PRELIMINARY OFFICIAL STATEMENT DATED JULY 30, 2024

NEW ISSUE **NON-RATED**
BOOK-ENTRY ONLY

*In the opinion of Bond Counsel, under existing law and assuming compliance with certain covenants, interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes, and interest on the Series 2024 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, interest on the Series 2024 Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax. Bond Counsel is also of the opinion that the Series 2024 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. In Bond Counsel's further opinion, under existing law, the Series 2024 Bonds and interest thereon are exempt from all state, county and municipal taxes in the State of Arkansas. See **TAX EXEMPTION** herein.*

$2,740,000*
LAWRENCE COUNTY, ARKANSAS
PUBLIC EDUCATION FACILITIES BOARD
(WILLIAMS BAPTIST UNIVERSITY)
REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2024

Dated: Date of Delivery — Due: March 1, as described below

The Lawrence County, Arkansas Public Education Facilities Board (Williams Baptist University) Refunding and Improvement Revenue Bonds, Series 2024 (the "Series 2024 Bonds") are special and limited obligations of the Lawrence County, Arkansas Public Education Facilities Board (Williams Baptist University) (the "Issuer"). Neither the general credit of the Issuer nor the general credit or the taxing power of Lawrence County, Arkansas or the State of Arkansas or any other political subdivision thereof is pledged for the payment of the Series 2024 Bonds. The Series 2024 Bonds are payable from and secured by a pledge of certain revenues and other amounts to be received by the Issuer pursuant to a Loan Agreement, dates as of September 10, 2024, between the Issuer and Williams Baptist College d/b/a Williams Baptist University, an Arkansas nonprofit corporation (the "Corporation").

The Series 2024 Bonds are secured by a Trust Indenture, dated as of September 10, 2024, between the Issuer and First National Bank of Lawrence County, Walnut Ridge, Arkansas, as Trustee (the "Trustee"). Interest on the Bonds is payable on March 1 and September 1 of each year, commencing March 1, 2025. The Series 2024 Bonds mature (on March 1 of each year), bear interest and are priced to yield as set forth on the inside front cover.

(FOR THE MATURITY SCHEDULE, SEE THE INSIDE FRONT COVER)

The Series 2024 Bonds will be initially issued as single registered bonds registered in the name of Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York. The Series 2024 Bonds will be available for purchase in book-entry form only, in denominations of $5,000 or any integral multiple thereof. Except in limited circumstances described herein, purchasers of the Series 2024 Bonds will not receive physical delivery of Series 2024 Bonds. Payments of principal of and interest on the Series 2024 Bonds will be made by the Trustee, directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2024 Bonds, to be subsequently disbursed to DTC Participants and thereafter to the Beneficial Owners of the Series 2024 Bonds, all as further described herein.

The Series 2024 Bonds are offered, when, as and if issued and received by the Underwriter named below, subject to the approval as to legality by Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel, the approval of certain legal matters by Grant C. DeProw, counsel to the Corporation, and subject to satisfaction of certain other conditions.

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

Stephens Inc.

Dated: _____________, 2024

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* Preliminary; subject to change.

MATURITY SCHEDULE*

$320,000 ________% Term Bonds Due March 1, 2029 to Yield ____%
$425,000 ________% Term Bonds Due March 1, 2034 to Yield ____%
$525,000 ________% Term Bonds Due March 1, 2039 to Yield ____%
$650,000 ________% Term Bonds Due March 1, 2044 to Yield ____%
$820,000 ________% Term Bonds Due March 1, 2049 to Yield ____%

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* Preliminary; subject to change.

No dealer, broker, salesman or any other person has been authorized by the Issuer, the Corporation or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, in connection with the offering of the Series 2024 Bonds described herein and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer, the Corporation or the Underwriter. This Official Statement does not constitute an offer or solicitation in any state in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or is made to any person to whom it is unlawful to make such offer or solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or the Corporation.

The Series 2024 Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Trust Indenture been qualified under the Trust Indenture Act of 1939, in reliance upon certain exemptions in such laws from such registration and qualification.

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OFFICIAL STATEMENT

$2,740,000*
LAWRENCE COUNTY, ARKANSAS
PUBLIC EDUCATION FACILITIES BOARD
(WILLIAMS BAPTIST UNIVERSITY)
REFUNDING AND IMPROVEMENT REVENUE BONDS,
SERIES 2024

INTRODUCTION TO THE OFFICIAL STATEMENT

This Introduction is subject in all respects to the more complete information contained in this Official Statement. The offering of the Series 2024 Bonds to potential investors is made only by means of the entire Official Statement, including the cover page hereof and appendices hereto. A full review should be made of the entire Official Statement, as well as the Loan Agreement and the Indenture described herein.

This Official Statement is provided to furnish certain information in connection with the issuance and sale of $2,740,000* principal amount of Refunding and Improvement Revenue Bonds, Series 2024 (the "Series 2024 Bonds") by the Lawrence County, Arkansas Public Education Facilities Board (Williams Baptist University) (the "Issuer"). The Series 2024 Bonds are being issued for the purpose of (a) financing all or a portion of the costs of capital improvements on the campus of Williams Baptist University (the "Project"), (b) refunding the Issuer's Refunding Revenue Bonds, Series 2017 (the "2017 Bonds"), (c) paying the costs of issuing the Series 2024 Bonds and (d) funding a debt service reserve. See **THE SERIES 2024 BONDS**, Purposes for the Series 2024 Bonds.

The Issuer is a body politic and corporate and a public instrumentality of Lawrence County, Arkansas (the "County"), authorized and empowered under the laws of the State of Arkansas (the "State"), including particularly Title 14, Chapter 137 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), to finance, refinance, acquire, own, lease, contract concerning, and dispose of educational facilities at Williams Baptist University, a four-year degree granting institution of post-secondary education (the "University"). See **THE ISSUER**. The Series 2024 Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State, including particularly the Authorizing Legislation, ordinances of the Quorum Court of the County creating the Issuer, a resolution duly adopted by the Issuer and a Trust Indenture, dated as of September 10, 2024 (the "Indenture"), between the Issuer and First National Bank of Lawrence County, Walnut Ridge, Arkansas, as Trustee (the "Trustee").

The Indenture permits, under certain conditions, the issuance of additional bonds (the "Additional Bonds") by the Issuer which will rank on a parity with the Series 2024 Bonds. The Series 2024 Bonds and any subsequently issued Additional Bonds are collectively referred to herein as the "Bonds." See the caption **THE SERIES 2024 BONDS**, Additional Bonds.

Pursuant to a Loan Agreement, dated as of September 10, 2024 (the "Loan Agreement"), between the Issuer and Williams Baptist College d/b/a Williams Baptist University, an Arkansas nonprofit corporation and the owner and operator of the University (the "Corporation"), the Issuer is lending the proceeds of the Series 2024 Bonds to the Corporation in return for payments sufficient to pay the principal of and interest on the Series 2024 Bonds as and when the same become due and payable and the fees, charges, and expenses of the Trustee. See **SUMMARY OF PORTIONS OF THE LOAN AGREEMENT**. The obligations of the Corporation under the Loan Agreement are secured by a pledge of and lien on the student tuition, fees and dormitory rentals received by the Corporation (the "Pledged Revenues"). See **THE SERIES 2024 BONDS**, Security. **The Series 2024 Bonds are not secured by a mortgage on or security interest in any real or tangible personal property.**

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* Preliminary; subject to change.

Pursuant to the Indenture, all right, title, and interest of the Issuer in and to the Loan Agreement (except for certain rights to indemnification and payment of expenses), including the Issuer's right to receive payments and the pledge of the Pledged Revenues, are assigned to the Trustee to secure the payment of the Bonds.

The Bonds are special and limited obligations of the Issuer. Neither the County, the State, nor any political subdivision thereof shall in any event be liable for the payment of the principal of or interest on the Bonds or for the performance of any pledge, mortgage, obligation, or agreement of any kind whatsoever which may be undertaken by the Corporation. None of the Bonds or any of the agreements or obligations of the Corporation shall be construed to constitute an indebtedness, liability, general or moral obligation, pledge of the faith, loan of credit, or charge against the taxing power of the County, the State, or any political subdivision thereof within the meaning of any constitutional or statutory provision. The Issuer has no taxing power.

This Official Statement sets forth for consideration by each investor certain risk factors and other investments considerations that each investor should consider prior to purchasing the Series 2024 Bonds. See **BONDHOLDER RISKS**.

The Series 2024 Bonds will be initially issued in book-entry form and purchasers of Series 2024 Bonds will not receive certificates representing their interest in the Series 2024 Bonds purchased. See **THE SERIES 2024 BONDS**, Book-Entry Only System. The Series 2024 Bonds will contain such other terms and provisions as described herein. See **THE SERIES 2024 BONDS**, General Description.

The Series 2024 Bonds are issuable only as fully registered bonds, without coupons, in the denomination of $5,000 or an integral multiple thereof. Interest is payable March 1, 2025, and semiannually thereafter on each March 1 and September 1. Unless the Series 2024 Bonds are in book-entry form, principal is payable at the principal office of the Trustee. Interest is payable by the Trustee by check or draft to the registered owners as of the record date for each interest payment date. A Series 2024 Bond may be transferred, in whole or in part (in integral multiples of $5,000), but only upon delivery of the Series 2024 Bond, together with a written instrument of transfer, to the Trustee. See **THE SERIES 2024 BONDS**, General Description.

The Series 2024 Bonds are subject to extraordinary redemption in certain events and are subject to optional redemption on and after March 1, 2030. The Series 2024 Bonds are subject to mandatory sinking fund redemption as described herein.* The Trustee shall give at least 30 days notice of redemption. See **THE SERIES 2024 BONDS**, Redemption.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Series 2024 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, interest on the Series 2024 Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax, (iii) the Series 2024 Bonds and interest thereon are exempt from all state, county and municipal taxes in the State and (iv) the Series 2024 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"). See **TAX EXEMPTION**.

It is expected that the Series 2024 Bonds will be available for delivery on or about September 10, 2024 through the facilities of The Depository Trust Company ("DTC") in New York, New York.

This Official Statement contains descriptions of, among other matters, the Series 2024 Bonds, the Corporation, the University, the Indenture, the Loan Agreement and the Continuing Disclosure

* Preliminary; subject to change.

Agreement (as hereinafter defined). Such descriptions and information do not purport to be comprehensive or definitive. Definitions of certain words and terms used in this Official Statement are set forth in Appendix A hereto. All references herein to the Indenture, the Loan Agreement and the Continuing Disclosure Agreement are qualified in their entirety by reference to such documents, and references herein to the Series 2024 Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of such documents may be obtained from the Underwriter prior to the delivery of the Series 2024 Bonds and from the Trustee after the delivery of the Series 2024 Bonds.

THE SERIES 2024 BONDS

Book-Entry Only System. DTC or its successor, will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will each 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 Series 2024 Bond certificate for each maturity will be issued in the principal amount of the maturity and will be deposited with DTC.

DTC 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 securities that its 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 & Closing 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. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as 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"). 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 Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Bond (referred to herein as "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, but 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 Series 2024 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 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 Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 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. 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.

Redemption notices will be sent only to Cede & Co. If fewer than all of the Series 2024 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and premium, if any, payments on the Series 2024 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 Issuer or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will 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 Series 2024 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2024 Bonds are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2024 Bonds will be printed and delivered.

The information concerning DTC and DTC's book-entry system set forth above has been obtained from DTC. Neither the Underwriter nor the Issuer make any representation or warranty regarding the accuracy or completeness thereof.

So long as the Series 2024 Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Series 2024 Bonds for all purposes under the Indenture, including receipt of all principal of and interest on the Series 2024 Bonds, receipt of notices, voting and requesting or directing the Trustee to take or not to take, or consenting to, certain actions under the Indenture. The Issuer and the Trustee have no responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Series 2024 Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to owners of

Series 2024 Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Series 2024 Bonds.

General Description. The Series 2024 Bonds shall be dated, mature and bear interest as reflected on the inside front cover page of this Official Statement, and interest is payable on the Series 2024 Bonds in accordance therewith. The Series 2024 Bonds are issuable in the form of registered Series 2024 Bonds without coupons in the denomination of $5,000 each or any integral multiple thereof, interchangeable in accordance with the provisions of the Indenture. In the event any Series 2024 Bond is mutilated, lost or destroyed, the Issuer shall, if not then prohibited by law, execute and the Trustee may authenticate a new Series 2024 Bond in accordance with the provisions therefor in the Indenture.

Each Series 2024 Bond is transferable by the registered owner thereof or by his attorney duly authorized in writing at the principal office of the Trustee. Upon such transfer a new fully registered Series 2024 Bond or Series 2024 Bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

No charge will be made to any owner of any Bond for the privilege of registration, but any owner of any Bond requesting any such registration shall pay any tax or other governmental charge required to be paid with respect thereto. Except as otherwise provided in the immediately preceding sentence, the cost of preparing each new Series 2024 Bond upon each exchange or transfer and any other expenses of the Issuer or the Trustee incurred in connection therewith shall be paid by the Issuer. Neither the Issuer nor the Trustee shall be required to transfer or exchange any Series 2024 Bonds selected for redemption in whole or in part.

The person in whose name any Series 2024 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or premium, if any, or interest of any Series 2024 Bonds shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2024 Bond to the extent of the sum or sums so paid.

In any case where the date of maturity of interest on or principal of the Series 2024 Bonds or the date fixed for redemption of any Series 2024 Bonds shall be a Saturday or Sunday or shall be in the State a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day not a Saturday or Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or date fixed for redemption.

Redemption. (1) Extraordinary Redemption. *Partial Redemption.* (a) The Series 2024 Bonds will be redeemable in part, in inverse order of maturity, less than all of the Series 2024 Bonds in any maturity to be selected by lot in such manner as the Trustee shall determine, at one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date, on any interest payment date, from the proceeds of any insurance or condemnation award resulting from the damage or destruction of the University or any portion thereof by fire or other casualty, or from the taking by condemnation by any governmental body or by any person, firm or corporation acting under governmental authority, of title to or any interest in, or the temporary use of, the University or any portion thereof; provided, however, that the Corporation shall furnish to the Issuer and the Trustee a certificate stating that the portion of the University so damaged or destroyed or taken is not essential to the use or possession of the University by the Corporation or that the University has been repaired, restored, modified or improved to enable the University to operate as designed.

(b) The Series 2024 Bonds will be redeemable in part, in inverse order of maturity, less than all of the Series 2024 Bonds in any maturity to be selected by lot in such manner as the Trustee shall determine, at one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date, on any interest payment date, from unexpended proceeds of the Series 2024 Bonds not needed for the intended purposes.

Redemption in Whole. The Series 2024 Bonds will be redeemable in whole on any interest payment date, at one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date, upon the exercise by the Corporation of its option to prepay the amounts payable under the Loan Agreement prior to the full payment of the Series 2024 Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) if any of the following events shall have occurred:

(a) The University shall have been damaged or destroyed (i) to such extent that it cannot be reasonably restored within a period of six (6) months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the Corporation is thereby prevented, in the Corporation's judgment, from carrying on its normal operations at the University for a period of six (6) months or more, or (iii) to such extent that the cost of restoration thereof would exceed the Net Proceeds of the insurance required to be carried with respect to the University under the Loan Agreement;

(b) Title to, or the temporary use for a period of six (6) months or more of all or substantially all of the University, or such part thereof as shall, materially interfere, in the Corporation's judgment, with the operation of the University for the purpose for which the University is designed, shall have been taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority (including such a taking or takings as results in the Corporation being thereby prevented from carrying on its normal operations at the University for a period of six (6) months or more); or

(c) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Corporation in good faith, the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Corporation in respect to the University, including, without limitation, federal, state or other ad valorem, property, income or other taxes not being imposed on the date of the Loan Agreement.

(2) <u>Optional Redemption</u>. The Series 2024 Bonds are subject to redemption at the option of the Issuer, from funds from any source, on and after March 1, 2030, in whole or in part at any time, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the Series 2024 Bonds shall be called for redemption, the particular maturities of the Series 2024 Bonds to be redeemed shall be selected by the Issuer in its discretion. If fewer than all of the Series 2024 Bonds of any one maturity shall be called for redemption, the particular Series 2024 Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

(3) Mandatory Sinking Fund Redemption.* The Series 2024 Bonds shall be redeemed prior to stated maturity, in part, as selected by the Trustee, on each March 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption:

Series 2024 Bonds Due March 1, 2029

Year	Principal Amount
2025	$ 35,000
2026	65,000
2027	70,000
2028	75,000
2029 (maturity)	75,000

Series 2024 Bonds Due March 1, 2034

Year	Principal Amount
2030	$ 80,000
2031	80,000
2032	85,000
2033	90,000
2034 (maturity)	90,000

Series 2024 Bonds Due March 1, 2039

Year	Principal Amount
2035	$ 95,000
2036	100,000
2037	105,000
2038	110,000
2039 (maturity)	115,000

Series 2024 Bonds Due March 1, 2044

Year	Principal Amount
2040	$120,000
2041	125,000
2042	130,000
2043	135,000
2044 (maturity)	140,000

Series 2024 Bonds Due March 1, 2049

Year	Principal Amount
2045	$150,000
2046	155,000
2047	165,000
2048	170,000
2049 (maturity)	180,000

Notice of Redemption. The Trustee, at the expense of the Issuer, shall give notice of the call for redemption by first class mail or by other standard means, including electronic or facsimile communication, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for

* Preliminary; subject to change.

redemption to the registered owner of any Series 2024 Bond called for redemption. After the date specified in such call, the Series 2024 Bonds or portions thereof (which must be integral multiples of $5,000) so called will cease to bear interest provided funds for their payment have been deposited with the Trustee.

Notwithstanding the above, so long as the Series 2024 Bonds are issued in book-entry only form, if fewer than all the Series 2024 Bonds of an issue are called for redemption, the particular Series 2024 Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Series 2024 Bonds are issued in book-entry only form, notice of redemption will be given only to Cede & Co., as nominee for DTC. **The Trustee will not give any notice of redemption to the Beneficial Owners of the Series 2024 Bonds**.

Purposes for the Series 2024 Bonds. The Series 2024 Bonds are being issued to (a) finance all or a portion of the costs of accomplishing the Project, (b) refund the 2017 Bonds, (c) pay the costs of issuing the Series 2024 Bonds and (d) fund a debt service reserve.

The refunding of the 2017 Bonds will be accomplished on the date the Series 2024 Bonds are issued at a price of par plus accrued interest. The Project includes the renovation and expansion of Startup Chapel for use as an academic building containing space for student theater events, classrooms and lectures.

