$ -	$ 38,980,851
Fixed income	15,066,982	-	-	15,066,982
Real estate investment trusts	2,595,841	-	-	2,595,841
Total mutual funds	56,643,674	-	-	56,643,674
Commercial paper	-	17,394,698	-	17,394,698
Corporate bonds	-	5,390,574	-	5,390,574
Total equity and fixed income	$ 56,643,674	$ 22,785,272	$ -	79,428,946
Certificates of deposit				735,656
Total investments				$ 80,164,602
Other assets:				
Investments held for deferred compensation:				
Equity securities	$ 272,149	$ -	$ -	$ 272,149
Fixed income	29,666	-	-	29,666
Total investments held for deferred compensation	301,815	-	-	301,815
Total other assets	$ 301,815	$ -	$ -	$ 301,815

Note 7. Property and Equipment

Depreciation expense recognized on all depreciable assets was $2,542,482 and $2,671,281 for the years ended May 31, 2021 and 2020, respectively. Property and equipment at May 31, 2021 and 2020, consist of the following:

	2021	2020 (As Restated)
Building	$ 18,812,012	$ 18,812,012
Building improvements	5,315,823	5,295,823
Furniture and fixtures	5,249,545	5,591,323
Library	384,473	384,473
Test kits	368,765	388,065
Computer equipment and software	4,529,019	3,889,575
Medical equipment	229,445	229,447
Leasehold improvements	20,322,086	17,362,951
Construction in progress	-	107,147
	55,211,168	52,060,816
Less accumulated depreciation	(24,940,163)	(25,470,161)
Total	$ 30,271,005	$ 26,590,655

Note 8. Intangible Assets

As part of the affiliation with CONAHP, as described in Note 2, the College attained a definite-lived intangible asset related to accreditation with an amortization period of 20 years. Intangible assets at May 31 consist of the following:

	2021	2020 (As Restated)
Accreditation	$ 620,000	$ 620,000
Less accumulated amortization	(231,959)	(200,980)
Total	$ 388,041	$ 419,020

Amortization expense recognized on intangible assets was $30,979 and $31,064 for the years ended May 31, 2021 and 2020, respectively. Aggregate future amortization expense is as follows:

Years ending May 31:	
2022	$ 30,979
2023	30,979
2024	31,064
2025	30,979
2026	30,979
Thereafter	233,061
Total	$ 388,041

Note 9. Notes Payable – Related Party

On May 31, 2019, CONAHP entered into a new Revolving Loan Agreement with the System not to exceed $2.0 million. The System agreed to increase the available amount by $500,000 in order to cover additional borrowings prior to the transfer of a common entity, see Note 2, which occurred on July 10, 2020. The outstanding balance of the payable as of May 31, 2020 was $2,235,290 and as a result of the transfer, the College took ownership of the note payable and paid off the principal during the year ended May 31, 2021.

Note 10. Commitments and Contingencies

Minimum future operating lease obligations: The College has various operating leases for several classroom and administrative facilities in Chicago, Illinois; Los Angeles, Orange County and San Diego, California; Washington, D.C; and Richardson, Texas.

The College entered into a new lease in downtown Los Angeles starting in June 2019 with a lease term through October 2029. The lease includes a tenant improvement allowance of approximately $4,300,000 and 10 months of fiscal year 2020 rent abatement, totaling approximately $1,300,000. In June 2020, the College entered into a 10-year and 6-month lease for a new location in Anaheim, California commencing July 2020. The Irvine campus relocated to Anaheim in March 2021. The lease includes a tenant improvement allowance of approximately $2,200,000 and 10 months of abatement spread out over the first 5 years of the lease. The amounts from these leases are recorded within deferred rent on the consolidated statement of activities

The minimum annual future lease payments are as follows:

Fiscal year ending May 31:	
2022	$ 6,068,342
2023	5,402,553
2024	4,456,057
2025	3,179,487
2026	2,882,518
Thereafter	10,761,267
Total	$ 32,750,224

Rent expense for the years ended May 31, 2021 and 2020, was $6,113,606 and $5,465,346, respectively.

Note 11. Employee Benefit Plans

The College offers eligible employees a basic contributory 403(b) retirement program. Employees' contributions to this plan are tax deferred. The College contributes a discretionary amount of an employee's salary. Expense related to the 403(b) plan for the years ended May 31, 2021 and 2020, was $2,562,229 and $2,135,423, respectively.

The College has a nonqualified 457(b) deferred compensation plan and a 457(f) deferred compensation plan for its president. Contributions to the plan are invested in equity securities. The College made contributions of $254,128 and $29,410 for the fiscal years ended May 31, 2021 and 2020, respectively. At May 31, 2021 and 2020, $588,966 and $301,815, respectively, was accrued as a liability and set aside in a separate account for this benefit. The assets held in this account are the property of the College and are subject to the claims of the general creditors. The College accounts for the assets held by this plan as investments held for deferred compensation recorded in other assets, as described in Note 6, with the related liability recorded in other liabilities on the consolidated statements of financial position.

Note 12. Net Assets

Net assets with donor restrictions consist of the following as of May 31, 2021 and 2020:

	2021	2020 As Restated
Subject to expenditure for specific purpose:		
Student financial assistance	$ 143,779	$ 201,374
General purpose	36,718	33,274
Subject to the College or Naomi Ruth Cohen Institute's spending policy and appropriation:		
Investments in perpetuity (including original gift amount of $1,381,121 as of May 31, 2021 and 2020) expendable to support scholarships	2,451,440	1,875,146
Total net assets with donor restrictions	$ 2,631,937	$ 2,109,794

The College's Board of Trustees has designated $71,857,381 and $54,809,151 in net assets without donor restrictions (quasi-endowment) for general institutional support as of May 31, 2021 and 2020, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows for the fiscal years ended May 31, 2021 and 2020:

	2021	2020 As Restated
Purpose restrictions accomplished:		
Student financial assistance	$ 99,224	$ 55,807
General purpose	-	49,112
Naomi Ruth Cohen Institute	68,247	76,082
Total net assets released from restrictions	$ 167,471	$ 181,001

The Naomi Ruth Cohen Institute for Mental Health Education is dedicated to eradicating the stigma associated with mental illness. The institute annually plans and promotes a community mental health conference.

Note 13. Endowment

As of May 31, 2021, the College's endowment consisted of donor-restricted funds for scholarships and a Board-designed fund for general institutional support. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Underwater endowment funds: Endowment funds are recorded in accordance with state-approved Uniform Prudent Management of Institutional Funds Act (UPMIFA). The College has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift contributed to a donor-restricted endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the College considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument (underwater funds). The College has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. Additionally, in accordance with UPMIFA, the College considers the following factors, if relevant, in making a determination to appropriate or accumulate donor-restricted endowment funds:

i. The duration and preservation of the fund
ii. The purpose of the donor-restricted endowment fund
iii. General economic conditions
iv. The possible effect of inflation and deflation
v. The expected total return from income and the appreciation of investments
vi. Other resources of the College
vii. The investment policies of the College

As of May 31, 2021 and 2020, there were no underwater endowment funds.

Endowment use and restrictions: Subject to donor requirements, appropriations from the College's donor-restricted endowment fund shall not exceed 5% of the fair market value of the donor-restricted endowment fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure is made. The Board appropriated $0 from the Board-designated endowment fund in fiscal years 2021 and 2020.

Endowment net asset composition by type of fund is summarized as follows:

	2021	2020
Donor-restricted endowment funds	$ 2,430,752	$ 1,875,146
Quasi endowment funds	71,857,381	54,809,151
Total endowment funds	$74,288,133	$ 56,684,297

Note 13. Endowment (Continued)

Changes in endowment net assets for the years ended May 31, 2021 and 2020, are as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 54,809,151	$ 1,875,146	$ 56,684,297
Investment return:			
Interest and dividends, net	1,077,448	66,141	1,143,589
Net depreciation, realized and unrealized	15,970,782	557,214	16,527,996
Total investment return	17,048,230	623,355	17,671,585
Appropriation for expenditure	-	(67,749)	(67,749)
Endowment net assets end of year	$ 71,857,381	$ 2,430,752	$ 74,288,133

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 48,759,277	$ 1,821,988	$ 50,581,265
Board designated amounts transferred from operations	3,000,000	-	3,000,000
Investment return:			
Interest and dividends, net	1,819,644	73,189	1,892,833
Net depreciation, realized and unrealized	1,230,230	54,348	1,284,578
Total investment return	3,049,874	127,537	3,177,411
Appropriation for expenditure	-	(74,379)	(74,379)
Endowment net assets end of year	$ 54,809,151	$ 1,875,146	$ 56,684,297

Return objectives and risk parameters: The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the value of endowment assets. Under this policy, as approved by the College's finance and investment committee, and Board of Trustees, the benchmarks for the equity portion of the endowment shall be the S&P 500 Index and the MCSI All Country World ex-US Index. For fixed income investments, the benchmark portion shall be the Barclays Aggregate Bond Index and the Barclays Global Aggregate ex-US TR Hdg USD Index. For real estate investment trusts (REIT), the benchmark portion shall be the MSCI US REIT Gross Index. Actual returns in any year may vary from this amount.

Note 13. Endowment (Continued)

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy, without regard to capital gains and income. To provide consistent long-term growth, the College targets a diversified asset allocation strategy. Current investment policy guidelines disallow more than 65% of equity investments in the total investment fund at purchase. Due to market fluctuations, asset allocation variances up to 5% above or below the 65% threshold are deemed acceptable.

Note 14. Classification of Expenses

The following reflects the classification of the College's expenses, by both the underlying nature of the expense and the function, for the years ended May 31, 2021 and 2020, respectively. An individual expense is allocated to the underlying function to which it was incurred. The consolidated statement of activities includes certain expenses which must be allocated on a reasonable basis. Facilities related and depreciation expenses have been allocated based on faculty and staff headcount. Certain senior leadership expenses are allocated based on time spent by function.

Expenses are classified as follows:

	2021				
	Program services				
	Educational services and facilities	Student services	Management, general and administrative	Fundraising	Total
Compensation and employee	$ 45,414,119	$ 9,912,950	$ 6,364,490	$ 837,722	$ 62,529,281
Facility and office	6,547,102	1,652,779	498,205	104,735	8,802,821
Services and other	2,356,974	9,985,272	36,266,951	112,937	48,722,134
Depreciation and amortization	1,810,775	487,603	249,101	25,982	2,573,461
Total	$ 56,128,970	$ 22,038,604	$ 43,378,747	$ 1,081,376	$ 122,627,697

	2020, as Restated				
	Program services				
	Educational services and facilities	Student services	Management, general and administrative	Fundraising	Total
Compensation and employee	$ 43,359,800	$ 8,777,374	$ 5,626,675	$ 653,117	$ 58,416,966
Facility and office	5,364,856	2,360,463	391,744	48,275	8,165,338
Services and other	2,207,726	9,952,964	31,478,161	65,438	43,704,289
Depreciation and amortization	1,678,788	768,532	240,647	14,378	2,702,345
Total	$ 52,611,170	$ 21,859,333	$ 37,737,227	$ 781,208	$ 112,988,938

Note 15. Subsequent Events

Management has evaluated all events or transactions that occurred after May 31, 2021 through November 4, 2021, the date the consolidated financial statements are available for issuance, for potential recognition or disclosure in the consolidated financial statements. On September 29, 2021, the College purchased the building in Richardson, TX from the System for $3.3 million in cash. The lease between the System and the College on the building was terminated on that date.

Supplementary Information

RSM US LLP

Independent Auditor's Report on the Supplementary Information

The Board of Trustees
The Chicago School – California, Inc d/b/a The Chicago School of Professional Psychology

We have audited the consolidated financial statements of The Chicago School – California, Inc d/b/a The Chicago School of Professional Psychology (the College) as of and for the years ended May 31, 2021 and 2020, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Chicago, Illinois
November 4, 2021

The Chicago School – California, Inc
d/b/a The Chicago School of Professional Psychology

Consolidating Schedule of Financial Position
May 31, 2021

	TCSPP Illinois	The Chicago School - California, Inc	The Chicago School - Washington D.C., Inc	College of Nursing and Advanced Health Professions	Eliminations	TCSPP Total
Assets						
Cash and cash equivalents	$ 5,760,561	$ 44,491,213	$ 187,384	$ 143,749	$ -	$ 50,582,907
Student accounts receivable, net	315,460	897,891	209,872	444,947	-	1,868,170
Due from affiliates	8,996,298	3,244,373	5,940,808	-	(18,181,479)	-
Prepaid expenses	284,846	606,930	173,980	27,596	-	1,093,352
Other accounts receivable	357,182	79,554	8,298	66,891	-	511,925
Investments	53,649,984	23,192,610	-	-	-	76,842,594
Preferred stock in affiliate	-	30,387,335	-	-	-	30,387,335
Other assets	-	658,235	57,517	-	-	715,752
Property and equipment, net	15,868,913	13,607,750	717,458	76,884	-	30,271,005
Intangible assets, net	-	-	-	388,041	-	388,041
Total assets	$ 85,233,244	$ 117,165,891	$ 7,295,317	$ 1,148,108	$ (18,181,479)	$ 192,661,081
Liabilities and Net Assets						
Accounts payable	$ 71,075	$ 124,681	$ 7,971	$ 33,722	$ -	$ 237,449
Student refunds payable	526,576	1,661,065	409,159	59,623	-	2,656,423
Accrued compensation related expenses	1,252,737	3,884,508	537,460	490,449	-	6,165,154
Due to affiliate	-	15,149,171	-	3,244,373	(18,181,479)	212,065
Other accrued expenses	285,454	161,145	25,983	33,320	-	505,902
Deferred revenue and tuition deposits	4,448,286	14,099,991	2,471,421	528,646	-	21,548,344
Other payables	66,824	136,461	2,935	1,286	-	207,506
Deferred rent	97,336	7,084,468	897,974	-	-	8,079,778
Other liabilities	-	588,966	-	-	-	588,966
Total liabilities	6,748,288	42,890,456	4,352,903	4,391,419	(18,181,479)	40,201,587
Net assets (deficit):						
Without donor restrictions	75,984,880	74,158,639	2,938,199	(3,254,161)	-	149,827,557
With donor restrictions	2,500,076	116,796	4,215	10,850	-	2,631,937
Total net assets (deficit)	78,484,956	74,275,435	2,942,414	(3,243,311)	-	152,459,494
Total liabilities and net assets (deficit)	$ 85,233,244	$ 117,165,891	$ 7,295,317	$ 1,148,108	$ (18,181,479)	$ 192,661,081

The Chicago School – California, Inc
d/b/a The Chicago School of Professional Psychology

Consolidating Schedule of Financial Position
May 31, 2020, as restated

	TCSPP Illinois	The Chicago School - California, Inc	The Chicago School - Washington D.C., Inc	College of Nursing and Advanced Health Professions	Eliminations	TCSPP Total
Assets						
Cash and cash equivalents	$ 1,515,012	$ 40,632,039	$ 216,471	$ 219,545	$ -	$ 42,583,067
Student accounts receivable, net	273,688	851,582	135,464	459,265	-	1,719,999
Due from affiliates	-	14,158,623	2,767,333	-	(16,924,431)	1,525
Prepaid expenses	345,813	737,544	179,900	33,454	-	1,296,711
Other accounts receivable	419,091	74,909	375	235,581	-	729,956
Investments	60,589,182	19,575,420	-	-	-	80,164,602
Other assets	-	432,385	57,517	-	-	489,902
Property and equipment, net	16,236,640	9,367,386	920,041	66,588	-	26,590,655
Intangible assets, net	-	-	-	419,020	-	419,020
Total assets	$ 79,379,426	$ 85,829,888	$ 4,277,101	$ 1,433,453	$ (16,924,431)	$ 153,995,437
Liabilities and Net Assets						
Accounts payable	$ 220,848	$ 129,948	$ 15,552	$ 10,287	$ -	$ 376,635
Student refunds payable	381,253	672,074	237,498	52,244	-	1,343,069
Accrued compensation related expenses	779,132	3,840,124	292,630	224,019	-	5,135,905
Due to affiliate	14,152,726	2,771,705	-	-	(16,924,431)	-
Other accrued expenses	190,766	94,011	74,476	30,397	-	389,650
Deferred revenue and tuition deposits	4,114,977	8,184,887	2,511,549	76,210	-	14,887,623
Other payables	37,842	116,230	3,091	-	-	157,163
Deferred rent	243,701	5,440,532	1,182,907	-	-	6,867,140
Other liabilities	-	301,815	-	-	-	301,815
Note payable due to affiliates	-	-	-	2,235,290	-	2,235,290
Total liabilities	20,121,245	21,551,326	4,317,703	2,628,447	(16,924,431)	31,694,290
Net assets (deficit):						
Without donor restrictions	57,319,843	64,121,821	(44,817)	(1,205,494)	-	120,191,353
With donor restrictions	1,938,338	156,741	4,215	10,500	-	2,109,794
Total net assets (deficit)	59,258,181	64,278,562	(40,602)	(1,194,994)	-	122,301,147
Total liabilities and net assets (deficit)	$ 79,379,426	$ 85,829,888	$ 4,277,101	$ 1,433,453	$ (16,924,431)	$ 153,995,437

