

**THE CITADEL**  
**THE MILITARY COLLEGE OF SOUTH CAROLINA**  
*(A Component Unit of the State of South Carolina)*  
CHARLESTON, SOUTH CAROLINA

BASIC FINANCIAL STATEMENTS, REQUIRED  
SUPPLEMENTARY INFORMATION, AND  
SCHEDULE OF FEDERAL AWARDS AND REPORTS  
UNDER THE UNIFORM GUIDANCE THEREON

*Year Ended June 30, 2025*

*And Reports of Independent Auditor*

# TABLE OF CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT AUDITOR .....	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) .....	4-15
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position .....	16-17
Statement of Revenues, Expenses, and Changes in Net Position .....	18
Statement of Cash Flows.....	19-20
Statement of Fiduciary Net Position.....	21
Statement of Changes in Fiduciary Net Position .....	22
<b>Non-Governmental Discretely Presented Component Units</b>	
Statement of Financial Position.....	23
Statement of Activities .....	24
Notes to the Financial Statements.....	25-69
<b>REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)</b>	
Schedule of The Citadel's Proportionate Share of the Net Pension Liability.....	70
Schedule of The Citadel's Pension Contributions.....	71
Schedule of The Citadel's Proportionate Share of the Net OPEB Liability.....	72
Schedule of The Citadel's OPEB Contributions.....	73
<b>OTHER INFORMATION (UNAUDITED)</b>	
Schedule of Unrestricted Net Position, Excluding GASB 68, Pension, and GASB 75, OPEB.....	74
<b>SINGLE AUDIT</b>	
Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	75-76
Report of Independent Auditor on Compliance for Each Major Program and on Report on Internal Control over Compliance Required by the Uniform Guidance.....	77-78
Schedule of Findings and Questioned Costs.....	79
Summary Schedule of Prior Year Audit Findings .....	80
Schedule of Expenditures of Federal Awards.....	81-82
Notes to the Schedule of Expenditures of Federal Awards .....	83

## Report of Independent Auditor

To the Members of the Board of Visitors  
The Citadel, The Military College of South Carolina  
Charleston, South Carolina

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the business-type activities, the fiduciary activities, and the aggregate non-governmental discretely presented component units of The Citadel, The Military College of South Carolina (“The Citadel”), a component unit of the State of South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise The Citadel’s basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of another auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities, and the aggregate non-governmental discretely presented component units of The Citadel, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation, which are presented as non-governmental discretely presented component units. The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation represent 100% of total assets, 100% of net position, and 100% of total revenues of the aggregate non-governmental discretely presented component units as of June 30, 2025. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation, are based solely on the reports of the other auditors.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of The Citadel, 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 opinions. The financial statements of The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation were not audited in accordance with *Government Auditing Standards*.

#### 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 Citadel’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of The Citadel's Proportionate Share of the Net Pension Liability, the Schedule of The Citadel's Pension Contributions, The Citadel's Proportionate Share of the Net OPEB Liability, and the Schedule of The Citadel's OPEB Contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Citadel's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the schedules of unrestricted net position, excluding GASB 68, pension, and GASB 75, OPEB but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2025, on our consideration of The Citadel'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 Citadel'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 Citadel's internal control over financial reporting and compliance.

*Cherry Bekaert LLP*

Greenville, South Carolina

September 24, 2025, except for our report on the schedule of expenditures of federal awards for which the date is February 18, 2026

**THE CITADEL**  
**The Military College of South Carolina**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2025**

---

**Overview of the Financial Statements and Financial Analysis**

The Citadel (“The Citadel” or the “College”) is pleased to present its financial statements for fiscal year 2025. While audited financial statements for fiscal year 2024 are not presented with this report, condensed operations and financial position data will be presented in this section in order to illustrate certain increases and decreases. However, the emphasis of discussions about these statements will be on current year data. This discussion focuses on the combined operations and financial positions of the College, defined for purposes of this discussion as both the primary institution – The Citadel, and its blended component unit – The Citadel Trust. The discussion excludes the College’s non-governmental component units – The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation.

During fiscal year 2024, The Citadel received a renewed 10-year accreditation from the Southern Association of Colleges and Schools Commission on Colleges (“SACSCOC”), with no recommendations for improvements or further action required.

Total recurring state appropriations, which include other items such as state health insurance allocations, increased \$5.9 million from \$21.8 million in 2024 to \$27.7 million in 2025. The Citadel also received non-recurring appropriations for various capital projects, general maintenance, and updates to the campus. In 2025, The Citadel received \$3.0 million in non-recurring general appropriations per Proviso 118.20 of which \$1.0 million was allocated for renovations of Duckett Hall and \$2.0 million was allocated for renovations of workforce housing on campus. The Citadel also received capital reserve funds totaling \$7.0 million per FY23-24 Bill H\*5101 of which \$4.0 million was allocated to construction of a new Engineering Building, \$2.0 million was allocated to renovations of Duckett Hall, and \$1.0 million was allocated to renovations of workforce housing on campus. With consistent state appropriations, The Citadel did not increase tuition for in state students (Corps of Cadets, College Transfer Program, and Graduate College included).

Based on increased cadet enrollment, there was a \$0.7 million increase in student tuition and fee revenue, net of scholarship allowances. The Citadel is monitoring the in-state vs. out-of-state mix of enrolled students for potential revenue impacts.

Cadet enrollment increased 3.2% between fiscal years and other student categories also increased by 0.7%. The Citadel Graduate College decreased 0.8%. Increases in enrollment for future semesters are expected as the programs continue enrolling more students.

<b>Student Category</b>	<b>Fall 2024* Enrollment</b>	<b>Fall 2023** Enrollment</b>	<b># Increase / (Decrease)</b>	<b>% Increase / (Decrease)</b>
Cadets	2,297	2,226	71	3.2%
Graduate Students	1,056	1,064	(8)	-0.8%
Other	440	437	3	0.7%
Total	3,793	3,727	66	1.8%

\* Source: Citadel Institutional Research Fall 2024 Student Enrollment Profile

\*\* Source: Citadel Institutional Research Fall 2023 Student Enrollment Profile

<b>Cohort</b>	<b>Fall 2024 Retention***</b>	<b>Fall 2023 Retention****</b>
Retention rate of full-time bachelor’s degree seeking undergraduate student who entered institution in the prior Fall	86%	88%

\*\*\* Source: Citadel Institutional Research Common Data Set 2024-2025

\*\*\*\* Source: Citadel Institutional Research Common Data Set 2023-2024

**THE CITADEL**  
**The Military College of South Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2025**

---

**Overview of the Financial Statements and Financial Analysis, *Continued***

Sales and services revenue increased by \$2.3 million in 2025. This increase is composed of a \$1.9 million increase in auxiliary revenue pledged for revenue bonds and a \$0.4 million decrease in auxiliary revenue not pledged for revenue bonds. Auxiliary student fee revenue increased \$2.5 million over the last year. In addition, an increase in scholarship allowances of \$2.6 million netted against auxiliary revenue also occurred. Fiscal year 2025 marked the first year partnering with Chartwells as its food service provider. Revenues for the Chartwells fee-based auxiliary increased \$2.9 million. Revenues for the Cadet Store and Chartwells profit based increased \$0.3 million and decreased \$0.2 million, respectively. Sales and services in athletics decreased \$0.3 million.

Athletics fee-based revenue stayed materially the same year-over-year. The Athletic Department (the "Department") revenues are largely dependent upon attendance at sporting events while expenses are driven by scholarships, facility maintenance and compensation. The College closely monitors the financial position of the Department to ensure long-term success. The College's bondholder of the Series 2015 Athletic Facilities Revenue bond requires a bond coverage ratio of 100%. As of June 30, 2025, management believes the College reported an above adequate bond coverage ratio for the Series 2015 Athletic Facility Bond. See Note 23 for additional information.

Operating expenses increased in fiscal year 2025. Compensation and benefits increased by \$3.2 million due to a decrease in unexecuted labor. Services and supplies expenses increased by \$7.3 million, most of which was driven by work commencing on the Stevens Barracks renovation, which is a multi-year, multi-phase overhaul of the building. Refer to the construction in progress footnote for further details of capital projects in progress.

In fiscal year 2025, The Citadel adjusted the net pension liability based on guidance from the South Carolina Public Employee Benefit Authority. In fiscal year 2025, the pension liability beginning balance was \$84.9 million. During fiscal year 2025, adjustments to the net pension liability were made based on actuarial data and a change in expected investment returns. The net pension liability decreased by \$4.9 million, the deferred outflows increased by \$1.7 million, and the deferred inflows increased by \$2.5 million. These adjustments decreased the pension liability to \$80.1 million.

In fiscal year 2025, The Citadel adjusted the net OPEB liability based on guidance from the South Carolina Public Employee Benefit Authority. In fiscal year 2025, the OPEB liability beginning balance was \$64.2 million. During fiscal year 2025, adjustments to the net OPEB liability were made based on actuarial data and a change in expected investment returns. The net OPEB liability increased by \$10.9 million, the deferred outflows increased by \$5.6 million, and the deferred inflows decreased by \$6.7 million. These adjustments increased the OPEB liability to \$75.1 million.

An influence on the financial results of The Citadel Trust, Incorporated (the "Trust") during 2025 was the increase in investment returns. Approximately 99% of the Trust's pooled assets are invested in the Richmond Fund, a limited partnership managed by Spider Management Company, LLC ("Spider"), a subsidiary of the University of Richmond. The Richmond Fund invests in traditional investments as well as in alternative investments such as private equity, venture capital, real assets, and hedge funds. The Richmond Fund's return increased from 6.62% in fiscal year 2024 to 10.55% in fiscal year 2025. Investment market values (including cash and money market holdings within existing positions) increased from \$129.8 million in 2024 to \$138.1 million in 2025 due to increased investment earnings during the year.

**THE CITADEL**  
**The Military College of South Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2025**

---

**Overview of the Financial Statements and Financial Analysis, *Continued***

In August 2013, the Trust's Board of Directors ratified a memorandum of understanding ("MOU") with The Citadel Alumni Association ("CAA") allowing the CAA to invest in The Trust's unitized investment pool and gain access to The Trust's more diversified pool of investments managed by Morgan Stanley and Spider management. The CAA contributed \$3.1 million in October 2013 and \$0.8 million in March 2014. Per the MOU, these funds were invested in the same manner and with the same due care in which The Trust's funds are invested. The fair value of the CAA investments at June 30, 2024 was \$6.8 million. The fair value of the CAA investments at June 30, 2025 is \$7.5 million. The activity related to the CAA investments are disclosed in the fiduciary financial statements. The Trust does not recognize any revenues from the investment returns on the CAA's investments.