The sources and uses of funds are estimated by the Corporation as follows:

SOURCES:*	
Principal Amount of Series 2024 Bonds	$ 2,740,000
Existing Funds from 2017 Bonds	375,012
Issuer Contribution	39,289
Original Issue Discount	(25,425)
Total Sources:	$ 3,128,876
USES:*	
Project Costs	$ 1,103,276
Refunding Costs	1,836,426
Debt Service Reserve	95,594
Underwriter's Discount and Costs of Issuance	93,580
Total Uses:	$ 3,128,876

Additional Bonds. So long as the Loan Agreement is in effect and there is no event of default existing under the Loan Agreement or the Indenture, one or more series of Additional Bonds may be issued to pay (i) the costs of making substitutions, additions, modifications, and improvements in, on, or to the University, (ii) the costs of refunding, to the extent permitted by law, any Outstanding Bonds, and (iii) the costs of the issuance and sale of the Additional Bonds and capitalized interest and certain other costs. Any such Additional Bonds shall be payable solely from the amounts derived from the Loan Agreement. The Additional Bonds shall be delivered to the Trustee only upon the filing of certain documents with the Trustee, including (i) a supplemental indenture and a supplemental agreement, (ii) a written opinion of nationally recognized bond counsel to the effect that the issuance of Additional Bonds and the execution thereof have been duly authorized, all conditions precedent to the delivery thereof have been fulfilled, and the exclusion from gross income of the interest on the Tax-Exempt Bonds for federal income tax purposes will not be affected by the issuance of any such Additional Bonds, (iii) a written order to the Trustee from the Issuer to authenticate and deliver the Additional

* Preliminary; subject to change.

Bonds, and (iv) (a) if the Additional Bonds are to be issued to construct additional capital improvements to the University, a written opinion of an Accountant that the Pledged Revenues collected by the Corporation in the Fiscal Year immediately prior to the Fiscal Year in which the Additional Bonds are proposed to be issued were at least 125% of the maximum Annual Debt Service on Outstanding Bonds plus the Additional Bonds proposed to be issued, or (b) if the Additional Bonds are to be issued to refund any Outstanding Bonds, a written opinion of an Accountant that either (A) the Pledged Revenues collected by the Corporation in the Fiscal Year immediately prior to the Fiscal Year in which the Additional Bonds are proposed to be issued were at least 125% of the maximum Annual Debt Service on Outstanding Bonds which are not to be refunded plus the Additional Bonds proposed to be issued, or (B) Annual Debt Service for each Fiscal Year on the Additional Bonds proposed to be issued does not exceed Annual Debt Service on the Bonds proposed to be refunded. Each series of Additional Bonds shall be equally and ratably secured under the Indenture with the Series 2024 Bonds and all other series of Additional Bonds, without preference, priority, or distinction of any Bonds over any other thereof.

Security. The Series 2024 Bonds will be special and limited obligations of the Issuer and will be payable solely from certain amounts payable by the Corporation to the Issuer under the Loan Agreement and certain other available moneys specified in the Indenture (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Series 2024 Bonds and income from the investment thereof). Under the Indenture, the Issuer will pledge and assign all of its right, title, and interest in and to the Loan Agreement and all revenues and receipts payable thereunder (other than certain indemnification rights and certain fees and expenses) to the Trustee for the benefit of the owners of the Series 2024 Bonds. **The Series 2024 Bonds are not secured by a mortgage on or security interest in any real or tangible personal property. The Corporation has covenanted in the Loan Agreement that it has good and marketable fee simple title to the real property upon which the University is located, free from any encumbrances other than Permitted Encumbrances.**

The Series 2024 Bonds are not an obligation, general or special, debt, liability, or moral obligation of the County, the State, or of any political subdivision thereof, and neither the faith and credit nor the taxing power of the County, the State, or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Series 2024 Bonds. The Series 2024 Bonds are not a general obligation of the Issuer (which has no taxing power and receives no funds from any governmental body), but are limited and special revenue obligations of the Issuer payable solely from the revenues and properties pledged therefor in the Indenture. No covenant, stipulation, obligation, or agreement contained in the Indenture or in the Series 2024 Bonds shall be deemed to be a covenant, stipulation, obligation, or agreement of any present or future trustee, officer, agent, or employee of the Issuer in his or her individual capacity. Neither the County, the State, nor any political subdivision thereof shall be liable for the performance of any agreement or covenant of any kind which may be undertaken by the Issuer and no breach by the Issuer of any agreement or covenant shall create any obligation upon the County, the State, or any political subdivision thereof.

Debt Service Reserve Fund. In the Indenture there is established with the Trustee a debt service reserve fund (the "Debt Service Reserve Fund"). The Debt Service Reserve Fund shall be comprised of accounts, each of which shall be identified by the Trustee and shall only secure the series or issue of Bonds for which such account was established. The required level of each Debt Service Reserve Fund account shall be established and fixed for each series or issue of Bonds; however, a Debt Service Reserve Fund account is not required to be established for each series or issue of Bonds.

The Series 2024 Bonds shall be secured by a Debt Service Reserve Fund account in an amount equal to one-half of the maximum Annual Debt Service on the Series 2024 Bonds (the "Debt Service Reserve Requirement").

Pledged Revenues. The Corporation, pursuant to the Loan Agreement, has pledged the Pledged Revenues received by the Corporation to the payment of the principal of and interest on the Bonds, the maintenance of the Debt Service Reserve Fund at the required level, and the payment of fees and expenses of the Trustee and the Paying Agent for the Bonds.

Pursuant to the Loan Agreement, the Corporation is obligated to make monthly payments from Pledged Revenues to the Trustee in amounts sufficient to meet the Corporation's obligations under the Loan Agreement. If an event of default occurs or exists under the Indenture, the Trustee may elect to receive all Pledged Revenues until such time as the event of default has been cured, including re-establishment of the Debt Service Reserve Fund to the required level. The security interest in the Pledged Revenues may be subject to (a) limitation or rights of other parties imposed by statute or court order and (b) the requirements that appropriate filings be made from time to time to maintain the protection of the security interest.

Rate Covenant. In the Loan Agreement, the Corporation has agreed to take all action necessary to maintain Pledged Revenues in each Fiscal Year at a level equal to or exceeding 125% of the maximum Annual Debt Service on Outstanding Bonds.

Other Indebtedness. The Corporation has covenanted in the Loan Agreement that it will avoid incurring additional indebtedness in an amount which might impair the security for the Bonds and the ability of the Corporation to make payments required by the Loan Agreement. All of the Corporation's other indebtedness in the outstanding principal amount in excess of $50,000 is described as follows:

1. In June 2019, the University's Board of Trustees approved an internal borrowing from the University's endowment funds in the amount of $500,000 (the "Endowment 1 Loan"). The Endowment 1 Loan bears interest at the rate of 5% and is payable in monthly principal and interest installments of $3,953.97 with a final payment due in July 2037. As of June 30, 2024, the principal amount outstanding was approximately $455,854.19. The Endowment 1 Loan is unsecured.

2. In October 2020, the University's Board of Trustees approved an internal borrowing from the University's endowment funds in an amount not to exceed $1,250,000 (the "Endowment 2 Loan"). The Endowment 2 Loan bears interest at the rate of 3.5% and interest is due quarterly. The University may make interest only payments. As of June 30, 2024, the principal amount outstanding was $1,250,000. The Endowment 2 Loan is secured by a mortgage on certain real property of the Corporation, which property is not located on the campus of the University.

3. In August 2022, the University's Board of Trustees approved an internal borrowing from the University's endowment funds in an amount not to exceed $1,250,000 (the "Endowment 3 Loan"). The Endowment 3 Loan bears interest at the rate of 3.5% and interest is due quarterly. The University may make interest only payments. As of June 30, 2024, the principal amount outstanding was $1,250,000. The Endowment 3 Loan is secured by a mortgage on certain real property of the Corporation, which property is not located on the campus of the University.

4. The Corporation has a Promissory Note payable to First National Bank of Lawrence County in the outstanding principal amount, as of June 30, 2024, of $198,451.14 (the "First National 1 Note"). The First National 1 Note bears interest at the rate of 3.75% and is due on demand. If the holder does not demand payment, the First National 1 Note is due in monthly principal and interest payments of $2,747 with a final payment due in February 2027. The First National 1 Note is secured by a mortgage on Wilson Hall (the "Wilson Hall Mortgage").

5. The Corporation has a Promissory Note payable to First National Bank of Lawrence County in the outstanding principal amount, as of June 30, 2024, of $106,039.21 (the "First National 2 Note"). The First National 2 Note bears interest at a variable rate equal to the New York Prime Rate and is due on demand. If the holder does not demand payment, the First National 2 Note is due at maturity on May 23, 2025. The First National 2 Note is secured by a mortgage on certain real property of the Corporation, which property is not located on the campus of the University.

6. The Corporation has a Promissory Note payable to First National Bank of Lawrence County in the outstanding principal amount, as of June 30, 2024, of $866,410 (the "First National 3 Note"). The First National 3 Note bears interest at a variable rate equal to the New York Prime Rate and is due on demand. If the holder does not demand payment, the First National 3 Note is due at maturity on April 17, 2025. The First National 3 Note is secured by a mortgage on the Bosch/Miller Building (the "Bosch/Miller Mortgage").

7. The Corporation has a Promissory Note payable to First National Bank of Lawrence County in the outstanding principal amount, as of June 30, 2024, of $256,411.32 (the "First National 4 Note"). The First National 4 Note bears interest at a variable rate equal to the New York Prime Rate and is due on demand. If the holder does not demand payment, the First National 4 Note is due at maturity on May 23, 2025. The First National 4 Note is secured by a mortgage on certain real property of the Corporation, which property is not located on the campus of the University.

The Corporation anticipates entering into a closed end line of credit with a limit of $2,690,000 within the next month (the "Line of Credit"). This line of credit will be secured by a mortgage on faculty housing at the University (the "Faculty Housing Mortgage").

The Endowment 1 Loan, the Endowment 2 Loan, the Endowment 3 Loan, the First National 1 Note, the First National 2 Note, the First National 3 Note, the First National 4 Note and the Line of Credit are collectively referred to herein as the "Other Obligations." See Appendix B.

CONTINUING DISCLOSURE

The Issuer has determined that no financial or operating data concerning the Issuer is material to an evaluation of the offering of the Series 2024 Bonds or to any decision to purchase, hold or sell the Series 2024 Bonds, and the Issuer will not provide any such information. The Corporation has undertaken all responsibility for any continuing disclosure to Series 2024 Bondholders as described below, and the Issuer shall have no liability to the Series 2024 Bondholders or any other person with respect to Securities and Exchange Commission (the "SEC") Rule 15c2-12(b)(5) (the "Rule").

The Corporation has covenanted for the benefit of holders and beneficial owners of the Series 2024 Bonds to provide certain financial information and operating data relating to the Corporation by not later than 180 days following the end of the Corporation's fiscal year (which currently is June 30) (the "Annual Report"), commencing with the Annual Report for the Corporation's fiscal year ended June 30, 2024, and to provide notices of the occurrence of certain listed events. Each Annual Report and notices of listed events shall be filed by the Trustee on behalf of the Corporation with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of listed events is summarized below under the caption **SUMMARY OF PORTIONS OF THE CONTINUING DISCLOSURE AGREEMENT**. These covenants have been made in order to assist the Underwriter in complying with the Rule.

The Corporation is a party to one continuing disclosure agreement with respect to the 2017 Bonds. While the Corporation has not made any determination as to materiality, the following paragraphs, while not exhaustive, summarize the results of the Corporation's review of compliance with its prior continuing disclosure obligations over the past five years.

The Corporation timely filed its Annual Report for the fiscal years ended June 30, 2019 and 2020. For the fiscal year ended June 30, 2023, the Corporation filed its Annual Report 34 days late. A notice concerning the Corporation's failure to timely file its Annual Report was not filed on EMMA. The Corporation included all of the required financial and operating data in its Annual Reports filed for the fiscal years ended June 30, 2019, 2020 and 2023. The Annual Reports for the fiscal years ended June 30, 2021 and 2022 were not filed. Notices concerning the Corporation's failure to file its Annual Reports were not filed on EMMA. The Annual Report for the fiscal year ended June 30, 2024 is not yet due.

As part of its continuing disclosure obligations, the Corporation is also required to file its audited financial statements not later than 180 days following the end of the Corporation's fiscal year, or, if such audited financial statements are not available by that date, within 30 days of receipt thereof by the Corporation. For the fiscal years ended June 30, 2019 and 2022, such audited financial statements were timely filed. For the fiscal years ended June 30, 2020, 2021 and 2023, such audited financial statements were filed 96 days late, 14 days late and 28 days late, respectively. Notices concerning the Corporation's failure to timely file its audited financial statements were not filed on EMMA. The audited financial statements for the fiscal year ended June 30, 2024 are not yet available.

The continuing disclosure agreement also obligated the Corporation to file a notice of the occurrence of certain events listed in the Rule. No such events occurred during the previous five years.

THE ISSUER

The Issuer was created by Ordinance No. 2003-13 of the County, adopted on November 10, 2003, as amended by Ordinance No. 2024-11 of the County, adopted on May 13, 2024 (collectively, the "Authorizing Ordinance"), pursuant to the Authorizing Legislation. The Issuer is authorized by the Authorizing Ordinance and the Authorizing Legislation to own, acquire, construct, reconstruct, extend, equip, improve, sell, lease, contract concerning, or otherwise deal in or dispose of education facilities or any interest therein. The Issuer is authorized to issue revenue bonds from time to time and to use the proceeds to finance or refinance its authorized functions.

The Issuer consists of five persons serving staggered terms of up to five years each. The initial members of the Issuer were appointed by the County Judge. Successor members are appointed by the County Judge, subject to confirmation by the Quorum Court of the County. Members are eligible to succeed themselves. The current members of the Issuer, their principal occupations and the date their terms expire are as follows:

Name	Principal Occupation	Term Expires
Andrea Barnhill	Pharmacy Quality Assurance	January 15, 2025
Billy Powell	Self-Employed	January 15, 2026
Cooper Smith	Loan Officer, First National Bank of Lawrence County	January 15, 2027
Christopher B. Penn	Managing Director, Rabo Agri Finance	January 15, 2028
Andrew Jones	Farmer	January 15, 2029

THE CORPORATION AND UNIVERSITY

Generally. The Corporation, which operates the University, is an Arkansas nonprofit corporation incorporated in 1980. On September 10, 1941, the University opened as the Southern Baptist College in Pocahontas, Arkansas. In 1947, the University moved to College City, which is near Walnut Ridge, Arkansas, and the name of the University was changed to Williams Baptist College in 1990. On January 1, 2017, College City was annexed into the City of Walnut Ridge, Arkansas. On July 1, 2018, Williams Baptist College became Williams Baptist University.

Location and Facilities. The University is located in Walnut Ridge, Arkansas in the County, approximately 125 miles northeast of Little Rock, Arkansas and 96 miles northwest of Memphis, Tennessee. Walnut Ridge has a population of approximately 5,381 and is the seat of government of the County. The University's campus, which occupies approximately 240 acres north of the downtown area of Walnut Ridge, Arkansas, includes 24 buildings with their equipment and educational facilities valued at approximately $37,089,068 as of June 30, 2023.

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The following is a list of the buildings located on the campus of the University:

Building	Square Footage
Administration Building	17,800
Belle Hall	11,200
Butler Hall	11,200
Book Store/Post Office	3,600
Bosch/Miller Building	77,525
Cafeteria	10,140
Carter Field House	9,630
Commandant's House	3,300
Library	9,200
Maddox Fine Arts Center	24,400
Manley Chapel	8,057
Nicholas East Apartments	3,300
Nicholas West Apartments	3,300
Callahan Apartments	3,300
Cash/Wilson Hall	34,000
New Shop	15,000
Nicholas Hall	11,200
Startup Chapel	3,040
Old Maintenance Shop	8,000
Sloan Center	31,981
Southerland Mabee Center (Gym)	36,000
Student Center	7,258
Southerland Hall	31,560
Faculty Housing (27 Units)	45,171

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Governing Body. The Corporation is governed by a Board of Trustees currently composed of 24 members. The members are elected for three-year, staggered terms.

The current members of the Board of Trustees, the years in which their terms expire, and their principal occupations are as follows:

Name	Term Expires	Principal Occupation
Jamar Andrews	2024	Pastor
LeAnn Caudle	2024	Corporate Controller
Jeff Crawford	2024	President, Cross Church Theological Seminary
Stephen Harrison	2024	Pastor
John Hill	2024	Property Developer
James Nichols Jr.	2024	Pastor
Terry Smith	2024	Farmer
Jody Smotherman	2024	Frank A. Rogers & Co.
Susan Shell Allison	2025	Science Specialist
J.R. Cox	2025	Co-Owner and CFO, Cox Implements
Barney Larry	2025	Business Development, Baxter Regional Medical Center
Bryant Marshall	2025	Attorney
Dave Russell	2025	Business Owner
Larry Singleton	2025	Retired CFO
Blake Swindle	2025	AgHeritage Executive
Amy Williams	2025	Northeast Arkansas Regional Manager, Arkansas Economic Development Commission
Brenda Doty	2026	Business Owner, Doty Family Funeral Services
Clint Emfinger	2026	Abstractor
Cliff Gifford	2026	Insurance Agency Manager
Johnny Harp	2026	Pastor
Shane Knight	2026	President and CEO, Greater Bryant Chamber of Commerce
Heather Moore	2026	Physician
Ben Rainwater	2026	Professional Engineer
Trey Stafford	2026	President/General Manager, Jonesboro Radio Group

Administration. Set forth below are the names, titles and selected biographical data on the principal members of the administrative staff of the University.

President. Stan Norman, Ph.D., became the University's President in April 2018. He was previously Provost and Executive Vice President for nine years at Oklahoma Baptist University. He earned a Bachelor's degree from The Criswell College in Dallas, Texas and he holds both a Master of Divinity and a Doctor of Philosophy degree in Systematic Theology from Southwestern Baptist Theological Seminary in Fort Worth, Texas.

Provost and Executive Vice President for Student Life. Marvin Schoenecke, Ph.D., became Executive Vice President for Campus Life at the University in April of 2020. He previously served at College of the Ozarks from January 2006-April 2020 where he was Dean of Work Education and Administration. He earned his Bachelor's degree from Oklahoma Baptist University in Shawnee, Oklahoma. He holds an M.A. in Education from Western Kentucky University in Bowling Green, Kentucky and a Ph.D. from the University of Oklahoma in Norman, Oklahoma.

Vice President for Creative Services. Brett Cooper, Ph.D., has served at the University since 1993. He began work at the University as director of public relations and became a vice president in 2007. In his current capacity, he oversees communications, marketing, and information technology, and he supervises the Williams Works initiative. A native of Mountain Home, Arkansas, he holds a bachelor's in broadcast journalism from the University of Arkansas, a Master of Arts in Communication from Southwestern Baptist Theological Seminary, and a Ph.D. from the University of Memphis.

Vice President for Institutional Advancement and Business Development. Luke Colley, B.A., became the University's Vice President for Institutional Advancement and Business Development in July 2023. Prior to coming to the University, Mr. Colley spent 19 years in the banking industry in Northwest Arkansas. During his time in banking he served as commercial lender, market president, and chief lending officer. He was previously Northwest Arkansas Regional President for Partner's Bank. Mr. Colley earned his Bachelor's degree from the University in 2002 and is currently seeking a Master's degree at Midwestern Baptist Theological Seminary.