The Chicago School – California, Inc
d/b/a The Chicago School of Professional Psychology

Consolidating Schedule of Activities
Year Ended May 31, 2021

	TCSPP Illinois	The Chicago School - California, Inc	The Chicago School - Washington D.C., Inc	College of Nursing and Advanced Health Professions	Eliminations	TCSPP Total
Operating revenues:						
Tuition revenue	$ 30,326,266	$ 73,370,535	$ 16,983,321	$ 5,198,557	$ -	$ 125,878,679
Less scholarships	(1,905,588)	(1,931,555)	(553,082)	(205,200)	-	(4,595,425)
Net tuition revenue	28,420,678	71,438,980	16,430,239	4,993,357	-	121,283,254
Fee revenue	2,754,441	8,294,421	1,559,042	165,155	-	12,773,059
Contributions	12,190	101,294	1,225	3,504	-	118,213
Other school revenue	73,562	373,065	22,300	37,487	(8,065)	498,349
Grant revenue	759,106	485,454	131,375	215,929	-	1,591,864
Intercompany revenue	-	13,331,754	-	-	(13,331,754)	-
Total revenues	32,019,977	94,024,968	18,144,181	5,415,432	(13,339,819)	136,264,739
Operating expenses:						
Program services:						
Educational services and facilities	17,134,400	33,240,725	7,262,770	3,807,757	(5,316,682)	56,128,970
Student services	4,857,333	14,451,042	2,700,941	1,626,951	(1,597,663)	22,038,604
Total program services	21,991,733	47,691,767	9,963,711	5,434,708	(6,914,345)	78,167,574
Management, general, and administration	8,268,146	33,806,819	5,096,691	2,000,051	(5,792,960)	43,378,747
Fundraising	183,592	1,400,545	100,763	28,990	(632,514)	1,081,376
Total expenses	30,443,471	82,899,131	15,161,165	7,463,749	(13,339,819)	122,627,697
Increase (decrease) in net assets before non-operating items	1,576,506	11,125,837	2,983,016	(2,048,317)	-	13,637,042
Non-operating items:						
Interest and dividends	1,140,031	149,347	-	-	-	1,289,378
Net gains (losses) on investments	16,510,238	(1,321,724)	-	-	-	15,188,514
Other non-operating items	-	106,019	-	-	-	106,019
Loss on disposal of property and equipment	-	(62,606)	-	-	-	(62,606)
Total non-operating items	17,650,269	(1,128,964)	-	-	-	16,521,305
Changes in net assets (deficit)	19,226,775	9,996,873	2,983,016	(2,048,317)	-	30,158,347
Net assets (deficit), beginning of the year	59,258,181	64,278,562	(40,602)	(1,194,994)	-	122,301,147
Net assets (deficit), end of the year	$ 78,484,956	$ 74,275,435	$ 2,942,414	$ (3,243,311)	$ -	$ 152,459,494

The Chicago School – California, Inc
d/b/a The Chicago School of Professional Psychology

Consolidating Schedule of Activities
Year Ended May 31, 2020, as restated

	TCSPP Illinois	The Chicago School - California, Inc	TCSPP Counseling Centers	The Chicago School - Washington D.C., Inc	College of Nursing and Advanced Health Professions	Eliminations	TCSPP Total
Operating revenues:							
Tuition revenue	$ 30,748,153	$ 69,989,392	$ -	$ 17,509,270	$ 3,775,694	$ -	$ 122,022,509
Less scholarships	(1,887,428)	(1,845,882)	-	(511,072)	(150,112)	-	(4,394,494)
Net tuition revenue	28,860,725	68,143,510	-	16,998,198	3,625,582	-	117,628,015
Fee revenue	2,762,985	7,996,473	-	1,527,954	31,292	-	12,318,704
Contributions	994,513	217,368	24	1,880	10,000	-	1,223,785
Other school revenue	103,705	183,221	31,388	22,468	95,327	(75,000)	361,109
Intercompany revenue	-	12,348,071	-	-	-	(12,348,071)	-
Total revenues	32,721,928	88,888,643	31,412	18,550,500	3,762,201	(12,423,071)	131,531,613
Operating expenses:							
Program services:							
Educational services and facilities	16,513,635	31,847,171	223,583	6,428,851	2,526,170	(4,928,240)	52,611,170
Student services	5,388,299	14,655,977	18,024	2,689,767	763,968	(1,656,702)	21,859,333
Total program services	21,901,934	46,503,148	241,607	9,118,618	3,290,138	(6,584,942)	74,470,503
Management, general, and administration	8,162,923	30,021,032	(5,630)	3,581,993	1,086,978	(5,110,069)	37,737,227
Fundraising	211,378	1,199,235	336	98,319	-	(728,060)	781,208
Total expenses	30,276,235	77,723,415	236,313	12,798,930	4,377,116	(12,423,071)	112,988,938
Increase (decrease) in net assets before non-operating items	2,445,693	11,165,228	(204,901)	5,751,570	(614,915)	-	18,542,675
Non-operating items:							
Forgiveness of debt	-	(4,206,425)	4,206,425	-	-	-	-
Interest and dividends	1,993,799	644,542	-	-	-	-	2,638,341
Net gains on investments	1,303,118	61,887	-	-	-	-	1,365,005
Other non-operating items	-	10,189	-	-	-	-	10,189
Loss on disposal of property and equipment	-	(14,197)	-	-	-	-	(14,197)
Total non-operating items	3,296,917	(3,504,004)	4,206,425	-	-	-	3,999,338
Changes in net assets (deficit)	5,742,610	7,661,224	4,001,524	5,751,570	(614,915)	-	22,542,013
Net assets (deficit), beginning of the year, as previously reported	53,515,571	56,617,338	(4,001,524)	(5,792,172)	-	-	100,339,213
Prior period adjustment (Note 2)	-	-	-	-	(580,079)	-	(580,079)
Net assets (deficit), end of the year	$ 59,258,181	$ 64,278,562	$ -	$ (40,602)	$ (1,194,994)	$ -	$ 122,301,147

APPENDIX C

DEFINITIONS AND SUMMARY OF PRINCIPAL DOCUMENTS RELATING TO THE SERIES 2024 BONDS

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APPENDIX C

DEFINITIONS AND SUMMARY OF PRINCIPAL DOCUMENTS RELATING TO THE SERIES 2024 BONDS

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APPENDIX C

The definitions of certain words and terms used in this APPENDIX C are set forth below under the caption "DEFINITIONS OF CERTAIN TERMS." Reference is hereby made to the Indenture for the definition of any capitalized term used, but not otherwise defined, in this APPENDIX C.

DEFINITIONS OF CERTAIN TERMS

"Act" means the Illinois Finance Authority Act 20 *ILCS* 3501/801-1 *et seq*., as supplemented and amended.

"Additional Bonds" means any additional bonds authorized to be issued by the Authority pursuant to the terms and conditions of the Indenture in addition to the Bonds.

"Additional Notes" means any additional notes authorized to be issued by the Borrower pursuant to the provisions of the Loan Agreement in addition to the Note.

"*Affiliates*" means, collectively, TCS Illinois, The Chicago School – Washington D.C., Inc., a District of Columbia nonprofit public benefit corporation, and TCS Education - Texas, Inc., a Texas nonprofit corporation.

"Authority" means the Illinois Finance Authority, a body politic and corporate created and existing under and by virtue of the Act, and its successors and assigns.

"Authorized Denomination" means $5,000 and any integral multiple thereof.

"Authorized Officer" means: (a) in the case of the Authority, its Chairperson, Vice Chairperson, Executive Director or any other member or officer of the Authority designated by the Authority to act on behalf of the Authority under resolution of the Authority; (b) in the case of the Borrower, its President, its Treasurer, its Secretary and the President of the System; and (c) in the case of the Trustee, any person authorized by or pursuant to the by-laws of the Trustee or a resolution of the Board of Directors of the Trustee.

"Bond Counsel" means Chapman and Cutler LLP, Chicago, Illinois, or any other nationally recognized municipal bond attorney or firm of municipal bond attorneys approved by the Authority.

"*Bond Deposit Fund*" means the Fund by that name established by the Indenture.

"Bond Purchase Agreement" means one or more bond purchase agreements among the Authority, the Borrower and the underwriters named therein, including all amendments thereof and supplements thereto, providing for the sale of the Series 2024 Bonds, and, with respect to any series of Additional Bonds, one or more similar agreements executed and delivered in connection with the sale of such series of Additional Bonds.

"Bond Register" means the registration records of the Authority, maintained by the Trustee, as registrar for the Bonds.

"Bond Registrar" means the Trustee.

"Bond Resolution," with respect to the Series 2024 Bonds, means the resolution adopted by the members of the Authority on April 9, 2024, authorizing the issuance, delivery and sale of the Series 2024 Bonds and, with respect to any series of Additional Bonds, means the resolution adopted by the members of the Authority that authorizes the issuance, delivery and sale of such Additional Bonds, in each case, as the same may be modified, supplemented or amended.

"Bond Sinking Fund" means the Fund by that name established by the Indenture.

"Bondholder" or *"Owner," or "owner"* or *"Owner of the Bonds,"* when used with respect to a Bond, means the person or entity in whose name such Bond shall be registered on the Bond Register.

"Borrower" means The Chicago School – California, Inc., doing business as The Chicago School, a California nonprofit public benefit corporation, and any successor thereto permitted by the Loan Agreement.

"Borrower Agreements" means the Loan Agreement, the Series 2024 Note, the Tax Agreement, the Project Certificate, the Bond Purchase Agreement.

"Business Day" means any day which is not (a) a Saturday, a Sunday or, a day on which banking institutions in the City of Chicago, Illinois (or, if different, in the city in which the designated corporate trust office of the Trustee is located), are authorized or required by law or executive order to close or (b) a day on which the New York Stock Exchange is closed.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor sections of a subsequent income tax statute or code, including the regulations, rulings and proclamations promulgated and proposed thereunder or under the predecessor code.

"Completion Certificate" means the certificate delivered by an Authorized Officer of the Borrower pursuant to the Indenture.

"*Contribution Agreement*" means the Contribution Agreement dated as of May 1, 2024 among the Borrower, TCS Illinois, The Chicago School – Washington D.C., Inc., a District of Columbia nonprofit public benefit corporation, and TCS Education - Texas, Inc., a Texas nonprofit corporation, including all amendments thereof and supplements thereto.

"Cost of Issuance Fund" means the Fund by that name established by the Indenture.

"Counsel" means an attorney duly admitted to practice law before the highest court of any state of the United States of America and, without limitation, may include legal counsel for the Authority, the Borrower or the Trustee.

"Default" or *"event of default"* means (a) with respect to the Indenture, any of those events defined as events described herein under the caption "THE INDENTURE — Events of Default and Remedies," and (b) with respect to the Loan Agreement, any of those events described herein under the caption "THE LOAN AGREEMENT — Events of Defaults and Remedies Therefor."

"Determination of Taxability" means a determination that the interest payable on any Bond is includible for federal income tax purposes in the gross income of the Owner thereof, which determination shall be deemed to have been made with respect to a Bond upon the occurrence of the first of the following events: (a) the date on which the Borrower determines that the interest payable on such Bond is includible for federal income tax purposes in the gross income of the Owners thereof; (b) the date on which the Internal Revenue Service issues any private ruling, technical advice or any other substantially equivalent written communication to the effect that the interest payable on such Bond is includible for federal income tax purposes in the gross income of the Owners thereof; (c) the date on which the Borrower shall receive notice from the Trustee in writing that the Trustee has been advised in writing by the Owner of such Bond that the Internal Revenue Service has issued a 30-day letter or other formal written determination (a copy of which shall have been provided by such Owner to the Trustee) which asserts that the interest payable on such Bond is includible for federal income tax purposes in the gross income of the Owners thereof; or (d) the date on which the Trustee receives written notice that the Borrower has taken any action or has failed to take any action the effect of which is to cause the interest payable on such Bond to become includible for federal income tax purposes in the gross income of the Owners thereof; provided, however, that in the event of a good faith appeal, contest or the filing with the Internal Revenue Service of a request for ruling or other advice initiated by the Borrower within 60 days after the earlier of the dates referred to in clauses (b), (c) or (d) of this definition no Determination of Taxability shall be deemed to have occurred until the date upon which all such appeals, contests, or requests pursued with due diligence by the Borrower have been exhausted.

"DTC" means The Depository Trust Company, New York, New York, a limited-purpose trust company organized under the New York banking law, acting as the initial securities depository for the Bonds, and any successor corporation thereto.

"DTC Participant" means a participant in DTC's book-entry only system that deposits its securities with DTC.

"Financed Properties" means the facilities of the Borrower or portions thereof that constitute a part of the Project and that are being financed, refinanced or reimbursed with the proceeds of the Series 2024 Bonds.

"Fiscal Year" means any twelve-month period beginning on June 1 of any calendar year and ending on May 31 of the following calendar year, or any other twelve-month period selected by the Borrower as the fiscal year of the Borrower.

"Fitch" means Fitch Ratings Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *"Fitch"* shall be

deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, at the written direction of the Borrower, and acceptable to the Authority.

"Fund" means any of the funds established pursuant to the Indenture.

"General Interest Account" means the Account by that name of the Interest Fund established by the Indenture.

"Government Obligations" means (a) direct obligations of the United States of America or any agency or instrumentality of the United States of America, (b) obligations on which the timely payment of principal and interest is fully guaranteed by the United States of America or any agency or instrumentality of the United States of America, (c) evidences of a direct ownership interest in amounts payable upon any of the obligations set forth in (a) or (b) of this definition, (d) certificates of deposit of, time deposits in, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, which certificates of deposit, time deposits, or obligations are fully insured by the Federal Deposit Insurance Corporation or a similar federal agency or (e) shares or other forms of securities legally issuable by savings and loan associations incorporated under the laws of the State or any other state or under the laws of the United States of America, provided those shares or securities are fully insured by the Federal Deposit Insurance Corporation or a similar federal agency.

"*Indebtedness*" means all indebtedness of the Borrower and/or Affiliates for borrowed money.

"Indenture" means the Trust Indenture dated as of May 1, 2024, between the Authority and the Trustee, including all amendments thereof and supplements thereto.

"Interest Fund" means the Fund by that name established under the Indenture.

"Letter of Representations" means the Blanket Letter of Representations dated September 25, 2018 from the Authority to DTC, as the same may be supplemented or amended.

"Loan Agreement" means the Loan Agreement dated as of May 1, 2024, between the Borrower and the Authority, including all amendments thereof and supplements thereto.

"*Long-Term Indebtedness*" means Indebtedness having a final maturity or payment date of more than one year from the date of creation thereof (or which is renewable or extendible at the option of the obligor to a date more than one year from the date of creation thereof), but excluding any portion thereof which is properly included in current liabilities under generally accepted accounting principles.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *"Moody's"* shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, at the written direction of the Borrower, and acceptable to the Authority.

"Note" or *"Notes"* means the Series 2024 Note and any Additional Notes issued pursuant to the Loan Agreement.

"Officer's Certificate" means a certificate of the Authority signed by an Authorized Officer of the Authority or by any other person(s) designated by resolution of the Authority to act for, either generally or with respect to the execution of any particular document or other specific matter, a certified copy of which resolution shall be filed with the Trustee.

"Official Statement" means the Official Statement prepared in connection with the issuance and sale of the Series 2024 Bonds, together with any amendments and supplements thereto.

"Opinion of Bond Counsel" means an opinion of Chapman and Cutler LLP, Chicago, Illinois, or of any other firm of nationally recognized municipal bond attorneys acceptable to the Authority.

"Optional Redemption Fund" means the Fund by that name established pursuant to the Indenture.

"Outstanding" or *"Bonds Outstanding"* or "*Outstanding Bonds*" means, at the time in question, all Bonds that have been executed and delivered by the Authority and authenticated by the Trustee under the Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation in accordance with the provisions of the Indenture;

(b) Bonds paid or deemed to be paid as provided in the Indenture and as described herein under the caption "THE INDENTURE — Satisfaction and Discharge of the Indenture"; and

(c) Bonds in lieu of or in exchange for which other Bonds shall have been executed and delivered by the Authority and authenticated by the Trustee under the Indenture.

"Paying Agent" means the bank or banks, if any, designated pursuant to the Indenture to receive and disburse the principal of and interest on any Bonds.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

"Preliminary Official Statement" means the Preliminary Official Statement prepared in connection with the offering, issuance and sale of the Series 2024 Bonds, together with any amendments and supplements thereto.

"Project" means the financing, refinancing or reimbursement, in whole or in part, of the planning, design, acquisition, construction, renovation, improvement, expansion, completion and/or equipping of certain educational facilities of the Borrower, as more fully described in Exhibit A to the Loan Agreement (which Exhibit A may be amended, supplemented or restated from time to time), including capitalized interest, if any, with proceeds from the sale of the Series 2024 Bonds.