This report consists of a series of financial statements, prepared in accordance with GASB in Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments*, and Statement No. 35, *Basic Financial Statement—and Management's Discussion and Analysis—for Colleges and Universities*, and Statement No. 84, *Fiduciary Activities*. These financial statements focus on the financial condition of the College, the results of operations and cash flows of the College as a whole.

There are three financial statements presented: The Statement of Net Position; The Statement of Revenues, Expenses, and Changes in Net Position; and The Statement of Cash Flows. These statements present financial information in a format similar to that used by private corporations. The College's net position (the difference between assets and deferred outflows and liabilities and deferred inflows) is one indicator of the improvement or erosion of the College's financial health when considered with nonfinancial facts such as enrollment levels and the condition of the facilities.

**Statement of Net Position**

The Statement of Net Position presents the assets and deferred outflows, liabilities and deferred inflows, and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statement of Net Position presents end-of-year data concerning assets (property that we own and what we are owed by others), deferred outflows of resources (a consumption of assets applicable to a future reporting period), liabilities (what we owe to others and have collected from others before we have provided the service), deferred inflows of resources (an acquisition of net assets that is applicable to a future reporting position), and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources). It is prepared under the accrual basis of accounting, where revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to us, regardless of when cash is exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors and lending institutions. Finally, the Statement of Net Position provides a picture of the net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) and their availability for expenditure by the institution.

**THE CITADEL**  
**The Military College of South Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2025**

---

**Statement of Net Position, *Continued***

Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant, and equipment owned by the College. The next category is restricted net position, which is divided into two categories, nonexpendable and expendable. Restricted nonexpendable net position consists solely of the College's permanent endowment funds that are only available for investment purposes. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted assets are available to the institution for any lawful purpose of the College. Although unrestricted net position is subject to externally imposed stipulations, substantially all the College's unrestricted net position has been designated for various academic and research programs and initiatives. Unrestricted net position is reported as a net negative balance as a result of The Citadel's prior year adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015 and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018. The negative balance resulting from The Citadel's portion of the unfunded pension and OPEB liabilities of the state of South Carolina exceeds the positive unrestricted net position of the various other unrestricted funds within the College.

**Condensed Summary of Net Position (thousands of dollars)**

	<u>2025</u>	<u>2024</u>	<u>Increase/ (Decrease)</u>	<u>Percent</u>
<b>Assets:</b>				
Current assets	\$ 106,222	\$ 108,190	\$ (1,968)	-1.8%
Capital assets, net	215,158	202,415	12,743	6.3%
Other assets	190,651	176,263	14,388	8.2%
<b>Total Assets</b>	<u>512,031</u>	<u>486,868</u>	<u>25,163</u>	<u>5.2%</u>
<b>Deferred Outflows of Resources</b>	<u>34,115</u>	<u>26,769</u>	<u>7,346</u>	<u>27.4%</u>
<b>Liabilities:</b>				
Current liabilities	23,087	22,684	403	1.8%
Noncurrent liabilities	196,871	194,060	2,811	1.4%
<b>Total Liabilities</b>	<u>219,958</u>	<u>216,744</u>	<u>3,214</u>	<u>1.5%</u>
<b>Deferred Inflows of Resources</b>	<u>43,722</u>	<u>47,952</u>	<u>(4,230)</u>	<u>-8.8%</u>
<b>Net Position:</b>				
Net investment in capital assets	169,949	155,581	14,368	9.2%
Restricted - nonexpendable	78,578	72,764	5,814	8.0%
Restricted - expendable	117,715	117,351	364	0.3%
Unrestricted	<u>(83,776)</u>	<u>(96,755)</u>	<u>12,979</u>	<u>-13.4%</u>
<b>Total Net Position</b>	<u>\$ 282,466</u>	<u>\$ 248,941</u>	<u>\$ 33,525</u>	<u>13.5%</u>

**Total Assets – Overall Increase of \$25.2 million**

The \$2 million decrease in current assets is composed of a \$2.7 million decrease in The Citadel current assets and a \$0.7 million increase in Trust current assets.

The \$2.7 million decrease in The Citadel current assets is primarily attributable to decrease in current accounts receivable of \$5.0 offset by an increase in current cash of \$2.2 million.

**THE CITADEL**  
**The Military College of South Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2025**

---

**Statement of Net Position, *Continued***

The \$0.7 million increase in Trust current assets is primarily attributable to an increase in current restricted investments of \$1.3 million offset by a decrease of \$0.5 million in due from other funds.

The \$12.7 million increase in capital assets, net is composed of a \$2.4 million increase in capital assets not being depreciated and a \$10.3 million increase in capital assets net of depreciation, both primarily due to changes in The Citadel capital assets.

The Citadel capital assets (net of depreciation) increased by \$10.3 million. Depreciation expense decreased \$.8 million.

The \$14.5 million increase in other assets is composed of a \$6.2 million increase in The Citadel other assets and a \$8.3 million increase in Trust other assets.

The increase in The Citadel other assets is mainly attributable to a \$10.0 million increase in noncurrent restricted accounts receivable, offset by a \$3.8 million decrease in noncurrent restricted cash and cash equivalents.

The increase in The Trust other assets is mainly attributable to a \$7.8 million increase in noncurrent restricted investments.

**Deferred Outflows of Resources – Overall Increase of \$7.3 million**

Deferred outflows related to pensions increased by \$5.6 million and OPEB deferred outflows increased by \$1.7 million both of which are primarily related to changes in assumptions which resulted in a change in the respective liabilities and amortization of prior year deferrals as current year pension and OPEB expenses.

**Total Liabilities – Overall Increase of \$3.2 million**

The Citadel current liabilities increased \$0.4 million mainly due to an increase of \$1.7 million in accrued payroll and related liabilities, offset by a \$1.5 million decrease in accounts payable. Trust current liabilities remained relatively unchanged year-over-year.

The \$2.8 million increase in noncurrent liabilities is entirely attributable to The Citadel, primarily driven by a \$10.9 million addition in the net OPEB liability as of June 30, 2025, and a \$4.9 million decrease in the net pension liability. Further, there was a \$3.2 million decrease in bonds payable due to scheduled payments on outstanding debt.

Trust noncurrent liabilities remained unchanged year-over-year.

**THE CITADEL**  
**The Military College of South Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2025**

---

**Statement of Net Position, *Continued***

**Deferred Inflows of Resources – Overall Decrease of \$4.2 million**

Deferred inflows related to pensions increased by \$2.5 million and a decrease in OPEB deferred inflows of \$6.7 million both of which are primarily related to changes in assumptions which resulted in a change in the respective liabilities and amortization of prior year deferrals as current year pension and OPEB expenses.

**Net Position – Overall Increase of \$33.5 million**

The net position increased primarily due to an increase in unrestricted by \$13.0 million. There was also a \$14.4 million increase in capital projects due to an increase in state appropriations and capital reserve funds for various on campus projects.

The Citadel's unrestricted net position increased by \$13.7 million. There was a \$0.8 million decrease in The Trust unrestricted net position.

**Statement of Revenues, Expenses, and Changes in Net Position**

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. A public college's dependency on state aid and gifts will result in operating deficits. GASB requires state appropriations and gifts to be classified as nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Changes in total net position, as presented on the Statement of Net Position, are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the College, both operating and nonoperating, and the expenses paid by the College, operating and nonoperating and any other revenues, expenses, gains, and losses received or spent by the College.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Nonoperating revenues are revenues received for which goods and services are not provided. State capital appropriations and capital grants and gifts are considered neither operating nor nonoperating revenues and are reported after Income before other revenues, expenses, gains, or losses.

**THE CITADEL**  
**The Military College of South Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2025**

**Statement of Revenues, Expenses, and Changes in Net Position, *Continued***

Condensed Summary of Revenues, Expenses, and Changes in Net Position (thousands of dollars)

	2025	2024	Increase/ (Decrease)	Percent
<b>Revenues:</b>				
Student tuition and fees, net	\$ 45,089	\$ 44,416	\$ 673	1.5%
Sales and services	41,791	39,477	2,314	5.9%
Grants and contracts	13,824	12,956	868	6.7%
Investment income	11,882	8,310	3,572	43.0%
Other operating revenues	10,192	9,256	936	10.1%
<b>Total Operating Revenues</b>	<b>122,778</b>	<b>114,415</b>	<b>8,363</b>	<b>7.3%</b>
State appropriations	28,039	22,179	5,860	26.4%
Grants and contracts	13,322	13,363	(41)	-0.3%
Gifts	3,888	5,680	(1,792)	-31.5%
Investment income	1,656	6,832	(5,176)	-75.8%
Other nonoperating revenues	1,103	1,387	(284)	-20.5%
<b>Total Nonoperating Revenues</b>	<b>48,008</b>	<b>49,441</b>	<b>(1,433)</b>	<b>-2.9%</b>
<b>Total Revenues</b>	<b>170,786</b>	<b>163,856</b>	<b>6,930</b>	<b>4.2%</b>
<b>Expenses:</b>				
Compensation and employee benefits	78,694	75,516	3,178	4.2%
Services and supplies	52,119	44,856	7,263	16.2%
Utilities	4,570	4,323	247	5.7%
Depreciation	6,814	7,641	(827)	-10.8%
Scholarships and fellowships	6,296	5,981	315	5.3%
<b>Total Operating Expenses</b>	<b>148,493</b>	<b>138,317</b>	<b>10,176</b>	<b>7.4%</b>
Interest expense on capital asset-related debt	1,518	1,270	248	19.5%
<b>Total Nonoperating Expenses</b>	<b>1,518</b>	<b>1,270</b>	<b>248</b>	<b>19.5%</b>
<b>Total Expenses</b>	<b>150,011</b>	<b>139,587</b>	<b>10,424</b>	<b>7.5%</b>
<b>Income before capital contributions additions to permanent endowments, and transfers</b>	<b>20,775</b>	<b>24,269</b>	<b>(3,494)</b>	<b>-14.4%</b>
<b>Capital Contributions, Additions to Permanent Endowments, and Transfers</b>				
Capital grants and appropriations	11,664	38,185	(26,521)	-69.5%
Permanent endowment additions	1,086	1,395	(309)	-22.2%
<b>Total Capital Contributions, Additions to Permanent Endowments, and Transfers</b>	<b>12,750</b>	<b>39,580</b>	<b>(26,830)</b>	<b>-67.8%</b>
<b>Change in Net Position</b>	<b>33,525</b>	<b>63,849</b>	<b>(30,324)</b>	<b>-47.5%</b>
<b>Net Position, Beginning</b>	<b>248,941</b>	<b>185,092</b>	<b>63,849</b>	<b>34.5%</b>
<b>Net Position, Ending</b>	<b>\$ 282,466</b>	<b>\$ 248,941</b>	<b>\$ 33,525</b>	<b>13.5%</b>

**Total Revenues – Overall Increase of \$6.9 million**

Operating revenues increased by \$8.4 million. The Citadel operating revenues increased by \$4.4 million and Citadel Trust operating revenues increased by \$4.0 million.