Vice President for Academic Affairs. Rhyne Putman, Ph.D., is Vice President of Academic Affairs and has served at the University since August 2020. Dr. Putman earned his bachelor's degree from the University and completed his Master of Divinity and Ph.D. at New Orleans Baptist Theological Seminary. He previously served on the faculty of New Orleans Baptist Theological Seminary. Dr. Putman has authored several academic articles and books.

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Academic Programs. The University is offering the following degrees for the current academic year:

Undergraduate
Bachelor of Science in Business Administration
Bachelor of Science in Finance
Bachelor of Science in Marketing
Bachelor of Arts in Global Entrepreneurship
Bachelor of Arts in Christian Ministries: Biblical & Theological Studies
Bachelor of Arts in Christian Ministries: Discipleship Studies
Bachelor of Arts in Christian Ministries: Great Commission Studies
Bachelor of Arts in Christian Ministries: Sports Ministry
Bachelor of Science in Education: K-6 Elementary Education
Bachelor of Science in Education: 4-8 Middle Level Math & Science
Bachelor of Science in Education: 4-8 Middle Level Literacy & Social Studies
Bachelor of Arts in English
Bachelor of Science in Education: Secondary English
Bachelor of Arts in Music: Senior Project Track
Bachelor of Arts in Music: Senior Recital Track
Bachelor of Arts in Music & Worship: Senior Project Track
Bachelor of Arts in Music & Worship: Senior Recital Track
Bachelor of Science in Education: Vocal Music K-12
Bachelor of Science in Education: Instrumental Music K-12
Bachelor of Science in Health & Physical Education K-12
Bachelor of Arts in Sports Management
Bachelor of Arts in History
Bachelor of Science in Education: Secondary Social Studies
Bachelor of Arts in Political Science: Pre-Law Track
Bachelor of Science in Political Science: Criminal Justice Emphasis
Bachelor of Arts in Liberal Arts
Bachelor of Science in Liberal Arts
Bachelor of Science in Liberal Arts: Nutrition Emphasis
Bachelor of Science in Biology
Bachelor of Science in Health Studies: Gerontology Emphasis
Bachelor of Science in Psychology
Associate in Arts
Associate in Arts: Theology

Graduate
Master of Arts in Teaching
Master of Science in Education

Accreditation. The University is accredited by the Higher Learning Commission (HLC), an institutional accreditor recognized by the United States Department of Education and the Council for Higher Education Accreditation. In March 2023, the University received formal notification that it has been reaffirmed for accreditation through 2032. This ten-year reaffirmation is the maximum extension a university can receive from HLC.

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Employees. As of April 30, 2024, the University employed 93 non-student full-time equivalent employees. A breakdown of the non-student full-time equivalent employees, by area of service, is as follows:

Area of Service	Number of Full-Time Equivalents
Administration	6
Faculty	41
Non-Professional Secretarial and Clerical	15
Technical/Skilled	18
Maintenance	13
Total	93

The undergraduate student-faculty ratio is approximately 12 to 1. The average class size is 12. There are 23 full-time teaching faculty members. Fifty-six percent (56%) of full-time professors have earned doctoral or other terminal degrees. Twenty-six percent (26%) of full-time professors have earned tenure.

Litigation. There is no material litigation pending or threatened against the Corporation.

Students. Although approximately 70% of the University's students enrolled in the 2023-24 academic year were Arkansas residents, the University enrolled students from 18 states and 9 foreign countries. Approximately 7.5% of the students enrolled in the 2023-24 academic year were from the County.

Entrance requirements for unconditional acceptance are as follows:

1. ACT Superscore of at least 20, SAT score of at least 1030, or Classic Learning Test ("CLT") score of at least 66;

2. A high school grade point average of at least 2.6 on a 4.0 scale; and

3. A satisfactory class rank based on the standards of the particular high school.

Students may receive conditional acceptance if they meet the following requirements:

1. ACT Superscore of at least 17, SAT score of at least 920, or CLT score of at least 57;

2. A high school grade point average of at least 2.25 on a 4.0 scale; and

3. A satisfactory class rank based on the standards of the particular high school.

The following table lists average ACT scores for the last five academic years:

Year	Average ACT Scores
2019-20	20.4
2020-21	21.0
2021-22	20.5
2022-23	20.7
2023-24	20.2

The following is matriculation data for the University for the fall semester indicated:

	Fall 2019	Fall 2020	Fall 2021	Fall 2022	Fall 2023
Prospects	29,355	38,484	40,131	40,112	32,399
Applicants	1,175	1,375	1,302	1,070	1,134
Accepted	694	952	830	634	665
Acceptance Rate (%)	59.1	69.2	63.7	59.3	58.6
New Students	265	286	234	194	177
Freshman Cohort	198	221	189	145	127
Prospect to Applicant (%)	4.0	3.6	3.2	2.7	3.5
Applicant to New Student (%)	38.2	30.1	28.19	31.0	27.0
Prospect to New Student (%)	1.0	1.0	1.0	0.5	1.0

NOTES

Prospects: Every prospective student in the University's database for a given year.
Applicants: All applicants for admission for a given year, including new freshmen, returning students and transfers.
New Students: Applicants who matriculated to status as enrolled students.
Freshman Cohort: First time, full time students.
Prospect to Applicant: The percentage of prospects who applied for admission.
Applicant to New Student: The percentage of applicants who matriculated to status as enrolled students.
Prospect to New Student: The percentage of prospects who matriculated to status as enrolled students.

First year retention rates are as follows for the following fiscal years:

Fiscal Year	First Year Retention Rates (%)
2018-19	49
2019-20	53
2020-21	59
2021-22	58
2022-23	50

Six year graduation rates are as follows for students beginning their freshman year in the following fiscal years:

Fiscal Year	Six Year Graduation Rates (%)
2013-14	39
2014-15	37
2015-16	32
2016-17	45
2017-18	35

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Summary of Enrollments and Revenues. The Pledged Revenues, which secure the repayment of the Bonds, consist of student tuition, fees and dormitory rentals received by the Corporation. The University operates on a fiscal year commencing July 1 and ending June 30 of the following year. Students attend the University for yearly terms which are currently divided into two semesters. Semesters generally commence during the months of August and January. Set forth below is historical data for the University regarding enrollment and revenues.

Fiscal Year	Enrollment[1]	Tuition and Fee Revenues[2]	Dormitory Revenues[2]	Total Pledged Revenues[2]
2018-19	419	$3,573,439	$1,270,215	$4,843,654
2019-20	480	4,224,795	1,441,904	5,666,699
2020-21	559	4,382,287	1,643,929	6,026,216
2021-22	568	3,530,697	1,741,704	5,272,401
2022-23	535	3,520,447	1,659,054	5,179,501
2023-24	465	N/A	N/A	N/A

(1) On a full-time equivalent basis. Average of Fall and Spring full-time equivalent.

(2) Revenues for the periods indicated are net of tuition discounts or scholarships offered by the University.

Tuition Charges and Dormitory Rental Rates. The following table lists tuition charges and average dormitory rental rates for students at the University for the years indicated:

Fiscal Year	Student Tuition*	Dormitory Rentals*
2019-20	$16,668	$8,026
2020-21	17,100	8,200
2021-22	17,100	8,550
2022-23	17,980	8,980
2023-24	18,860	8,980

* Per year, includes all fees.

Student Financial Aid. Approximately 99.8% of the University's student body receives assistance from federal, state, university or private sources. The following table presents the sources of student financial aid for the Fiscal Years indicated:

Fiscal Year	Federal	State	University	Non-Institutional	Total
2018-19	$3,431,892	$544,582	$3,808,435	$534,889	$ 8,319,798
2019-20	4,178,322	560,500	4,698,019	576,016	10,012,857
2020-21	4,131,805	698,491	6,170,139	745,520	11,745,955
2021-22	3,878,397	812,511	6,853,201	692,207	12,236,316
2022-23	3,818,540	840,450	6,916,485	707,496	12,282,971

Housing. All unmarried students are required to live in University housing unless they have completed 60 hours, have a 3.0 GPA, and have or will turn 21 in the semester they are requesting to move off campus. Commuters are allowed to live off-campus as long as they live with a parent/guardian, and they do not live further than an hour from the University. This applies to incoming freshmen and current residential students who do not meet the minimum hour requirement, GPA, and age limit of the policy that wish to move off-campus.

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The University owns five residence halls and three apartment complexes with total maximum occupancy of 581. Set forth below are the names of the residence halls and apartment complexes owned by the University, the use, the capacity and the fall occupancy:

Name	Use	Maximum Occupancy	Fall 2023 Occupancy
Cash/Wilson Hall	Men	158	98
Nicholas Hall	Men	44	44
Butler Hall	Men	29	29
Southerland Hall	Women	210	131
Belle Hall	Women	44	36
Nicholas East Apartments	Married	32	10
Nicholas West Apartments	Married	32	17
Callahan Apartments	Married	32	11

The following table presents the number of students living on-campus for the fall semesters of the years indicated:

Fall Semester	Students in University Housing
2019	381
2020	422
2021	414
2022	373
2023	376

Competition. The University competes with other colleges and universities for qualified applicants. The Corporation believes that its most significant competitors are the institutions listed in the table below, which also reflects the reported total charges at each of those institutions and the University for the 2023-2024 academic year:

Name of Institution	Total Cost[(1)]	Rank on Total Cost[(1)]	Average Net Cost[(1)]	Rank on Net Cost[(1)]
Williams Baptist University	$33,870	10	$16,658	11
Arkansas State University	26,226	13	13,002	13
Central Baptist College	32,722	11	16,672	10
Crowley's Ridge College	29,127	12	17,266	9
Harding University	39,298	8	21,069	7
Hendrix College	55,444	2	24,236	3
John Brown University	44,710	5	21,464	6
Lyon College	45,750	4	22,675	4
Oklahoma Baptist University	48,900	3	25,099	2
Ouachita Baptist University	41,720	6	22,087	5
Southwest Baptist University	40,772	7	19,781	8
Union University	59,276	1	27,191	1
University of the Ozarks	37,914	9	16,651	12

(1) 2023-2024 academic year.

Endowment. Set forth below is information concerning the restricted endowment funds of the Corporation. **The Bonds are not secured by any security interest in the Corporation's endowment funds or the interest earnings thereon.**

Date	Fair Value
06/30/19	$15,173,039
06/30/20	14,763,265
06/30/21	14,246,058
06/30/22	12,875,667
06/30/23	13,119,341

The current asset allocation for invested endowment funds is as follows as of June 30, 2023:

Type	Percentage (%)
Domestic Equities	48.85
International Equities	9.96
Internal Debt	23.58
Cash	1.16
Real Estate	6.27
Alternative Investments	10.18
Total	100%

The performance data for invested endowment funds for the fiscal years indicated is as follows:

Fiscal Year	Annualized Returns (Loss)%
2018-19	6.34
2019-20	1.14
2020-21	26.27
2021-22	(6.30)
2022-23	9.76

The following chart sets forth the total amount of gifts and governmental grants (net of contributions received from the Arkansas State Baptist Convention) received annually for the fiscal years indicated:

Fiscal Year	Amount
2018-19	$454,127
2019-20	619,584
2020-21	873,250
2021-22	1,484,885
2022-23	1,494,233

The following chart sets forth the total amount of contributions received from the Arkansas State Baptist Convention for the fiscal years indicated:

Fiscal Year	Amount
2018-19	$952,388
2019-20	930,214
2020-21	930,235
2021-22	893,184
2022-23	1,037,034

FINANCIAL INFORMATION

Summary of Unrestricted Revenues and Expenditures. Unrestricted revenue and expenditures of the Corporation are summarized below for the Fiscal Years ended June 30, 2019-2023:

	Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
Revenues:					
Gross tuition and fees	$ 7,344,808	$ 8,813,713	$10,401,259	$10,584,010	$10,383,668
Less: scholarships	(3,771,369)	(4,588,918)	(6,018,972)	(7,053,313)	(7,133,221)
Net tuition and fees	3,573,439	4,224,795	4,382,287	3,530,697	3,250,447
Williams Works[(1)]	-	-	572,054	1,229,235	1,406,923
Private gifts, grants and contributions	1,272,951	1,184,600	1,387,393	2,008,540	2,286,848
Governmental grants and programs	-	1,059,500	1,864,329	708,583	-
Auxiliary enterprises	2,877,887	3,519,040	34,887	3,513,328	3,429,858
Investment return	35,017	33,840	1,534,367	(261,094)	375,117
Other revenues	81,302	1,610	3,606,249	3,425,318	1,176,494
Loss on disposal of property	-	-	-	-	(190,286)
Net Assets Released from Restrictions	865,678	710,124	150,536	530,508	654,052
Total Revenues	$ 8,706,274	$10,733,509	$13,532,102	$14,685,115	$12,389,453
Expenditures:					
Instructional	$ 2,224,851	$ 2,379,796	$ 2,218,054	$ 2,195,039	$ 2,235,539
Student services	2,505,253	2,661,271	2,899,554	3,055,553	3,031,741
Auxiliary enterprises	959,312	1,177,789	2,182,886	2,857,442	2,690,920
Academic support	623,437	731,171	753,524	752,739	730,745
Institutional support	3,493,338	3,241,705	3,681,275	3,733,016	3,958,822
Fundraising	-	-	33,266	128,999	202,599
Total Expenditures	$ 9,806,191	$10,191,732	$11,768,559	$12,722,088	$12,850,366
Revenues less expenditures (Change in net assets)	$ (1,099,917)	$ 541,777	$ 1,763,543	$ 1,963,027	$ (460,913)

[(1)] Williams Works is a work study program that started in the Fall 2020 semester.

[(2)] Depreciation expenditures are included in the instructional, student services, auxiliary enterprises, academic support, institutional support and fundraising expenditures. Deprecation expenditures were as follows: $990,424 (2023); $953,492 (2022); $936,923 (2021); $888,297 (2020); and $839,537 (2019).

Financial Statements. The audited financial statements of the Corporation for the Fiscal Year ended June 30, 2023, which have been prepared in accordance with accounting principles generally accepted in the United States of America, are set forth in Appendix B to this Official Statement. The notes provided therein represent an integral part of the audited financial statements, and should be read together with these statements in their entirety. The audited financial statements of the Corporation for the Fiscal Year ended June 30, 2024 are not yet available.

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BONDHOLDER RISKS

The following is a discussion of certain risks that could affect payments to be made with respect to the Series 2024 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 Series 2024 Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available during the initial offering period from the Underwriter and thereafter from the Trustee.

General. The Series 2024 Bonds are special, limited obligations of the Issuer, payable solely from certain amounts payable by the Corporation to the Issuer under the Loan Agreement and certain other available moneys specified in the Indenture (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Series 2024 Bonds and income from the investment thereof). No representation or assurance can be given that the Corporation will realize revenues in amounts sufficient to make such payments under the Loan Agreement with respect to the Series 2024 Bonds and to pay other expenses and obligations of the Corporation. The realization of future revenues is dependent upon, among other things, the capabilities of the management of the University and future changes in economic and other conditions that are unpredictable and cannot be determined at this time.

The Corporation's expenses (including depreciation, interest and amortization expenses) have exceeded its unrestricted revenues in two of the last five Fiscal Years (not taking the Fiscal Year ended June 30, 2024 into account). Management of the Corporation is committed to implement initiatives intended to increase the future revenues of the Corporation, to limit, decrease or control the future expenses of the Corporation and to generate surpluses, rather than losses in future years. If these management initiatives are unsuccessful, or if the Corporation continues to experience deficits despite these initiatives, it could adversely affect the Corporation's financial position and results of operations. Adverse effects on the Corporation's financial position and results of operations could, in turn, adversely affect the Corporation's ability to make debt service payments on the Bonds at the times and in the amounts contemplated by the Loan Agreement.

Enrollment. The Corporation believes that the strength of its academic programs, faculty and facilities will cause the demand for its educational programs to remain stable; however, no assurance can be given that it will do so. A significant decrease in the University's enrollment could adversely affect the Corporation's financial position and cash flows and could, in turn, adversely affect the Corporation's ability to make debt service payments on the Series 2024 Bonds at the times and in the amounts contemplated by the Loan Agreement.

Financial Aid. A significant percentage of the University's students receive financial support in the form of federal and state grants, federally backed loans and institutional scholarships and grants from the Corporation. There can be no assurance that the amount of federal or state supported financial aid programs will remain stable or increase in the future. If the amount of such federal or state supported financial aid decreases in the future, there can be no assurance that the Corporation will be able to increase the amount of financial aid provided by it. Any change in the availability of federal or state financial aid would likely adversely affect the University's enrollment. Any significant decrease in enrollment could adversely affect the Corporation's financial position and cash flows and could, in turn, adversely affect the Corporation's ability to make debt service payments on the Series 2024 Bonds at the times and in the amounts contemplated by the Loan Agreement.

Tuition. A significant portion of the Corporation's operating revenues is provided through tuition and related fees. Although the Corporation in the past has been able to raise tuition and related fees without adversely affecting enrollment, there can be no assurance that it will continue to be able to do so in the future, and that the increase will be in amounts sufficient to offset expenses. Future tuition increases and any adverse change in enrollment could adversely affect the Corporation's financial position and cash flows and could, in turn, adversely affect the Corporation's ability to make debt service payments on the Series 2024 Bonds at the times and in the amounts contemplated by the Loan Agreement.

Gifts, Grants and Bequests. The Corporation annually solicits gifts and bequests for both current operating purposes and other needs. There can be no assurance that the amount of gifts, grants and bequests received by the Corporation will remain stable or increase in the future. Any adverse changes in (a) enrollment, (b) tax laws affecting deductibility of charitable contributions and (c) economic conditions could adversely affect the amount of gifts, grants and bequests received by the Corporation, which could adversely affect the Corporation's financial position and results of operations.

Investment Income. A portion of the Corporation's total revenues is derived from income earned on investments of the Corporation's funds. Although the Corporation believes its investments are managed prudently and has adopted policies designed to ensure the prudent management of its investments in the future, there can be no assurance that unforeseen developments in the securities markets will not have an adverse effect on the market value of those investments and the income generated therefrom.

Competition. A key factor in maintaining its revenues is the University's ability to attract a sufficient number of qualified students and faculty. The University competes with higher education institutions located in the State and across the region, including publicly-supported institutions. The Corporation expects to encounter competition in maintaining its recruiting base and seeking to expand its student recruitment. Attracting and retaining qualified faculty is essential to attracting qualified students and is dependent on the Corporation's ability to offer competitive compensation and facilities. No assurances can be given that the University will continue to attract sufficient numbers of qualified students or faculty so that its revenues will be sufficient to make the payments required under the Loan Agreement.

Other Factors Affecting the Financial Performance of the University. One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the Corporation's operations and financial performance to an extent that cannot be determined at this time:

1. *Changes in Administration*. Changes in key administrative personnel could affect the capability of management of the Corporation.

2. *Future Economic Conditions*. Increased unemployment or other adverse economic conditions or changes in demographics in the service area of the University that could increase the proportion of students who are unable to pay the cost of tuition to the Corporation; cost and availability of energy; an inability to control expenses in periods of inflation and difficulties in increasing charges and other fees while maintaining the quality of educational services.

3. *Competition*. Increased competition from other educational institutions, which could adversely affect the enrollment at or revenues of the University, which could force the Corporation to offer discounted rates, or which could adversely affect the ability of the University to attract faculty or other staff.