"Project Certificate" means the Project Certificate dated the date of issuance of the Series 2024 Bonds and delivered by the Borrower with respect to certain tax matters relating to the Series 2024 Bonds and, with respect to any series of Additional Bonds, any similar agreement executed and delivered with respect to tax matters relating to such series of Additional Bonds.

"Project Fund" means the Fund by that name established by the Indenture.

"Property" means any and all rights, title and interests in and to any and all assets, whether real or personal, tangible or intangible and wherever situated.

"Qualified Investments" means any of the following which at the time of investment are legal investments under the Act and the laws of the State of Illinois for the moneys proposed to be invested therein: (a) bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued that are fully guaranteed by the full faith and credit of the United States of America as to the timely payment of principal and interest; (b) bonds, notes, debentures or other similar obligations of the United States of America that are fully guaranteed by the full faith and credit of the United States of America as to the timely payment of principal and interest and that are rated in the highest rating category by each Rating Agency; (c) bonds, notes, debentures or other similar obligations of the Export-Import Bank, the Farm Credit System Financial Assistance Corporation, the Rural Economic Community Development Administration, the General Services Administration, the U.S. Maritime Administration, the Small Business Administration, the Government National Mortgage Association, the U.S. Department of Housing & Urban Development, the Federal Housing Administration and the Federal Financing Bank that are fully guaranteed by the full faith and credit of the United States of America as to the timely payment of principal and interest and that are rated in the highest rating category by each Rating Agency; (d) senior debt obligations of the Federal National Mortgage Association so long as such obligations are rated equivalent to the then current rating on the United States of America treasury securities; (e) senior debt obligations of the Federal Home Loan Banks; (f) obligations of the Resolution Funding Corporation; (g) interests in money market mutual funds registered under the Investment Company Act of 1940, as amended, and rated in the highest rating category by S&P and if rated by Moody's, rated in the highest rating category including money market mutual funds of the Trustee or its affiliates; provided that the portfolio of such money market mutual fund is limited to obligations of the type described in (a) or (b) of this definition and to agreements to repurchase such obligations; (h) bonds, notes or other obligations of any state of the United States of America with a rating of at least "Aa2/AA" or higher by both Moody's and S&P or of any unit of local government of any state which are rated at least "Aa/AA" or higher by Moody's and S&P; (i) interest-bearing savings accounts, certificates of deposit or time deposits constituting direct obligations of any domestic commercial bank, as defined by the Illinois Banking Act, 205 ILCS 1996, 5/1 *et seq*., as amended (including the Trustee and its affiliates), that has a rating on its short

term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1+" or "A-1" by S&P; provided that investments may be made only in savings accounts, certificates of deposit or time deposits of banks that are insured by the Federal Deposit Insurance Corporation or similar federal agency or which are fully collateralized by obligations described in (a) or (b) of this definition and that comply with the Tax Agreement and any such investments shall mature no more than 360 calendar days after the date of purchase; (j) repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986, Pub.L. No. 99-571, 100 Stat 3208, subject to the provisions of said Government Securities Act and the regulations issued thereunder (which securities include obligations of the type described in clauses (a) and (b) of this sentence, securities which are issued or guaranteed by corporations in which the United States of America has a direct or indirect interest and which are designated by the Secretary of the Treasury for exemption as necessary or appropriate in the public interest or for the protection of investors and securities issued or guaranteed as to principal or interest by any corporation the securities of which are designated, by statute specifically naming such corporation, to constitute exempt securities within the meaning of the laws administered by the Securities and Exchange Commission), and, unless registered or inscribed in the name of the Authority, that are purchased through banks or trust companies authorized to do business in the State; (k) commercial paper of corporations organized in the United States of America with assets exceeding $550,000,000 if (1) such obligations are rated at the time of purchase "P-1" by Moody's and "A-1" by S&P; and (2) no more than one-third of the moneys relating to the Bonds are so invested; (l) bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "P-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P; (m) investment agreements with providers with secured or unsecured long-term debt ratings of at least "AA-" and "Aa3" by S&P and Moody's, with the provision that (1) if the provider's secured or unsecured long-term debt rating is downgraded below "AA-" or "Aa3" by S&P or Moody's, the provider must deliver collateral of the type described in (a) above at a margin percentage of 104%, or that described in (b) or (c) above at a margin percentage of 105%, and such collateral shall be held in a separate, segregated account by either the Trustee or tri-party custodian for the benefit of the Authority, and the Authority or the Trustee must have a perfected security interest in all collateral, and the Trustee or tri-party custodian must mark collateral to market weekly and (2) if the provider's secured or unsecured long-term debt ratings are further downgraded below "A-" or "A3" by S&P or Moody's, the Authority will have the right to terminate the agreement and receive all invested amounts plus accrued but unpaid interest without penalty; (n) deposit accounts constituting direct obligations of any commercial bank (including the Trustee or its affiliates) whose long term issuer rating is at least "A2" by Moody's and "A+" by S&P; or (o) any other type of investment approved by the Authority and the Borrower.

Ratings of Qualified Investments referred to in the Indenture shall be determined at the time of purchase of such Qualified Investments. The Trustee shall have no responsibility to monitor the ratings of Qualified Investments after the initial purchase of such Qualified Investments. The Trustee shall be entitled to assume that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter, absent actual receipt of written notice or actual knowledge of a Responsible Officer of the Trustee to the contrary.

"Rating Agency" means Fitch, Moody's or S&P.

"Rebate Fund" means the Rebate Fund established by the Tax Agreement.

"Record Date" means the fifteenth day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on the Bonds is due.

"*Responsible Officer*" means any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Restricted Gifts" means all gifts, grants, donations, bequests or other charitable contributions, regardless of the form or the source thereof, the proceeds of which when received by the Borrower are legally restricted for the payment of costs of all or a portion of the Financed Properties.

"Series 2024 Bonds" means one or more of the Illinois Finance Authority Revenue Bonds, The Chicago School, Series 2024, being issued under the Indenture in the aggregate principal amount of $79,370,000 to finance the purchase of the Series 2024 Note, and any Bonds issued in substitution or replacement therefor.

"Series 2024 Note" means the Promissory Note, Series 2024, of the Borrower, in the principal amount of $79,370,000, being issued by the Borrower to the Authority pursuant to the Loan Agreement, and any Note issued in exchange therefor pursuant to the Loan Agreement.

"S&P" means S&P Global Ratings and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *"S&P"* shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee, at the written direction of the Borrower, and acceptable to the Authority.

"State" means the State of Illinois.

"*System*" means TCS Education System d/b/a/ The Community Solution Education System, an Illinois not for profit corporation, and any successor thereto.

"Tax Agreement" means the Tax Exemption Certificate and Agreement dated the date of issuance of the Series 2024 Bonds among the Borrower, the Authority and the Trustee, including all amendments thereof and supplements thereto, and, with respect to any series of Additional Bonds, any similar agreement executed and delivered in connection with the issuance of such series of Additional Bonds.

"Tax-Exempt Organization" means a Person organized under the laws of the United States of America or any state thereof (a) which is an organization described in Section 501(c)(3) of the Code, (b) which is exempt from federal income taxes under Section 501(a) of the Code and

(c) which is not a "private foundation" within the meaning of Section 509(a) of the Code unless there is delivered to the Authority and the Trustee an Opinion of Bond Counsel to the effect that the status of such Person as a private foundation will not adversely affect the exclusion of interest on the Series 2024 Bonds from gross income of the Owners thereof for federal income tax purposes.

"*TCS Illinois*" means The Chicago School of Professional Psychology, doing business as The Chicago School, an Illinois nonprofit public benefit corporation, and any successor thereto.

"The Bond Buyer" means the publication so entitled and published in New York, New York and any successor thereto.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of the United States of America, not in its individual capacity but solely as Trustee under the Indenture, or any successor trustee or co-trustee serving as such under the Indenture; provided, however, that the requirements of the Indenture are satisfied. All references to the "designated corporate trust office" of the Trustee shall mean the office of the Trustee located at the address set forth in the Indenture.

"Trustee's Prime Rate" means the corporate base rate or prime rate of interest announced by the Trustee from time to time, changing when and as such corporate base rate or prime rate changes. If the Trustee does not announce a corporate base rate or prime rate of interest, the "Trustee's Prime Rate" shall mean the Prime Rate as published from time to time in The Wall Street Journal.

"Tuition" means money received by the Borrower or TCS Illinois from any source on account of academic instruction or services, whether or not termed tuition and whether or not consisting of partial or total financial aid, but excluding moneys received by the Borrower or TCS Illinois for room and board.

"Unassigned Rights" means the Authority's right to receive fees and expenses payable to the Authority under the Loan Agreement and the Use Agreement, the Authority's right to be indemnified and held harmless under the Loan Agreement, the Authority's right to execute and deliver supplements and amendments to the Loan Agreement pursuant to the provisions of the Loan Agreement, the Authority's right to receive financial information under the Loan Agreement and the Authority's right to make determinations and receive notices as provided in the Loan Agreement.

"Unrelated Trade or Business" means an unrelated trade or business of the entity under consideration within the meaning of Section 513(a) of the Code, without regard to whether such activities generate unrelated business taxable income under Section 512(a) of the Code.

"Use Agreement" means the Use Agreement dated May 1, 2024, among the Borrower, TCS Illinois and the System, relating to the use of certain of the Financed Properties, as they may be supplemented or amended from time to time.

"Written Request" means, with reference to the Authority, a request in writing signed by an Authorized Officer of the Authority and, with reference to the Borrower, a request in writing signed by an Authorized Officer of the Borrower, or, in the either case, any other officer or officers designated by the Authority or the Borrower, as the case may be.

SUMMARY OF PRINCIPAL DOCUMENTS

THE INDENTURE

The following is a summary of certain provisions of the Indenture. All references to the Indenture in this Official Statement are qualified in their entirety by reference to the Indenture, copies of which are available from the Trustee.

PLEDGE AND ASSIGNMENT TO TRUSTEE

In order to secure the payment of the principal of and interest and premium, if any, on the Series 2024 Bonds to be issued under the Indenture according to their tenor, purport and effect, and in order to secure the performance and observance of all the covenants and conditions in the Indenture and in the the Series 2024 Bonds, and in order to declare the terms and conditions upon which the Series 2024 Bonds are issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Owners thereof, and for and in consideration of the mutual covenants contained in the Indenture, of the acceptance by the Trustee of the trust created in the Indenture, and of the purchase and acceptance of the Series 2024 Bonds by the Owners thereof, the Authority will execute and deliver the Indenture, and will convey, assign, pledge and grant a security interest in and unto the Trustee, its successor or successors and its or their assigns forever, with power of sale, all and singular, the property, real and personally, and will grant to the Trustee a security interest in the following (collectively, the "Trust Estate"):

(a) The Series 2024 Note, which will be endorsed by the Authority to the order of the Trustee, and any Additional Notes pledged and assigned for the payment of the Series 2024 Bonds, and all sums payable in respect of the indebtedness evidenced thereby;

(b) All right, title and interest of the Authority (a) in, to and under the Loan Agreement (except its Unassigned Rights), and all extensions and renewals of the term thereof, if any; (b) in and to the amounts payable to the Authority under the Loan Agreement (excluding Unassigned Rights); and (c) to do any and all other things which the Authority is or may become entitled to do under the Loan Agreement; provided, however, that the assignment made pursuant to this clause will not impair or diminish any obligations of the Authority under the Loan Agreement or alter the rights, duties and obligations of the Trustee under the remaining terms of the Indenture;

(c) All right, title and interest of the Authority in, to and under the Use Agreement(except its Unassigned Rights), and all extensions and renewals of the term thereof, if any;

(d) All right, title and interest of the Authority in and to all moneys and securities from time to time held by the Trustee under the terms of the Indenture and all other property, if any, pledged to the Trustee as security under the Indenture; and

(e) Any and all property, rights and interests of every kind or description which, from time to time hereafter, may be sold, transferred, conveyed, assigned, pledged, mortgaged or delivered to the Trustee as additional security under the Indenture; the Trustee is authorized under the Indenture to receive all such property at any time and to hold and apply it subject to the terms of the Indenture.

There is, however, expressly excepted and excluded from the lien of the Indenture amounts held by the Trustee in the Rebate Fund.

THE BONDS ARE LIMITED OBLIGATIONS

The Series 2024 Bonds, together with all principal and interest thereon and premium, if any, with respect thereto, are special limited obligations of the Authority secured by the Loan Agreement and the Series 2024 Note and shall always be payable solely from the revenues and income derived from the Loan Agreement and the Series 2024 Note (except to the extent paid out of moneys attributable to proceeds of the Series 2024 Bonds, the income from the temporary investment thereof, or payments made pursuant to or derived from a mortgage or assignment of leases and rents or credit enhancement device), are and shall always be a valid claim of the respective Owners thereof only against the revenues and income derived from the Loan Agreement and the Series 2024 Note, which revenues and income shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Series 2024 Bonds, except as may be otherwise expressly authorized in the Indenture, the Bond Resolution and the Loan Agreement. The State shall not in any event be liable for the payment of the principal of, premium, if any, or interest on any of the Bonds or for the performance of any pledge, mortgage, obligation or agreement undertaken by the Authority.

The Series 2024 Bonds are issued pursuant to the Act and the Bond Resolution, and the Series 2024 Bonds and the obligation to pay principal and interest thereon and any premium with respect thereto do not now and shall never constitute an indebtedness or an obligation of the State or any political subdivision thereof, within the purview of any constitutional or statutory limitation or provision, or a charge against the general credit or taxing powers, if any, of any of them, but shall be secured as aforesaid, and shall be payable solely from the revenues and income derived from the Loan Agreement and the Series 2024 Note. No owner of the Series 2024 Bonds shall have the right to compel the exercise of the taxing power, if any, of the Authority, the State or any political subdivision thereof to pay any principal installment of, redemption premium, if any, or interest on the Series 2024 Bonds. The Authority does not have the power to levy taxes for any purpose whatsoever.

No recourse shall be had for the payment of the principal of, premium, if any, and interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Indenture, the Loan Agreement, the Series 2024 Note or the Bond Purchase Agreement against any past, present or future member, officer, agent or employee of the Authority, or any incorporator, member, officer, employee, director or trustee of any successor corporation, as such, either directly or through the Authority or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporation, member, officer, employee, director, agent or trustee as such is expressly waived by the Indenture and released as a condition of and consideration for the execution of the Indenture and the Loan Agreement and the issuance of the Series 2024 Bonds.

PAYMENT OF PRINCIPAL AND INTEREST

The Authority covenants under the Indenture that it will promptly pay the principal of, premium, if any, and interest on every Bond issued under the Indenture at the place, on the dates and in the manner provided in the Indenture and in said Bonds according to the true intent and meaning thereof. The principal, interest, and premium, if any, on the Series 2024 Bonds are payable solely from the payments to be made on the Series 2024 Note, from amounts payable under the Loan Agreement and from certain funds and accounts pledged to the Trustee under the Indenture, and nothing in the Series 2024 Bonds or in the Indenture should be considered as pledging any other funds or assets of the Authority. The State of Illinois shall not in any event be liable for the payment of the principal of, premium, if any, or interest on any of the Series 2024 Bonds or for the performance of any pledge, mortgage, obligation or agreement undertaken by the Authority. The Series 2024 Bonds do not represent or constitute a debt of the Authority or of the State of Illinois within the meaning of the provisions of the Constitution or statutes of the State of Illinois or a pledge of the faith and credit of the Authority or of the State of Illinois or grant to the Owners thereof any right to have the Authority or the General Assembly of the State of Illinois levy any taxes or appropriate any funds for the payment of the principal thereof or interest thereon. The Authority has no taxing power.

PERFORMANCE OF COVENANTS; AUTHORIZATION

The Authority covenants under the Indenture that it will faithfully perform on its part at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and in all of its proceedings pertaining thereto; provided, however, that except for the matters set forth in any documents relating to payment of the Series 2024 Bonds, the Authority shall not be obligated to take any action or execute any instrument pursuant to any provision of the Indenture until it shall have been requested to do so by the Borrower or by the Trustee, or shall have received the instrument to be executed and at the option of the Authority shall have received from the party requesting such action or execution assurance satisfactory to the Authority that the Authority shall be reimbursed for its reasonable expenses, including legal counsel fees, incurred or to be incurred in connection with taking such action or executing such instrument. The Authority covenants under the Indenture that it is duly authorized under the Constitution and laws of the State, including particularly the Act and the Bond Resolution, to issue the Series 2024 Bonds authorized under the Indenture and to execute the Indenture, to grant the security interest provided for in the Indenture and to pledge and assign the Series 2024 Note and assign the Loan Agreement and the Use Agreement in the manner and to the extent set forth, that all action on its part for the issuance of the Series 2024 Bonds and the execution and delivery of the Indenture has been duly and effectively taken or, if Additional Bonds are issued pursuant to the Indenture, will be duly taken as provided therein, and that the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the Authority according to the import thereof.