Citadel tuition and fees increased by \$0.7 million in 2025.

**THE CITADEL**  
**The Military College of South Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2025**

---

**Statement of Revenues, Expenses, and Changes in Net Position, *Continued***

Sales and services revenue increased by \$2.3 million in 2025. This increase is composed of a \$1.9 million increase in auxiliary revenue pledged for revenue bonds and a \$0.4 million decrease in auxiliary revenue not pledged for revenue bonds. Sales and Services of Educational and Other Activities increase by \$0.9 million.

Pledged revenues from auxiliary fee-based and profit-based revenue increased by \$1.9 million over last year primarily due to increases in prices as well as slight increases in enrollment. Revenues for Dining Services fee-based sources increased \$2.9 million. Revenues for the Cadet Store and Dining Services profit based increased \$0.3 million and decreased \$0.2 million, respectively. Sales and services in athletics decreased \$0.3 million. Revenues from the athletic facility fee stayed materially the same.

Athletics sales revenue, the only auxiliary revenues not pledged for revenue bonds remained materially the same in fiscal year 2025.

Operating grant revenue increased by \$.8 million. Federal operating grants increased by \$1.6 million, state operating grants decreased by \$.8 million, and nongovernmental operating grants remained steady.

Other operating revenues decreased by approximately \$.6 million. This increase is primarily related to other fees charged by The Citadel for services provided.

The \$4.0 million increase in Trust operating revenues is mainly attributable to an increase of \$3.6 million in investment returns within the Trust's unitized investment pool due to positive returns from the Richmond Fund of 10.55%.

Nonoperating revenues decreased by \$1.4 million. This decrease is composed of a \$.7 million decrease in The Citadel nonoperating revenues and a \$.7 million decrease in Citadel Trust nonoperating revenue.

The major components of The Citadel decrease in nonoperating revenues were decreases in investment income of \$5.2 million and a decrease of \$1.1 in gifts, offset by an increase of \$5.9 million in non-recurring state appropriations.

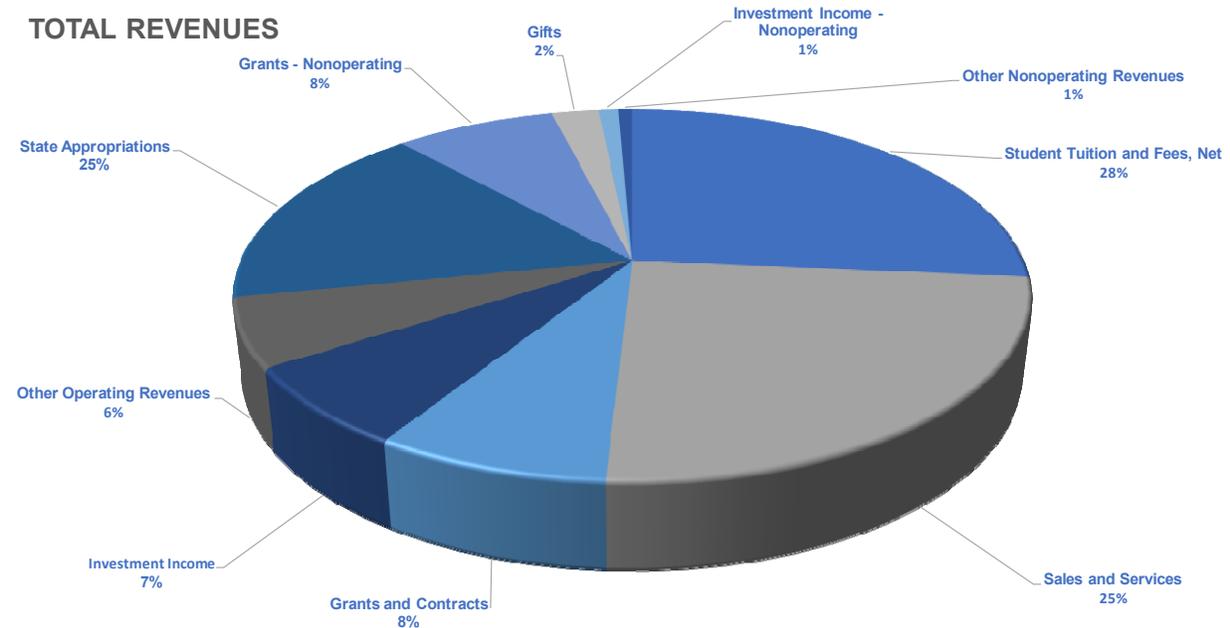
Total recurring state appropriations, which include other items such as state health insurance allocations, increased \$5.9 million from \$21.8 million in 2024 to \$27.7 million in 2025.

The Citadel also received non-recurring appropriations for various capital projects, general maintenance, and updates to the campus. In 2025, The Citadel received \$3.0 million in non-recurring general appropriations per Proviso 118.20 of which \$1.0 million was allocated for renovations of Duckett Hall and \$2.0 million was allocated for renovations of workforce housing on campus. The Citadel also received capital reserve funds totaling \$7.0 million per FY23-24 Bill H\*5101 of which \$4.0 million was allocated to construction of a new Engineering Building, \$2.0 million was allocated to renovations of Duckett Hall, and \$1.0 million was allocated to renovations of workforce housing on campus.

**THE CITADEL**  
**The Military College of South Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2025**

---

**Statement of Revenues, Expenses, and Changes in Net Position, *Continued***



**Total Expenses – Overall Increase of \$10.2 million**

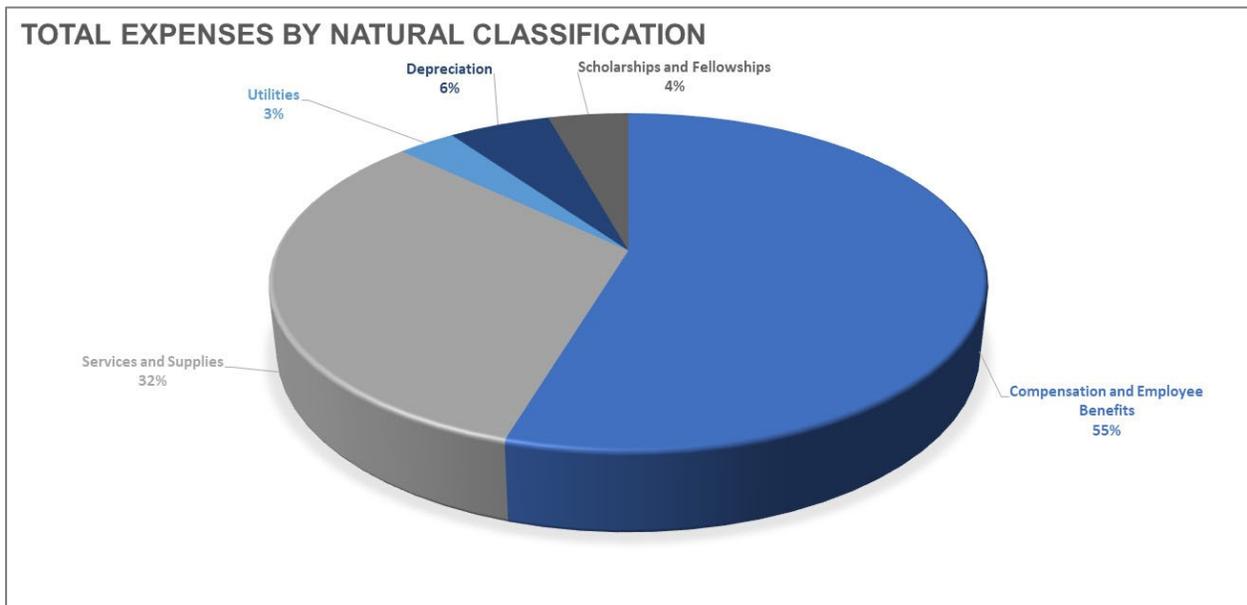
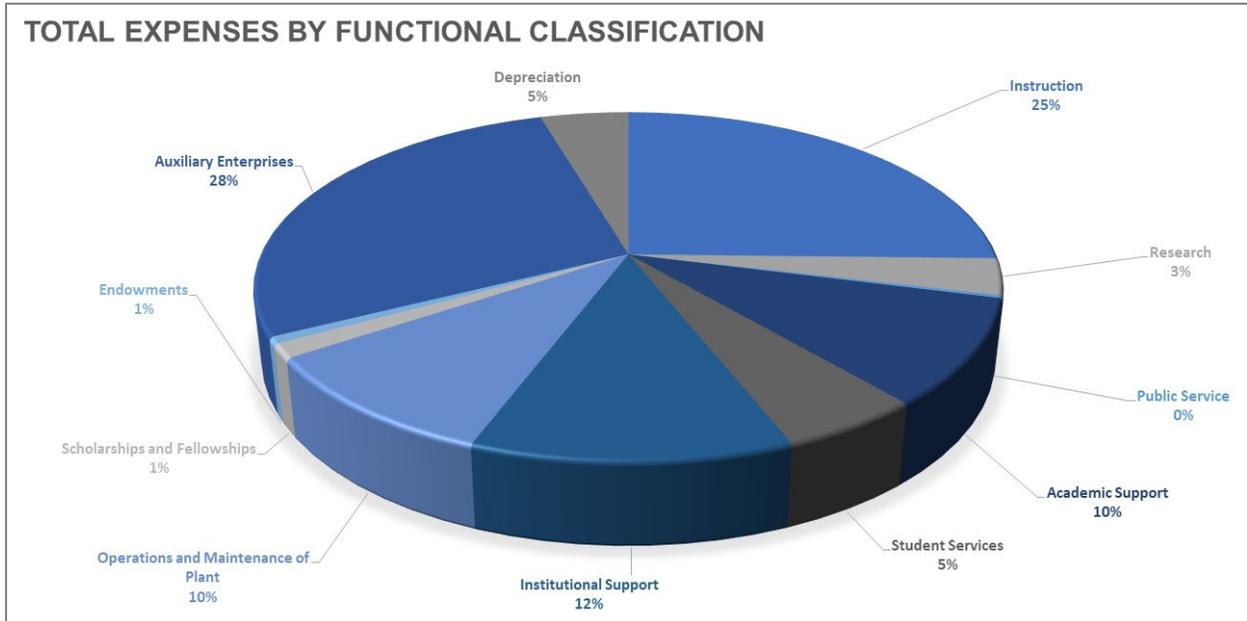
Operating expenses increased by \$10.2 million. This is mainly driven by an increase of \$7.3 million in services and supplies, \$3.2 million in compensation and benefits. These increases were slightly offset by a decrease of \$.8 million in depreciation.