4. *Organized Labor Efforts*. Efforts to organize employees of the Corporation into collective bargaining units could result in adverse labor actions or increased labor costs.

5. *Environmental Matters*. Legislative, regulatory, administrative or enforcement action involving environmental controls could adversely affect the operation of the facilities of the University. For example, if property of the University is determined to be contaminated by hazardous materials, the Corporation could be liable for significant clean up costs even if it were not responsible for the contamination.

6. *Natural Disasters*. The occurrence of natural disasters, such as floods, earthquakes or droughts, could damage the facilities of the University, interrupt services or otherwise impair operations and the ability of the Corporation to produce revenues.

Payment of Other Obligations. The Corporation is the obligor under the Other Obligations. See **THE 2024 BONDS**, Other Indebtedness. If the Corporation is unable to pay the Other Obligations as due or refinance the debt at or prior to maturity, the Corporation could be forced to liquidate enough assets to pay off the debt. Such an occurrence could adversely affect the Corporation's financial position and cash flows and could, in turn, adversely affect the Corporation's ability to make debt service payments on the Series 2024 Bonds at the times and in the amounts contemplated by the Loan Agreement.

Tax-Exempt Status of the University and the Series 2024 Bonds. *The Corporation*. The Internal Revenue Service ("IRS") has determined that the Corporation is an organization described in Section 501(c)(3) of the Code and therefore is exempt from federal income taxation. The maintenance by the Corporation of its tax-exempt status depends, in part, upon its maintenance of its status as an organization described in Section 501(c)(3) of the Code. The maintenance of such status by the Corporation is contingent upon its compliance with applicable provisions of the Code and related regulations regarding the organization and operation of tax-exempt entities, including its operation for educational purposes and its avoidance of transactions which may cause its assets to inure to the benefit of private individuals. The failure of the Corporation to remain qualified as a tax-exempt organization (see "IRS Examination and Enforcement Activities" below) could result in substantial tax liabilities on the income of the Corporation and could adversely affect the amount of funds available to pay debt service on the Series 2024 Bonds. Such failure could also cause the inclusion of interest on the Series 2024 Bonds in gross income for federal income tax purposes retroactive to their date of issuance. In addition, the possible modification or repeal of certain existing federal income tax laws or property tax laws or other loss by the Corporation of the present advantages of such laws, or any legislation imposing additional conditions on tax-exempt organizations, could adversely impact the financial position of the Corporation.

The Series 2024 Bonds. The failure of the Corporation to remain qualified as a tax-exempt organization, as well as failure to comply with certain legal requirements relating to the Series 2024 Bonds, could cause the inclusion of interest on the Series 2024 Bonds in gross income for federal income tax purposes retroactive to their date of issuance. In such event, defaults under covenants regarding the Series 2024 Bonds could be triggered and the maturity of the Series 2024 Bonds may be accelerated. The Indenture does not provide for the payment of any additional interest or penalty in the event of the taxability of the interest on the Series 2024 Bonds. The taxation of interest on the Series 2024 Bonds would also adversely affect their price and marketability.

IRS Examination and Enforcement Activities. In recent years, the IRS has increased the frequency and scope of its examination and other enforcement activities regarding tax-exempt organizations and tax-exempt bonds. Currently, the primary penalties available to the IRS under the Code are the revocation of the tax-exempt status of an organization and a determination that interest on tax-exempt bonds is subject to federal income taxation. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit corporations, it could do so in the future. In addition, although the IRS has only infrequently taxed the interest received by holders of bonds that were represented to be tax-exempt, the IRS has examined a number of bond issues and concluded that such bond issues did not comply with applicable provisions of the Code and related regulations. No assurance can be given that the IRS will not examine the Underwriter, a Series 2024 Bondholder, the Corporation or the Series 2024 Bonds. If the Series 2024 Bonds are examined, it may have an adverse impact on their price and marketability. Based on the stated use of proceeds from the sale of the Series 2024 Bonds as described herein, and on representations, warranties and covenants of the Corporation, Bond Counsel will deliver its opinion as to the tax-exemption of interest on the Series 2024 Bonds.

Marketability. The Underwriter may engage in secondary market transactions with respect to the Series 2024 Bonds but it is under no obligation to do so. There is no assurance that a secondary market for the Series 2024 Bonds will develop or that owners who wish to sell their Series 2024 Bonds will be able to do so.

Certain Matters Relating to Enforceability. The remedies available upon a default under the Indenture and the Loan Agreement will, in many respects, be dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the United States Bankruptcy Code and state laws concerning the use of assets of charitable organizations, the remedies specified in the Indenture and the Loan Agreement may not be readily available or may be limited. The various legal opinions to be delivered in connection with the issuance of the Series 2024 Bonds will be expressly subject to the qualification that the enforceability of the Indenture and the Loan Agreement and other legal documents is limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the rights of creditors and by the exercise of judicial discretion in appropriate cases.

DEBT SERVICE REQUIREMENTS

The following table shows amounts required to pay principal of and interest on the Series 2024 Bonds during each year ending June 30 as follows:

Year (Ending June 30)	Principal*	Interest	Total Debt Service
2025	$ 35,000		
2026	65,000		
2027	70,000		
2028	75,000		
2029	75,000		
2030	80,000		
2031	80,000		
2032	85,000		
2033	90,000		
2034	90,000		
2035	95,000		
2036	100,000		
2037	105,000		
2038	110,000		
2039	115,000		
2040	120,000		
2041	125,000		
2042	130,000		
2043	135,000		
2044	140,000		
2045	150,000		
2046	155,000		
2047	165,000		
2048	170,000		
2049	180,000		
Total	$2,740,000		

* Preliminary; subject to change.

DEBT SERVICE COVERAGE

Historical Coverage Based on Pledged Revenues. The following table sets forth the debt service coverage ratio using Pledged Revenues for the Fiscal Year ended June 30, 2023 based on the audited financial statements of the Corporation:

Total Pledged Revenues(A)(1)	$5,179,501
Maximum Annual Debt Service for the Series 2024 Bonds(B)(2)	191,188
Historical Coverage Based on Pledged Revenues(A/B)	27.09x

(1) Revenues for the periods indicated are net of scholarships granted by the University.
(2) Based on a year ending June 30. Assumes an average coupon rate of 4.67% on the Series 2024 Bonds.

Historical Coverage Based on Unrestricted Net Assets of Corporation. The following table sets forth the debt service coverage ratio using the change in unrestricted net assets of the Corporation for the Fiscal Year ended June 30, 2023 based on the audited financial statements of the Corporation.

University Operating Revenues (Unrestricted)	$12,389,453
University Operating Expenditures (Unrestricted)	(12,850,366)
Change in Net Assets from University Unrestricted Operations	(460,913)
Plus: Depreciation	990,424
Available for Debt Service(A)	$529,511
Maximum Annual Debt Service for the Series 2024 Bonds(B) (1)	191,188
Historical Coverage Based on Unrestricted Net Assets of Corporation(A/B)	2.77x

(1) Based on a year ending June 30. Assumes an average coupon rate of 4.67% on the Series 2024 Bonds. Does not include debt service requirements for the Other Obligations. See **THE SERIES 2024 BONDS**, Other Indebtedness.

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SUMMARY OF PORTIONS OF THE LOAN AGREEMENT

The following is a summary, which does not purport to be comprehensive and definitive, of certain provisions of the Loan Agreement.

Issuance of the Series 2024 Bonds. Pursuant to the Loan Agreement, the Issuer agrees to issue the Series 2024 Bonds to accomplish the refunding of the 2017 Bonds and to provide all or a portion of the funds for financing the Costs of the Project. Upon the issuance of the Series 2024 Bonds, the Issuer will deposit the proceeds from the Series 2024 Bonds with the Trustee. An amount necessary to fund the Debt Service Reserve Fund at the Debt Service Reserve Requirement shall be deposited into the Debt Service Reserve Fund, an amount not exceeding 2% of the proceeds of the Series 2024 Bonds shall be deposited in the Issuance Cost Fund, an amount necessary to accomplish the refunding of the 2017 Bonds shall be used for that purpose and the balance of the proceeds from the sale of the Series 2024 Bonds shall be deposited in the Project Fund.

Modification of the Project. The Corporation agrees to maintain plans and specifications for the Project. The Corporation may make any changes in or modifications to the plans and specifications, and may make any deletions from or substitutions or additions to the Project without the prior consent of the Issuer or the Trustee, so long as such changes or modifications in the plans and specifications, or deletions from or substitutions or additions to the Project, do not materially alter the size, scope or character of the Project, impair the structural integrity and utility of the Project or the University, or violate the requirements of any governmental authority. If any such changes or modifications in the plans and specifications, or if any such deletions from or substitutions or additions to the Project, materially alter the size, scope or character of the Project or impair the structural integrity and utility of the Project or the University then, in such event, no such changes, modifications, substitutions, deletions or additions shall be made without the express written consent of the Trustee and the Issuer. No changes or modifications in the plans and specifications and no deletions from or substitutions or additions to the Project may be made without prior approval of the contractor's sureties if required by the terms of any indemnity bond. The Corporation covenants and agrees that no changes, modifications, substitutions, deletions or additions shall be made with respect to the Project (a) if such change disqualifies the Project under the Act or would adversely and materially affect the Pledged Revenues of the Corporation, and (b) unless there shall be on deposit with the Trustee adequate moneys available therefor or the Corporation deposits in the Project Fund adequate moneys to pay any additional Cost of the Project resulting therefrom, or there shall have been deposited in the Project Fund the net proceeds of Additional Bonds, which proceeds are adequate therefor.

Disbursements from the Project Fund. Pursuant to the terms of the Indenture, the Issuer has authorized and directed the Trustee to make payments from the Project Fund to pay the Cost of the Project (other than Issuance Costs), or to reimburse the Corporation for any Cost of the Project other than Issuance Costs paid by it, upon receipt of requisitions as specified in the Loan Agreement.

In the event moneys in the Project Fund are not sufficient to pay the Cost of the Project in full, the Corporation agrees to pay that portion of the Cost of the Project in excess of the moneys available therefor in the Project Fund.

Investment of Moneys. Moneys held for the credit of the Debt Service Reserve Fund shall be invested and reinvested in Permitted Investments maturing not later than seven years from the date of investment. Moneys held for the credit of any other fund or account created in the Indenture shall, to the extent practicable, be invested and reinvested in Permitted Investments which shall mature not later than the date or dates on which the money held for credit of the particular fund shall be required for the purposes intended. The Trustee shall so invest and reinvest at the direction of the Corporation and in the Trustee's discretion in the absence of any direct instructions from the Corporation.

The obligations so purchased as an investment of moneys in any such fund or account shall be deemed at all times a part of such fund.

Term of Loan Agreement and Installment Loan Payments. The Term of Loan Agreement will commence as of September 10, 2024 and, unless sooner terminated as provided in the Loan Agreement, shall expire on March 1, 2049, or on the date that all of the Bonds and all fees and charges of the Issuer, the Trustee, and any paying agents have been fully paid or provision made for such payment, whichever is later; provided, however, that the Loan Agreement may be terminated prior to such date if the Corporation exercises its option to prepay the amounts payable under the Loan Agreement pursuant to the terms thereof.

The Corporation agrees to pay to the Issuer during the Term of Loan Agreement on or before the first day of each month, a sum equal to 1/6 of the next installment of interest on the Bonds plus 1/12 of the next installment of principal of the Bonds; provided, however, that the payments through February 2025 shall be in an amount equal to 1/5 of the principal of and interest due on the Series 2024 Bonds on March 1, 2025, and on or before one Business Day prior to any interest payment date for the Bonds, such being March 1 and September 1 of each year, or any other date fixed for the redemption of any or all of the Bonds pursuant to the Indenture, until the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, a sum which, together with other moneys available therefor in the Bond Fund, will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or upon redemption or acceleration or otherwise) and interest on the Bonds as provided in the Indenture. In addition, during the Term of Loan Agreement, the Corporation shall pay the reasonable fees and expenses of the Trustee and any paying agents and the reasonable fees and expenses of the Issuer.

The Corporation will also pay the amount, if any, required to be deposited in the Debt Service Reserve Fund in order to cause the amount on deposit therein to equal the required level.

The obligation of the Corporation to make payments is absolute and unconditional, and in the event the Corporation should fail to make any payments, the item or installment so in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid.

Taxes and Governmental and Utility Charges. The Corporation agrees to pay or cause to be paid during the Term of Loan Agreement all taxes and governmental charges of any kind lawfully assessed or levied upon the University or any part thereof, all utility and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the University; and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the University, provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Corporation shall be obligated to pay only such installments as are required to be paid during the Term of Loan Agreement.

The Corporation may, at the Corporation's expense and in the Corporation's name or in the name of the Issuer, in good faith, contest any such taxes, assessments, and other charges and, in the event of any such contest, may permit the taxes, assessments, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless by such nonpayment the security afforded pursuant to the Loan Agreement will be materially endangered or the University or any part thereof will be subject to loss or forfeiture, in which event such taxes, assessments, or charges shall be paid forthwith.

Maintenance and Modification of University. The Corporation agrees that at all times during the Term of Loan Agreement it will, at its own expense, maintain, preserve, and keep the University, or cause the University to be maintained, preserved, and kept, with the appurtenances and every part and parcel thereof, in good repair, working order, and condition, and that the Corporation will from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals deemed proper and necessary by it.

In addition, the Corporation shall have the privilege of remodeling the University or making substitutions, additions, modifications, and improvements to the University from time to time as the Corporation, in its sole discretion, may deem to be desirable for its use for such purposes as are permitted by the Act, the cost of which remodeling, substitutions, additions, modifications, and improvements shall be paid by the Corporation; provided, however, that such remodeling, substitutions, modifications, and improvements shall not interfere with the operation of the University or in any way damage the University, and provided that the University, as remodeled, improved, or altered, upon completion of such remodeling, substitutions, modifications, and improvements shall be of a value not less than the value of the University immediately prior to the improvements. The Corporation will not permit any mechanic's lien to be established or remain against the University for labor or materials furnished in connection with any remodeling, substitutions, additions, modifications, improvements, repairs, renewals, or replacements, provided that the Corporation may in good faith contest any such lien and not pay the same unless by such nonpayment the lien of the Loan Agreement as to the Pledged Revenues and the Indenture as to the payments will be materially endangered or the University or any part thereof will be subject to loss or forfeiture, in which event the Corporation shall promptly pay and cause to be satisfied and discharged all such unpaid items.

Insurance. The Corporation agrees to insure or cause to be insured the University against loss or damage of the kinds usually insured against by entities similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the State, with uniform standard coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at that time in use in the State, in amounts that are not less than the full insurable value (as that term is defined in the Loan Agreement) of the University, and with such deductible provisions as are customarily included by companies similarly situated, or at the option of the Corporation any lesser amount which is equal to or greater than the amount of all of the Bonds then Outstanding. Alternatively, the Corporation may insure such property under a blanket insurance policy or policies which cover not only such property but other properties.

Notwithstanding the foregoing paragraph, if the Corporation shall insure similar properties by self-insurance, the Corporation, at its election, may insure the University, partially or wholly, by means of an adequate self-insurance fund set aside and maintained out of its earnings, or in conjunction with other companies through an insurance trust or other arrangements.

The Corporation also agrees to carry public liability insurance with respect to the University with one or more reputable insurance companies in minimum amounts of $500,000 for the death or personal injury to one person and $1,000,000 for personal injury or death for each occurrence in connection with the University and $500,000 for property damage for any occurrence in connection with the University.

Damage, Destruction, and Condemnation. Unless the Corporation shall have exercised its option to prepay the amounts payable under the Loan Agreement pursuant to certain provisions of the Loan Agreement (see Options to Prepay Loan Upon the Occurrence of Certain Events), if the University or any portion thereof is destroyed in whole or in part or is damaged by fire or other casualty, or title to or any interest in, or the temporary use of, the University or any portion thereof shall be taken under the exercise of the power of eminent domain, the Corporation shall be obligated to continue to pay the amounts specified in the Loan Agreement.

Prior to the Completion Date, the Issuer, the Trustee and the Corporation will cause the Net Proceeds of any insurance proceeds or any condemnation award resulting from any of the foregoing events to be deposited in the Project Fund and to be disbursed therefrom as provided in the Loan Agreement and the Indenture. Subsequent to the Completion Date, the Issuer, the Trustee and the Corporation will cause the Net Proceeds of any insurance proceeds or any condemnation award resulting from any of the foregoing events to be deposited in a separate trust fund, provided that Net Proceeds in an amount less than $100,000 shall be paid directly to the Corporation. All Net Proceeds shall be applied in one or more of the following ways as directed by the Corporation:

(1) To the prompt repair, restoration, modification, or improvement of the University by the Corporation; or

(2) To the redemption of the Bonds, provided that no part of the Net Proceeds may be applied for such redemption unless:

(a) all of the Bonds are to be redeemed in accordance with the Indenture upon the prepayment of the amounts payable under the Loan Agreement, or

(b) if less than all of the Bonds are to be redeemed, the Corporation shall furnish to the Issuer and the Trustee an acceptable certificate stating (i) that the portion of the University that was damaged or destroyed or was taken by such condemnation proceedings is not essential to the use or possession of the University by the Corporation or (ii) that the University has been repaired, restored, modified, or improved to enable the University to operate as designed.

In the event the Net Proceeds are insufficient, the Corporation will nonetheless complete the work and will pay any cost in excess of the amount of the Net Proceeds.

Any balance of the Net Proceeds deposited in the separate trust fund and remaining after the repair, restoration, modification, or improvement has been completed shall be transferred to the Bond Fund, or if the Bonds have been fully paid (or provisions for payment thereof have been made in accordance with the provisions of the Indenture), the balance shall be paid to the Corporation.

<u>Removals from University; Gifts</u>. The Corporation may not dispose of its cash or demolish, remove, or dispose of any real property, structures, furnishings, machinery, equipment, or other improvements now or hereafter existing as part of the University, except as stated below:

(a) The Corporation, free of any obligation to make any replacement thereof, may demolish, remove, or dispose of any real property, structure, furnishing, machinery, equipment, or other improvement now or hereafter existing as part of the University, and may make any donation, gift, or transfer of its cash without fair and adequate consideration or compensation, to any individual, partnership, corporation, or other entity provided the net book value of all such demolitions and removals plus the donations, gifts, or transfers of cash made pursuant to this provision during any Fiscal Year shall not exceed 15% of the total assets of the Corporation as shown on its books as of the beginning of such Fiscal Year. The net proceeds, if any, arising from any such actions shall be used by the Corporation as it shall in its sole discretion determine.