COST OF ISSUANCE FUND

The Trustee shall establish and maintain a separate Fund to be known as the "Cost of Issuance Fund—The Chicago School, Series 2024 Bond Issue" (the "Cost of Issuance Fund") to the credit of which a deposit is to be made as required by the Indenture. Moneys on deposit in the Cost of Issuance Fund shall be applied to pay the fees, costs and expenses of issuing the Series 2024 Bonds, all as permitted by the Act, including, without limitation, all printing expenses in connection with the Indenture, the Loan Agreement, the Series 2024 Note, the Series 2024 Bonds, the Preliminary Official Statement and the Official Statement pertaining to the Series 2024 Bonds; Rating Agency fees; legal fees; the administrative charge of the Authority; fees of the Authority's financial advisor; the initial fees and expenses of the Trustee and any Paying Agent; and all other fees and expenses of the Trustee and any Paying Agent; and all other fees and expenses incurred in connection with the issuance of the Series 2024 Bonds. The costs described above shall be payable upon submission of a Written Request from the Borrower in substantially the form attached to the Indenture as *Exhibit C*, stating that the amount indicated thereon is justly due and owing, has not been the subject of another Written Request which has been paid, and is a proper cost of issuing the Series 2024 Bonds. Any moneys remaining on deposit in the Cost of Issuance Fund on the earlier of the date on which all costs of issuance of the Series 2024 Bonds have been paid and one year after the date of issuance of the Series 2024 Bonds, shall be transferred to the Project Fund prior to the delivery of the Completion Certificate and, after the delivery of such Completion Certificate, to the Interest Fund and applied as provided in the Indenture, and the Cost of Issuance Fund shall then be closed.

PROJECT FUND

The Authority will establish and maintain with the Trustee a trust fund in the name of the Authority to be designated the "Project Fund — The Chicago School, Series 2024 Bond Issue" (the "Project Fund"). Proceeds received by the Authority upon the sale of the Series 2024 Bonds shall be deposited in the Project Fund. Any moneys received by the Trustee from any source for the Project shall be deposited in the Project Fund. The moneys in the Project Fund shall be held in trust by the Trustee, shall be applied to the payment of the costs of the Project (including capitalized interest, if any), except to the extent required to be transferred to the Rebate Fund in accordance with the Tax Agreement. The Trustee may, in its discretion, establish additional accounts within the Project Fund, and subaccounts within any of such accounts, as the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from the Project Fund and its accounts, or, at the direction of the Borrower, for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of the Indenture with respect to the deposit or use of money in the Project Fund, or result in commingling of funds not permitted thereunder. In establishing such additional accounts or subaccounts, the Trustee may at any time request, receive and rely with full acquittance upon an Opinion of Bond Counsel, addressed to the Trustee, that the establishment of such accounts or subaccounts will not adversely affect any exclusion of interest on the Series 2024 Bonds from gross income of the Owners thereof for federal income tax purposes.

Moneys deposited into the Project Fund shall be held in the Project Fund and disbursed as provided in the Indenture (except for withdrawals made in accordance with the Tax Agreement) upon receipt by the Trustee of the Written Request of the Borrower setting forth certain representations with respect to the amounts to be so paid or reimbursed. The Borrower shall cause to be submitted to the Trustee, within 90 days after the Borrower makes its final drawing of moneys from the Project Fund to pay costs of the Financed Properties, a Completion Certificate signed by an Authorized Officer of the Borrower. On the date on which the Trustee receives the Completion Certificate with respect to the Financed Properties and the Trustee has paid all Written Requests theretofore tendered by the Borrower to the Trustee under the Indenture with respect to such Financed Properties, any balance of moneys in the Project Fund for such Financed Properties shall, at the option of the Borrower, be (a) applied to pay the costs of other "projects" (as such term is defined in the Act) of the Borrower, provided that the Borrower and the Trustee shall have received an Opinion of Bond Counsel to the effect that such application will not adversely affect the validity or enforceability of the Series 2024 Bonds in accordance with their terms or any exclusion of interest on the Series 2024 Bonds from gross income of the Owners thereof for federal income tax purposes, (b) withdrawn by the Trustee from the Project Fund and deposited into the Bond Sinking Fund on behalf of and for the benefit of the Borrower and/or (c) applied in any other lawful manner, provided that there shall be delivered to the Trustee and the Authority an Opinion of Bond Counsel to the effect that such application will not adversely affect the validity of the Series 2024 Bonds or any exclusion of interest on the Series 2024 Bonds from gross income of the Owners thereof for federal income tax purposes, and the Project Fund shall then be closed. If the Borrower determines not to complete any part of the Financed Properties for which moneys on deposit in the Project Fund for such Financed Properties (including investment earnings thereon) are available, or if the Borrower elects to fund any component of such Financed Properties from other sources, such moneys (including investment earnings thereon) must be used (a) to pay costs of the remaining components of such Financed Properties, provided that the Borrower certifies to the Authority and the Trustee that such use will not violate the covenants in the Tax Agreement or the Project Certificate, (b) to pay the costs of other projects qualifying under the Act, provided that the Borrower complies with the provisions set forth in the Loan Agreement, (c) to prepay principal on the Series 2024 Note and to pay principal on the Series 2024 Bonds upon maturity or redemption prior to maturity in accordance with the payment and redemption provisions of the Loan Agreement and the Indenture and subject to compliance with the Tax Agreement and the Project Certificate or (d) in any other lawful manner, provided that there shall be delivered to the Trustee and the Authority an Opinion of Bond Counsel to the effect that such application will not adversely affect the validity or enforceability of the Series 2024 Bonds in accordance with their terms or any exclusion of interest on the Series 2024 Bonds from gross income of the Owners thereof for federal income tax purposes.

DISPOSITION OF REVENUES

The following special funds and accounts are created by the Indenture:

Interest Fund. The Trustee will establish and maintain so long as any of the Series 2024 Bonds are Outstanding a separate Fund to be known as the "Interest Fund— Interest Fund—The Chicago School, Series 2024 Bond Issue" (the "Interest Fund"). Within the Interest Fund there are created by the Authority and ordered established with the Trustee one trust account to be designated the "General Interest Account". All payments of interest on the Series 2024 Note (other than prepayments), as and when received by the Trustee, shall be deposited in the General Interest Account. In addition, there may be deposited into the General Interest Account (a) investment earnings on moneys held in the Funds established under the Indenture, pursuant to the provisions of the Indenture and (b) all other moneys when received by the Trustee which are required to be deposited into the General Interest Account or which are accompanied by directions that such moneys are to be paid into the General Interest Account, as summarized under the caption "THE INDENTURE —Investment of Funds" in this APPENDIX C and moneys transferred from the Cost of Issuance Fund pursuant to provisions of the Indenture summarized under the caption "THE INDENTURE —Cost of Issuance Fund" in this APPENDIX C.

Moneys on deposit in the General Interest Account shall be used by the Trustee to pay interest on the Series 2024 Bonds as it becomes due. On or before the first day of each April 1 and October 1 (or, if such day is not a Business Day, then on or before the first Business Day thereafter), beginning on October 1, 2024, the Trustee shall deposit in the General Interest Account from payments of interest on the Series 2024 Note received by the Trustee an amount equal to the difference between (a) the amount of interest then payable on the Series 2024 Bonds and (b) the amount of moneys, if any, then on deposit in the General Interest Account which has not been allocated to the payment of interest on the Series 2024 Bonds previously due and payable. No such deposit need be made, however, if on any such day there are moneys on deposit in the Interest Fund sufficient to pay the interest then due on the Series 2024 Bonds.

Bond Sinking Fund. The Trustee shall establish and maintain so long as any of the Series 2024 Bonds are Outstanding a separate Fund to be known as the "Bond Sinking Fund—The Chicago School, Series 2024 Bond Issue" (the "Bond Sinking Fund"). All payments of principal on the Series 2024 Note (other than prepayments) shall be deposited as and when received by the Trustee in the Bond Sinking Fund and shall be applied by the Trustee to pay principal of the Series 2024 Bonds as such principal becomes due, whether at maturity or by mandatory sinking fund redemption, in accordance with the provisions of the Indenture. In addition, there may be deposited into the Bond Sinking Fund investment earnings on moneys held in the Funds established under the Indenture, as described under the caption "THE INDENTURE —Investment of Funds" in this APPENDIX C.

Optional Redemption Fund. The Trustee shall establish and maintain so long as any of the Series 2024 Bonds are Outstanding a separate Fund to be known as the "Optional Redemption Fund—The Chicago School, Series 2024 Bond Issue" (the "Optional Redemption Fund"). In the event that (a) the Authority deposits moneys with the Trustee from governmental sources referred to in the Indenture for the purpose of redeeming all or a portion of the Series 2024 Bonds

Outstanding, or (b) funds from any source are deposited by the Borrower with the Trustee pursuant to the Loan Agreement for the purpose of redeeming Series 2024 Bonds, all such moneys shall be deposited into the Optional Redemption Fund. Funds on deposit in the Optional Redemption Fund shall be used, first, to make up any deficiencies existing in the Interest Fund and the Bond Sinking Fund (in the order listed) and, secondly, to purchase or redeem Series 2024 Bonds in accordance with the Indenture.

ADDITIONAL ACCOUNTS AND SUBACCOUNTS

The Trustee may, in its discretion, establish such additional accounts within the Interest Fund, the Bond Sinking Fund, the Project Fund, the Bond Deposit Fund, the Cost of Issuance Fund and the Optional Redemption Fund, and subaccounts within any of such accounts, as the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from such Funds and their respective accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount will not alter or modify any of the requirements of the Indenture with respect to the deposit or use of moneys in such Funds, or result in commingling of funds not permitted thereunder. In establishing such accounts or subaccounts, the Trustee may at any time request, receive and rely with full acquittance upon an Opinion of Bond Counsel, addressed to the Trustee, to the effect that the establishment of such accounts or subaccounts will not adversely affect any exclusion of interest on the Series 2024 Bonds from gross income of the Owners thereof for federal income tax purposes.

INVESTMENT OF FUNDS

Subject to the restrictions set forth in the Indenture and in the Tax Agreement, moneys in the Project Fund, the Interest Fund, the Bond Sinking Fund, the Cost of Issuance Fund, the Bond Deposit Fund and the Optional Redemption Fund shall be invested by the Trustee at the direction of the Borrower (which direction may be given orally by the Borrower and promptly confirmed in writing) only in Qualified Investments, to the extent and in the manner provided for in the Loan Agreement. If the Borrower fails to provide such direction to the Trustee, the Trustee shall, invest such money pursuant to an automatic sweep investment as more fully described in the Indenture, unless or until another particular money market fund is specified by the Borrower. The Trustee may conclusively rely upon the Borrower's investment directions as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification to the Trustee that such directed investments constitute Qualified Investment satisfying the requirements hereof and of the Tax Agreement. Such Qualified Investments shall mature or be redeemable or marketable on or before the date or dates that moneys therefrom are anticipated to be required. The Trustee is authorized to trade with itself, or with any bank affiliated with it, in the purchase and sale of securities for such investments, and may invest moneys in its own certificates of deposit or time deposits so long as the same constitute Qualified Investments. Notwithstanding anything in the Indenture to the contrary, in no case shall any investment be otherwise than in accordance with the investment limitations contained in the Indenture and in the Tax Agreement. The Trustee shall not be liable or responsible for any loss resulting from any such investment so long as such investment was made in accordance with the provisions of the Indenture. All income derived from the investment of moneys on deposit in the Bond Sinking

Fund, the Interest Fund, the Cost of Issuance Fund, the Bond Deposit Fund, the Project Fund and the Optional Redemption Fund shall, subject to the provisions of the Indenture, be deposited into the Project Fund prior to the delivery of the Completion Certificate and applied to pay costs of the Project in accordance with the Indenture and, after the delivery of the Completion Certificate, into the Bond Sinking Fund or the Interest Fund, at the option of the Borrower. Under the Loan Agreement, the Authority and the Borrower acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Authority and the Borrower specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority and the Borrower monthly cash transaction statements which include detail for all investment transactions, including brokerage transactions, made by the Trustee under the Indenture. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. The Authority and the Borrower may receive brokerage confirmations at no additional cost at their written request.

Moneys in any Fund may be invested only in accordance with the provisions summarized under this caption and the Tax Agreement. Notwithstanding anything to the contrary herein or in Tax Agreement, the Trustee shall have no responsibility with respect to compliance by the Borrower with Section 148 of the Code or any covenant in this Indenture or in the Tax Agreement regarding yields on investments.

MONEYS HELD IN TRUST

All moneys required to be deposited with or paid to the Trustee for the account of any Fund or account under any provisions of the Indenture shall be held by the Trustee in trust, under the terms of the Indenture and shall not be subject to lien or attachment of any creditor of the Authority or the Borrower.

ARBITRAGE AND TAX COVENANTS

Subject to the limitations on its liability as stated in the Indenture and to the extent permitted by law, the Authority covenants under the Indenture and agrees that it has not knowingly engaged and will not knowingly engage in any activities, and that it has not knowingly taken and will not knowingly take any action, which might result in any interest on the Series 2024 Bonds becoming includable in the gross income of the owners thereof for purposes of federal income taxation. The Trustee covenants in the Indenture that it will not knowingly take any action, knowingly permit any action to be taken by it or knowlingly fail to take any action it is expressly required to take with respect to investments of any amounts held by the Trustee relating to the Series 2024 Bonds, to the extent the Trustee has investment discretion under the Indenture as summarized under the caption "The Indenture —Investment of Funds" in this Appendix C, that may result in any Bond being treated as an "arbitrage bond" within the meaning of such term as used in Section 148 of the Code.

ISSUANCE AND DELIVERY OF ADDITIONAL BONDS

At the request of the Borrower, the Authority may issue Additional Bonds from time to time for any purpose permitted by the Act. The proceeds of any such Additional Bonds shall be lent to the Borrower as evidenced by one or more Additional Notes of the Borrower issued to the Authority. Each series of Additional Bonds issued under the Indenture shall be equal in aggregate principal amount to the principal amount of the Additional Note or Notes evidencing the loan of the proceeds thereof to the Borrower.

Before the Trustee authenticates and delivers any Additional Bonds, the Trustee must receive the following items:

(a) Original executed counterparts of any amendments or supplements to the Loan Agreement and the Indenture entered into in connection with the issuance of the Additional Bonds, which are necessary or advisable, in the Opinion of Bond Counsel, to provide that the Additional Bonds will be issued in compliance with the Indenture and that the Additional Notes will be issued in compliance with the Loan Agreement;

(b) A certified copy of all resolutions adopted and proceedings had by the Borrower authorizing execution and delivery of the Additional Notes and any amendments to the Loan Agreement referred to in paragraph (a) above, and further approving any amendment to the Indenture referred to in paragraph (a) above and the issuance and sale of the Additional Bonds;

(c) One or more Additional Notes to evidence the loan of the proceeds of the Additional Bonds to the Borrower and the obligation of the Borrower to make such additional payments;

(d) A certified copy of all resolutions adopted and proceedings had by the Authority authorizing execution and delivery of any amendments to the Indenture and the Loan Agreement referred to in paragraph (a) above, and the issuance of the Additional Bonds;

(e) A request and authorization to the Trustee on behalf of the Authority, signed by an Authorized Officer of the Authority, to authenticate and deliver the Additional Bonds to, or on the order of, the purchaser thereof upon payment to the Trustee of the amount specified therein (including without limitation, any accrued interest), which amount shall be deposited as provided in the applicable Bond Resolution or supplemental indenture;

(f) An Opinion of Bond Counsel to the effect that: (i) the documents submitted to the Trustee in connection with the request then being made comply with the requirements of the Indenture; (ii) the issuance of the Additional Bonds has been duly authorized; and (iii) all conditions precedent to the delivery of the Additional Bonds have been fulfilled;

(g) An Opinion of Bond Counsel, to the effect that: (i) when executed for and in the name and on behalf of the Authority and when authenticated and delivered by the Trustee, those Additional Bonds will be valid and legal limited obligations of the Authority payable in accordance with their terms and will be secured under the Indenture equally and on a parity with all other Bonds at the time outstanding under the Indenture as to the assignment to the Trustee of the Authority's right, title and interest in the Trust Estate to provide for payment of principal of, premium, if any, and interest on the Bonds, except to the extent otherwise provided in any amendments to the Indenture or the Loan Agreement referred to in paragraph (a) above and applicable to such Additional Bonds; and (ii) the issuance of the Additional Bonds will not result in the interest on the Bonds outstanding immediately before the issuance of such Additional Bonds whose interest is exempt from federal income taxation in becoming included in gross income for federal income tax purposes;

(h) A written opinion of Counsel to the Borrower, to the effect that the amendments or supplements to the Loan Agreement, if any, and the issuance of the Additional Note or Notes have been duly authorized, executed and delivered by the Borrower, and such amendments or supplements to the Loan Agreement and the Additional Note or Notes constitute the legal, valid and binding obligations of the Borrower, enforceable in accordance with their terms, subject to exceptions for bankruptcy, insolvency and similar laws and the application of equitable principles;

(i) A certificate of the Borrower stating that the Borrower has complied with the provisions summarized under the caption "THE LOAN AGREEMENT – Issuance of Additional Notes"; and

(j) such further documents, certificates and opinions as may be reasonably required by the Authority or Bond Counsel, including without limitation the execution and delivery by the Borrower of any necessary tax documentation, the satisfaction of such requirements to be conclusively evidenced by the delivery of such Additional Bonds by the Authority.