Scholarship expenses increased by \$.3 million. Scholarship expense is the portion of total scholarships that is refunded to students. The remaining scholarship amount is netted against tuition and fee revenue as a scholarship allowance.

Nonoperating expenses decreased by \$0.2 million due to a decrease of \$0.2 million in interest expense on capital asset-related debt.

**THE CITADEL**  
**The Military College of South Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2025**

**Statement of Revenues, Expenses, and Changes in Net Position, *Continued***



**Capital Contributions, Additions to Permanent Endowments, and Transfers – Overall Decrease of \$26.8 million**

Citadel capital grants and gifts and transfers from the Trust decreased by \$7.8 million. State one-time capital appropriations decreased by \$19.0 million.

Permanent endowment additions decreased by approximately \$.3 million.

**THE CITADEL**  
**The Military College of South Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2025**

---

**Statement of Cash Flows**

The final statement presented is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the College during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash from the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, non-investing, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash from the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

**Capital Assets and Debt Administration**

Capital assets, net of accumulated depreciation, at June 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>	<u>Increase/ (Decrease)</u>	<u>Percent</u>
<b>Capital Assets:</b>				
Land	\$ 4,903,347	\$ 4,903,347	\$ -	0.0%
Construction in progress	19,595,314	17,169,693	2,425,621	14.1%
Fine arts	374,250	368,801	5,449	1.5%
Land improvements	2,269,496	2,649,153	(379,657)	-14.3%
Buildings and improvements	182,387,645	169,575,020	12,812,625	7.6%
Machinery, equipment, and other	2,305,490	4,094,193	(1,788,703)	-43.7%
Vehicles	251,424	237,060	14,364	6.1%
Intangibles	2,910,900	3,182,983	(272,083)	-8.5%
Right-to-use subscription assets	160,393	235,195	(74,802)	-
Total	<u>\$ 215,158,259</u>	<u>\$ 202,415,445</u>	<u>\$ 12,742,814</u>	<u>6.3%</u>

The \$17.6 million in construction project expenses that were capitalized during 2025 were materially driven by several projects including Capers Hall (\$8.9 million), Mims Housing Renovations (\$1.3 million), Wilson Housing Renovations (\$1.3 million), Summerall Chapel AV (\$0.7 million), and Coward Hall Refresh (\$0.5 million). The remaining \$4.8 million in capitalized construction project expenses were made up of 26 additional projects at various stages of substantial completion. There is \$19.6 million left in construction in progress which is materially driven by several projects including Stevens Barracks Renovations (\$13.4 million), Fire Pump Water Tank Replacement (\$2.4 million), School of Engineering Building (\$0.7 million), and Summerall Chapel Stained Glass Restoration (\$0.6 million). The remaining \$2.5 million in construction in progress is made up of 24 additional projects at various stages of progress.

The Trust capital assets remained materially the same year over year.

The Citadel capitalized \$20.0 million of new land, construction in progress, and buildings and improvements net of disposals in 2025 and recognized depreciation expense of approximately \$6.8 million.

Net investment in capital assets, increased by \$14.4 million due to the capitalization of Capers Hall and other capital projects. The Citadel capital assets, net of depreciation, increased by \$12.7 million, while Trust capital assets remained materially the same.

**THE CITADEL**  
**The Military College of South Carolina**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2025**

---

**Economic Outlook**

The economic position of The Citadel is closely tied to that of the State of South Carolina and the City of Charleston. The South Carolina economy continued to show strength in 2025, with the City of Charleston and the coastal regions leading that growth. Charleston has been dubbed the Silicon Harbor as it is becoming one of the new start-up technology hubs of the country. Charleston has attracted many Fortune 500 businesses including Boeing and Volvo to the area and, from a tourism standpoint, the City of Charleston was recently ranked the No. 1 city in the nation by Travel and Leisure magazine.

In September 2025, U.S. News & World Report named The Citadel the No. 1 public institution offering up to a master's degree in the South for the fourteenth consecutive year and ranked The Citadel the No. 1 higher education institution (private and public) in the South. The Citadel was also ranked No. 1 for the best colleges for veterans in the South. The Citadel's School of Engineering was also ranked No. 18 for best undergraduate engineering programs in the nation and is included in the top ten for Most Innovative Schools in the South.

As the College continues to pay down long-term debt, its financial position should continue to strengthen over the upcoming years. The College obtained funding for on campus maintenance needs and various other capital projects. Donor support for upcoming projects continues to be promising.

The Citadel's base state appropriations increased by a total of \$5.9 million from \$21.8 million in 2024 to \$27.7 million in 2025.

The outlook for The Citadel Trust is closely aligned with the outlook for the economy as a whole and with the financial markets. The Trust was impacted by positive investment results in fiscal year 2025. The Richmond Fund saw a return of 10.55% in fiscal year 2025. Trust maintains a diversified investment portfolio in an effort to position itself as favorably as possible in the current volatile marketplace. The overall goal of the Richmond Fund is preservation of capital, and the expectation is that this investment will protect The Trust during market downturns benefiting from investment gains during market rallies. The Directors are closely monitoring The Trust's current scholarship spending policy of 4.0% of the five-year rolling average of endowment market values and are prepared to make changes as needed if the outlook for long-term market returns trends in a manner where it cannot fulfill The Trust's spending rate. The Citadel hopes to maintain a high level of incoming donations through its work on the upcoming capital campaign for the Mighty Citadel 2026 Strategic Plan.

The Citadel currently is involved in a number of legal proceedings. Please see Note 21 for a complete discussion of current litigation.

**More Information**

This financial report is designed to provide a general overview of The Citadel's finances and demonstrate The Citadel's accountability for the money it receives. Any questions about this report or requests for information may be addressed to the Associate Vice President for Finance, The Citadel, 171 Moultrie Street, Charleston, South Carolina 29409.

**THE CITADEL**  
**The Military College of South Carolina**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	The Citadel	The Citadel Trust	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Unrestricted</b>			
Cash and Cash Equivalents	\$ 64,657,864	\$ 5,540	\$ 64,663,404
Marketable Securities (at fair value)	-	586,881	586,881
Investment in Limited Partnership (at fair value)	-	5,526,397	5,526,397
Accounts Receivable, Net	10,642,964	255,961	10,898,925
Lease Receivable, Net	119,827	-	119,827
Inventories	4,751,579	-	4,751,579
Prepaid Expenses	1,525,575	3,125	1,528,700
<b>Restricted</b>			
Cash and Cash Equivalents	-	1,253,774	1,253,774
Investment in Limited Partnership (at fair value)	-	12,761,074	12,761,074
Accounts Receivable, Net	3,482,655	-	3,482,655
Contributions Receivable, Net	87,403	59,400	146,803
Prepaid Expenses	20,760	24,441	45,201
Due from Other Funds	-	456,765	456,765
<b>Total Current Assets</b>	<b>85,288,627</b>	<b>20,933,358</b>	<b>106,221,985</b>
<b>Noncurrent Assets</b>			
<b>Unrestricted</b>			
Cash and Cash Equivalents	2,027,856	-	2,027,856
Investment in Limited Partnership (at fair value)	-	6,336,275	6,336,275
Lease Receivable, Net	146,532	-	146,532
Cash Surrender Value of Life Insurance	-	12,517	12,517
Capital Assets Not Being Depreciated	22,603,423	2,269,488	24,872,911
Capital Assets, Net of Accumulated Depreciation	190,162,654	122,694	190,285,348
<b>Restricted</b>			
Cash and Cash Equivalents	6,084,297	213,586	6,297,883
Marketable Securities (at fair value)	-	1,264,323	1,264,323
Investment in Limited Partnership (at fair value)	-	105,980,289	105,980,289
Accounts Receivable, Net	68,190,314	-	68,190,314
Contributions Receivable, Net	205,968	102,799	308,767
Cash Surrender Value of Life Insurance	-	85,356	85,356
<b>Total Noncurrent Assets</b>	<b>289,421,044</b>	<b>116,387,327</b>	<b>405,808,371</b>
<b>Total Assets</b>	<b>\$ 374,709,671</b>	<b>\$ 137,320,685</b>	<b>\$ 512,030,356</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Amounts Related to Net OPEB Liability	\$ 24,165,495	-	\$ 24,165,495
Amounts Related to Net Pension Liability	9,949,710	-	9,949,710
<b>Total Deferred Outflows of Resources</b>	<b>\$ 34,115,205</b>	<b>\$ -</b>	<b>\$ 34,115,205</b>

The accompanying notes to the financial statements are an integral part of these statements.

**THE CITADEL**  
**The Military College of South Carolina**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	The Citadel	The Citadel Trust	Total
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 5,465,918	\$ 182,188	\$ 5,648,106
Retainages Payable	577,931	-	577,931
Accrued Payroll and Related Liabilities	4,855,985	6,680	4,862,665
Accrued Compensated Absences and Related Liabilities	1,992,387	-	1,992,387
Accrued Interest Payable	424,341	-	424,341
Unearned Revenues	3,572,007	-	3,572,007
Bonds Payable	2,930,000	-	2,930,000
Notes Payable	55,154	-	55,154
Subscriptions Payable	19,335	-	19,335
Deposits	3,005,651	-	3,005,651
<b>Total Current Liabilities</b>	<b>22,898,709</b>	<b>188,868</b>	<b>23,087,577</b>
<b>Noncurrent Liabilities</b>			
Accrued Compensated Absences and Related Liabilities	1,068,759	-	1,068,759
Bonds Payable	40,114,969	-	40,114,969
Notes Payable	136,386	-	136,386
Subscriptions Payable	71,999	-	71,999
Deposits	277,281	-	277,281
Net OPEB Liability	75,101,453	-	75,101,453
Net Pension Liability	80,099,725	-	80,099,725
<b>Total Noncurrent Liabilities</b>	<b>196,870,572</b>	<b>-</b>	<b>196,870,572</b>
<b>Total Liabilities</b>	<b>\$ 219,769,281</b>	<b>\$ 188,868</b>	<b>\$ 219,958,149</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Amounts Related to Net OPEB Liability	\$ 36,293,031	\$ -	\$ 36,293,031
Amounts Related to Net Pension Liability	7,162,396	-	7,162,396
Amounts Related to Lease Receivable	266,359	-	266,359
<b>Total Deferred Inflows of Resources</b>	<b>\$ 43,721,786</b>	<b>\$ -</b>	<b>\$ 43,721,786</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 167,556,846	\$ 2,392,182	\$ 169,949,028
<b>Restricted for Nonexpendable:</b>			
Scholarships	-	68,324,414	68,324,414
Other	-	10,253,484	10,253,484
<b>Restricted for Expendable:</b>			
Scholarships, Research, Instruction and Other	10,837,968	42,307,433	53,145,401
Loans	2,082	2,014,392	2,016,474
Capital Projects	61,998,028	130,762	62,128,790
Debt Service	424,341	-	424,341
Unrestricted	(95,485,456)	11,709,150	(83,776,306)
<b>Total Net Position</b>	<b>\$ 145,333,809</b>	<b>\$ 137,131,817</b>	<b>\$ 282,465,626</b>

The accompanying notes to the financial statements are an integral part of these statements.