(b) Except as provided in (a) above, if the Corporation in its sole discretion determines that (i) any real property, structure, furnishing, machinery, equipment, or other improvement now or hereafter constituting a part of the University has become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary, or its disposal as hereinafter provided is in the best interests of operation of the University, or (ii) a donation, gift, or transfer of its cash to another entity is desirable, the Corporation may give written notice thereof to the Trustee (if the fair market value of the property or the amount of cash to be transferred is less than $25,000, then notice to the Trustee is not required), and then demolish or remove such property from the University, and may, to the extent permitted by law, sell, trade-in, exchange, or otherwise dispose of same, in whole or in part, or may donate, give away, or transfer such cash provided that either:

(1) The Corporation shall, at its own cost and expense, acquire, construct, or install replacement or substitute real property, structures, furnishing, machinery, equipment, or other improvements having a usefulness, as determined by the Corporation, to the operations of the Corporation (but not necessarily the same function) at least equal to the usefulness, prior to demolition, removal, or disposal of the property demolished, removed, or disposed of; or

(2) The Corporation shall demolish, remove, or dispose of any such property from time to time at its own cost and expense, without any obligation on the part of the Corporation to provide any property in replacement of or substitution for that demolished, removed, or disposed of or may donate, give away, or transfer such cash if the fair market value of such property or the amount of cash to be transferred is less than $25,000. If the fair market value of the property to be demolished, removed or disposed of or the amount of cash to be transferred is $25,000 or more then the following terms and conditions must first be satisfied:

(i) prior to such demolition, removal, disposal, donation, gift, or transfer the Corporation must give to the Trustee written notice thereof, setting forth a brief description of the property to be demolished, removed, or disposed of and the net book value thereof as shown on the books of the Corporation or the amount of cash to be donated, given away, or transferred; and

(ii) the Corporation must submit to the Trustee a certificate of its chief executive officer and its chief financial officer and acceptable to the Trustee determining that the property to be demolished, removed, or disposed of has become obsolete, inadequate, worn out, unsuitable, undesirable, or unnecessary or its disposal is in the best interest of the Corporation's operation of the University and that its demolition, removal, or disposal will not impair the structural soundness, efficiency, or economic value of the University and to the effect that the demolition, removal, or disposal of the property to be demolished, removed, or disposed of, or the donation, gift, or transfer of cash will not cause the Pledged Revenues available for Debt Service in the Fiscal Year following the Fiscal Year in which the demolition, removal or disposal of such property occurs to be less than 125% of the maximum Annual Debt Service on the Bonds.

Covenants of the Corporation. The Corporation covenants as follows:

(1) The Corporation shall furnish to the Trustee the following information, and shall furnish to any owner of the Bonds who shall have requested in writing items (a) and (b) below:

(a) Within one hundred eighty (180) days after the end of the preceding Fiscal Year, an audit report covering the operations of the Corporation, which includes the statement of financial position of the Corporation, and the related statements of activities, changes in net assets, and cash flows for the year ended that date, reported on by independent public accountants.

(b) Upon request, copies of all such regular or periodic reports which are available for public inspection and which the Corporation may be required to file with any federal or state department, bureau, commission, or agency.

(c) Within one hundred twenty (120) days after the end of the preceding Fiscal Year, a certification that the Corporation is in compliance with all covenants and agreements made by the Corporation and contained in the Loan Agreement.

(2) The Corporation agrees to take all action necessary to maintain Pledged Revenues in each Fiscal Year at a level equal to or exceeding 125% of the maximum Annual Debt Service on all Outstanding Bonds.

(3) The Corporation agrees that during the Term of the Loan Agreement it will maintain its corporate existence, will continue to be a nonprofit Corporation in good standing in the State, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another legal entity or permit one or more other legal entities to consolidate with or merge into it, provided that the Corporation may, without violating the foregoing, consolidate with or

merge into another legal entity, or permit one or more legal entities to consolidate with or merge into it, or sell or otherwise transfer to another legal entity all or substantially all of its assets as an entirety and thereafter dissolve, provided (i) that the surviving, resulting, or transferee legal entity, as the case may be, shall have net assets (excluding restricted net assets), as determined in accordance with generally accepted accounting principles, immediately subsequent to such acquisition, consolidation, merger, or transfer equal to at least that of the Corporation immediately prior to such acquisition, consolidation, merger, or transfer; (ii) that such acquisition, consolidation, merger, or transfer will not affect the tax-exempt status of the interest on the Tax-Exempt Bonds; and (iii) that if the surviving, resulting, or transferee legal entity, as the case may be, is not the Corporation, then such legal entity shall be a legal entity organized and existing under the laws of one of the states of the United States of America, shall be qualified to do business in the State, shall be a Tax-Exempt Organization, and shall assume all of the obligations of the Corporation under the Loan Agreement, in which event the Issuer shall release the Corporation in writing, concurrently with and contingent upon such acquisition, consolidation, merger, or transfer, and the Trustee shall be furnished a certificate from the chief financial officer of the Corporation stating that in the opinion of such officer none of the covenants contained in the Loan Agreement will be violated as a result of such acquisition, consolidation, merger, or transfer.

Security Interest in the Pledged Revenues. The Corporation grants to the Trustee a security interest in the Pledged Revenues in order to secure payment of the principal of and the interest on the Bonds. The Corporation agrees that in the event of a Default under the Loan Agreement and acceleration of payment of the Bonds by the Trustee pursuant to the Indenture, the Trustee may foreclose its security interest in the Pledged Revenues and cause the Corporation to pay any Pledged Revenues directly to the Trustee and use any proceeds therefrom for payment of the principal of and interest on the Bonds irrespective of any other remedies exercised by the Issuer or the Trustee. The security interest in the Pledged Revenues shall remain in effect until the Corporation shall have satisfied its obligations under the Loan Agreement, at which time the Issuer will cause the execution and delivery to the Corporation of such documents as shall be necessary to effect or evidence the termination of such security interest. Notwithstanding the security interest in the Pledged Revenues granted in the Loan Agreement, the Corporation shall have the rights, so long as it is not in Default under the Loan Agreement, to use Pledged Revenues for any proper corporate purpose to the extent not prohibited or restricted by the terms of the Loan Agreement.

Leasing and Operating Contracts. The Corporation may lease any part of the University financed or refinanced with the proceeds of the Bonds or contract for the performance by others of operations or services of or in connection with any part of the University financed or refinanced with the proceeds of the Bonds for any lawful purpose which is consistent with the provisions of the Act, provided that (a) such lease or operating contract shall not be inconsistent with the provisions of the Act, the Loan Agreement or the Indenture and (b) the Corporation shall remain fully obligated and responsible under the provisions hereof to the same extent as if such lease or operating contract had not been executed. In addition, each such lease or contract shall be expressly conditional upon an opinion of Bond Counsel acceptable to the Trustee that the exclusion from gross income of the interest on the Bonds shall not be adversely affected by such lease or contract.

Events of Default. The Loan Agreement provides that any one or more of the following events will constitute a "Default":

(a) Failure by the Corporation to pay the amounts required to be paid under the Loan Agreement relating to the payment of the principal of and the interest on the Bonds as the same become due, at the times specified therein;

(b) Failure by the Corporation to observe and perform any covenant, condition, or agreement on its part to be observed or performed, other than as referred to in paragraph (a) above, for a period of thirty (30) Business Days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Corporation by the Issuer or the Trustee, unless the Issuer and the Trustee shall agree in writing to any extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Corporation within the applicable period and diligently pursued until the default is corrected; or

(c) Certain events of bankruptcy, dissolution, liquidation, or reorganization by the Corporation.

The Corporation will not be deemed to be in Default under paragraph (b) above if due to force majeure, as defined in the Loan Agreement, it is unable in whole or in part to carry out any agreement in the Loan Agreement, other than the agreement to pay taxes and other governmental charges, to carry insurance, and to maintain the University.

Remedies on Default. Whenever any Default under the Loan Agreement shall have happened and be continuing, the Issuer (or the Trustee pursuant to the assignment of rights and remedies contained in the Indenture) may take one or any combination of the following remedial steps:

(1) By written notice to the Corporation, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable as liquidated damages and not as a penalty;

(2) Have reasonable access to and inspect, examine, and make copies of the books and records and any and all accounts, data, and income tax and other tax returns of the Corporation during regular business hours of the Corporation if reasonably necessary in the opinion of the Trustee;

(3) Take whatever action at law or in equity which may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the Corporation under the Loan Agreement; and/or

(4) Proceed by appropriate judicial action to foreclose the security interest in the Pledged Revenues.

Any amounts collected pursuant to action taken upon the happening of an event of default shall be paid into the Bond Fund.

Options to Prepay Loan and Terminate at Any Time. The Corporation has the option to terminate the Loan Agreement at any time prior to full payment of the Bonds (or provision for payment thereof having of Loan Agreement (i) by paying to the Trustee an amount which, when added to the amount on deposit and available in the Bond Fund, will be sufficient to pay, retire, and redeem all the Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal and interest to maturity or applicable redemption date, as the case may be, and expenses of redemption and the Trustee's and paying agents' fees and expenses), and, in case of redemption, by making arrangements satisfactory to the Trustee for the giving of the required notice of redemption, and (ii) by giving the Issuer notice in writing of such termination, and such termination shall forthwith become effective.

Option to Prepay Loan Upon the Occurrence of Certain Events. The Corporation shall have, and is hereby granted, the option to terminate the Loan Agreement and prepay the amounts payable under the Loan Agreement prior to the full payment of the Bonds (or provision for payment thereof having been made in accordance with the provision of the Indenture) at any time any of the events set forth below shall occur:

(a) The University shall have been damaged or destroyed (i) to such extent that it cannot be reasonably restored within a period of six (6) months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the Corporation is thereby prevented, in the Corporation's judgment, from carrying on its normal operations at the University for a period of six (6) months or more, or (iii) to such extent that the cost of restoration thereof would exceed the Net Proceeds of insurance required to be carried thereon pursuant to the requirements of Section 4.6 of the Loan Agreement.

(b) Title to, or the temporary use for a period of six (6) months or more of, all or substantially all the University, or such part thereof as shall materially interfere, in the Corporation's judgment, with the operation of the University for the purpose for which the University is designed, shall have been taken under the exercise or threat of exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority (including such a taking or takings as results in the Corporation being thereby prevented from carrying on its normal operations at the University for a period of six (6) months or more).

(c) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal), or by final decree, judgment, or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Corporation in good faith, the Loan Agreement shall have become void or unenforceable or impossible to perform in accordance with the intent and purposes of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Corporation in respect to the University, including, without limitation, federal, state or other ad valorem, property, income, or other taxes not being imposed on the date of the Loan Agreement.

SUMMARY OF PORTIONS OF THE INDENTURE

The following is a summary, which does not purport to be comprehensive and definitive, of certain provisions of the Indenture.

Assignment and Security. Pursuant to the Indenture, the Issuer's interest in the Loan Agreement and all amounts payable by the Corporation to the Issuer under the Loan Agreement (other than certain indemnification rights and certain fees and expenses of the Issuer) are assigned to the Trustee by the Issuer to secure the payment of the principal of and interest on the Bonds.

Application of Bond Fund. The Bond Fund, into which the payments made pursuant to the Loan Agreement and certain other amounts specified in the Indenture will be deposited, will be maintained with the Trustee. Moneys in the Bond Fund shall be used for the payment of the principal of and interest on the Bonds and for the redemption of the Bonds prior to maturity.

Application of Project Fund. The balance of the proceeds from the sale of the Bonds after making the required deposits in connection with the refunding of the 2017 Bonds and into the Debt Service Reserve Fund and Issuance Cost Fund shall be deposited in the Project Fund. Moneys in the Project Fund shall be used solely for the payment of Costs of the Project.

Repayment to the Corporation. Any amounts remaining in the Bond Fund, Debt Service Reserve Fund or any other fund created under the Indenture after payment in full of the principal of and interest on the Bonds, the fees, charges, and expenses of the Trustee, the amounts required to be rebated to the United States, and all other amounts required to be paid under the Indenture shall be paid immediately to the Corporation.

Discharge of Lien. The lien of the Indenture shall be discharged if:

(1) The principal of and interest due or to become due on the Bonds at the time and in the manner stipulated therein have been paid or provision for payment has otherwise been made to or for the owners of the Bonds;

(2) There shall be no Default in any of the covenants and promises in the Bonds and in the Indenture; and

(3) The Issuer shall cause to be paid to the Trustee and any paying agents all sums of money due or to become due according to the provisions of the Indenture.

Any Bond shall be deemed to be paid when (a) payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Indenture) either (i) shall have been made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment and/or (2) Governmental Obligations maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the Trustee's satisfaction. At such time as a Bond shall be deemed to be paid as aforesaid, it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Governmental Obligations.

Notwithstanding the foregoing, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until (a) proper notice of redemption of such Bonds shall have been previously given or the Trustee has been irrevocably instructed to give proper notice of redemption, in accordance with the Indenture and, in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, until the Corporation shall have given the Trustee on behalf of the Issuer, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the owners of the Bonds in accordance with the requirements of the Indenture, that the deposit required by (a)(ii) above has been made with the Trustee and that said Bonds are deemed to have been paid and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of said Bonds, plus interest thereon to the due date thereof; or (b) the maturity of such Bonds.

The Issuer and the Trustee have agreed that no deposit will be made or accepted under the Indenture and no use made of any such deposit which would cause the Tax-Exempt Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code.

Defaults and Remedies. Any of the following events will constitute a Default under the Indenture:

(1) Default in the due and punctual payment of interest on any Bond;

(2) Default in the due and punctual payment of the principal of any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;

(3) Default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Issuer contained in the Indenture or in the Bonds and failure to remedy the same after notice as provided in the Indenture; or

(4) The occurrence of a "Default" under the Loan Agreement. See **SUMMARY OF PORTIONS OF THE LOAN AGREEMENT**, Events of Default.

Events of Default. In the event of a Default, the Trustee may, and at the written request of the Registered Owners of not less than 25% in aggregate principal amount of all Outstanding Bonds shall, by written notice to the Issuer and to the Corporation, declare the Bonds to be immediately due and payable, whereupon they shall, without further action, become and be immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding. Upon any such declaration of acceleration the Trustee shall immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable under the Loan Agreement.

The Trustee may also or as an alternative pursue any available remedy by suit at law or in equity to enforce the payment of the principal of and interest on, the Bonds.

Waiver of Event of Default. The Trustee may waive any Default under the Indenture and its consequences and rescind any declaration of acceleration of principal, and shall do so upon the written request of the owners of (a) more than two-thirds (2/3) in aggregate principal amount of all Outstanding Bonds in respect of which Default in the payment of principal or interest, or both, exists or (b) more than two-thirds (2/3) in aggregate principal amount of all Outstanding Bonds in the case of any other Default; provided, however, that there may not be waived any Default in the payment of the principal of or interest on any Outstanding Bonds unless prior to such waiver or rescission all arrearages of principal and interest (other than principal of or interest on the Outstanding Bonds which became due and payable by declaration of acceleration), and all expenses of the Trustee in connection with such Default shall have been paid or provided for. 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 Issuer, the Trustee, and the owners of the Outstanding Bonds shall be restored to their former positions and rights under the Indenture, but no such waiver or rescission shall extend to any subsequent or other Default or impair any right consequent thereon.

Supplemental Indenture. The Issuer and the Trustee may enter into indentures supplemental to the Indenture without notice to or the approval of the Registered Owners for any one or more of the following purposes:

(1) To cure any ambiguity or formal defect or omission in the Indenture;

(2) To grant to or confer upon the Trustee for the Benefit of the Registered Owners any additional rights, remedies, powers, or authorities that may lawfully be granted to or conferred upon the Registered Owners or the Trustee;

(3) To subject to the lien of the Indenture additional revenues, properties, or collateral;

(4) To modify, amend, or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute then in effect, or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America;

(5) To provide for the issuance of Additional Bonds pursuant to the provisions of the Indenture; or

(6) To evidence the appointment of a separate Co-Trustee or the succession of a new Trustee under the Indenture; or

(7) To make such additions, deletions, or modifications as may be necessary to assure compliance with Section 145 of the Code relating to qualified 501(c)(3) obligations, Section 148(f) of the Code relating to required rebate of excess investment earnings to the United States, or otherwise as may be necessary to assure exemption from gross income of interest on the Bonds for federal income tax purposes.

Exclusive of supplemental indentures for the purposes set forth in the previous paragraph, the consent of the owners of not less than two-thirds (2/3) in aggregate principal amount of the Outstanding Bonds is required to approve any supplemental indenture, except no supplemental indentures shall permit without the consent of the owners of all Outstanding Bonds (1) an extension of the maturity of the principal of or the interest on any Bond, (2) a reduction in the principal amount of any Bond or the rate of interest thereon, (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (4) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture or any modification or waiver of the provisions of the Loan Agreement, (5) the creation of any lien ranking prior to or on a parity with the lien of the Indenture of the Trust Estate, or any part thereof, except as permitted by the Indenture, or (6) the deprivation of the owner of any Bond of the lien of the Indenture.

No supplemental indenture will become effective unless and until the Corporation shall have consented to the execution and delivery thereof.

Amendments to the Loan Agreement. Except as otherwise provided in the Loan Agreement or the Indenture, no amendment, change, or modification of the Loan Agreement is permissible without the written consent of the Trustee. Pursuant to the provision of the Indenture, the consent of the owners of at least two-thirds (2/3) of the principal amount of all Outstanding Bonds is also required for any such amendment, change, or modification of the Loan Agreement, except for amendments, changes, or modifications required (i) by the provisions of the Loan Agreement or the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) to more precisely identify the Project or substitute or to add additional improvements or equipment to the Project in accordance with the provisions of the Loan Agreement, (iv) to enter into an indenture or indentures supplemental to the Indenture as provided in the Indenture, (v) to provide for the issuance of Additional Bonds for the purposes set forth in the Loan Agreement and in accordance with the provisions of the Indenture, (vi) to make such additions, deletions, or modifications as may be necessary to assure compliance with Section 145 of the Code relating to qualified 501(c)(3) obligations, Section 148(f) of the Code relating to required rebate of Excess Investment Earnings to the United States, or otherwise as may be necessary to assure exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes, or (vii) in connection with any other change which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Registered Owners. However, the consent of the owners of all Outstanding Bonds is required for any amendment, change, or modification of the Loan Agreement that would permit the termination or cancellation of the Loan Agreement or a reduction in or a postponement of the payments under the Loan Agreement or any change in the provisions relating to the payment thereunder.

SUMMARY OF PORTIONS OF THE CONTINUING DISCLOSURE AGREEMENT

The following statements are brief summaries of certain provisions of the Continuing Disclosure Agreement. The statements do not purport to be complete, and reference is made to the Continuing Disclosure Agreement, copies of which are available for examination at the offices of the Corporation, for a full statement thereof.

Purpose. The Continuing Disclosure Agreement is executed and delivered by the Corporation and the Trustee for the benefit of the Beneficial Owners of the Series 2024 Bonds and in order to assist the Original Purchaser in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Definitions. In addition to the definitions set forth in Appendix A hereto, the following capitalized terms shall have the following meanings when used under this caption **SUMMARY OF PORTIONS OF THE CONTINUING DISCLOSURE AGREEMENT**:

"Annual Report" shall mean any Annual Report provided by the Corporation, as described hereinafter under the subheadings "Provision of Annual Reports" and "Content of Annual Reports."

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or dispose of ownership of, any Series 2024 Bonds (including persons holding Series 2024 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2024 Bonds for federal income tax purposes.