When (a) the documents listed above have been received by the Trustee, and (b) the Additional Bonds have been executed and authenticated, the Trustee shall deliver the Additional Bonds to or on the order of the purchaser thereof, but only on payment to the Trustee of the specified amount (including without limitation, any accrued interest) set forth in the request and authorization to which reference is made in paragraph (e) above.

EVENTS OF DEFAULT AND REMEDIES

Each of the following events is defined as, and declared to constitute, an "event of default," under the Indenture:

(a) payment of any installment of interest on any of the Series 2024 Bonds shall not be made when the same shall become due and payable; or

(b) payment of the principal of any of the Series 2024 Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or through failure to fulfill any payment to any Fund under the Indenture or otherwise; or

(c) the Authority shall for any reason be rendered incapable of fulfilling its obligations under the Indenture in such manner as may be material to the Bondholders; or

(d) an order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver or custodian for any of the revenues of the Authority, or approving a petition filed against the Authority seeking reorganization of the Authority under the Federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the Authority shall not be vacated or discharged or stayed on appeal within thirty (30) days after the entry thereof; or

(e) any proceeding shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the revenues and other moneys derived by the Authority from the Series 2024 Note or the Loan Agreement; or

(f) the Authority makes an assignment for the benefit of its creditors, or consents to the appointment of a receiver, custodian or trustee for itself or for the whole or any part of the revenues and other moneys derived by the Authority from the Series 2024 Note or the Loan Agreement; or

(g) (i) the Authority is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the Authority, a receiver, custodian or trustee of the Authority or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within thirty (30) days from the date of entry thereof; or

(h) the Authority shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(i) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property, and such custody or control shall not be terminated within thirty (30) days from the date of assumption of such custody or control; or

(j) any event of default under the Loan Agreement shall occur and be continuing; or

(k) the Authority shall default in any material respect in the due and punctual performance of any of its other covenants, conditions, agreements and provisions contained in the Series 2024 Bonds or in the Indenture or any agreement supplemental thereof on the part of the Authority to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority and the Borrower by the Trustee or the Owners of not less than 25% in aggregate principal amount of all Bonds then outstanding; provided, that, if such default cannot with due diligence and dispatch be wholly cured within 30 days but can be wholly cured, the failure of the Authority to remedy such default within such 30-day period shall not constitute an event of default under the Indenture if the Authority shall use commercially reasonable efforts after receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch so that such default is cured within 60 days after the original written notice thereof; or

(l) the Authority or the Trustee fails to perform any of its obligations contained in the Tax Agreement, the effect of which is to cause a Determination of Taxability.

Upon the occurrence and continuance of any event of default specified above the Trustee may, without any action on the part of the Bondholders, and shall upon the written request of the Owners of not less than a majority in principal amount of the Series 2024 Bonds then Outstanding under the Indenture, exclusive of Bonds then owned by the Authority or the Borrower, by notice in writing delivered to the Authority, declare the entire principal amount of the Series 2024 Bonds then Outstanding under the Indenture and the interest accrued thereon, immediately due and payable, and the said entire principal and interest shall thereupon become and be immediately due and payable, subject, however, to the provisions of the Indenture summarized under the caption "THE INDENTURE – Waivers of Events of Default" in this APPENDIX C with respect to waivers of events of defaults.

Upon the occurrence of an event of default under the Indenture the Trustee may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Series 2024 Bonds then Outstanding or to enforce any obligations of the Authority under the Indenture.

If an event of default shall have occurred, and if requested to do so by the Owners of a majority in aggregate principal amount of Bonds then Outstanding and indemnified as provided in the Indenture, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred pursuant to the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the

Bondholders thereunder or now or hereafter existing at law or in equity or by statute. If the Trustee or the Bondholders elect, as the case may be, to act upon any remedy conferred under the Indenture and subsequently discontinue or abandon such remedial action, the Trustee or the Bondholders, as the case may be, shall be restored to their previous positions.

No delay or omission to exercise any right or power accruing upon any event of default shall impair any such right or power or shall be construed to be a waiver of any event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any event of default under the Indenture, whether by the Trustee or the Bondholders, shall extend to or shall affect any subsequent event of default or shall impair any rights or remedies consequent thereon.

Waivers of Events of Default

The Trustee may in its discretion waive any event of default under the Indenture and its consequences and rescind any declaration of maturity of principal of and interest on the Series 2024 Bonds, and shall do so upon being indemnified to its satisfaction in the manner described in the Indenture and upon the written request of the Owners of (a) a majority in aggregate principal amount of all the Bonds then Outstanding in respect of which an event of default with respect to the payment of principal and/or premium, if any, and/or interest exists, or (b) a majority in aggregate principal amount of all Bonds then Outstanding in the case of any other event of default; provided, however, that there shall not be waived (i) any event of default in the payment of the principal of any Outstanding Bonds at the date of maturity specified therein or (ii) any event of default in the payment when due of the interest on any such Bond unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Series 2024 Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal and premium, if any, when due, as the case may be, and all expenses of the Trustee, in connection with such event of default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other event of default, or impair any right consequent thereon.

Right of Bondholders to Direct Proceedings

The Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings thereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture, and that the Trustee shall be entitled to indemnification as provide in the Indenture before being required to follow any such direction.

Rights and Remedies of Bondholders

No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, unless (a) an event of default has occurred of which the Trustee has been notified or of which it is deemed to have notice as provided in the Indenture, (b) the Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers therein granted or to institute such action, suit or proceeding in its own name, and have offered to the Trustee indemnity as provided in the Indenture and (c) the Trustee shall thereafter fail or refuse to exercise the powers therein granted, or to institute such action, suit or proceeding in its, his, her or their own name or names. Such notification, request and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy thereunder; it being understood and intended that no one or more Owners of the Series 2024 Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its, his, her or their action or to enforce any right under the Indenture except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing in the Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the covenants of the Authority to pay the principal of and interest on each of the Series 2024 Bonds to the respective Owners thereof at the time, place, from the source and in the manner expressed in the Series 2024 Bonds.

Supplemental Indentures

The Authority and the Trustee may, without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to the Indenture, as shall not be inconsistent with the terms and provisions thereof, for any one or more of the following purposes:

(a) To cure any ambiguity, formal defect or omission in the Indenture;

(b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;

(c) To subject to the Indenture additional revenues, properties or collateral;

(d) To modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit continued compliance with the arbitrage requirements of the Code, including, without limitation, continued compliance with the Tax Agreement;

(e) To modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect or to permit the qualification of the Series 2024 Bonds for sale under the securities laws of any state of the United States of America;

(f) To modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the issuance of coupon Bonds thereunder and to permit the exchange of Bonds from fully registered form to coupon form and vice versa;

(g) To provide for certificated Bonds;

(h) To provide for changes in the components of the Project, to the extent permitted by the Indenture and the Loan Agreement;

(i) To conform provisions of the Indenture to provide for Additional Bonds to the extent permitted by the Indenture;

(j) To provide for the refunding, advance refunding or provision for payment of all or a portion of one or more series of the Series 2024 Bonds; and

(k) To provide for any other change to the Indenture which is not prejudicial to the interests of the Bondholders or of the Trustee.

The Authority and the Trustee may not enter into an indenture or indentures supplemental to the Indenture pursuant to, or for the purposes described in, paragraph (f) above unless they shall have received an Opinion of Bond Counsel to the effect that the issuance of coupon Bonds will not adversely affect the validity of such Bonds or the exclusion from federal gross income of the Owners of the interest paid on the Series 2024 Bonds to the extent otherwise afforded under Section 103(a) of the Code.

Exclusive of supplemental indentures described above and subject to the terms and provisions contained in the Indenture, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to (i) consent to and approve the execution by the Authority and the Trustee of such other indenture or indentures supplemental thereto as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular manner, any of the terms or provisions contained in the Indenture or in any supplemental indenture, or (ii) waive or consent to the taking by the Authority of any action prohibited, or the omission by the Authority of the taking of any action required, by any of the provisions of the Indenture or of any indenture supplemental thereto; provided, however, that nothing under this subcaption will permit or be construed as permitting:

(a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the payment or redemption of any Bond, without the consent of the Owner of such Bond; or

(b) a reduction in the amount of, or extension of the time of, any payment required by any sinking fund applicable to any Bonds without the consent of the Owners of all the Series 2024 Bonds which would be affected by the action to be taken; or

(c) the creation of any lien prior to the lien of the Indenture with respect to any particular series of Bonds (or on a parity with such liens, other than with respect to Additional Bonds), without the consent of the Owners of all the Series 2024 Bonds at the time Outstanding; or

(d) a reduction in the aforesaid aggregate principal amount of Bonds, the Owners of which are required to consent to any such waiver or supplemental indenture, without the consent of the Owners of all the Bonds at the time Outstanding which would be affected by the action to be taken; or

(e) a modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee; or

(f) the loss of the exclusion from federal gross income of the Owners of the interest paid on the Bonds held by a non-consenting Bondholder to the extent otherwise afforded under Section 103(a) of the Code.

Anything under the Indenture to the contrary notwithstanding, a waiver, consent or supplemental indenture described in the Indenture which affects any rights of the Borrower or TCS Illinois shall not become effective unless and until the Borrower shall have consented in writing to such waiver or consent or to the execution and delivery of such supplemental indenture. In that regard, the Trustee shall cause notice of such proposed waiver or consent or of the proposed execution and delivery of any such supplemental indenture, together with a copy of such proposed supplemental indenture, if any, to be mailed by first class mail, postage prepaid, to the Borrower at least fifteen days prior to the proposed date of such waiver or consent or of execution and delivery of any such supplemental indenture.

AMENDMENTS TO THE LOAN AGREEMENT

Subject to the terms and provisions of the Indenture, the Authority and the Borrower may, amend or modify the Loan Agreement, or any provision thereof, or may consent to the amendment or modification thereof, in any manner not inconsistent with the terms and provisions of the Indenture, for any one or more of the following purposes (a) to cure any ambiguity or formal defect in the Loan Agreement; (b) to grant or to confer upon the Authority or Trustee, for the benefit of the Owners of the Series 2024 Bonds, any additional rights, remedies, powers or authorities that lawfully may be granted to or conferred upon the Authority or the Trustee, (c) to amend or modify the Loan Agreement, or any part thereof, in any manner specifically required or permitted by the terms thereof, including without limitation, as may be necessary to maintain the exclusion from gross income for purposes of federal income taxation of the interest on the Series 2024 Bonds; (d) to provide that the Series 2024 Bonds may be secured by a credit facility or other additional security not otherwise provided for in the Indenture or the Loan Agreement; (e) to modify, amend or supplement the Loan Agreement, or any part thereof, or any supplement thereto, in such manner as the Trustee and the Borrower deem necessary in order to comply with any statute, regulation, judicial decision or other law relating to secondary market disclosure requirements with respect to tax-exempt obligations of the type that includes the Series 2024 Bonds, (f) to provide for the appointment of a successor securities depository, (g) to provide for the availability of certificated Bonds, (h) to provide for changes in the components of the Project, to the extent permitted by the Indenture and the Loan Agreement, (i) for the purpose of complying with the arbitrage requirements of the Code and/or with the provisions of the Tax Agreement or any similar agreement entered into in connection with the issuance of any series of Additional Bonds, (j) in connection with the issuance of Additional Bonds as provided in the Indenture, including any amendment of the Loan Agreement relating to Additional Notes to be pledged under the Indenture, (k) to provide for the refunding, the advance refunding or the provision for payment of all or a portion of one or more series of the Bonds, and (l) to make any other change which does not have a material adverse effect upon the interests of the Bondholders. The Trustee may, but shall not be obligated to, rely upon an opinion of counsel that such change does not have a material adverse effect upon the interest of the Bondholders. In addition, subject to the terms and provisions contained in the Indenture, the Trustee may grant such waivers of compliance by the Borrower with the provisions of the Loan Agreement as to which the Trustee may deem necessary or desirable to effectuate the purposes of the intent of the Loan Agreement and which do not have a material adverse effect upon the interests of the Bondholders, provided that the Trustee shall file with the Authority any and all such waivers granted by the Trustee within three (3) Business Days thereof.

Except for the amendments, changes or modifications as described above, neither the Authority nor the Trustee shall consent to any amendment, change or modification of the Loan Agreement, nor waive compliance by the Borrower with any provision of the Loan Agreement, without the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Series 2024 Bonds at the time Outstanding given and procured as in the Indenture. Under no circumstances shall any amendment to the Loan Agreement alter the payments of principal and premium, if any, and interest on any Note, without the consent of all of the Owners of the related series of Bonds at the time Outstanding. In connection with an amendment to the Loan Agreement consented to pursuant to the Indenture, the Trustee may request that the Borrower deliver to it an opinion of counsel, or may rely on other evidence satisfactory to it, to the effect that such amendment is enforceable against the Borrower and is authorized and permitted pursuant to the terms of the Indenture.

SATISFACTION AND DISCHARGE OF THE INDENTURE

(a) All rights and obligations of the Trustee, the Authority and the Borrower under the Loan Agreement, the Series 2024 Note and the Indenture shall terminate and such instruments shall cease to be of further effect, and the Trustee shall cancel the Series 2024 Note and deliver them to the Borrower, shall execute and deliver all appropriate instruments evidencing and acknowledging the satisfaction of the Indenture, and shall assign and deliver to the Borrower any moneys and investments in all Funds established under the Indenture (except moneys or investments held by the Trustee in the Rebate Fund or for the payment of principal of, interest on, or premium, if any, on the Series 2024 Bonds) when:

(i) all fees and expenses of the Trustee and any Paying Agent shall have been paid, or payment thereof shall be provided for, to the satisfaction of the Trustee or such Paying Agent, respectively;

(ii) the Authority and the Borrower shall have performed all of their covenants and promises in the Loan Agreement, the Series 2024 Note and the Indenture; and

(iii) all Bonds theretofore authenticated and delivered (A) have become due and payable, or (B) are to be called for redemption under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee at the expense of the Borrower, or (C) have been delivered to the Trustee cancelled or for cancellation; and, in the case of (A) and (B) above, there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or non-callable Government Obligations, if then permitted under the Act, the principal of and the interest on which, or the principal of which, when due, will provide moneys which shall be sufficient to pay when due the principal or redemption price, if applicable, and interest due and to become due on the Series 2024 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, provided that no such deposit shall be made if in the Opinion of Bond Counsel the interest on the Series 2024 Bonds would become subject to inclusion in the federal gross income of the Owners as a result thereof.

(b) Any series of the Bonds or any portion thereof (but only in Authorized Denominations) may be deemed paid and no longer secured by the Indenture if there is deposited with the Trustee either moneys in an amount which shall be sufficient, or non-callable Government Obligations, if then permitted by the Act, the principal of and the interest on which, when due, or the principal of which, when due, will provide moneys which will be sufficient, to pay when due the principal or redemption price, if applicable, and interest due and to become due on such portion of the Series 2024 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, provided that no such deposit shall be made if in the Opinion of Bond Counsel the interest on the Series 2024 Bonds would become subject to inclusion in the federal gross income of the Owners thereof as a result thereof.

(c) Any series of the Bonds or portions thereof the payment of which has been provided for in accordance with paragraph (a) or (b) above shall no longer be deemed Outstanding under the Indenture or secured thereby. The obligation of the Authority with respect to such Bonds shall nevertheless continue but the Owners thereof shall thereafter be entitled to payment only from the moneys or Government Obligations deposited with the Trustee to provide for the payment of such Bonds.

(d) In the event of a proposed defeasance of all or a portion of any series of the Bonds in the manner described in subparagraph (a)(iii) or (b) above, (i) the Authority shall cause to be delivered to the Authority and the Trustee a report of an independent firm of nationally recognized certified public accountants or verification experts addressed to the Authority and the Trustee and in form and substance acceptable to the Authority and the Trustee, verifying the sufficiency of the escrow established to pay such Bonds in full, (ii) the escrow agreement relating thereto shall provide that no substitution of a Government Obligation shall be permitted except with cash or one or more other Government Obligations and upon delivery of a new verification report from an independent firm of nationally recognized certified public accountants or verification experts verifying the sufficiency of the escrow to pay such Bonds in full after giving effect to such substitution, and (iii) the Authority shall cause to be delivered an Opinion of Bond Counsel addressed to the Authority and the Trustee to the effect that such Bonds are no longer Outstanding under the Indenture. In the case of a gross defeasance of all or a portion of any series of the Bonds in the manner described in subparagraph (a)(iii) or (b) above, the requirement for a verification report shall be at the option of the Trustee.