**THE CITADEL**  
**The Military College of South Carolina**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2025**

	The Citadel	The Citadel Trust	Total
<b>REVENUES</b>			
<b>Operating Revenues</b>			
Student Tuition and Fees (Net of Scholarship Allowance of \$19,621,355)	\$ 45,089,272	\$ -	\$ 45,089,272
Federal Grants and Contracts	8,452,390	-	8,452,390
State Grants and Contracts	5,245,672	-	5,245,672
Nongovernmental Grants and Contracts	125,632	-	125,632
Sales and Services of Educational and Other Activities	1,289,166	-	1,289,166
Sales and Services of Auxiliary Enterprises - Pledged (Net of Scholarship Allowance of \$9,089,549)	33,552,529	-	33,552,529
Sales and Services of Auxiliary Enterprises - Not Pledged	6,949,732	-	6,949,732
Other Fees	8,431,334	-	8,431,334
Investment Income (Net of Investment Expense of \$ 746,070)	-	11,882,348	11,882,348
Endowment Income	-	1,466,612	1,466,612
Other Operating Revenues	293,347	-	293,347
<b>Total Operating Revenues</b>	<b>109,429,074</b>	<b>13,348,960</b>	<b>122,778,034</b>
<b>EXPENSES</b>			
<b>Operating Expenses</b>			
Compensation and Employee Benefits	78,658,329	35,862	78,694,191
Services and Supplies	52,107,780	10,767	52,118,547
Utilities	4,570,159	-	4,570,159
Depreciation	6,768,928	44,882	6,813,810
Scholarships and Fellowships	6,295,731	-	6,295,731
<b>Total Operating Expenses</b>	<b>148,400,927</b>	<b>91,511</b>	<b>148,492,438</b>
<b>Operating Revenues (Losses)</b>	<b>(38,971,853)</b>	<b>13,257,449</b>	<b>(25,714,404)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations	28,039,049	-	28,039,049
Federal Grants and Contracts	2,186,103	-	2,186,103
Nongovernmental Grants	10,969,199	166,875	11,136,074
Gifts	1,632,445	2,256,019	3,888,464
Investment Gain	1,655,613	-	1,655,613
Interest on Capital Asset-Related Debt	(1,518,181)	-	(1,518,181)
Gain on Disposal of Capital Assets	11,704	-	11,704
Other Nonoperating Revenues (Expenses)	954,820	136,199	1,091,019
<b>Net Nonoperating Revenues</b>	<b>43,930,752</b>	<b>2,559,093</b>	<b>46,489,845</b>
<b>Income Before Other Revenues, Expenses, Gains, or Losses</b>	<b>4,958,899</b>	<b>15,816,542</b>	<b>20,775,441</b>
State Capital Appropriations	10,049,935	-	10,049,935
Capital Grants and Gifts, Net of Adjustments	1,613,470	-	1,613,470
Additions to Permanent Endowments	-	1,085,739	1,085,739
Transfers From (To) Component Unit	7,932,866	(7,932,866)	-
<b>Total Other Revenues and Transfers</b>	<b>19,596,271</b>	<b>(6,847,127)</b>	<b>12,749,144</b>
<b>Increase in Net Position</b>	<b>\$ 24,555,170</b>	<b>\$ 8,969,415</b>	<b>\$ 33,524,585</b>
<b>NET POSITION</b>			
Net Position - Beginning of Year	\$ 120,778,639	\$ 128,162,402	\$ 248,941,041
Net Position - End of Year	<b>\$ 145,333,809</b>	<b>\$ 137,131,817</b>	<b>\$ 282,465,626</b>

The accompanying notes to the financial statements are an integral part of these statements.

# THE CITADEL

## The Military College of South Carolina

### Statement of Cash Flows

#### For the Year Ended June 30, 2025

	The Citadel	The Citadel Trust	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Student Tuition and Fees	\$ 53,322,453	\$ -	\$ 53,322,453
Grants and Contracts	17,498,401	-	17,498,401
Sales and Services of Educational and Other Activities	3,703,346	-	3,703,346
Sales and Services of Auxiliary Enterprises	39,949,283	-	39,949,283
Other Operating Receipts	293,347	-	293,347
Payments to Employees for Salaries and Benefits	(82,536,019)	(39,883)	(82,575,902)
Payments to Suppliers	(55,330,075)	(35,605)	(55,365,680)
Payments for Utilities	(4,570,159)	-	(4,570,159)
Payments to Students for Scholarships and Fellowships	(6,295,731)	-	(6,295,731)
<b>Net Cash from Operating Activities</b>	<b>\$ (33,965,154)</b>	<b>\$ (75,488)</b>	<b>\$ (34,040,642)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Appropriations	\$ 24,450,705	\$ -	\$ 24,450,705
Gifts and Grants for Other than Capital Purposes	14,972,201	3,489,785	18,461,986
Other Nonoperating Revenues/Expenses	954,820	645,621	1,600,441
Transfers from (to) Component Unit	7,932,866	(7,932,866)	-
<b>Net Cash from Noncapital Financing Activities</b>	<b>\$ 48,310,592</b>	<b>\$ (3,797,460)</b>	<b>\$ 44,513,132</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
State Capital Appropriations	\$ 2,991,214	\$ -	\$ 2,991,214
Capital Grants and Gifts Received	1,656,229	-	1,656,229
Proceeds from Sale of Capital Assets	11,704	-	11,704
Purchases of Capital Assets	(17,674,472)	(53,899)	(17,728,371)
Principal Paid on Capital Debt and Leases, Net of Discount	(3,161,681)	-	(3,161,681)
Interest Paid on Capital Related Debt	(1,456,377)	-	(1,456,377)
<b>Net Cash from Capital and Related Financing Activities</b>	<b>\$ (17,633,383)</b>	<b>\$ (53,899)</b>	<b>\$ (17,687,282)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and Dividends on Investments	\$ 1,655,613	\$ 12,003,475	\$ 13,659,088
Purchase of Investments, Net of Sales	-	(8,279,769)	(8,279,769)
<b>Net Cash from Investing Activities</b>	<b>\$ 1,655,613</b>	<b>\$ 3,723,706</b>	<b>\$ 5,379,319</b>
<b>Net Change in Cash</b>	<b>(1,632,332)</b>	<b>(203,141)</b>	<b>(1,835,473)</b>
Cash and Cash Equivalents - Beginning of Year	74,402,349	1,676,041	76,078,390
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 72,770,017</b>	<b>\$ 1,472,900</b>	<b>\$ 74,242,917</b>

The accompanying notes to the financial statements are an integral part of these statements.

**THE CITADEL**  
**The Military College of South Carolina**  
**Statement of Cash Flows (Continued)**  
**For the Year Ended June 30, 2025**

	The Citadel	The Citadel Trust	Total
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash from Operating Activities</b>			
Operating Gain (Loss) Revenue	\$ (38,971,853)	\$ 13,257,449	\$ (25,714,404)
Adjustments to Reconcile Operating Gain (Loss) to Net Cash from Operating Activities:			
Depreciation Expense	6,768,928	44,882	6,813,810
Pension Expense	(4,093,751)	-	(4,093,751)
OPEB Expense	(1,395,027)	-	(1,395,027)
Interest and Dividends on Investments	-	(11,882,348)	(11,882,348)
Realized and Unrealized Gains on Investments	-	(1,466,612)	(1,466,612)
Changes in Assets and Liabilities:			
Accounts Receivable, Net	5,449,305	-	5,449,305
Inventories	139,304	-	139,304
Prepaid Expenses	(297,516)	(24,838)	(322,354)
Accounts Payable and Accrued Expenses	(3,064,084)	-	(3,064,084)
Accrued Salaries and Related Expenses	1,700,811	(4,021)	1,696,790
Accrued Compensated Absences and Related Liabilities	(89,723)	-	(89,723)
Unearned Revenue	(256,929)	-	(256,929)
Student and other Deposits	145,381	-	145,381
<b>Net Cash from Operating Activities</b>	<b>\$ (33,965,154)</b>	<b>\$ (75,488)</b>	<b>\$ (34,040,642)</b>
<b>Reconciliation of Cash and Cash Equivalents Balances</b>			
Current Assets			
Cash and Cash Equivalents	\$ 64,657,864	\$ 5,540	\$ 64,663,404
Restricted Cash and Cash Equivalents	-	1,253,774	1,253,774
Noncurrent Assets			
Cash and Cash Equivalents	2,027,856	-	2,027,856
Restricted Cash and Cash Equivalents	6,084,297	213,586	6,297,883
<b>Total Cash and Cash Equivalents</b>	<b>\$ 72,770,017</b>	<b>\$ 1,472,900</b>	<b>\$ 74,242,917</b>

The accompanying notes to the financial statements are an integral part of these statements.

**THE CITADEL**  
**The Military College of South Carolina**  
**Statement of Fiduciary Net Position**  
**June 30, 2025**

---

	<b>Custodial Funds</b>
<b>ASSETS</b>	
Investment in Limited Partnership (at fair value)	\$ 7,470,981
<b>Total Assets</b>	<b>7,470,981</b>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>Net Position</b>	
Restricted for other organization	7,470,981
<b>Total Liabilities and net position</b>	<b>\$ 7,470,981</b>

The accompanying notes to the financial statements are an integral part of these statements.

**THE CITADEL**  
**The Military College of South Carolina**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2025**

	<b>Custodial Funds</b>
<b>Additions</b>	
Investment return, net	\$ 662,320
<b>Total additions</b>	<b>662,320</b>
<b>Increase in net position</b>	<b>662,320</b>
<b>Net Position</b>	
Net position, beginning of year	6,808,661
Net position, end of year	<b>\$ 7,470,981</b>

The accompanying notes to the financial statements are an integral part of these statements.