"Disclosure Representative" shall mean the Executive Vice President for Administration and Campus Life of the Corporation or his or her designee, or such other person as the Corporation shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean the Trustee, acting in its capacity as Dissemination Agent under the Continuing Disclosure Agreement, or any successor Dissemination Agent designated in writing by the Corporation and which has filed with the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Financial Obligation" shall mean a

(a) debt obligation;

(b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or

(c) guarantee of obligations described in (A) or (B).

The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed hereinafter under the subheading Reporting of Listed Events.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Original Purchaser" shall mean Stephens Inc., the original underwriter of the Series 2024 Bonds required to comply with the Rule in connection with the offering of the Series 2024 Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Reports. The Corporation shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Corporation's Fiscal Year (presently ending on June 30 in each year), commencing with the Fiscal Year ended June 30, 2024, provide to the MSRB, through its continuing disclosure service portal provided through EMMA at www.emma.msrb.org or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Continuing Disclosure Agreement. Not later than fifteen (15) days prior to said date, the Corporation shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). The Annual Report shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in the Continuing Disclosure Agreement; provided that the audited financial statements of the Corporation 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, but, in such event, such audited financial statements shall be submitted within thirty (30) days after receipt thereof by the Corporation.

If the Corporation's fiscal year changes, it shall give notice of such change in the manner as for a Listed Event.

Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(i) The following general categories of financial information and operating data with respect to the Corporation for the prior Fiscal Year:

(a) Enrollment figures and tuition, fees and dormitory revenues, as set forth under the caption **THE CORPORATION AND THE UNIVERSITY**, Summary of Enrollments and Revenues in the Official Statement; and

(b) Information regarding the sources of student financial aid, as set forth under the caption **THE CORPORATION AND THE UNIVERSITY**, Student Financial Aid in the Official Statement.

(ii) The Corporation's audited financial statements for the prior Fiscal Year, prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America. If the Corporation's audited financial statements are not available by the time its Annual Report is required to be filed, the audited financial statements shall be filed in the same manner as such Annual Report within 30 days after receipt thereof by the Corporation.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Corporation is an "obligated person" (as defined by the Rule), which have been filed with the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Corporation shall clearly identify each such other document so included by reference.

Reporting of the Listed Events. (a) The Corporation shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2024 Bonds:

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 determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.

7. Modifications to rights of security holders, if material.

8. Bond calls (excluding mandatory sinking fund redemptions), if material.

9. Defeasances and tender offers.

10. Release, substitution, or sale of property securing repayment of the securities, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the obligated person.

13. The consummation of a merger, consolidation or acquisition involving an 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 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 security holders, if material.

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) The Trustee shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Corporation promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (e) below.

(c) After the occurrence of a Listed Event, the Corporation shall as soon as possible determine if such event must be reported. The Corporation shall make such determination in a timely manner which will allow the Trustee to file the notice within the time prescribed by subsection (e) below.

(d) If the Corporation has determined that the occurrence of a Listed Event must be reported under applicable federal securities laws, the Corporation shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence as provided in subsection (e) below.

(e) If the Trustee has been instructed by the Corporation to report the occurrence of a Listed Event, the Trustee shall file, in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event, a notice of such occurrence with the MSRB, through its continuing disclosure service portal provided through EMMA at www.emma.msrb.org, or any other similar system that is acceptable to the Securities and Exchange Commission, and the Corporation. Notwithstanding the foregoing, notice of a Listed Event described in Subsection (a)(8) above shall be filed by the Trustee without instruction from the Corporation and shall be filed in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event. Each notice of the occurrence of a Listed Event shall be captioned "Notice of Listed Event" and shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Termination of Reporting Obligation. The obligations of the Corporation under the Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2024 Bonds. If the Corporation's obligations under the Loan Agreement are assumed in full by some other entity, such entity shall be responsible for compliance with the Continuing Disclosure Agreement in the same manner as if it were the Corporation, and the Corporation shall have no further responsibility thereunder. If such termination or substitution occurs prior to the final maturity of the Series 2024 Bonds, the Corporation shall give notice of such termination or substitution in the same manner as for a Listed Event.

Dissemination Agent. The Corporation may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. A Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Corporation pursuant to the Continuing Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent for the Corporation. The Trustee shall be the initial Dissemination Agent.

Amendment; Waiver. Notwithstanding any other provision of the Continuing Disclosure Agreement, the Corporation and the Trustee may amend the Continuing Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Corporation), and any provision of the Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If such amendment or waiver relates to the provisions requiring the filing of Annual Reports by certain dates, the content of Annual Reports, or the Listed Events to be reported, 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 an "Obligated Person" (as defined in the Rule) with respect to the Series 2024 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 Series 2024 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstance; and

(c) The amendment or waiver either (i) is approved by the Bondowners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of the Bondowners, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Series 2024 Bondholders or the Beneficial Owners of the Series 2024 Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement, the Corporation shall describe such amendment or waiver in its 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 with respect to the Corporation. 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 the same manner as for a Listed Event, 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 prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Additional Information. Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the Corporation from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement. If the Corporation chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by the Continuing Disclosure Agreement, the Corporation shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Default. In the event of a failure of the Corporation or the Trustee to comply with any provision of the Continuing Disclosure Agreement, the Trustee may (and, at the request of the Original Purchaser or the Bondowners of at least 25% aggregate principal amount of Outstanding Series 2024 Bonds, shall), or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Corporation or the Trustee, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed a Default under the Indenture, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the Corporation or the Trustee to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in the Continuing Disclosure Agreement, and the Corporation agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties under the Continuing Disclosure Agreement, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. Such indemnification obligations of the Corporation shall survive resignation or removal of the Dissemination Agent and payment of the Series 2024 Bonds.

LEGAL MATTERS

Legal Proceedings. There is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Series 2024 Bonds, or questioning or affecting the legality of the Series 2024 Bonds or the proceedings and authority under which the Series 2024 Bonds are to be issued, or questioning the right of the Issuer to issue the Series 2024 Bonds.

Legal Opinions. Legal matters incident to the authorization and issuance of the Series 2024 Bonds are subject to the unqualified approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel. Certain matters will be passed upon for the Corporation by Grant C. DeProw.

TAX EXEMPTION

In the opinion of Bond Counsel, interest on the Series 2024 Bonds under existing law is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, interest on the Series 2024 Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax. The opinion set forth in the previous sentence is subject to the condition that the Issuer and the Corporation comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2024 Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. These requirements generally relate to arbitrage, the use of the proceeds of the Series 2024 Bonds and the Corporation. Failure to comply with certain of such requirements could cause the interest on the Series 2024 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2024 Bonds. The Corporation and the Issuer have covenanted to comply with all such requirements.

Prospective purchasers of the Series 2024 Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series 2024 Bonds, (ii) interest on the Series 2024 Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income including interest on the Series 2024 Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Series 2024 Bonds.

The Issuer and the Corporation have designated the Series 2024 Bonds as "qualified tax-exempt obligations." The Corporation has covenanted not to use the facilities financed and refinanced with proceeds of the Series 2024 Bonds in a manner which would cause the Series 2024 Bonds not to be "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. The Issuer has represented that the Issuer and its subordinate entities have not and will not issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds (excluding from that term "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code) during calendar year 2024.

As shown on the inside front cover page of this Official Statement, certain of the Series 2024 Bonds are being sold at an original issue discount (collectively, the "Discount Bonds"). The difference between the initial public offering prices, as set forth on the inside front cover page, of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption, or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield of maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of the Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

As shown on the inside front cover page of this Official Statement certain of the Series 2024 Bonds are being sold at an original issue premium (the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of a Premium Bond callable prior to its maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of a Premium Bond should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2024 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Series 2024 Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any other legislative proposals or clarification of the Code or court decisions may affect, perhaps significantly, the market price for, or marketability of, the Series 2024 Bonds. Prospective purchasers of the Series 2024 Bonds should consult their own tax advisors regarding any proposed or enacted federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Series 2024 Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

In the further opinion of Bond Counsel, under existing law, the Series 2024 Bonds and interest thereon is exempt from all state, county and municipal taxes in the State.

MISCELLANEOUS

Enforceability of Remedies. Rights of the registered owners of the Series 2024 Bonds and the enforceability of the remedies available under the Indenture may depend on judicial action and may be subject to the valid exercise of the constitutional powers of the United States of America and the sovereign police powers of the State or other governmental units having jurisdiction, and to the application of federal bankruptcy laws or other debtor relief or moratorium law in general. Therefore, enforcement of those remedies may be delayed or limited, or the remedies may be modified or unavailable, subject to the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising under the Indenture resulting from the application of state or federal bankruptcy, insolvency, reorganization, moratorium or similar debtor relief laws affecting creditors' rights which are presently or may from time to time be in effect.

Underwriting. Stephens Inc., the Underwriter, has agreed, subject to certain conditions precedent, to purchase the Series 2024 Bonds from the Issuer at an aggregate purchase price of $__________ (principal amount ______ $_________ of [net] original issue ___________ and less Underwriter's discount of $________). The Underwriter is committed to purchase all of the Bonds if any are purchased.

The Bonds are being purchased by the Underwriter for reoffering in the normal course of the Underwriter's business activities. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing bonds into investment accounts) and others at prices lower than the offering price stated on the cover page hereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriter.

Information in the Official Statement. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the Issuer and purchasers or owners of any of the Series 2024 Bonds.

The information contained in this Official Statement has been taken from sources considered to be reliable, but is not guaranteed. To the best of the knowledge of the undersigned the Official Statement does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement has been duly authorized by the Issuer and the Corporation.

LAWRENCE COUNTY, ARKANSAS
PUBLIC EDUCATION FACILITIES BOARD
(WILLIAMS BAPTIST UNIVERSITY)

By ___________________________________
Chairman

WILLIAMS BAPTIST COLLEGE D/B/A
WILLIAMS BAPTIST UNIVERSITY

By ___________________________________
President

Dated: As of the cover page hereof.

APPENDIX A

DEFINITIONS

The following are definitions of certain words and terms used in this Official Statement:

"Accountant" or "Accountants" means an independent certified public accountant or a firm of independent certified public accountants to whom the Trustee makes no reasonable objection.

"Additional Bonds" means bonds of the Issuer issued on a parity of security with the Series 2024 Bonds pursuant to the Indenture.

"Annual Debt Service" means, for any Fiscal Year as applied to any Outstanding Bonds, the sum of all amounts required to pay principal (at maturity or upon mandatory redemption) and interest due in such Fiscal Year on all Outstanding Bonds. "Annual Debt Service" with respect to any specified type of obligation for any Fiscal Year shall mean the sum of all amounts required to pay principal (at maturity or upon mandatory redemption) and interest due in such Fiscal Year on such specified type of obligation.

"Authorizing Legislation" means the "Public Facilities Boards Act," Title 14, Chapter 137 of the Arkansas Code of 1987 Annotated, all acts supplemental thereto or amendatory thereof.

"Authorizing Ordinance" means Ordinance No. 2003-13 of the County, duly adopted on November 10, 2003, as amended by Ordinance No. 2024-11 of the County, duly adopted on May 13, 2024, creating the Issuer.

"Bond Counsel" means Friday, Eldredge & Clark, LLP, and its successors, or such other nationally recognized bond counsel as may be designated by the Issuer, the Corporation or the Trustee.

"Bond Fund" means the fund created in the Indenture.

"Bondowner" or "owner of the Bonds" means the Registered Owner of any Bond.

"Bonds" means the Series 2024 Bonds and any Additional Bonds.

"Business Day" means a day on which banking business is transacted, but not including any day on which banks are authorized to be closed in the city in which the Trustee has its principal corporate trust office.

"Code" means the Internal Revenue Code of 1986, as amended.

"Completion Date" means the date of completion of the Project.

"Corporation" means (i) Williams Baptist College d/b/a Williams Baptist University, a nonprofit corporation described in Section 501(c)(3) of the Code and exempt from federal income taxation under Section 501(a) of the Code, and (ii) any surviving, resulting, or transferee entity as provided in the Loan Agreement.

"Corporation Representative" means the person or persons at the time designated to act on behalf of the Corporation by written certificate furnished to the Issuer and the Trustee containing the specimen signatures of such person or persons and signed on behalf of the Corporation by the President or any vice president thereof. Such certificate may designate an alternate or alternates.

"Cost of the Project" means with respect to the Project, all costs and items permitted to be financed under the provisions of the Authorizing Legislation, including but not limited to: (i) the cost of the acquisition of all land, rights-of-way, options to purchase land, easements, leasehold estates in land, and interest of all kinds in land related to the Project; (ii) the cost of the acquisition, construction, repair, renovation, remodeling, or improvement of all buildings and structures to be used as or in conjunction with the Project; (iii) the cost of site preparation, including the cost of demolishing or removing any buildings or structures the removal of which is necessary or incident to providing the Project; (iv) the cost of architectural, engineering, legal, and related services; the cost of the preparation of plans, specifications, studies, surveys, and estimates of cost and of revenue; and all other expenses necessary or incident to planning, providing, or determining the feasibility and practicability of the Project; (v) the cost of all machinery, equipment, furnishings, and facilities necessary or incident to the equipping of the Project so that it may be placed in operation; (vi) the cost of financing charges and interest prior to the completion date of the Project and for a maximum of six months thereafter; (vii) all direct and indirect costs of the Issuer incurred in connection with providing the Project, including, without limitation, reasonable sums to reimburse the Issuer for time spent by its agents or employees with respect to providing the Project and the financing thereof.

"County" means Lawrence County, Arkansas.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Debt Service Reserve Fund" means the fund created in the Indenture.

"Debt Service Reserve Requirement" means an amount equal to one-half of the maximum Annual Debt Service on the Series 2024 Bonds.

"Fiscal Year" means the year ending June 30 or any other date adopted by the Corporation, with the written approval of the Trustee.

"Governmental Obligations" means direct obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

"Indenture" means the Trust Indenture, dated as of September 10, 2024, pursuant to which the Bonds are authorized to be issued, and any amendments and supplements thereto.

"Issuance Costs" means all costs and expenses of issuance of the Bonds, including, but not limited to: (i) underwriter's discount and fees; (ii) counsel fees, including Bond Counsel, Corporation's counsel, and any other specialized counsel fees; (iii) Trustee's fees and Trustee's counsel fees; (iv) Paying Agent and certifying and authenticating agent fees related to issuance of the Bonds; (v) printing costs of the Bonds and of the preliminary and final official statement; (vi) publication costs associated with the financing proceedings; and (vii) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

"Issuance Cost Fund" means the fund created by the Indenture.

"Issuer" means the Lawrence County, Arkansas Public Education Facilities Board (Williams Baptist University), a body corporate and politic of the County, created by the Authorizing Ordinance, duly organized and existing under the laws of the State, and its successors and assigns.

"Loan Agreement" means the Loan Agreement, dated as of September 10, 2024, between the Issuer and the Corporation, and any amendments and supplements thereto.

"Net Proceeds" means with respect to any insurance proceeds from policies required by Section 4.6 of the Loan Agreement or any condemnation award, the amount of proceeds or award remaining after deducting from the gross proceeds or award all expenses (including attorneys' fees) incurred in the collection of such proceeds or award.

"Other Obligations" means, collectively, the Endowment 1 Loan, the Endowment 2 Loan, the Endowment 3 Loan, the First National 1 Note, the First National 2 Note, the First National 3 Note and the First National 4 Note. See **THE SERIES 2024 BONDS**, Other Indebtedness.

"Outstanding" means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except: (a) Bonds canceled after purchase in the open market or because of payment at, or redemption prior to, maturity; (b) Bonds paid or deemed paid pursuant to the Indenture; (c) Bonds canceled after exchanges or transfers pursuant to the Indenture; and (d) Bonds in lieu of which others have been issued, authenticated, and delivered pursuant to the Indenture.

"Paying Agent" or "Paying Agents" means the Trustee and such financial institutions as are appointed additional Paying Agents pursuant to the Indenture.

"Permitted Encumbrances" means, as of any particular time, (i) liens for taxes and assessments not then delinquent or which the Corporation may, pursuant to the provisions of the Loan Agreement, permit to remain unpaid, (ii) the Loan Agreement, the Indenture and any financing statements naming the Issuer or the Corporation as debtor and naming the Trustee or the Issuer as secured party filed to perfect the security interests granted by the Loan Agreement or the Indenture, (iii) utility, access and other easements and rights-of-way, restrictions and exceptions that the Corporation certifies will not interfere with or impair the University, (iv) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property similar in character to the University and as do not, in the opinion of independent counsel, materially impair the property affected thereby, (v) the Wilson Hall Mortgage, (vi) the Bosch/Miller Mortgage and (vii) the Faculty Housing Mortgage. See **THE SERIES 2024 BONDS**, Other Indebtedness for a description of (v), (vi) and (vii) above.

"Permitted Investments" means:

(i) Governmental Obligations;

(ii) Bonds, debentures or notes or other evidence of indebtedness payable in cash issued by any one or a combination of any of the following federal agencies whose obligations represent full faith and credit of the United States of America: Export Import Bank of the United States, Federal Financing Bank, Farmers Home Administration, Federal Housing Administration, Maritime Administration, Public Housing Authority or Government National Mortgage Association;

(iii) certificates of deposit properly secured at all times by collateral security described in (i) and (ii) above (such agreements are only acceptable with commercial banks, savings and loan associations and mutual savings banks); and

(iv) the following investments fully insured by the Federal Deposit Insurance Corporation: (a) certificates of deposit, (b) savings accounts, (c) deposit accounts or (d) depository receipts of a bank.

"Pledged Revenues" means the student tuition, fees and dormitory rentals received by the Corporation.

"Project" means the renovation and expansion of Startup Chapel on the campus of the University for use as an academic building, all as more particularly described in this Official Statement.

"Project Fund" means the fund created in the Indenture.

"Record Date" means, with respect to any Bond, (i) that date which is fifteen (15) days next preceding any interest payment date or (ii) the date of the mailing of notice calling such Bond or portions thereof for redemption.

"Registered Owner" means the person or person in whose name or names a Bond shall be registered on the book of the Issuer kept by the Trustee for that purpose in accordance with the provisions of the Indenture.

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Series 2024 Bonds" means the $2,740,000* aggregate principal amount of the Issuer's Refunding and Improvement Revenue Bonds, Series 2024, issued pursuant to the Indenture.

"State" means the State of Arkansas.

"Tax-Exempt Bonds" means Bonds, the interest on which is excludable from gross income for federal income tax purposes.

"Tax-Exempt Organization" means a nonprofit corporation organized and existing under the laws of one of the states of the United States which is an organization described in Section 501(c)(3) of the Code, exempt from federal income taxes under Section 501(a) of the Code or any successor provision of similar import hereafter enacted.

"Term of Loan Agreement" means the term of the Loan Agreement as specified in the Loan Agreement.

"Trustee" means First National Bank of Lawrence County, Walnut Ridge, Arkansas, and its successors and any entity resulting from or surviving any conversion, sale, transfer, consolidation, or merger to which it or its successors may be a party and any successor Trustee at the time serving as successor trustee under the Indenture.