(e) None of the Bonds Outstanding under the Indenture may be defeased as aforesaid nor may the Indenture be discharged if under any circumstances the interest on such defeased Bonds is thereby made subject to inclusion in the federal gross income of the Owners. In determining the foregoing, the Trustee may rely upon an Opinion of Bond Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that the interest on the Bonds being defeased will not be subject to inclusion in the federal gross income of the Owners, notwithstanding the satisfaction and discharge of the Indenture.

THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. All references to the Loan Agreement in this Official Statement are qualified in their entirety by reference to the Loan Agreement, copies of which are available from the Trustee.

PAYMENT OF PRINCIPAL, PREMIUM AND INTEREST

The Borrower will duly and punctually pay the principal of, premium, if any, and interest on the Series 2024 Note at the dates and the places and in the manner mentioned in the Series 2024 Note and the Loan Agreement, according to the true intent and meaning in the Series 2024 Note and and the Loan Agreement. Notwithstanding any schedule of payments upon the Series 2024 Note set forth in the Loan Agreement or in the Series 2024 Note, the Borrower agrees under the Loan Agreement to make payments upon the Series 2024 Note and to be liable therefor at times and in amounts sufficient to pay when due all principal (whether at maturity, by mandatory sinking fund redemption or otherwise) of and interest and premium, if any, on all Bonds from time to time Outstanding under the Indenture.

The foregoing notwithstanding, the Borrower agrees that the moneys and securities, if any, on deposit in the Rebate Fund created under the Tax Agreement or to be deposited in the Rebate Fund are not part of the "trust estate" and are not available to make payments of principal and interest on the Series 2024 Bonds.

ASSIGNMENT OF LOAN AGREEMENT AND THE NOTES

Under the Loan Agreement, the Borrower acknowledges and consents to the pledge and assignment of the Series 2024 Note and the assignment of the Authority's rights under the Loan Agreement, other than Unassigned Rights, to the Trustee pursuant to the Indenture, and the Borrower agrees that the Trustee may enforce such rights, remedies and privileges granted to the Authority under the Loan Agreement.

MAINTENANCE OF CORPORATE EXISTENCE AND TAX STATUS

The Borrower agrees in the Loan Agreement that, except as described herein under the caption "THE LOAN AGREEMENT – Merger, Dissolution and Disposition of Assets" in this APPENDIX C, it will at all times maintain its existence as a Tax-Exempt Organization and a California nonprofit public benefit corporation, and that it will neither take nor fail to take any action nor suffer any action to be taken by others which will alter, change or destroy its status as a corporation or its status as a Tax-Exempt Organization or a not for profit corporation. The Borrower further covenants in the Loan Agreement that none of its revenues, income or profits, whether realized or unrealized, will be distributed to any of its trustees, or inure to the benefit of any private person, association or corporation, other than for the lawful corporate purposes of the Borrower; provided, however, that the Borrower may pay to any person, association or corporation the value of any service or product performed for or supplied to the Borrower by such person, association or corporation.

The Borrower further agrees in the Loan Agreement that it will take such actions as are necessary or appropriate to comply with the provisions of the Code and the regulations promulgated thereunder in order to preserve the exclusion from federal gross income of the Owners thereof of the interest paid on the Series 2024 Bonds, and will not act or fail to act in any other manner which would adversely affect such exclusion. In connection with the foregoing, reference is hereby made to the Project Certificate and the Tax Agreement. The Borrower further acknowledges in the Loan Agreement that in the event of an examination by the Internal Revenue Service of any exclusion of interest on the Series 2024 Bonds from gross income of the Owners thereof for federal income tax purposes, the Authority is likely to be treated as the "taxpayer" in such examination and agrees that it will respond, and will direct the Authority to respond, in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination. The Authority covenants in the Loan Agreement that it will cooperate with the Borrower, at the Borrower's expense and at the Borrower's direction, in connection with such examination.

The Borrower covenants to comply with the rebate provisions contained in Section 148(f) of the Code and the United States Treasury Regulations relating to the tax-exempt bond provisions of the Code.

MERGER, DISSOLUTION AND DISPOSITION OF ASSETS

The Borrower covenants that it will maintain its corporate existence and will not dissolve, liquidate or otherwise dispose of (in a single transaction or in a series of related transactions) all or substantially all of its assets and will not permit one or more other corporations to consolidate with or merge with it unless the following conditions are satisfied:

(a) no event of default exists under the Loan Agreement, under the Indenture or the Borrower Agreements and no event of default thereunder will be caused by the dissolution, liquidation, disposition, consolidation or merger;

(b) the entity surviving the dissolution, liquidation, disposition, consolidation or merger assumes (or if the surviving entity is the Borrower, affirms) in writing and without condition or qualification the obligations of the Borrower under each of the Borrower Agreements;

(c) neither the validity nor the enforceability of (i) the Series 2024 Bonds, the Indenture or the Borrower Agreements is adversely affected by the dissolution, liquidation, disposition, consolidation or merger;

(d) the exclusion of the interest on the Series 2024 Bonds which are tax-exempt from gross income for federal income tax purposes is not adversely affected by the dissolution, liquidation, disposition, consolidation or merger, and the provisions of the Act and the Indenture are complied with concerning the dissolution, liquidation, disposition, consolidation or merger;

(e) the Financed Properties continue to be as described in the Loan Agreement;

(f) any successor to the Borrower shall be qualified to do business in the State and shall continue to be qualified to do business in the State throughout the term of the Loan Agreement; and

(g) the Trustee has executed a certificate acknowledging receipt of all documents, information and materials required by the Loan Agreement.

As of the effective date of the dissolution, liquidation, disposition, consolidation or merger, the Borrower (at its cost) shall furnish to the Authority and the Trustee (i) an Opinion of Bond Counsel, in form and substance satisfactory to the Authority, as to item (d) above, (ii) an opinion of counsel (of high reputation and expertise as determined by the Authority), in form and substance satisfactory to the Authority, as to the legal, valid and binding nature of item (b) and (c) above, (iii) a certificate of the Borrower, in form and substance satisfactory to the Authority, as to items (a), (e) and (f), and (iv) a true and complete copy of the instrument of dissolution, liquidation, disposition, consolidation or merger.

Notwithstanding any other provision of the Loan Agreement, the Authority may, at the request of the Borrower, waive any of the conditions set forth above at its sole discretion.

FINANCIAL STATEMENTS

The Borrower covenants under the Loan Agreement that it will keep proper books of records and accounts in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Borrower, in accordance with generally accepted accounting principles; provided that internal interim books of records and accounts of the Borrower need not be kept in accordance with generally accepted accounting principles. In addition, the Borrower will furnish the following:

(a) to the Trustee, within 180 days after the last day of each Fiscal Year of the Borrower, commencing the Fiscal Year ending May 31, 2024, or as soon as practicable thereafter, audited financial statements prepared in accordance with generally accepted accounting principles and certified by a firm of independent certified public accountants of recognized standing, together with a separate written statement of the accountants reporting on such financial statements that such accountants have obtained no knowledge of any default by the Borrower in the fulfillment of any financial covenants of the Loan Agreement relating to accounting matters which have not been cured or, if such accountants shall have obtained knowledge of any such default or defaults and the nature thereof, they shall disclose the same; but such accountants shall not be liable directly or indirectly to anyone for failure to obtain knowledge of any default;

(b) to the Trustee, within 180 days after the last day of each Fiscal Year of the Borrower, commencing the Fiscal Year ending May 31, 2024, or as soon as practicable thereof, a certificate of an Authorized Officer of the Borrower stating that such Authorized Officer has made a review of the activities of the Borrower during the preceding Fiscal Year for the purpose of determining wither the Borrower has complied with all of the terms, provisions and conditions of the Loan Agreement, and that to the best knowledge of such Authorized Officer, the Borrower has kept, observed, performed and fulfilled each and every covenant, provision and condition of the Loan Agreement on its part to be performed, and is not in default in the performance or observance of any of the terms, covenants, provisions or conditions of the Loan Agreement; or if the Borrower shall be in default, such certificate shall specify all such defaults and the nature thereof of which such Authorized Officer shall have knowledge; and if the Borrower has the right to cure any such default pursuant to the Loan Agreement, the Borrower shall describe in reasonable detail the corrective action which the Borrower has taken, is undertaking, or plans to undertake with respect thereto; and

(c) to the Trustee, such additional information as the Trustee reasonably requests concerning the Borrower in order to enable the Trustee to reasonably determine whether the covenants, terms and provisions of the Loan Agreement have been complied with by the Borrower and for that purpose all pertinent financial books, documents and vouchers (other than personnel records) relating to its business, affairs and properties shall at all reasonable times upon reasonable prior written notice be open to the inspection of the accountants or other agents (who may make copies of all or any part thereof) who shall from time to time be designated by the Trustee.

Without limiting the foregoing the Borrower will permit the Trustee (or such persons as the Trustee may designate) and the Authority (or such persons as the Authority may designate) to visit and inspect any of the properties of the Borrower and to discuss the affairs, finances and accounts of the Borrower with its officers and independent accountants, all upon reasonable prior written notice and at such reasonable times during normal business hours and as often as the Trustee may reasonably require.

TAXES, CHARGES AND ASSESSMENTS

Subject to the provisions of the Loan Agreement summarized below under the caption "THE LOAN AGREEMENT — Permitted Contests" in this APPENDIX C, to the extent that the Borrower or its properties are or become liable to taxation, the Borrower covenants and agrees under the Loan Agreement to pay or cause to be paid (when the same shall become due and payable) all lawful taxes, charges, assessments and other governmental levies against the Borrower or its properties. If under applicable law any such tax, charge, fee, rate, imposition or assessment may at the option of the taxpayer be paid in installments, the Borrower may exercise such option. Nothing contained in the Loan Agreement shall be deemed to constitute an admission by either the Authority or the Borrower that either the Authority or the Borrower is liable for any tax, charge, fee, rate, imposition or assessment.

COMPLIANCE WITH ORDERS, ORDINANCES, ETC.

Subject to the provisions of the Loan Agreement summarized below under the caption "THE LOAN AGREEMENT — Permitted Contests" in this APPENDIX C, the Borrower will, at its sole cost and expense comply with all present and future laws, ordinances, orders, decrees, rules, regulations and requirements of every duly constituted governmental authority, commission and court and the officers thereof of which it has notice, and the failure to comply with which would materially and adversely affect the use, occupancy or condition of the Borrower's educational facilities, taken as a whole, or which may be applicable to the Financed Properties or to the repair and alteration thereof, or to the use or manner of use of the Financed Properties, including, but not limited to, the Americans with Disabilities Act, the Illinois Accessibility Code, all federal, state and local environmental and health and safety laws, rules, regulations and orders applicable to or pertaining to the Financed Properties, the Federal Worker Adjustment and Retraining Notification Act and the Illinois Prevailing Wage Act. The Borrower acknowledges that it is aware that Illinois statutes, laws, ordinances, including building and zoning codes, et cetera, may have materially different requirements and utilize different definitions than comparable laws in other states and jurisdictions, and the application of such laws may be impacted by the use of bond proceeds to finance, in whole or in part, the Project. The Borrower has consulted with counsel with respect to the interpretation and application of these statutes, laws, ordinances, et cetera. The Borrower has, or will cause TCS Illinois to have, any and all necessary licenses and permits to occupy and operate its existing facilities and has obtained, will obtain or will cause to be obtained all necessary licenses and permits to acquire, occupy and operate the Financed Properties as they become required, other than, in each case, licenses or permits the failure of which to obtain or maintain would not materially adversely affect the Borrower or its operations.

PERMITTED CONTESTS

The Borrower shall not be required to pay any tax, charge, assessment or imposition or other governmental levy required to be paid under the Loan Agreement summarized above under the caption "THE LOAN AGREEMENT — Taxes, Charges and Assessments" in this APPENDIX C, or to comply with any law, ordinance, rule, order, decree, regulation or requirement referred to in the provisions of the Loan Agreement summarized above under the caption "THE LOAN AGREEMENT — Compliance with Laws." in this APPENDIX C, so long as the Borrower contests or takes other appropriate action in good faith and at its cost and expense with respect to the amount or validity thereof in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the tax, assessment, imposition or charge so contested, the sale, forfeiture or loss of its Property or any part thereof to satisfy the same or any materially adverse effect on its Property or on the use, occupancy or condition of the Borrower's educational facilities taken as a whole; provided, that no such contest or action shall subject the Authority or the Trustee to any liability unless the Borrower properly indemnifies the Authority or the Trustee, as the case may be. While any such matters are pending, the Borrower shall have the right to pay, remove or cause to be discharged or marked exempt the tax, assessment, imposition, charge, lien or encumbrance being contested. Each such contest shall be promptly prosecuted to final conclusion or settlement, and the Borrower will pay, and save the Authority and the Trustee harmless against, all losses, judgments, decrees and costs (including attorneys' fees and expenses in connection therewith) and will, promptly after the final determination or settlement of such contest or action, pay and discharge the amounts levied, assessed or imposed or determined to be payable, together with all penalties, fines, interests, costs and expenses.

USE OF THE FINANCED PROPERTIES

The Borrower will, and will cause TCS Illinois and the System to, use the Financed Properties only in furtherance of the lawful corporate purposes of the Borrower and TCS Illinois, and only as educational facilities, as defined in the Act.

The Borrower further agrees that neither it nor TCS Illinois or the System will use the Financed Properties or any part thereof in a manner which is prohibited by the Establishment of Religion Clause of the First Amendment to the Constitution of the United States of America and the decisions of the United States Supreme Court interpreting the same or by any comparable provisions of the Constitution of the State of Illinois and the decisions of the Supreme Court of the State interpreting the same. Notwithstanding the payment of the Series 2024 Note, and notwithstanding the termination of the Loan Agreement, the Borrower agrees that it will continue to comply with the restrictions stated in the preceding sentence. To the extent required by law, the Borrower will permit the Authority to inspect the Financed Properties solely in order to determine whether the Borrower has complied with the provisions of this paragraph, and such right of inspection shall survive the termination of the Loan Agreement.

The Borrower further agrees that it will not use the Financed Properties, or permit the Financed Properties to be used, in such manner as would jeopardize the exclusion from federal gross income of the owners of the interest paid on the Series 2024 Bonds otherwise afforded under Section 103(a) of the Code, as more specifically described in the Project Certificate.

The foregoing notwithstanding, the Borrower need not comply with any covenant set forth in the Loan Agreement if the Borrower delivers to the Trustee and the Authority an Opinion of Bond Counsel to the effect that such noncompliance will not adversely affect the validity of the Series 2024 Bonds or any exclusion of interest on the Series 2024 Bonds from gross income of the Owners thereof for federal income tax purposes.

MAINTENANCE OF TUITION

The Borrower covenants and agrees in the Loan Agreement, to the extent permitted by law, to charge, or cause to be charged, such Tuition for its educational facilities and services, and to exercise such skill and diligence with respect to all of its facilities and services, as to generate gross revenues therefrom which will be available and sufficient in amount to make all payments on the Series 2024 Note and under the Loan Agreement when due in accordance with their terms.

MAINTENANCE OF PROPERTIES

The Borrower covenants to manage the preservation and maintenance of its properties such that they are in good repair and order, and the Borrower will make, or cause TCS Illinois to make, from time to time all repairs, replacements, renewals and additions necessary for the efficient functioning thereof at the cost and expense of either the Borrower or TCS Illinois; provided, however, that the foregoing shall not prevent the Borrower from selling, removing, demolishing or not using any building or buildings, or any portion thereof, not considered by the Borrower to be necessary or useful for the efficient conduct of its activities, so long as such act or acts are consistent with and not in violation of any terms, covenants or provisions of the Project Certificate. The Borrower will, and will cause TCS Illinois to, maintain the Financed Properties in a safe and sound operating condition, making from time to time all needed material repairs thereto, and shall maintain reasonable amounts of insurance coverage with respect to the Financed Properties and shall pay all costs of such maintenance, repair and insurance.

INSURANCE

The Borrower agrees to insure itself or cause TCS Illinois or to maintain insurance coverage by reputable insurance companies or associations in such forms and amounts and against such hazards as are customary for institutions of similar size and scope of activities. Upon request, the Borrower shall supply evidence or such insurance to the Trustee. The Borrower or TCS Illinois shall pay all costs of such insurance.