**THE CITADEL**  
**The Military College of South Carolina**  
**Non-Governmental Discretely Presented Component Units**  
**Statement of Financial Position**

	The Citadel Foundation December 31, 2024	The Citadel Brigadier Foundation December 31, 2024	The Citadel Real Estate Foundation December 31, 2024	Total Non-Governmental Discretely Presented Component Units December 31, 2024
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,158,259	\$ -	\$ 227,421	\$ 15,385,680
Accounts receivable	-	-	2,553	2,553
Unconditional promises to give receivable, net	15,997,206	1,104,295	-	17,101,501
Prepaid expenses	339,695	25,211	-	364,906
Long-term investments (at fair value)	278,525,593	-	-	278,525,593
Investments related to split-interest agreements held in trust by the Foundation	2,623,635	-	-	2,623,635
Other investments	1,879,646	-	-	1,879,646
Due from related parties	8,630,716	2,716,350	-	11,347,066
Other receivables	4,500	-	-	4,500
Cash value of life insurance policies	1,475,084	361,790	-	1,836,874
Split-interest agreements held by others	3,787,740	-	-	3,787,740
Property and equipment, net	59,089	-	26,903,501	26,962,590
Intangible assets, net	1,723,224	-	-	1,723,224
Non-depreciable property	-	-	6,057,512	6,057,512
Other property held for sale, net	247,000	-	-	247,000
Land, improvements, and other assets held for investment	696,360	34,340,295	-	35,036,655
Right-of-use asset - operating lease	1,146,870	-	-	1,146,870
<b>Total assets</b>	<b>\$ 332,294,617</b>	<b>\$ 38,547,941</b>	<b>\$ 33,190,987</b>	<b>\$ 404,033,545</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 3,632,504	\$ 138,813	\$ 1,240,853	\$ 5,012,170
Net grants payable to The Citadel	9,753,888	1,416,191	-	11,170,079
Due to related parties	2,716,350	-	5,287,476	8,003,826
Bonds payable	-	-	8,309,843	8,309,843
Notes payable	4,000,000	-	621,146	4,621,146
Notes payable due to related party	-	-	2,000,000	2,000,000
Annuities and life income funds payable	979,107	-	-	979,107
Charitable gift annuities	1,159,504	36,357	-	1,195,861
Other liabilities	-	600,000	1,191,751	1,791,751
Lease liabilities - operating leases	1,222,565	-	-	1,222,565
<b>Total liabilities</b>	<b>23,463,918</b>	<b>2,191,361</b>	<b>18,651,069</b>	<b>44,306,348</b>
<b>Net Assets</b>				
Without donor restrictions	83,043,943	1,754,710	14,539,918	99,338,571
With donor restrictions	225,786,756	34,601,870	-	260,388,626
<b>Total net assets</b>	<b>308,830,699</b>	<b>36,356,580</b>	<b>14,539,918</b>	<b>359,727,197</b>
<b>Total liabilities and net assets</b>	<b>\$ 332,294,617</b>	<b>\$ 38,547,941</b>	<b>\$ 33,190,987</b>	<b>\$ 404,033,545</b>

The accompanying notes to the financial statements are an integral part of these statements.

**THE CITADEL**  
**The Military College of South Carolina**  
**Non-Governmental Discretely Presented Component Units**  
**Statement of Activities**

	The Citadel Foundation For the Year Ended December 31, 2024	The Citadel Brigadier Foundation For the Year Ended December 31, 2024	The Citadel Real Estate Foundation For the Year Ended December 31, 2024	Total Non-Governmental Discretely Presented Component Units For the Year Ended December 31, 2024
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>				
<b>Without donor restrictions</b>				
Lease revenue	\$ -	\$ -	\$ 205,302	\$ 205,302
Contributions of cash and other financial assets	2,582,068	2,140,249	-	4,722,317
Contributions of nonfinancial assets	700	958,214	209,985	1,168,899
Special events	-	119,983	-	119,983
Investment return, net	930,994	43,908	-	974,902
Net unrealized and realized gain on other investments	156,345	33,734	-	190,079
Net unrealized and realized gain on investment in The Richmond Fund, LP	10,594,566	-	-	10,594,566
Citadel Trust service fees	759,860	-	-	759,860
Changes in value of split interest agreements	(73,449)	-	-	(73,449)
Other income	120,707	64,062	983	185,752
Net assets released from restrictions	21,203,329	2,254,216	7,240,612	30,698,157
Sustainability fees	1,637,182	-	-	1,637,182
Transfers of net assets	1,099,002	15,618	-	1,114,620
<b>Total without donor restrictions</b>	<b>39,011,304</b>	<b>5,629,984</b>	<b>7,656,882</b>	<b>52,298,170</b>
<b>With donor restrictions</b>				
Contributions of cash and other financial assets	24,451,321	2,785,757	7,007,362	34,244,440
Contributions of nonfinancial assets	77,668	-	133,250	210,918
Investment income, net	-	595,598	-	595,598
Net unrealized and realized gain on investment in The Richmond Fund, LP	16,018,083	2,339,888	-	18,357,971
Bad debt and change in allowance on promises to give	(384,947)	-	-	(384,947)
Changes in allowance on split-interest agreements	-	(498,693)	-	(498,693)
Changes in value of split interest agreements	659,399	(2,196)	-	657,203
Other income	309,460	-	-	309,460
Net assets released from restrictions	(21,203,329)	(2,254,216)	(7,240,612)	(30,698,157)
Sustainability fees	(1,637,182)	-	-	(1,637,182)
Transfers of net assets	(1,099,002)	(15,618)	-	(1,114,620)
<b>Total with donor restrictions</b>	<b>17,191,471</b>	<b>2,950,520</b>	<b>(100,000)</b>	<b>20,041,991</b>
<b>Total revenue, gains and other support</b>	<b>56,202,775</b>	<b>8,580,504</b>	<b>7,556,882</b>	<b>72,340,161</b>
<b>EXPENSES</b>				
<b>Without donor restrictions</b>				
Foundation grants for The Citadel	13,372,681	-	-	13,372,681
Other gift grants to The Citadel	4,190,304	-	-	4,190,304
Foundation grants for TCREP Program	7,007,367	-	-	7,007,367
General and administrative	2,580,622	3,840,373	2,760,154	6,600,527
Fundraising	6,941,468	409,927	339,828	3,330,377
	6,941,468	1,257,125	-	8,198,593
<b>Total without donor restrictions</b>	<b>34,092,442</b>	<b>5,507,425</b>	<b>3,099,982</b>	<b>42,699,849</b>
<b>Total expenses</b>	<b>34,092,442</b>	<b>5,507,425</b>	<b>3,099,982</b>	<b>42,699,849</b>
<b>CHANGE IN NET ASSETS</b>				
Without donor restrictions	4,918,862	122,559	4,556,900	9,598,321
With donor restrictions	17,191,471	2,950,520	(100,000)	20,041,991
<b>Total change in net assets</b>	<b>22,110,333</b>	<b>3,073,079</b>	<b>4,456,900</b>	<b>29,640,312</b>
<b>Net assets at beginning of the period:</b>				
Without donor restrictions	78,125,081	1,632,151	9,983,018	89,740,250
With donor restrictions	208,595,285	31,651,350	100,000	240,346,635
<b>Total net assets at beginning of period</b>	<b>286,720,366</b>	<b>33,283,501</b>	<b>10,083,018</b>	<b>330,086,885</b>
<b>Net assets at end of the period:</b>				
Without donor restrictions	83,043,943	1,754,710	14,539,918	99,338,571
With donor restrictions	225,786,756	34,601,870	-	260,388,626
<b>Total net assets at end of period</b>	<b>\$ 308,830,699</b>	<b>\$ 36,356,580</b>	<b>\$ 14,539,918</b>	<b>\$ 359,727,197</b>

The accompanying notes to the financial statements are an integral part of these statements.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization:** The Citadel (“The Citadel” or the “College”) is a state-assisted, co-educational institution of higher education. The College is granted an annual appropriation for operating purposes as authorized by the South Carolina General Assembly. The appropriation as enacted becomes the legal operating budget for the College. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the State of South Carolina (the “State”) and authorizes expenditures of total operating funds. The laws of the State and the policies and procedures specified by the State for state agencies and institutions are applicable to the activities of The Citadel. The Citadel was established as an institution of higher education by Section 59-101-10 of the Code of Laws of South Carolina. The Citadel is a discretely presented component unit of the State.

The Citadel is governed by the Board of Visitors (“BOV”), which has eleven members, seven members appointed by the General Assembly, three by The Citadel Alumni Association, and one by the Governor. The BOV administers have jurisdiction over, and is responsible for, the management of The Citadel.

**Reporting Entity:** The financial reporting entity, as defined by Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and further amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of the College, as the primary government, and the accounts of the following entities as component units:

The Citadel Trust (“The Trust”) was formed in 1991 as a non-profit eleemosynary corporation for the purpose of investing funds in order to provide scholarship and other financial assistance or support to The Citadel. The Trust is governed by a Board of Directors appointed by The Citadel BOV. In addition, The Citadel employees and facilities are used for virtually all activities of The Trust. As such, the Trust has been reported as a blended component unit in the financial statements. The Trust is considered governmental in nature and, therefore, is subject to the governmental accounting model. Separate financial statements of The Trust can be requested from the College’s controller at the following address: The Citadel, 171 Moultrie St., Charleston, South Carolina 29409.

The Citadel Foundation (“TCF”) was established in 1961 as The Citadel Development Foundation, a separately chartered corporation. TCF’s original goal was to support academic programs at The Citadel. In August 2000, The Citadel Development Foundation amended its charter to establish The Citadel Foundation as the College’s official fundraising entity. TCF handles all gifts to TCF; gifts to restricted accounts, programs, and activities at the College; and gifts to The Trust, The Citadel Brigadier Foundation, and The Citadel Alumni Association for their specific activities and programs. TCF is governed by a board comprised of directors of the former Citadel Development Foundation, plus three other ex-officio members: the chairman of The Citadel BOV, the president of The Citadel, and a representative from The Citadel Brigadier Foundation. Although the College does not control the timing or amount of receipts from TCF, the majority of resources, or income thereon, that TCF holds and invests, is restricted to the activities of The Citadel by the donors. Because of the nature and significance of its relationship with the College, TCF is considered a discretely presented component unit of the College. TCF reports its financial results on a calendar-year basis. Copies of TCF’s separately issued financial statements can be obtained by sending a request to the following address: The Citadel Foundation, 171 Moultrie St., Charleston, South Carolina 29409.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued***

The Citadel Brigadier Foundation (“TCBF”) is a separately chartered corporation organized exclusively to receive and manage private funds for support of athletic programs at The Citadel. A board elected by members of TCBF governs the organization. The Citadel Athletic Director is an ex-officio member of the TCBF Board of Directors. Funds raised by TCBF are used to provide scholarships for varsity athletes at The Citadel. Although the College does not control the timing or amount of receipts from TCBF, the majority of resources, or income thereon, that TCBF holds and invests, is restricted to the activities of The Citadel by the donors. Because of the nature and significance of its relationship with the College, TCBF is considered a discretely presented component unit of the College. TCBF reports its financial results on a calendar-year basis. Copies of TCBF’s separately issued financial statements can be obtained by sending a request to the following address: The Citadel Brigadier Foundation, 171 Moultrie St., Charleston, South Carolina 29409.