"Trust Estate" means the property conveyed to the Trustee pursuant to the Granting Clauses of the Indenture.

"2017 Bonds" means the Issuer's Refunding Revenue Bonds, Series 2017 in the outstanding principal amount of $1,835,000, which are being refunded by the Series 2024 Bonds.

"University" means the four-year, degree-granting institution of post-secondary education operated by the Corporation in the County under the name "Williams Baptist University."

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* Preliminary; subject to change.

APPENDIX B

Audited Financial Statements of the Corporation for
the Fiscal Year Ended June 30, 2023

Williams Baptist University

Financial Statements
and
Supplementary Information
June 30, 2023

(With Independent Auditor's Reports Thereon)

Williams Baptist University

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CERTIFIED PUBLIC ACCOUNTANTS

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Williams Baptist University
Walnut Ridge, Arkansas

Report on the Financial Statements

Opinion

We have audited the financial statements of **Williams Baptist University (the University)**, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Landmark PLC, Certified Public Accountants
200 W Capitol Ave, Ste 1700 | Little Rock, AR 72201 | Telephone (501) 375-2025 | Fax (501) 375-8704 | www.landmarkcpas.com

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

Board of Trustees
Williams Baptist University

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as whole. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. The Schedules of Financial Responsibility and Financial Responsibility Ratio Data are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Landmark PLC

Little Rock, Arkansas
September 26, 2023

Financial Statements

Williams Baptist University

Statement of Financial Position
June 30, 2023

ASSETS	
Cash and cash equivalents	$ 1,711,829
Certificates of deposit	160,650
Accounts receivable-student, net	153,464
Contributions receivable, net	384,640
Due from related party	145,952
Inventory	86,453
Investments, at fair value	10,844,053
Property and equipment, net	25,087,296
Bond reserve accounts held with trustee	347,780
Beneficial interest in split interest agreements	3,618,033
TOTAL ASSETS	$ 42,540,150
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued expenses	$ 294,958
Student deposits	67,688
Notes payable	253,581
Bonds payable, net	2,129,121
Total Liabilities	2,745,348
Net Assets	
Without Donor Restrictions	
Board designated	3,710,648
Other	24,677,670
	28,388,318
With Donor Restrictions	11,406,484
Total Net Assets	39,794,802
TOTAL LIABILITIES AND NET ASSETS	$ 42,540,150

See accompanying notes to financial statements.

Williams Baptist University

Statement of Activities
Year Ended June 30, 2023

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
Support, Revenue, Gains and Reclassifications	
Gross tuition and fees	$ 10,383,668
Less: scholarships	(7,133,221)
Net tuition and fees	3,250,447
Williams Works	1,406,923
Private gifts, grants and contributions	2,286,848
Auxiliary enterprises	3,429,858
Investment return	375,117
Other revenues	1,176,494
Loss on disposal of property	(190,286)
	11,735,401
Net assets released from restrictions	654,052
Total Support, Revenue, Gains and Reclassifications	12,389,453
Expenses	
Instructional	2,235,539
Student services	3,031,741
Auxiliary enterprises	2,690,920
Academic support	730,745
Institutional support	3,958,822
Fundraising	202,599
Total Expenses	12,850,366
Decrease in Net Assets without Donor Restrictions	(460,913)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	
Contributions	415,177
Investment return	988,223
Change in value of beneficial interest in split interest agreements	95,885
Net assets released from restrictions	(654,052)
Increase in Net Assets with Donor Restrictions	845,233
INCREASE IN TOTAL NET ASSETS	384,320
NET ASSETS, BEGINNING OF YEAR	39,410,482
NET ASSETS, END OF YEAR	$ 39,794,802

See accompanying notes to financial statements.

Williams Baptist University

Statement of Functional Expenses
Year Ended June 30, 2023

	Instructional	Student Services	Auxiliary	Academic Support	Institutional	Fundraising	Total
Bad debt expense	$ -	$ -	$ -	$ -	$ 142,062	$ -	$ 142,062
Contractual services	-	9,333	1,190,854	-	272,792	22,466	1,495,445
Depreciation	202,293	276,243	235,458	67,245	209,185	-	990,424
Donor appreciation gifts	-	-	-	-	-	3,138	3,138
Equipment	2,570	13,646	32,819	137,757	61,165	20,548	268,505
Fringe benefits	332,153	357,299	53,330	73,768	312,245	-	1,128,795
Insurance	-	67,153	-	-	394,278	1,280	462,711
Interest expense	-	-	-	-	82,970	-	82,970
Learning resources	47,423	20,944	-	49,756	-	-	118,123
Membership dues and meetings	1,611	70,674	-	621	59,715	2,491	135,112
Miscellaneous expense	-	-	21,639	17,029	38,703	5,964	83,335
Office	-	-	-	-	17,884	242	18,126
Personal property taxes	-	-	-	-	5,796	-	5,796
Printing	66	17,508	6,533	115	33,338	69	57,629
Professional services	-	56,717	-	-	78,022	-	134,739
Promotion	-	53,184	22,025	-	25,232	5,499	105,940
Salaries	1,605,370	1,477,621	229,515	327,107	1,340,412	9,673	4,989,698
Student activities	13,654	74,769	18,547	-	51,503	17,271	175,744
Supplies	21,112	99,838	220,419	11,644	26,475	22,376	401,864
Telephone	7	2,813	2,014	-	15,970	-	20,804
Travel	7,286	373,310	39,714	9,850	26,911	11,982	469,053
Uniforms	-	47,377	-	-	-	40,467	87,844
Utilities	-	-	22,433	32,002	614,824	-	669,259
Vehicle expense	-	-	13,000	36	132,027	-	145,063
Williams Works	-	-	577,092	-	-	39,133	616,225
Workstudy	1,994	13,312	5,528	3,815	17,313	-	41,962
Total	$ 2,235,539	$ 3,031,741	$ 2,690,920	$ 730,745	$ 3,958,822	$ 202,599	$ 12,850,366

See accompanying notes to financial statements.

Williams Baptist University

Statement of Cash Flows
Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Total Net Assets	$	384,320
Adjustments to Reconcile Increase in Total Net Assets to Net Cash Used by Operating Activities		
Depreciation		990,424
Loss on disposal of property		190,286
Net appreciation in fair value of investments		(931,335)
Changes in value of beneficial interest in split interest agreements		(95,885)
Contributions restricted for endowment		(147,192)
Changes in operating assets and liabilities		
Accounts receivable		61,207
Contributions receivable		(384,640)
Inventory		(33,148)
Accounts payable and accrued expenses		(238,821)
Student deposits		(485)
Net Cash Used by Operating Activities		(205,269)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment		(1,408,249)
Distributions from the Foundation		2,495,577
Purchases of investments		(147,192)
Net Cash Provided by Investing Activities		940,136
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment		147,192
Principal payments on notes payable		(404,922)
Net Cash Used by Financing Activities		(257,730)
NET INCREASE IN CASH AND CASH EQUIVALENTS		477,137
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		1,234,692
CASH AND CASH EQUIVALENTS, END OF YEAR	$	1,711,829
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$	82,970

See accompanying notes to financial statements.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization
Williams Baptist University (the University) is a Christian, liberal arts university founded in 1941 and is situated on a 250-acre campus in the northeast Arkansas community of Walnut Ridge. The University is an agency of the Arkansas Baptist State Convention (Convention) with a mission to provide an excellent, holistically Christian, liberal arts education, while compassionately shaping student lives. The University has over 35 majors and pre-professional programs to prepare students for a wide array of career options. The University is accredited through the Higher Learning Commission of the North Central Association and by the National Council for Accreditation of Teacher Education.

Basis of Accounting and Presentation
The financial statements of the University have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The University reports information regarding its financial position and activities according to the following two classes of net assets:

Net Assets without Donor Restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Cash and Cash Equivalents
Cash and cash equivalents include demand deposit accounts and money market accounts held at financial institutions.

At June 30, 2023, the University cash balances exceeded Federal Deposit Insurance Corporation limits; however, the deposits were covered by collateral agreements with the financial institution.

Bond Reserve Accounts Held with Trustee
Bond reserve accounts held with trustee may include cash, certificates of deposit, money market mutual funds and other investment securities, as permitted under the related trust indenture. Investments held in these accounts are reported at fair values, determined by the trustee.

Student Accounts Receivable
Student accounts receivable represent amounts due for tuition, fees, and room and board. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance. The allowance for doubtful accounts was $54,005 at June 30, 2023.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation and Income Recognition

The University's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. See Note 2 for further discussion of fair value measurements.

The University has investments held in various common trust funds managed by the Arkansas Baptist Foundation (Foundation), an agency of the Convention. Income from each common fund is distributed regularly to participating accounts. Common funds managed by the Foundation are exempt from registration requirements of the federal securities laws, pursuant to the exemption for collective investment trusts and similar funds maintained by charitable organizations under the Philanthropy Protection Act of 1995 (P .L. 104-62), and are exempt from registration requirements of Arkansas state security laws pursuant to an order issued by the Arkansas Securities Commissioner. A summary of the objectives and underlying securities included in the Foundation common funds in which the majority of the University's funds are held are as follows:

Spending Plan Fund: The Spending Plan Fund is a broadly diversified portfolio designed for total return. The Spending Plan Fund's objective is to seek total return while distributing a predetermined annual percentage as set by the Foundation's board.

Williams Baptist University (WBU) Spending Plan Fund: The WBU Spending Plan Fund is a broadly diversified portfolio designed for total return. The WBU Spending Plan Fund's objective is to seek total return while distributing a predetermined annual percentage as set by the University's board.

Investment return consists of interest and dividend income and realized and unrealized gains and losses on investments, net of fees. Investment return on endowment investments, after all donor-required additions to the endowment corpus, are reported as net assets without donor restrictions if the restrictions expire in the same reporting period as received. All other investment return is reported as net assets with donor restrictions subject to expenditure for a specific purpose until appropriated for use by the University.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of marketable securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Split Interest Agreements

The University has a remainder interest in the assets of irrevocable charitable remainder trusts under which distributions are being made to a designated beneficiary for the life of that beneficiary by a third party trustee. Upon termination of the trusts, the University will receive the assets remaining in the trusts.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Split Interest Agreements *(Continued)*
A contribution, measured at the fair value of expected future amounts to be received by the University, is recognized as an increase in net assets with donor restrictions when the University becomes aware of the existence of the trusts. Changes in the estimated fair values of split interest agreements are recognized as increases or decreases in net assets with donor restrictions. Annually, the University revaluates the fair value of its beneficial interest in the trusts using the same valuation technique that was used to initially measure the asset.

The University has been granted an irrevocable right to receive income earned on the assets of perpetual trusts under management by a third party trustee. When the University became aware of the existence of these trusts, the University recorded an asset and contribution equal to its portion of the fair value of the assets held in these trusts, as reported by the third party trustee, which is assumed to approximate the present value of the estimated expected future cash receipts from the trusts' assets. Since the University has no control over and will never receive the assets in these trusts, the initial contribution was classified as net assets with donor restrictions on the statement of financial position. As the use of income received by the University is not restricted by the terms of the trust agreements, annual distributions from the trusts are reported in the statement of activities as support without donor restrictions. Annually, the University revaluates the fair value of its interest in these perpetual trusts using the same valuation technique that was used to initially measure the asset.

Property and Equipment
Property and equipment are reported at historical cost or at the estimated fair value at the date of receipt for contributed assets. Contributed assets are reported as support without donor restrictions unless the donor has restricted the assets to a specific purpose. The University capitalizes significant expenditures and improvements and expenses routine repairs and maintenance in the period incurred.

Depreciation of property and equipment is recorded using the straight-line method over estimated useful lives ranging from 3 to 50 years.

Bond Issuance Costs
Bond issuance costs totaling approximately $86,250, are being amortized over the life of the related bonds using the straight-line method, which approximates the effective interest method. Bond issuance costs net of accumulated amortization, which totaled approximately $45,371 as of June 30, 2023, are reported as a direct deduction from the carrying amount of bonds payable.

Compensated Absences
University employees earn paid time off benefits on the basis of length of service time. Up to a maximum of 480 hours may be carried over into the following fiscal year. All paid time off is accrued when incurred in the University's financial statements. As of June 30, 2023, compensated absences totaled approximately $189,000 and reported in accounts payable and accrued expenses on the statement of financial position.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The University recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions, including gifts of cash and other assets, are presented with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met.

Gifts of land, buildings, equipment, and donated financial assets are presented as support and revenue without restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as support and revenue with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services which increase non-financial assets such as property or inventory, as well as services contributed by individuals with specialized skills which would have otherwise been purchased, are reported as support and revenue without restrictions. Other contributed services that enhance the University’s programs, but are not so essential that they would otherwise be purchased, are not recorded as support for financial statement purposes.

Revenue and Revenue Recognition

Student tuition and fees billed are due at the beginning of each semester based on the approved tuition rates and fees of the University. The University recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. In addition, the students have an option to room and board on premises. The performance obligation of providing access to housing is satisfied ratably over the academic year. Payment for tuition and room and board is required before the start of the academic year. Scholarships provided to students are recorded as a reduction from the posted tuition and room and board rates at the time revenue is recognized.

The University's auxiliary enterprises exist primarily to furnish goods and services to students, faculty and staff or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. Managed as essentially self-supporting activities, the University's auxiliaries consist principally of residence halls, dining halls, intercollegiate athletics and college stores. Auxiliary service revenues and related expenses are reported as changes in net assets without donor restrictions in the fiscal year in which the obligation for services are rendered.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition ***(Continued)***

The Williams Works Program is a "work education" program that allows students to work for some or all of their college cost of education. Students demonstrating federal financial need are the ideal student for the work program. Students with financial need use federal Title IV and state grant funding to help pay for some of their cost of education. Students who qualify for the work program additionally receive a work scholarship to assist in paying for their cost of education. The work program currently has three major expressions: agriculture/farm programs, community relationship programs; and on campus work programs. The agricultural program is expressed through Eagle Farms, which includes a farm, a free-range egg operation (in partnership with Vital Farms) and a meat processing plant. The community relationship programs include jobs at Bosch, Lawrence Memorial Hospital, and the Hotel Rhea. On campus jobs currently include housekeeping, landscaping, groundskeeping and food service. The plan is to strategically expand the work programs in these and other areas to eventually include all full-time students at Williams Baptist University.

The majority of University's grant income is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the University has incurred expenditures in compliance with specific contract or grant provisions.

Expenses

The University allocates its expenses on a functional basis among various programs and supporting services. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service according to their natural expenditure classification. Other expenses that are common to several functions are allocated to programs and supporting services based on time, effort and usage.

Income Taxes

Williams Baptist University is a tax-exempt University under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

Accounting standards require the University to evaluate tax positions and recognize a tax liability (or asset) if the University has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The University has analyzed the tax positions taken and has concluded that as of June 30, 2023, there are no uncertain positions taken or expected to be taken that would require the recognition of a liability (or asset) or disclosure in the financial statements. The University may be subject to audit by the Internal Revenue Service; however, there are currently no audits for any tax periods in progress.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of certain assets and liabilities, and various disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Standards
In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new guidance requires lessees to record a right-of-use asset and a corresponding liability equal to the present value of future rental payments on their statement of financial position for all leases with a term greater than one year. This standard was effective for the University on July 1, 2022 and implementation of this standard did not have a significant impact on the University's financial statements.

NOTE 2: INVESTMENTS

The investments placed with Arkansas Baptist Foundation include net assets with donor restrictions and net assets without donor restrictions under management agreements that may be withdrawn by the University as well as donor restricted endowments shown in these financial statements.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University has the ability to access at the measurement date.

Level 2 Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 2: INVESTMENTS (Continued)

Not Classified – These are investments for which there is not a readily determinable fair value. These investments valued at the net asset value (NAV) are not classified in the fair value hierarchy, but are included in the fair value table for purposes of reconciliation to amounts in the statement of financial position.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023:

Pooled investments: The fair values of the pooled investments are valued at the NAV of shares held by the University at year end. The University currently invests in the Arkansas Baptist Foundation investment pools. These are collective investment pools in which the NAV is based on the fair value of the underlying investments. These funds contain investments which have observable Level 1 and Level 2 pricing inputs, including quoted prices for similar assets in active or non-active markets.

Beneficial interest in split interest agreements: The fair value of the beneficial interest in split interest agreements is valued by calculating the present value of future payments to be received. See Note 1 for further discussion.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the University's assets at fair value as of June 30, 2023. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement:

	Fair Value	Level 1	Level 2	Level 3	Not Classified
Pooled investments	$ 10,844,053	$ -	$ -	$ -	$ 10,844,053
Beneficial interest in split interest agreements	$ 3,618,033	$ -	$ -	$ 3,618,033	$ -

NOTE 2: INVESTMENTS (Continued)

The following table sets forth a summary of changes in the fair value of the University's Level 3 assets for the year ended June 30, 2023:

Balance, beginning of year	$ 3,462,891
Contributions	59,257
Change in value	95,885
Balance, end of year	$ 3,618,033

NOTE 3: BOND RESERVE ACCOUNTS HELD WITH TRUSTEE

As required under the trust indenture executed in connection with the issuance of bonds described in Note 10, the University maintains certain accounts with a third party trustee as follows:

Bond Fund
The bond fund includes resources accumulated for the payment of principal and interest on outstanding bonds. The University is required to make monthly deposits into the bond fund equal to one-sixth of the next interest payment and one-twelfth of the next principal payment. Scheduled principal and interest payments are paid from this fund by the trustee when due.

Debt Service Reserve Fund
The debt service reserve fund includes monies set aside to pay scheduled principal and interest payments in the event that sufficient resources are not available in the bond fund.

Balances in these accounts, which are held with the trustee in cash and certificates of deposit, are not available for general operating purposes. The balances are as follows at June 30, 2023:

Bond fund	$ 145,267
Debt service reserve fund	202,513
	$ 347,780

NOTE 4: CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30 consist of the following:

Amounts due in less than one year	$ 296,669
Amounts due in one to five years	87,971
	$ 384,640

During the year ended June 30, 2023, the University was awarded a $4,000,000 conditional grant from the Mabee Foundation for the new Wellness and Community Center.

NOTE 5: PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2023 consist of the following:

Land	$ 2,368,138
Buildings	34,720,930
Equipment	982,261
Library books	656,642
Vehicles	438,875
Furniture and fixtures	171,182
Construction in progress	1,738,767
	41,076,795
Less accumulated depreciation	(15,989,499)
Property and equipment, net	$ 25,087,296

NOTE 6: ENDOWMENTS

The University's endowments consist of 106 individual donor restricted funds established for a variety of purposes. Endowment fund balances include both donor restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees (Board) has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as net assets with donor restrictions the original value of gifts donated in perpetuity to the endowments, the original value of subsequent gifts to the endowments and accumulations to the endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds. The remaining portion of the donor restricted endowment funds that are not classified in net assets with donor restrictions in perpetuity are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation (depreciation) of investments, (6) other resources of the University, and (7) the University's investment policies.

NOTE 6: ENDOWMENTS (Continued)

The University has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions to meet the operating needs of the University, while growing the funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The University has a spending policy of appropriating for distribution each year sufficient funds to meet operating needs of its programs. In establishing this spending policy each year, the University considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation.