TRUSTEE'S RIGHT TO PERFORM BORROWER'S COVENANTS; ADVANCES

In the event the Borrower fails to (i) perform any covenant contained in the provisions of the Loan Agreement summarized above under the caption "THE LOAN AGREEMENT — Taxes, Charges and Assessments" in this APPENDIX C, (ii) maintain its properties in repair required by the provisions of the Loan Agreement summarized above under the caption "THE LOAN

AGREEMENT — Maintenance of Properties" in this APPENDIX C, (iii) procure the insurance required by the provisions of the Loan Agreement summarized above under the caption "THE LOAN AGREEMENT — Insurance" in this APPENDIX C (iv) make any other payment or perform any other act required to be performed under the Loan Agreement, then and in each such case (unless the same is being contested or other appropriate action is being taken with respect thereto in accordance with the provisions of the Loan Agreement summarized above under the caption "THE LOAN AGREEMENT — Permitted Contests" in this APPENDIX C), the Trustee, upon not less than five (5) days' prior written notice to the Borrower, may (but shall not be obligated to) remedy such default for the account of the Borrower and make advances for that purpose. No such performance or advance shall operate to release the Borrower from any such default, and any sums so advanced by the Trustee shall be repayable by the Borrower on demand and shall bear interest at the Trustee's Prime Rate from the date of the advance until repaid.

SECURITY INTEREST IN FUNDS

To secure the payment of the principal of, premium, if any, and interest payable on the Series 2024 Note, and the performance of all the other covenants of the Borrower contained in the Loan Agreement, the Borrower grants to the Authority pursuant to the Loan Agreement a security interest in the Borrower's right, title and interest in any and all moneys, securities and other property from time to time on deposit in any Fund established under the Indenture (other than amounts held by the Trustee in the Rebate Fund), together with all income thereon and proceeds thereof and all substitutions thereof and additions thereto. The Borrower will, at its own expense, take all necessary action to maintain and preserve such liens and security interests so long as any principal, premium, if any, or interest on the Series 2024 Bonds remains unpaid.

The Borrower will cause any necessary agreements, including any amendments thereof and supplements thereto, and any financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to publish notice of and fully to perfect and protect (i) the lien and security interest thereof upon and the title of the Borrower to the Financed Properties, if any, and (ii) the lien and security interest therein granted to the Trustee or the purchasers of the Series 2024 Bonds, if any, to the rights, if any, of the Authority assigned under such agreements, and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all continuation statements and further instruments necessary for such publication, perfection and protection. The Borrower will pay all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance, and all Federal or State fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of such instruments or agreements of further assurance. The Authority shall have no responsibility for the preparation, filing or recording of any instrument, document or financing statement or for the maintenance of any security interest intended to be perfected thereby. The Authority will execute such instruments provided to it by the Borrower as may be reasonably necessary in connection with such filing or recording.

The foregoing notwithstanding, the Borrower and the Authority hereby acknowledge that the Loan Agreement does not, and is not intended to, create any liens on any particular assets of the Borrower.

TAX COVENANT

The Borrower agrees in the Loan Agreement that it will not take any action, permit any action to be taken or fail to take any action, including without limitation any action with respect to the investment of the proceeds of any Bonds, with respect to any other moneys or securities deposited with the Trustee pursuant to the Indenture, with respect to the payments derived from the Series 2024 Note or the Loan Agreement, with respect to the purchase of other Authority obligations, or with respect to any actions or payments required under the Tax Agreement, or with respect to any other amounts regardless of the source where held which gives rise to a reasonable possibility of constituting the Bonds "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code. The Borrower agrees in the Loan Agreement that neither it nor any "related person," as defined in Sections 144(a)(3) and 147(a) of the Code, shall, pursuant to an arrangement, formal or informal, purchase obligations of the Authority in an amount related to the amount of the Series 2024 Note.

APPLICATION OF CERTAIN GIFTS

The Borrower acknowledges in the Loan Agreement that it may receive from time to time Restricted Gifts. Subject to the provisions of the following paragraph, the Borrower agrees in the Loan Agreement that if and when the Borrower receives any Restricted Gifts, the Borrower will transfer the proceeds of any such Restricted Gifts to the Trustee for application to the payment of the Series 2024 Note and the maturing principal of the Series 2024 Bonds at the earliest practicable date or dates in accordance with the terms of the Loan Agreement and of the Indenture. The proceeds of any such Restricted Gifts need not be so applied until the aggregate amount thereof held by the Borrower at any time and not previously so applied is at least $250,000.

The Borrower may apply the proceeds of Restricted Gifts in a manner that varies from the requirements set forth above under this subcaption if the Borrower delivers to the Authority and the Trustee an Opinion of Bond Counsel to the effect that such application will not adversely affect the validity of any Bonds or any exclusion of interest on the Series 2024 Bonds from gross income of the Owners thereof for federal income tax purposes.

CONTRIBUTION AGREEMENT

The Borrower covenants under the Loan Agreement that it will comply with, and will cause TCS Illinois, The Chicago School – Washington D.C., Inc., a District of Columbia nonprofit public benefit corporation, and TCS Education - Texas, Inc., a Texas nonprofit corporation, to comply with all terms and provision of the Contribution Agreement.

ADDITIONAL LONG-TERM INDEBTEDNESS

Under the Loan Agreement, the Borrower covenants that it will not incur additional Long-Term Indebtedness unless any then outstanding Long-Term Indebtedness has an existing rating of "Baa1" or greater from Moody's and the proposed Long-Term Indebtedness receives a rating of at least "Baa1" or greater from Moody's. The Borrower covenants that it will not incur any Long-Term Indebtedness secured by the assets or property of the Borrower and the Affiliates, unless the Borrower has obtained the written consent of the owners of a simple majority in the aggregate principal amount of the Bonds then Outstanding. The incurrence of Indebtedness (other than Long-Term Indebtedness) is not limited by the terms of the Loan Agreement.

LIMITED OBLIGATION; NO RECOURSE

The obligations of the Authority under the Loan Agreement are special, limited obligations of the Authority, payable solely out of the revenues and income derived under the Loan Agreement, the Series 2024 Note and the Indenture (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Series 2024 Bonds or income from the temporary investment of such funds or other funds held under the Indenture). The obligations of the Authority under the Loan Agreement shall not be deemed to constitute an indebtedness or an obligation of the State of Illinois or any political subdivision thereof within the purview of any constitutional limitation or statutory provision, or a charge against the credit or general taxing powers, if any, of any of them. The Authority has no taxing power. Neither the Authority nor any member, director, officer, employee or agent of the Authority nor any person executing the Series 2024 Bonds shall be liable personally for the Series 2024 Bonds or be subject to any personal liability or accountability by reason of the issuance of the Series 2024 Bonds. No recourse shall be had for the payment of the principal of, redemption premium, if any, interest on, or purchase price for any of the Series 2024 Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Indenture, the Loan Agreement or the Bond Purchase Agreement against any past, present or future member, officer, agent or employee of the Authority, or any incorporator, member, officer, employee, director or trustee of any successor corporation, as such, either directly or through the Authority or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, member, officer, employee, director, agent or trustee as such is expressly waived and released as a condition of and consideration for the execution of the Indenture and the Loan Agreement and the issuance of the Series 2024 Bonds.

Notwithstanding any provision or obligation to the contrary set forth in the Loan Agreement, no provision of the Loan Agreement shall be construed so as to give rise to a pecuniary liability of the Authority or to give rise to a charge upon the general credit of the Authority, the liability of the Authority under the Loan Agreement shall be limited to its interest in the Financed Properties, the Loan Agreement, the Series 2024 Note, and all other related documents and collateral and the lien of any judgment shall be restricted thereto. In the performance of the agreements of the Authority contained in the Loan Agreement, any obligation it may incur for the payment of money shall not be a debt of the Authority, nor shall the Authority be liable on any obligation so incurred. The Authority does not assume general liability for the repayment of the Series 2024 Bonds or for the costs, fees, penalties, taxes, interest, commissions, charges, insurance or any other payments recited in the Loan Agreement, and shall be obligated to pay the same only out of the amounts payable by the Borrower under the Loan Agreement. The Authority shall not be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Borrower if a default shall occur under the Loan Agreement.

ISSUANCE OF ADDITIONAL NOTES

So long as no event of default under the Loan Agreement has occurred and is continuing, the Borrower from time to time after the execution and delivery of the Loan Agreement may, with the consent of the Authority, execute and deliver to the Authority (but only to the Authority) one or more Notes pursuant to the Loan Agreement in addition to the Series 2024 Note for any purpose permitted by the Act.

Any such Additional Note shall (a) be substantially in the form of the Series 2024 Note (with appropriate variations and insertions) and (b) be pledged and assigned by the Authority to the Trustee as security for a corresponding series of Additional Bonds concurrently issued and sold under the Indenture for the purpose of obtaining funds to loan to the Borrower in exchange for such Additional Note.

Upon the issuance and sale of any Additional Note, the same shall, together with any other Notes then outstanding under the Loan Agreement, be equally and ratably secured by the lien and security interest of the Loan Agreement.

Prior to the issuance and sale of any Additional Note under the Loan Agreement, and as a condition precedent thereto, the following documents and showings shall be executed and delivered:

(a) If necessary, a supplement to the Loan Agreement, executed by the Borrower and the Authority, (i) specifying the principal amount, rate or rates of interest, maturity, terms of optional prepayment, if any, and form of such Additional Note, and (ii) if additional collateral is to be subjected to the lien and security interest of the Loan Agreement, providing for the subjection of such collateral to the lien and security interest of the Loan Agreement;

(b) A certificate of the Borrower, executed by an Authorized Officer, stating that no event of default under the Loan Agreement has occurred and is continuing and that no event has occurred and is continuing which, with the lapse of time or giving of notice, or both, would constitute such an event of default;

(c) If necessary, a supplement to the Indenture, executed by the Authority and the Trustee, creating the Additional Bonds being issued and sold, the proceeds of which will be lent to the Borrower in exchange for such Additional Note, specifying the terms thereof, pledging and assigning such Additional Note as security therefor and providing for the disposition of the proceeds of the sale thereof;

(d) The requirements of the Indenture relating to the issuance of Additional Bonds shall have been satisfied; and

(e) Such further documents, certificates and opinions as the Authority or Bond Counsel may reasonably request.

Nothing contained in the Loan Agreement shall be interpreted as creating any obligation on the part of the Authority to make additional loans to the Borrower, it being the intent of the Loan Agreement to reserve to the Authority full and complete discretion to decline to make such loans in the performance of its duties under the laws of the State.

No Notes may be issued under the Loan Agreement except for the Series 2024 Note, the Additional Notes and Notes issued in exchange therefor pursuant to the Loan Agreement.

EVENTS OF DEFAULT AND REMEDIES

The occurrence and continuance of any of the following events shall constitute an "event of default" under the Loan Agreement:

(a) failure of the Borrower to pay any installment of interest or of principal, or any premium, on the Series 2024 Note when the same shall become due and payable, whether at maturity or upon any date fixed for prepayment or by acceleration or otherwise; or

(b) failure of the Borrower to observe or perform any of the covenants or conditions summarized above under the captions "THE LOAN AGREEMENT — Maintenance of Corporate Existence and Tax Status" and "THE LOAN AGREEMENT — Merger, Dissolution and Disposition of Assets" in this APPENDIX C; or

(c) failure of the Borrower to perform any other covenant, condition or provision of the Loan Agreement and to remedy such default within 30 days after notice thereof from the Authority or the Trustee to the Borrower, unless the nature of the default is such that it cannot be remedied within the 30-day period but can be remedied and the Trustee agrees in writing to an extension of time of up to 60 days after the original notice of such default and the Borrower institutes corrective action within the period agreed upon and diligently pursues such action until the default is remedied; or

(d) any representation or warranty made by the Borrower in any statement or certificate furnished to the Authority or the Trustee or the purchaser of any Bonds, in connection with the sale of any Bonds or furnished by the Borrower pursuant to the Loan Agreement, proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 30 days after notice thereof to the Borrower by the Authority, the Trustee or such purchaser, unless the nature of the default is such that it cannot be remedied within the 30-day period but can be remedied and the Trustee agrees in writing to an extension of time of up to 60 days after the original notice of such default and the Borrower institutes corrective action within the period agreed upon and diligently pursues such action until the default is remedied; or

(e) default in any payment of principal of or of premium, if any, on, or of interest on any other obligation of the Borrower for borrowed money in excess of $250,000 continuing beyond the expiration of the applicable grace period, if any, provided for therein or in the performance of any other agreement, term or condition contained in any agreement under which such obligation is created continuing beyond the expiration of the applicable grace period, if any, provided for therein, which default shall result in or permit the declaring due and payable of such obligation prior to the date on which it would otherwise have become due and payable; provided, however, that if such default is remedied or cured by the Borrower or be waived by the holders of such obligation, and any such declaration is rescinded or annulled, then the event of default under the Loan Agreement by reason thereof shall be deemed to have been thereupon cured; or

(f) any judgment, writ or warrant of attachment or of any similar process in an amount in excess of $250,000 shall be entered or filed against the Borrower or against any of its property and remains unvacated, unpaid, unbonded, unstayed, or uncontested in good faith for a period of 60 days; or

(g) the Borrower admits insolvency or bankruptcy or its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for the Borrower, or for the major part of its property; or

(h) a trustee, custodian or receiver is appointed for the Borrower or for the major part of its property and is not discharged within 30 days after such appointment; or

(i) any event of default as defined in the Indenture and summarized under the caption "THE INDENTURE — Events of Default and Remedies" in this APPENDIX C occurs and is continuing; or

(j) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the Borrower (other than bankruptcy proceedings instituted by the Borrower against third parties), and if instituted against the Borrower are allowed against the Borrower or are consented to or are not dismissed, stayed or otherwise nullified within 30 days after such institution; or

(k) if the Borrower fails to perform any of its obligations contained in the Tax Agreement, the effect of which is to cause a Determination of Taxability.

During the continuance of any such event of default under the Loan Agreement the Authority may pursue the following remedies, in addition to any other remedies provided for by law:

(a) The Authority may, by written notice to the Borrower, declare the principal of the Series 2024 Note (if not then due and payable) and the interest accrued thereon to be due and payable immediately, and upon any such declaration the principal of the Series 2024 Note and the interest accrued thereon shall become and be immediately due and payable, anything in the Series 2024 Note or in the Loan Agreement contained to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of the Series 2024 Note and the interest accrued thereon shall have been so declared and become due and payable, all arrears of principal of and interest, if any, upon the Series 2024 Note and the expenses of the Authority shall be paid by the Borrower, and every other default in the observance or performance of any covenant, condition or agreement in the Series 2024 Note or in the Loan Agreement contained shall be made good, or be secured, to the satisfaction of the Authority, or provision deemed by the Authority to be adequate shall be made therefor, then and in every such case the Authority by written notice to the Borrower may at its option waive the event of default by reason of which the principal of the Series 2024 Note shall have been so declared and become due and payable, and may rescind and annul such declaration and its consequences; but no such waiver, rescission or annulment shall extend to or affect any subsequent event of default or impair any right consequent thereon.

(b) The Authority, personally or by attorney, may in its discretion proceed to protect and enforce its rights by suit or suits in equity or at law, whether for the specific performance of any covenant or agreement contained in the Series 2024 Note or in the Loan Agreement, or in aid of the execution of any power granted therein, or for any foreclosure under the Loan Agreement, or for the enforcement of any other appropriate legal or equitable remedy, as the Authority deems most effectual to protect and enforce any of its rights or duties under the Loan Agreement.

In case the Authority has proceeded to enforce any right under the Loan Agreement, and such proceedings have been discontinued or abandoned for any reason, or have been determined adversely, then and in every such case the Authority, the Borrower and the Trustee shall be restored to their former positions and rights under the Loan Agreement, and all rights, remedies and powers of the Authority shall continue as if no such proceedings had been taken. To the extent that the Authority waives or rescinds any event of default under the Loan Agreement, or in case any proceeding taken by the Authority on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee and the Borrower shall be restored to their former positions and rights under the Loan Agreement, respectively, but no such waiver or rescission shall extend to any subsequent or other event of default, or impair any right consequent thereon.

No remedy conferred upon or reserved to the Authority or the Trustee under the Loan Agreement is intended to be exclusive of any other available remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given thereunder and under the Indenture or now or hereafter existing at law or in equity or by statute.

No delay or omission of the Authority or the Trustee to exercise any right or power accruing upon any event of default shall impair any such right or power, or shall be construed to be a waiver of any such event of default or an acquiescence therein; and every power and remedy given by the Loan Agreement to the Authority or the Trustee may be exercised from time to time and as often as may be deemed expedient by the Authority or the Trustee.

WAIVER OF EXTENSION, APPRAISEMENT, STAY LAWS

To the extent permitted by law, the Borrower will not during the continuance of any event of default under the Loan Agreement insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of the Loan Agreement; nor claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisement of any of the Borrower's Property, prior to any sale or sales thereof which may be made pursuant to the Loan Agreement, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted by the United States of America or by any state or territory, or otherwise, to redeem the property so sold or any part thereof. Under the Loan Agreement, the Borrower expressly waives all benefits or advantages of any such law or laws and covenants not to hinder, delay or impede the execution of any power in the Loan Agreement granted or delegated to the Authority, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted.