The Citadel Real Estate Foundation (“TCREF”) was formed and created in January 2016 and is a separately chartered corporation. TCREF was organized for the specific purpose to operate exclusively for the benefit of The Citadel, as well as to perform the functions of and to carry out the purposes of The Citadel, by providing support and assistance to The Citadel in such a manner as determined by TCREF’s board. TCREF was created to purchase, receive, hold, invest, reinvest, lease, mortgage, develop, and administer cash and other property of any nature (real, personal, intangible, or mixed). All directors of TCREF’s board must be appointed by vote of TCREF’s board, and the Chairman of the Citadel BOV is entitled to nominate one candidate to represent the BOV which must be approved by TCREF’s board. The Chairman of TCF’s board is entitled to also nominate one candidate to represent TCF which must be approved by TCREF’s board. The Chairman of the BOV, the Chairman of TCF’s Board, and the President of The Citadel serve as ex officio, nonvoting advisers to TCREF’s board. Because of the nature and significance of its relationship with the College, its basic financial statements are discretely presented with those of The Citadel. TCREF reports its financial results on a calendar year basis. Copies of TCREF’s separately issued financial statements can be obtained by sending a request to the following address: The Citadel Real Estate Foundation, 171 Moultrie St., Charleston, South Carolina 29409.

TCF, TCBF, and TCREF are private not-for-profit organizations that report under the Financial Accounting Standard Board standards. Because these organizations are deemed not to be governmental entities and use a different reporting model, their balances and transactions are reported on separate financial statements. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to TCF’s, TCBF’s, and TCREF’s financial information in the College’s financial reporting entity for these differences.

**Financial Statements:** The financial statements of The Citadel have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*, and Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 84, *Fiduciary Activities*. The financial statement presentation provides a comprehensive, entity-wide perspective of the College’s net position, revenues, expenses, and changes in net position, and cash flows that replaces the fund-group perspective previously required.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued***

**Basis of Accounting:** For financial reporting purposes, The Citadel, along with its governmental component unit, is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship and fellowship expenses. All significant intrafund transactions and balances have been eliminated. The Citadel reports fiduciary activities as custodial funds as defined in GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the custodial funds are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position and have been prepared using the accrual basis of accounting.

**Cash and Cash Equivalents:** For purposes of the Statement of Cash Flows, The Citadel considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the South Carolina State Treasurer's Office are considered cash equivalents. Restricted cash and cash equivalents are comprised of bond proceeds, debt service funds, and externally restricted funds.

**Investments and Related Income:** The Trust's investments in marketable securities at the date of the Statement of Net Position are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*. Marketable securities are reported based on the quoted market value as reported on the last business day of the year on actively traded markets. Investment earnings in pooled or common investments in which multiple funds are invested are allocated among the funds in a proportion of each fund's beginning fair value to the total. Investments contributed to The Trust are recorded at the fair value on the date of the gift. Purchases and sales are accounted for on the settlement date. An increase or decrease in the fair value of investments is recorded on a monthly basis. Earnings are recorded monthly.

The investment in the limited partnership is reported based on the financial statements and other information received from the general partner. The Trust believes that the stated value of the investment in the limited partnership is a reasonable estimate of its fair value as of June 30, 2025; however, such investment is not marketable and some of the underlying investments held by the limited partnership do not have quoted market values. The estimated value is subject to uncertainty and could differ had a ready market existed, and such difference could be material. The amount of gain or loss associated with this investment is reflected in the accompanying financial statements based on The Trust's relative share of investment in the limited partnership. Actual gains or losses are dependent upon the general partners' distributions during the life of the partnership.

Most TCF investments are in a limited partnership which is accounted for based on TCF's net asset value ("NAV") (at fair value) in the investment. The carrying value, which approximates fair value, is determined by adding the historical investment cost, the amount of any income allocated to TCF, and deducting any expenses allocated to TCF. Other investments in marketable equity investments with readily determinable fair values and all investments in debt securities are carried at fair value. Some other investments are carried at cost; these assets include equity securities without readily determinable fair values.

TCBF accounts for its investments at fair value based on quoted market prices. The increase or decrease in the fair value of investments is recorded on a quarterly basis and are included in the change in net assets in the Statement of Activities. TCBF carries its investments in real estate at fair market value as of the date the real estate was donated to TCBF.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued***

**Accounts Receivable:** Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to The Citadel's grants and contracts. Accounts receivable is recorded net of estimated uncollectible amounts. State capital appropriations receivable, in which all eligibility requirements have been met are also included in accounts receivable.

**Inventories:** Inventories, which consist of uniforms and accessories, postage stamps, and bookstore and gift shop inventories for resale, are carried at the lower of cost or market. The cost of inventory items is reported on a weighted average basis.

**Noncurrent Cash and Investments:** Noncurrent cash and investments primarily consist of permanently endowed funds and federal student loan funds. These funds are externally restricted and are classified as noncurrent assets in the Statement of Net Position.

**Prepaid Expenses:** Expenditures for services paid in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods. Amounts reported in this asset account consist primarily of insurance, subscriptions, library periodicals, maintenance and service agreements, and travel reservations and deposits.

**Capital Assets:** Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. The Citadel and The Trust follow capitalization guidelines established by the State. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements, 2 to 25 years for machinery, equipment, and vehicles, and subscription-based information technology arrangements ("SBITA") based on the underlying assets life or term, whichever is less. On assets capitalized prior to fiscal year 2013, a full year of depreciation was taken the year the asset was placed in service and no depreciation is taken in the year of disposition. Beginning in fiscal year 2013, assets were depreciated based on the number of months the asset was in service during the fiscal year.

**Unearned Revenues and Deposits:** Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant sponsors that have not yet been earned.

Deposits represent dormitory room deposits, security deposits for possible room damage and key loss, student fee refunds, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued***

**Compensated Absences:** The College accrues a liability for earned leave that carries over to future periods and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. When determining the liability, leave is considered taken on a last in, first out (“LIFO”) basis. Generally, all permanent full-time State employees and certain part-time employees scheduled to work at least one half of the agency’s workweek are entitled to accrue and carry forward at calendar year-end maximums of 180 days sick leave and 45 days annual vacation leave. Upon termination of State employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum but are not entitled to any payment for unused sick leave. Sick leave is earned monthly by eligible employees. The policy provides for the accumulation of unused sick leave to be carried forward until used. When employment is terminated, unused leave is forfeited.

The net change in the liability is recorded in the current year in the applicable functional expense categories. The liability and expenses are recorded at year-end as compensated absences payable in the Statement of Net Position, and as a component of personnel cost and benefits expense in the Statement of Revenues, Expenses, and Changes in Net Position.

**Noncurrent Liabilities:** Noncurrent liabilities include (1) principal amounts of bonds payable and notes payable with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year, and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

**Deferred Outflows of Resources and Deferred Inflows of Resources:** Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Changes in net pension liability and other postemployment benefits (“OPEB”) liability not included in pension expense and OPEB expense, respectively, are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability and OPEB liability are reported as deferred outflows of resources.

**Net Position:** The Citadel’s net position is classified as follows:

***Net Investment in Capital Assets:*** This represents the College’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

***Restricted Net Position – Expendable:*** Restricted expendable net position includes resources in which The Citadel is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

***Restricted Net Position – Nonexpendable:*** Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued***

***Unrestricted Net Position:*** Unrestricted net position represents resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises, net of the College's pension plan and OPEB liabilities. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the respective governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

The Citadel's policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources, then to unrestricted resources.

**Income Taxes:** The Citadel is a political subdivision of the State and is, therefore, generally exempt from federal and state income taxes under applicable federal and state statutes and regulations on related income. Certain activities of The Citadel may be subject to taxation as unrelated business income.

The Trust is a not-for-profit organization as described in Internal Revenue Code ("IRC") Section 501(c)(3) and related income is exempt from federal income tax under IRC Section 501(a).

TCF, TCBF, and TCREF are not-for-profit organizations described in IRC Section 501(c)(3) and are exempt from federal income tax under IRC Section 501(a). TCF, TCBF, and TCREF are classified by the Internal Revenue Service as other than private foundations and base their tax-exempt status on their support of the College.

**Classification of Revenues and Expenses:** The Citadel has classified its revenues and expenses as either operating or nonoperating revenues according to the following criteria:

***Operating Revenues and Expenses:*** Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; (3) grants and contracts that are essentially the same as contracts for services that finance programs The Citadel would not otherwise undertake. For The Trust, operating revenues consist of investment income and net increases or decreases in fair value of investments. Operating expenses include all expense transactions incurred other than those related to investing, capital, or noncapital financing activities.

***Nonoperating Revenues and Expenses:*** Nonoperating revenues include activities that have the characteristics of nonexchange transactions. These revenues include gifts and contributions, appropriations, investment income (except investment income for The Trust as mentioned above), and any grants and contracts not classified as operating revenue or not restricted by the grantor to be used exclusively for capital purposes. Nonoperating expenses include interest paid on capital asset related debt, losses on disposal of assets, and refunds to grantors.

**Sales and Services of Educational and Other Activities:** Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued***

**Auxiliary Enterprises and Internal Service Activities:** Auxiliary enterprise revenues primarily represent revenues generated by intercollegiate athletics, cadet store, bookstore, barracks, dining hall, infirmary, laundry, tailor shop, and faculty/staff quarters. Revenues of internal service and auxiliary enterprise activities and the related expenditures of College departments have been eliminated.

**Scholarship Discounts and Allowances:** Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in The Citadel's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

**Rebatable Arbitrage:** Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate of return, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued.

Governmental units that issue no more than \$5 million in total of all such debt in a calendar year are exempt from the rebate requirements. For this purpose, tax-exempt indebtedness includes bonds and certain capital leases and installment purchases. Rebates are payable every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes.

The Citadel is not aware of any rebatable arbitrage liabilities as of June 30, 2025.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows/outflows of resources, revenues, and expenditures/expenses, and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**Lease Receivable:** The Citadel has recorded a lease receivable in accordance with GASB Statement No. 87, *Leases*. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured as the lease receivable balance adjusted for prepayments received or incentives paid. The lease receivable is amortized, and lease revenue is recognized on a straight-line basis over the life of the related lease.