Composition of endowment net assets is as follows as of June 30, 2023:

Donor restricted endowment funds	$ 9,408,693
Board designated quasi-endowment funds, without donor restrictions	3,710,648
	$ 13,119,341

Total endowment net assets include the balances of internal notes receivable totaling approximately $3,000,000 as of June 30, 2023 (see Note 7). Changes in endowment net assets for the year ended June 30, are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment funds - beginning of year	$ 4,017,342	$ 8,858,325	$ 12,875,667
Contributions received	-	141,792	141,792
Net appreciation in fair value of invesments	292,417	615,484	907,901
Change in value of beneficial interest agreements		81,224	81,224
Endowment income distributed for operations	(599,111)	(288,132)	(887,243)
Endowment funds - end of year	$ 3,710,648	$ 9,408,693	$ 13,119,341

NOTE 7: INTERNAL BORROWING FROM ENDOWMENT

In June 2019, the Board of Trustees approved an internal borrowing from the University's quasi-endowment funds in the amount of $500,000 to facilitate the completion of several campus construction projects. The first three years of scheduled payments are monthly interest only payments of $2,100 at 5%. Thereafter are scheduled monthly principal and interest (at 5%) payments of $3,594 for fifteen years. As of June 30, 2023, the principal amount outstanding was approximately $479,000.

In October 2020, the Board of Trustees approved an internal borrowing from endowment funds not to exceed $1,250,000 to facilitate the completion of several campus construction projects. Quarterly payments are due beginning June 30, 2021 at 3.5% interest. The University may make interest only payments. As of June 30, 2023, the principal amount outstanding was $1,250,000.

In August 2022, the Board of Trustees approved an internal borrowing from endowment funds not to exceed $1,250,000 to facilitate the completion of the meat processing facility. Quarterly payments are due beginning June 30, 2023 at 3.5% interest. The University may make interest only payments. As of June 30, 2023, the principal amount outstanding was $1,250,000.

NOTE 8: NET ASSETS

Net assets with donor restrictions include endowment income and contributions received with donor-imposed restrictions limiting the University's use of contributed assets to a later period, a specific purpose or both. The amounts are transferred to net assets without donor restrictions in the period the donor-imposed restrictions expire or the donor-stipulated purpose has been fulfilled by the University.

The following provides a description of the purposes for which net assets are restricted at June 30:

Subject to restrictions perpetual in nature:	
General Endowment	$ 6,689,245
Beneficial Interest in perpetual trusts	2,719,448
	$ 9,408,693
Subject to purpose restrictions:	
Scholarships	$ 734,270
Contributions restricted for plant improvements	364,936
	$ 1,099,206
Subject to time restrictions:	
Beneficial Interest in remainder trusts	$ 898,585
	$ 898,585

Williams Baptist University

Notes to Financial Statements
June 30, 2023

NOTE 9: NOTES PAYABLE

Following is a summary of notes payable as of June 30, 2023:

Note payable to First National Bank of Lawrence Co. 3.75% interest, final payment due February 2027, on demand, but if no demand monthly payments of $2,747, secured by real estate	$	223,727
Note payable to First American Equipment Finance, 2.065% interest, final payment due December 2023, monthly payments of $1,756, secured by data infrastructure		7,773
Note payable to First National Bank of Lawrence Co. 5.27% interest, final payment due September 2023, monthly payments of $1,063		3,208
Note payable to GM Financial 0% interest final payment due August 2025, monthly payments of $726		18,873
Total notes payable	$	253,581

Scheduled principal payments are as follows for years subsequent to June 30, 2023:

2024	$	243,419
2025		8,711
2026		1,451
	$	253,581

NOTE 10: BONDS PAYABLE

On June 22, 2017, the Lawrence County, Arkansas Public Education Facilities Board issued on behalf of the University $3,860,000 Lawrence County, Arkansas Public Education Facilities Board (Williams Baptist College) Refunding Revenue Bonds Series 2017 (the Series 2017 Bonds) to refund the outstanding balance of the $725,000 Series 2010A, Capital Improvement Revenue Bonds and the $3,095,000 Series 2011 Refunding Revenue Bonds. The Series 2017 Bonds bear interest at rates ranging from 2.7% to 3.25%. Annual principal payments are required on March 1 each year through March 1, 2029. Interest payments are due semiannually on March 1 and September 1 of each year. The outstanding balance of the bonds payable at June 30, 2023 totals $2,170,000 less unamortized bond issuance cost of $40,879.

NOTE 10: BONDS PAYABLE (Continued)

Five year aggregate maturities of bonds outstanding at June 30, 2023 are as follow:

2024	$	335,000
2025		345,000
2026		355,000
2027		365,000
2028		380,000
Thereafter		390,000
	$	2,170,000

The principal balance of bonds outstanding is secured by a pledge of all student tuition, fees and dormitory rentals. Loan agreements executed by the University concurrently with the issuance of the bonds require that the University maintain and charge tuition, fees and dormitory rentals, net of discounts equal to at least 125% of the maximum annual debt service on all of the outstanding bonds.

NOTE 11: RETIREMENT PLAN

The University has a non-qualified, voluntary, contributory employee retirement benefit plan administered by Guidestone Financial Resources of the Southern Baptist Convention, for all full-time employees who have completed one year of service. Total retirement expense was approximately $180,000 for the year ended June 30, 2023, which represents a matching employer contribution up to 5% of the participating employee’s compensation.

NOTE 12: CONTINGENCIES

The University receives federal awards and state assistance designated for specific purposes that are subject to subsequent review and audit by federal and state funding sources. Compliance with these requirements, which is the responsibility of the management of the University, may be determined through operational, procedural or performance audits by the grantor agencies or the inspectors general for these agencies. Such audits could result in a request for reimbursement by the funding sources for expenditures disallowed under the terms and conditions of the related contracts or grants. Management is not aware of any events of material noncompliance with contract terms, requirements or restrictions.

NOTE 13: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The University monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The University has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

Cash and cash equivalents	$ 1,711,829
Accounts receivable	153,464
Due from related party	145,952
Contributions receivable, due in less than one year	296,669
Certificates of deposit	160,650
Financial assets available to meet cash needs for general expenditures within one year	$ 2,468,564

Although not expected to be needed, the University also has available for spending without limitation the board designated assets of approximately $3,700,000. These resources are invested for long-term appreciation and current income but may be spent at the discretion of the Board. See Notes 2 and 6 for further information about the University's investments and board designated net assets, respectively.

NOTE 14: RELATED PARTY TRANSACTIONS

The University has investments with the Arkansas Baptist Foundation, which holds the investments. Arkansas Baptist Foundation does not receive any direct fees for these services.

Included in private gifts, grants and contributions in the statement of activities are contributions received from the Convention of approximately $965,000 for the year ended June 30, 2023.

NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 26, 2023, the date the financial statements were available to be issued.

Other Reports and Supplemental Information

Williams Baptist University

Schedule of Financial Responsibility
Year Ended June 30, 2023

Section 498(c) (1) of the Higher Education Act authorizes the secretary for the Department of Education ("Department") to establish ratios and other criteria for determining whether an institution has sufficient financial responsibility. Section 668.172 established a methodology based on three ratios—primary reserve, equity, and net income—that measure different aspects of financial health and are combined into a composite score to measure financial responsibility. Several mathematical steps are required to combine an institution's ratio results into a composite score:

- Determine the value of each ratio;
- Calculate a strength factor score for each ratio using the appropriate algorithm;
- Calculate a weighted score for each ratio by multiplying the strength factor score by its corresponding weighted percentage; and
- Add the weighted scores to arrive at the composite score.

Institutions receiving a composite score of 1.5 or greater are considered financially responsible. An institution that fails the financial responsibility standards may continue to participate in Title IV programs under provisional certifications for three years. To continue to participate in Title IV programs under provisional certification, an institution will be required to provide surety to the Department of 10% or more of its previous year's Title IV funding, as determined by the Department.

The source for each balance below has been referenced to either the statement of financial position (SOFP), statement of activities (SOA), or a specific footnote.

Williams Baptist University

Schedule of Financial Responsibility *(Continued)*
Year Ended June 30, 2023

Primary Reserve Ratio Calculation	Reference	June 30, 2023
Expendable net assets		
Net assets without donor restrictions	SOFP	$ 28,388,318
Net assets with donor restrictions	SOFP	11,406,484
Less:		
Net assets held in perpetuity	Note 8	9,408,693
Annuities, term endowments, and life income funds with donor restrictions	N/A	
Intangible assets	N/A	-
Net property, plant and equipment	SOFP	25,087,296
Unsecured related party receivables	SOFP	145,952
Add:		
Post-employment and defined benefit pension plan liabilities	N/A	-
Long-term debt obtained for long-term purposes	SOFP / Note 9 and 10	2,382,702
Line of credit obtained for long-term purposes	N/A	-
Total expendable net assets		$ 7,535,563
Expenses without donor restrictions and losses without donor restrictions		
Total expenses and losses without donor restrictions	SOA	$ 12,850,366
Less:		
Losses without donor restrictions on investments	N/A	-
Losses without donor restrictions on post-employment and defined benefit pension plans and annuities	N/A	-
Total expenses without donor restrictions and losses without donor restrictions		$ 12,850,366
Primary reserve ratio		**0.5864**

See Independent Auditor's Report.

Williams Baptist University

Schedule of Financial Responsibility *(Continued)*
Year Ended June 30, 2023

Equity Ratio	Reference	June 30, 2023
Modified net assets		
Net assets without donor restrictions	SOFP	$ 28,388,318
Net assets with donor restrictions	SOFP	11,406,484
Less:		
Intangible assets	N/A	-
Unsecured related-party receivables	SOFP	145,952
Total modified net assets		$ 39,648,850
Modified assets		
Total assets	SOFP	$ 42,540,150
Less:		
Intangible assets	N/A	-
Unsecured related-party receivables	SOFP	145,952
Total modified assets		$ 42,394,198
Equity ratio		**0.9352**

Net Income Ratio Calculation	Reference	June 30, 2023
Change in net assets without donor restrictions	SOA	$ (460,913)
Revenue without donor restrictions and gains without donor restrictions		
Total revenues without donor restrictions	SOA	12,389,453
Add:		
Gain on disposal of property, plant, and equipment	N/A	-
Less:		
Investment return appropriated for spending	N/A	-
Total revenue without donor restrictions and gains without donor restrictions		$ 12,389,453
Net income ratio		**(0.0372)**

Step 1: Calculate the strength factor score for each ratio by using the following algorithms:

- Primary reserve strength factor score = 10 x the primary reserve ratio result
- Equity strength factor score = 6 x the equity ratio result
- Negative net income ratio result: Net income strength factor = 1 + (25 x net income ratio result)
- Positive net income ratio result: Net income strength factor = 1 + (50 x net income ratio result)
- Zero result for net income ratio: Net income strength factor = 1

If the strength factor score for any ratio is greater than or equal to 3, the strength factor score for the ratio is 3.

If the strength factor score for any ratio is less than or equal to -1, the strength factor score or the ratio is -1.

See Independent Auditor's Report.

Williams Baptist University

Schedule of Financial Responsibility *(Continued)*
Year Ended June 30, 2023

Step 2: Calculate the weighted score for each ratio and calculate the composite score by adding the three weighted scores:

- Primary reserve weighted score = 40% x the primary reserve strength factor score
- Equity weighted score = 40% x the equity strength factor score
- Net Income weighted score = 20% x the net income strength factor score
- Composite score = the sum of all weighted scores
- Round the composite score to one digit after the decimal point to determine the final score

Ratio	Ratio Score	Strength Factor	Weight	Composite Scores
Primary reserve ratio	0.5864	3	40%	1.2000
Equity ratio	0.9352	3	40%	1.2000
Net income ratio	(0.0372)	0.069949	20%	0.0140
				2.4140
Total Composite Score Rounded				2.4

See Independent Auditor's Report.

Williams Baptist University

Schedule of Financial Responsibility
Ratio Data
Year Ended June 30, 2023

Primary Reserve Ratio

Expendable Net Assets:

Net assets without donor restrictions:	**$**	**28,388,318**
Net assets with donor restrictions:	**$**	**11,406,484**
Annuities with donor restrictions:		-
Term endowments with donor restrictions:		
Life income funds with donor restrictions:		-
Net assets with donor restrictions: restricted in perpetuity:		9,408,693
Net assets with donor restrictions: other for purpose or time:		1,997,791
Secured and unsecured related party receivables:		-
Unsecured related party receivables:		145,952
Unsecured other related party assets:		-
Property, plant and equipment, net (includes construction in progress and capital leases):	**$**	**25,087,296**
Property, plant and equipment - pre-implementation (includes capital leases):		20,073,542
Property, plant and equipment - post-implentation with outstanding debt for original purchase (includes capital leases):		26,132
Property, plant and equipment - post-implementation without outstanding debt for the original purchase:		3,248,855
Construction in process:		1,738,767
Lease right-of-use asset, net:	**$**	**-**
Lease right-of-use asset pre-implementation:		-
Lease right-of-use asset post-implementation:		-
Intangible assets:		-
Post-employment and pension liabilities:		-
Long-term debt - for long term purposes:	**$**	**2,382,702**
Long-term debt - for long term purposes pre-implementation:		2,363,829
Long-term debt - for long term purposes post-implementation:		18,873
Line of credit for construction in process:		-
Lease right-of-use asset liability:	**$**	**-**
Pre-implementation right-of-use leases liabilities:		-
Post-implementation right-of-use leases liabilities:		-

Total Expenses and Losses:

Total expenses without donor restrictions - take directly from Statement of Activities:	$	12,850,366
Non-operating and net investment (loss):		-
Other components of net periodic pension costs:		-
Change in value of split-interest agreements:		95,885
Other losses:		-
Net investment losses:		-
Pension - related changes other than net periodic costs:		-

See Independent Auditor's Report.

Williams Baptist University

Schedule of Financial Responsibility
Ratio Data *(Continued)*
Year Ended June 30, 2023

Equity Ratio:

Modified Net Assets:

Net assets without donor restrictions:	$	28,388,318
Net assets with donor restrictions:		11,406,484
Lease right-of-use asset pre-implementation:		-
Pre-implementation right-of-use leases liabilities:		-
Intangible assets:		-
Unsecured related party receivables:		145,952
Unsecured related party other assets:		-

Modified Assets:

Total assets:	$	42,540,150
Lease right-of-use asset pre-implementation:		-
Intangible assets:		-
Unsecured related party receivables:		145,952
Unsecured related party other assets:		-

Net Income Ratio:

Change in Net Assets Without Donor Restrictions:

Change in net assets without donor restrictions:	$	(460,913)

Total Revenues and Gains:

Total operating revenue and other additions (gains):	$	12,389,453
Investment return appropriated for spending:		-
Non-operating revenue and other gains:		-

See Independent Auditor's Report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Williams Baptist University
Walnut Ridge, Arkansas

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Williams Baptist University** (the University), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Landmark PLC, Certified Public Accountants
200 W Capitol Ave, Ste 1700 | Little Rock, AR 72201 | Telephone (501) 375-2025 | Fax (501) 375-8704 | www.landmarkcpas.com

Board of Trustees
Williams Baptist University

Purpose of this Report

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

Landmark PLC

Little Rock, Arkansas
September 26, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Williams Baptist University
Walnut Ridge, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Williams Baptist University's** (the University) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2023. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Landmark PLC, Certified Public Accountants
200 W Capitol Ave, Ste 1700 | Little Rock, AR 72201 | Telephone (501) 375-2025 | Fax (501) 375-8704 | www.landmarkcpas.com

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

Board of Trustees
Williams Baptist University

Report on Internal Control over Compliance *(Continued*)

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

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

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

Landmark PLC

Little Rock, Arkansas
September 26, 2023

Williams Baptist University

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

	Assistance Listing Number	Expenditures
FEDERAL		
U.S. Department of Education		
Direct Programs:		
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	$ 46,265
Federal Work-Study Program	84.033	194,215
Federal Pell Grant Program	84.063	1,434,671
Federal Direct Student Loans	84.268	2,254,029
Total Student Financial Assistance Cluster		$ 3,929,180
Total Expenditures of Federal Awards		$ 3,929,180

NOTE 1:

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Williams Baptist University (WBU) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of WBU, it is not intended to and does not present the financial position, changes in net assets, or cash flow of WBU.

NOTE 2:

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. WBU does not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3:

WBU currently participates in the Federal Direct Student Loan Program (Direct Loan Program) which includes the Federal Unsubsidized Stafford Loan Program and the Federal Direct PLUS Loan Program. Proceeds under the Direct Loan Program are disbursed by the Federal government, rather than a lending institution, with WBU providing various administrative support. As WBU is only responsible for certain administrative duties, outstanding loans are not included in WBU's financial statements. It is not practical to determine the balance of loans outstanding to students under the program as of June 30, 2023.

Williams Baptist University

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

I. Summary of Independent Auditor's Findings

1. The opinions expressed in the independent auditor's report were:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

   Significant deficiency(ies)? ☐ Yes ☒None reported
   Material weakness(es)? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

   ☐ Yes ☒ No

4. The independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on each major federal awards program disclosed:

   Significant deficiency(ies)? ☐ Yes ☒ None reported
   Material weakness(es)? ☐ Yes ☒ No

5. The opinions expressed in the independent auditor's report on compliance with requirements that could have a direct and material effect on each major federal awards program were:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by the Uniform Guidance?

   ☐ Yes ☒ No

7. The Organization's major programs were:

Cluster/Program	Assistance Listing Number
Student Financial Assistance Cluster -Department of Education Direct Programs	
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in Uniform Guidance was $750,000.

9. The organization qualified as a low-risk auditee as that term is defined in Uniform Guidance?

   ☒ Yes ☐ No

Williams Baptist University

Schedule of Findings and Questioned Costs *(Continued)*
Year Ended June 30, 2023

10. Required reporting for the Direct Loan and Pell Grant Program

	Sample			Population from Which the Sample was Drawn	
Sample Description	OPEID	Number of Students Receiving Direct Loans (#)	Amount of Direct Loans Disbursed ($)	Number of Students Receiving Direct Loans (#)	Amount of Direct Loans Disbursed ($)
Eligibility Sample	00110600	10	$ 19,818	316	$ 2,254,029
Disbursements to or on Behalf of Students	00110600	10	$ 19,818	316	$ 2,254,029
Return of Title IV	00110600	2	$ 8,907	11	$ 42,128

	Sample			Population from Which the Sample was Drawn	
Sample Description	OPEID	Number of Students Receiving Pell (#)	Amount of Pell Disbursed ($)	Number of Students Receiving Pell (#)	Amount of Pell Disbursed ($)
Eligibility Sample	00110600	13	$ 31,984	277	$ 1,434,671
Disbursements to or on Behalf of Students	00110600	13	$ 31,984	277	$ 1,434,671
Return of Title IV	00110600	2	$ 5,119	11	$ 29,623

For the year ended June 30, 2023, no findings or areas of noncompliance related to disbursements or returns of Direct Loan or Pell funds were noted.

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN *ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS*

None

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None