DEFEASANCE

If (a) the Borrower shall pay and discharge or provide, in a manner reasonably satisfactory to the Authority, for the payment and discharge of the whole amount of the principal of, premium, if any, and interest on the Series 2024 Note at the time outstanding, and shall pay or cause to be paid all other sums payable thereunder, or shall make arrangements reasonably satisfactory to the Authority for such payment and discharge, (b) the Borrower shall (i) have paid or caused to be paid all other sums then accrued and unpaid under the Loan Agreement, the Series 2024 Note and the Indenture, (ii) not be in default of any covenant which has resulted, or with the passage of time or the giving of notice, or both, gives rise to a reasonable possibility of resulting, in the loss of the exclusion from federal gross income of the Owners thereof of interest paid on the Series 2024 Bonds otherwise afforded under Section 103(a) of the Code and (iii) have kept, performed and observed all and singular the covenants and promises in the Series 2024 Note and the Loan Agreement expressed to be kept, performed and observed by the Borrower, (c) the Series 2024 Bonds shall have been paid in full or provision therefor shall have been made as provided in the Indenture and (d) provision has been made for the satisfaction and discharge of the Indenture, then and in that case all property, rights and interest thereby conveyed or assigned or pledged shall revert to the Borrower and the estate, right, title and interest of the Authority therein shall thereupon cease, terminate and become void; and, except to the extent necessary, to assure the maintenance of the exclusion of interest on the Series 2024 Bonds from the gross income of the

Owners thereof of such Bonds in the Opinion of Bond Counsel acceptable to the Authority, the Loan Agreement and the covenants of the Borrower contained therein, except as otherwise provided therein, be discharged and the Authority in such case, on demand of the Borrower and at the Borrower's cost and expense, execute and deliver to the Borrower a proper instrument or proper instruments acknowledging the satisfaction and termination of the Loan Agreement and shall convey, assign and transfer or cause to be conveyed, assigned or transferred, and shall deliver or cause to be delivered, to the Borrower all property, including money, then held by the Authority, other than moneys held in the Rebate Fund or deposited with the Trustee for the payment of the principal of, and premium, if any, or interest on the Series 2024 Note, together with the Series 2024 Note marked paid or cancelled.

Supplements and Amendments to the Loan Agreement

Subject to the terms, conditions and provisions of the Indenture, (a) the Borrower and the Authority, with the consent of the Trustee, may from time to time enter into such supplements and amendments to the Loan Agreement, and (b) the Trustee may grant such waivers of compliance by the Borrower with provisions of the Loan Agreement as to which the Trustee may deem necessary or desirable to effectuate the purposes or intent thereof and which do not have a material adverse effect upon the interests of the Bondholders; provided that the Trustee shall file an original of any and all such waivers that it grants with the Authority within three Business Days thereof.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

THE CHICAGO SCHOOL—CALIFORNIA, INC.

**ILLINOIS FINANCE AUTHORITY REVENUE BONDS,
THE CHICAGO SCHOOL, SERIES 2024**

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of May 1, 2024, is executed and delivered by and between The Chicago School—California, Inc. (the "Obligated Person") and Digital Assurance Certification, L.L.C. (the "Dissemination Agent") in connection with the issuance of the above-named bonds (the "Bonds"). The Bonds are being issued by the Illinois Finance Authority (the "Issuer") pursuant to a Trust Indenture (the "Indenture") dated as of May 1, 2024, between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The proceeds of the Bonds are being loaned by the Issuer to the Obligated Person pursuant to a Loan Agreement related to the Bonds, dated as of May 1, 2024, between the Issuer and the University. The Obligated Person covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Obligated Person for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission (the "Commission") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Obligated Person pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Digital Assurance Certification, L.L.C., or any successor Dissemination Agent designated in writing by the Obligated Person and which has filed with the Obligated Person a written acceptance of such designation.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(15) and (16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" shall mean the final official statement dated May 21, 2024 relating to the Bonds.

"Participating Underwriter" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Obligated Person shall, or shall cause the Dissemination Agent to, not later than six months after the end of the Obligated Person's fiscal year (which shall be not later than November 30 of each year, so long as the Obligated Person's fiscal year ends on May 31), commencing with the report for the 2024 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, that the audited financial statements of the Obligated Person may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Obligated Person's fiscal year changes, it shall give notice of such change in a filing with the MSRB, and the due date shall be adjusted by the same number of days. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number. See Paragraph 6.

(b) Not later than 15 business days prior to said date, the Obligated Person shall provide the Annual Report to the Dissemination Agent (if other than the Obligated Person). If the Obligated Person is unable to provide to the MSRB, in whole or in part, an Annual Report consistent with Section 4 by the date required in subsection (a), the Obligated Person shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Obligated Person) file a report with the Obligated Person certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

(d) Within 90 days of the filing of the Annual Report, the Obligated Person shall conduct a conference call (the "Annual Investor Call") with the Holders of the Bonds to discuss the financial and operating results of the Obligated Person for the prior fiscal year, including available enrollment data for fall of the current school year. Notice of the Annual Investor Call shall be given by the Obligated Person to the MSRB at least 10 days in advance of such call.

SECTION 4. Content of Annual Reports. The Obligated Person's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the Obligated Person for the preceding fiscal year, prepared in accordance with generally accepted accounting principles. If the Obligated Person's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the Obligated Person (including the notes thereto), the Annual Report shall also include an update of the following information substantially similar in type and scope:

1. The information contained in Tables 1 through Table 3 under the caption "Student Enrollment" for the most recently completed academic year;

2. The information contained in Table 4 under the caption "Tuition" for the most recently completed academic year;

3. The information contained in Table 6 under the caption "Retention Management" for the most recently completed academic year;

4. The information contained in Table 7 under the caption "Graduation Rates" for the most recently completed academic year;

5. The information contained in Table 8 under the caption "Faculty and Staff" for the most recently completed academic year;

6. The information contained in Table 10 under the caption "Physical Facilities and Plant Assets" for the most recently completed fiscal year; and

7. The information contained in Table 13 under the caption "Grant Revenues" for the most recently completed fiscal year.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Obligated Person or the Issuer or related public entities, which have been made available to the public on the MSRB's website. The Obligated Person shall clearly identify each such other document so included by reference. Updates to information referenced in Section 4(b) may involve adding additional financial and operating data, displaying data in a different format or table, or eliminating data this is no longer material.

SECTION 5. Reporting of Significant Events.

(a) The Obligated Person shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, ***if material***;

3. Unscheduled draws on debt service reserves ***reflecting financial difficulties***;

4. Unscheduled draws on credit enhancements ***reflecting financial difficulties***;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), other ***material*** notices or determinations with respect to the tax status of the Bonds or other ***material*** events affecting the tax status of the Bonds;

7. Modifications to rights of holders of the Bond, ***if material***;

8. Optional, unscheduled or contingent Bond calls, ***if material*** and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, ***if material***;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

    Note: for the purposes of the event identified in subparagraph (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

13. The consummation of a merger, consolidation, or acquisition involving the Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, ***if material***;

14. Appointment of a successor or additional trustee or the change of name of a trustee ***if material***;

15. Incurrence of a Financial Obligation of the Obligated Person ***if material***, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect holders of the Bonds, ***if material***; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which ***reflect financial difficulties***.

(b) Upon the occurrence of a Listed Event described in Section 5(a), the Obligated Person shall within ten business days of occurrence file a notice of such occurrence with the MSRB.

Notwithstanding the foregoing, notice of the Listed Event described in Section 5(a)(8) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

(c) The Obligated Person intends to comply with the Listed Events described in Section 5(a)(15) and (16), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect the amendments to the Rule effected by the 2018 Release.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Obligated Person's obligations under this Disclosure Agreement shall automatically terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Obligated Person shall give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The Obligated Person may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Obligated Person pursuant to this Disclosure Agreement.

The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Person has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information, or any other information, disclosures or notices provided to it by the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Obligated Person at all times.

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT AND ITS RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Obligated Person.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 9, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Obligated Person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Obligated Person shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Obligated Person. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the Obligated Person to comply with any provision of this Disclosure Agreement, the sole remedy for any Holder or Beneficial Owner of the Bonds shall be to take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause or compel the Obligated Person to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement is not a default under the Indenture.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[*Signature page follows*]

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Continuing Disclosure Agreement as of the date first written above.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Dissemination Agent

By ______________________________________
Authorized Representative

THE CHICAGO SCHOOL—CALIFORNIA, INC., as Obligated Person

By ______________________________________
Authorized Representative

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Illinois Finance Authority
Name of Bond Issue:	Illinois Finance Authority Revenue Bonds, The Chicago School, Series 2024
Dissemination Agent:	Digital Assurance Certification, L.L.C.
Name of Obligated Person:	The Chicago School—California, Inc.
Date of Issuance:	May 29, 2024

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Agreement of the Obligated Person, dated the Date of Issuance. [The Obligated Person anticipates that the Annual Report will be filed by _____________.]

Dated: __________________

THE CHICAGO SCHOOL—CALIFORNIA, INC.

By __________[*to be signed only if filed*]_________

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APPENDIX E

FORM OF BOND COUNSEL OPINION

[Dated Date of Closing]

Illinois Finance Authority
160 North LaSalle, Suite S-1000
Chicago, Illinois 60601

The Chicago School – California, Inc. c/o
TCS Education System
203 N. LaSalle, Suite 1900
Chicago, Illinois 60601

U.S. Bank Trust Company,
National Association
190 S. LaSalle Street
Chicago, Illinois 60603

RBC Capital Markets, LLC as representative
of the underwriters
200 Vesey Street, 9th Floor
New York, New York 10281

Re: $79,370,000 Illinois Finance Authority Revenue Bonds,
The Chicago School, Series 2024

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance on the date hereof by the Illinois Finance Authority (the "Authority") of $79,370,000 in aggregate principal amount of Illinois Finance Authority Revenue Bonds, The Chicago School, Series 2024 (the "Series 2024 Bonds"). The Series 2024 Bonds are being issued under the provisions of the Illinois Finance Authority Act, as amended (the "Act"), and pursuant to the Trust Indenture dated as of May 1, 2024 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The proceeds from the sale of the Series 2024 Bonds will be loaned by the Authority to The Chicago School - California, Inc., a California nonprofit public benefit corporation (the "Borrower"), through the purchase of the Promissory Note, Series 2024 (the "Series 2024 Note"), of the Borrower, in the principal amount of $79,370,000. The Series 2024 Note is being issued under and secured by the Loan Agreement dated as of May 1, 2024 (the "Loan Agreement"), between the Borrower and the Authority.

The Series 2024 Note is being issued and sold by the Borrower to the Authority to obtain funds that are expected to be used, together with certain other funds, to (i) pay certain costs relating to the planning, design, acquisition, construction, renovation, improvement, expansion, completion and/or equipping of certain of its "educational facilities," as defined in the Act, including, the acquisition and renovation of a building to house, among other things, the Borrower's Illinois College of Osteopathic Medicine (collectively, the "Project"), and (ii) pay certain costs relating to the issuance of the Series 2024 Bonds.

The Series 2024 Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, as securities depository ("DTC"). In connection therewith, the Authority has executed and delivered a Blanket Letter of Representations dated September 25, 2018 to DTC.

The Series 2024 Bonds have been sold to the underwriters (collectively, the "Underwriters") named in the Bond Purchase Agreement , dated May 21, 2024 (the "Bond Purchase Agreement"), among RBC Capital Markets, LLC, acting on behalf of itself and as representative (the "Representative") of the underwriters named therein (collectively, the "Underwriters"), the Authority and the Borrower. The Bond Purchase Agreement obligates the Underwriters to make a public offering of the Series 2024 Bonds in accordance with its terms.

The Borrower has executed and delivered an Official Statement dated May 21, 2024 (the "Official Statement"), in connection with the sale of the Series 2024 Bonds.

In connection with the issuance of the Series 2024 Bonds, the Borrower, the Authority and the Trustee have executed a Tax Exemption Certificate and Agreement dated the date hereof (the "Tax Agreement"), which places certain restrictions on the investment of moneys held in the funds established by the Indenture and which, under certain circumstances, would require the transfer of certain moneys held in such funds to a Rebate Fund created under the Tax Agreement.

As bond counsel, we have examined the following:

(a) certified copies of the proceedings of the Authority authorizing or approving, among other things, the execution and delivery of the Indenture, the Series 2024 Note, the Loan Agreement, the Bond Purchase Agreement, the Official Statement and the Tax Agreement, and the issuance and sale of the Series 2024 Bonds;

(b) certified copies of the Articles of Incorporation of the Borrower, as amended, and the By-laws of the Borrower, as amended;

(c) a certificate of the Secretary of State of the State of Illinois relative to the good standing of the Borrower in the State of Illinois;

(d) certified copies of the corporate proceedings of the the Board of Trustees of the Borrower authorizing or approving, among other things, the execution and delivery of the Indenture, the Series 2024 Note, the Loan Agreement, the Bond Purchase Agreement, the Official Statement, the Project Certificate of the Borrower, The Chicago School of Professional Psychology, an Illinois not for profit corporation (the "TCS Illinois"), and TCS Education System, an Illinois not for profit corporation (the "System"), dated the date hereof (the "Project Certificate"), the Use Agreement dated the date hereof (the "Use Agreement") among the Borrower, TCS Illinois and the System and the Tax Agreement and the issuance and sale of the Series 2024 Bonds;

(e) the executed Series 2024 Note, an executed Official Statement and executed counterparts of the Indenture, the Loan Agreement, the Bond Purchase Agreement, the Project Certificate, the Use Agreement and the Tax Agreement;

(f) specimen Series 2024 Bonds;

(g) executed opinions, each dated the date hereof, of Taft, Stettinius & Hollister LLP, counsel to the Borrower; Burke Burns & Pinelli, Ltd., counsel to the Authority; and Orrick, Herrington & Sutcliffe, LLP, counsel to the Underwriters; and

(h) such other documents and showings and related matters of law as we have deemed necessary in order to enable us to render this opinion.

Based upon the foregoing and in reliance upon the matters hereinafter referred to, we are of the opinion that:

1. The Indenture, the Loan Agreement, the Bond Purchase Agreement and the Tax Agreement have been duly authorized by all necessary action on the part of the Authority, have been duly executed and delivered by authorized officers of the Authority and, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitute the legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except to the extent limited by bankruptcy, reorganization or other similar laws affecting creditors' rights generally and by the availability of equitable remedies, and except to the extent that the enforcement of the indemnification provisions of the Loan Agreement and the Bond Purchase Agreement may be limited by federal or state securities laws. The Series 2024 Note has been duly endorsed by the Authority to the order of the Trustee.

2. The Series 2024 Bonds have been duly authorized by all necessary action on the part of the Authority, have been duly executed by authorized officers of the Authority, authenticated by the Trustee and issued by the Authority and constitute the legal, valid and binding limited obligations of the Authority enforceable in accordance with their terms, except to the extent limited by bankruptcy, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by the availability of equitable remedies, and are entitled to the benefits and security of the Indenture.

3. Subject to compliance by the Authority, the Borrower, TCS Illinois and the System with certain covenants, under present law, interest on the Series 2024 Bonds is excludible from gross income of the owners thereof for federal income tax purposes, and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series 2024 Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such Authority, Borrower, TCS Illinois and System covenants could cause the interest on the Series 2024

Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2023A Bonds. Ownership of the Series 2024 Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2024 Bonds. Interest on the Series 2024 Bonds is not exempt from present Illinois income taxes. Ownership of the Series 2024 Bonds may result in other state and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2024 Bonds.

4. The Indenture creates a valid assignment to the Trustee of the rights of the Authority in and to the Loan Agreement (with certain limited exceptions referred to in the Indenture), and a valid pledge and assignment to the Trustee of the Series 2024 Note as security for the Series 2024 Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement.

In rendering this opinion, we have relied upon the opinion of the Taft, Stettinius & Hollister LLP, as counsel to the Borrower, referred to in paragraph (g) above, with respect to, among other things, (i) the status of the Borrower as an organization described in Section 501(c)(3) of the Code that is exempt from federal income taxation under Section 501(a) of the Code, (ii) the status of TCS Illinois as an organization described in Section 501(c)(3) of the Code that is exempt from federal income taxation under Section 501(a) of the Code, (iii) the status of the System as an organization described in Section 501(c)(3) of the Code that is exempt from federal income taxation under Section 501(a) of the Code and (iv) the validity and binding effect upon and enforceability against the Borrower of the Loan Agreement, the Series 2024 Note, the Tax Agreement and the Bond Purchase Agreement, subject to the exceptions set forth in said opinion.

In rendering the opinions in paragraph 3 hereof, we have relied upon separate certificates of even date herewith of the Borrower, TCS Illinois and the System with respect to certain material facts within each of such entity's knowledge relating to the property financed with the proceeds of the Series 2024 Bonds and the application of the proceeds of the Series 2024 Bonds. In rendering this opinion, we have relied upon certifications of the Authority with respect to certain material facts within the knowledge of the Authority.

Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

ILLINOIS FINANCE AUTHORITY • REVENUE BONDS, THE CHICAGO SCHOOL, SERIES 2024

TheChicagoSchool®

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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