**Subscription-Based Information Technology Arrangements:** The Citadel has entered into subscription-based information technology arrangements ("SBITAs") for the right to use information technology software and cloud computing arrangement assets from both external and related parties. As a result, the Citadel has recorded certain intangible right-to-use assets and subscription liabilities in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The SBITAs expire at various dates, and some have renewal options. Subscription liabilities and the related right-to-use subscription assets are recorded based on the present value of expected payments over the term of the respective SBITA. The expected payments are discounted using the interest rate stated per the SBITA contract, or the Citadel's estimated incremental borrowing rate if there is no stated contractual interest rate.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued***

**Changes in Financial Accounting and Reporting:** For the fiscal year ended June 30, 2025, the College implemented GASB Statement No. 101, Compensated Absences. GASB Statement No. 101 updates the recognition, measurement, and disclosure requirements for compensated absences. This Statement supersedes GASB Statement No. 16, Accounting for Compensated Absences, which was issued in 1992, and aims to better meet the information needs of financial statement users by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. Lastly, the model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The impact of the GASB Statement No. 101 adoption on the College's compensated absences beginning balance was not material, and as a result, the College's beginning of year net position was not restated.

**NOTE 2—CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS**

Most deposits and investments of The Citadel are under the control of the State Treasurer who, by law, has sole authority for investing state funds. Deposits and investments in marketable securities of The Trust, The Citadel's blended component unit, are not under the State Treasurer's control and are deposited or invested by financial institutions, brokers, and others specified by trust agreements. The Trust's investment in a limited partnership is managed by the partnership's general partner.

The following schedule reconciles deposits and investments within the footnotes to the Statement of Net Position amounts:

	The Citadel	The Citadel Trust	The Fiduciary Fund	Total
<b>Statement of Net Position:</b>				
Current assets:				
Cash and cash equivalents	\$ 64,657,864	\$ 5,540	\$ -	\$ 64,663,404
Marketable securities (at fair value)	-	586,881	-	586,881
Investment in limited partnership (at fair value)	-	5,526,397	-	5,526,397
Restricted assets:				
Cash and cash equivalents	-	1,253,774	-	1,253,774
Investment in limited partnership (at fair value)	-	12,761,074	-	12,761,074
Noncurrent assets:				
Cash and cash equivalents	2,027,856	-	-	2,027,856
Investment in limited partnership (at fair value)	-	6,336,275	-	6,336,275
Restricted assets:				
Cash and cash equivalents	6,084,297	213,586	-	6,297,883
Marketable securities (at fair value)	-	1,264,323	-	1,264,323
Investment in limited partnership (at fair value)	-	105,980,289	7,470,981	113,451,270
Total Statement of Net Position	\$ 72,770,017	\$ 133,928,139	\$ 7,470,981	\$ 214,169,137
<b>Notes: Deposits and Investments</b>				
Cash on hand	\$ 23,444	\$ -	\$ -	\$ 23,444
Deposits held by State Treasurer	72,746,573	-	-	72,746,573
Other deposits	-	1,472,900	-	1,472,900
Marketable securities (at fair value)	-	1,851,204	-	1,851,204
Investment in limited partnership (at fair value)	-	130,604,035	7,470,981	138,075,016
Total Notes	\$ 72,770,017	\$ 133,928,139	\$ 7,470,981	\$ 214,169,137

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 2—CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS, *Continued***

**Deposits**

***Custodial Credit Risk:*** Custodial credit risk for deposits is the risk that, in the event of a bank failure, The Citadel's deposits may not be returned to the College. For deposits held by the State Treasurer, state law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits and investments is disclosed in the Annual Comprehensive Financial Report ("ACFR") of the State.

With respect to investments in the State's internal cash management pool, all the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, interest rate, and credit risk of the State Treasurer's investments is disclosed in the ACFR of the State.

With respect to The Citadel's and The Trust's other deposits at year-end, all these deposits are either insured or collateralized with securities held by the entity or by its agent in the entity's name, or collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. The Trust has a formal investment policy that requires all cash deposits held at banks to be held in a bank trust department in a collateralized form.

**Investment Pool**

All investments are held by The Trust, a component unit of The Citadel. See disclosure below regarding investments held on behalf of the Citadel Alumni Association. Marketable securities are stated at fair value based on quoted prices. Investment earnings in pooled or common investments in which multiple funds are invested are allocated among the funds in a proportion of each fund's beginning fair value to the total.

Investments contributed to The Trust are recorded at the fair value on the date of the gift. Purchases and sales are accounted for on the settlement date. The increase or decrease in the fair value of marketable securities is recorded on a monthly basis. Earnings are recorded monthly. Authorized investments include U.S. government/government-insured securities, corporate stocks and bonds, and open-ended mutual funds, as authorized by trust agreements and The Trust's Board of Directors. The investment in the limited partnership is stated using NAV of The Trust's investment in the fund. Investment earnings are recorded on a quarterly basis.

The Trust's Board of Directors has a formal investment policy, and current investments are within the guidelines which have been established by the board.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2—CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS, Continued**

**Marketable Securities**

The Trust's marketable securities are maintained at the trust/investment departments of Bank of America, Wells Fargo, and Morgan Stanley.

As of June 30, 2025, The Trust had marketable securities and maturities as shown below:

Investment Type	Fair Value	MATURITIES IN YEARS			
		Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Mutual bond funds	\$ 136,621	\$ 136,621	\$ -	\$ -	\$ -
Common stocks	\$ 162,978				
Fixed income	136,621				
Mutual equity funds	964,724				
ETF and alternative equity funds	586,881				
Total marketable securities	<u>\$ 1,851,204</u>				

**Market Risk:** Market risk is the risk that changes in market factors contrary to the position that is held will adversely affect the portfolio. Long funds and equity positions are exposed to declining markets, while short funds and equity positions are exposed to ascending markets. The Trust has addressed market risk by structuring a balanced, diversified investment portfolio across numerous investment types, industry sectors, and public/private markets.

**Custodial Credit Risk:** Custodial credit risk is risk that the investor will not be able to recover the value of its investments that are in the possession of its safekeeping custodian. All The Trust's marketable securities are either insured or collateralized with securities held by the entity or by its agent in the entity's name, or collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. The Trust has a formal investment policy that requires all investments held at banks to be held in a bank trust department in a collateralized form.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Trust investment policy states, "The Trust Board of Directors is aware of interest rate risk to bond principal valuation. Long dated bonds, which have the most principal risk in a rising interest rate environment, may be used by investment managers whose style utilizes strategies which include long dated bonds."

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Trust's investment policy addresses credit risk by requiring that each fixed income portfolio manager for its pooled investment fund maintain an overall weighted average credit rating of Baa/BBB or better by Moody's and Standard & Poor's rating services, respectively. In addition, the minimum acceptable credit quality rating for a new purchase is investment grade "Baa/BBB." In the event a bond is downgraded below investment grade, the investment manager shall immediately evaluate the fixed income portfolio position and take appropriate action. An exception to holding below investment grade bonds is the ownership by The Trust of bond index pooled vehicles.

At June 30, 2025, The Trust had fixed income securities and quality ratings as shown below:

Investment Type	Fair Value	Quality Rating				
		Aaa/Aa	A	Baa/Ba	Below BA	Unrated
Mutual bond funds	\$ 136,621	\$ -	\$ -	\$ -	\$ -	\$ 136,621

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 2—CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS, Continued**

Unrated investments include money market funds which are invested in commercial paper and other short-term obligations rated by a nationally recognized rating organization in the highest short-term rating category, or, if unrated, of equivalent quality, and in other corporate obligations and municipal obligations rated in the two highest rating categories, or if unrated, of equivalent quality.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of The Trust's investment in a single issuer. The Trust's policy for reducing this risk of loss is to require each investment manager to limit the investment in any one issuer to a maximum of 5% for equity investments and 10% for fixed income investments (except for securities issued by the U.S. government and its agencies). There were no investments with concentrations above the stated thresholds at June 30, 2025. The Trust's Board of Directors reviews substantial equity positions for the entire investment pool on a quarterly basis.

**Foreign Currency Risk:** Foreign currency risk is the risk of loss arising from changes in exchange rates for investments denominated in foreign currencies. The Trust foreign currency risk policy states: "The Trust Board of Directors is aware of the risk from fluctuating currency values in that portion of the fund which is invested in international securities. Investment managers who invest in international securities may purchase and sell currencies to facilitate currency exchange rates. Such currency transactions are at the discretion of the international investment manager(s) and it is recognized by the Board of Directors of The Trust that while entering into forward currency transactions could minimize the risk of loss due to decline in the value of the hedged currency, such transactions could also limit any potential gain that may result from an increase in the value of the currency." As of June 30, 2025, the Trust had no investments with foreign currency risk.

**Investment in Limited Partnership**

In December 2009, The Trust's Board of Directors approved a motion to pursue a co-investment relationship with an affiliate, TCF, in The Richmond Fund, LP (the "Fund"), a Virginia limited partnership managed by Spider Management Company, LLC ("Spider"), a Virginia limited liability company and wholly-owned subsidiary of the University of Richmond (the "University"). On January 1, 2010, this transaction was consummated and \$25,000,000 of holdings at Smith Barney, a division of Citigroup Global Markets, Inc., were liquidated and invested in the Fund. During 2020, substantially all The Trust's marketable securities were sold and then immediately used to purchase an additional interest in the Fund. Investment in the Fund is only available to tax-exempt organizations described in section 501(c) of the IRC to which contributions may be made that are deductible under IRC Section 170 and are "accredited investors" within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended.

The Fund's investment objective is to provide steady gains during market upswings through a diverse array of public/private and domestic/international investments, while preserving capital during down market downswings. The Fund is invested as if it is part of the endowment of the University, and the time-weighted returns for the Fund and the University are blended on a quarterly basis. The assets of the Fund, when combined with the University's endowment assets on a pro forma basis, will be invested in accordance with the University Investment Policy Statement. The Trust's investment in the Fund is subject to an initial five-year lockup period and withdrawal restrictions.

At June 30, 2025, the fair value of the investment in the Richmond Fund, LP was \$138,075,016 or approximately 99% of total investments for The Trust and the fiduciary fund and approximately 95% of total assets for The Trust and the fiduciary fund. The Fund is audited on a semi-annual basis on June 30 and December 31.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 2—CASH AND CASH EQUIVALENTS, OTHER DEPOSITS, AND INVESTMENTS, Continued**

**Investments – The Citadel Alumni Association**

In August 2013, The Trust’s Board of Directors ratified a memorandum of understanding (“MOU”) with The Citadel Alumni Association (“CAA”) which allowed the CAA to invest in The Trust’s unitized investment pool to gain access to The Trust’s more diversified pool of investments. The CAA contributed \$3,100,000 in October 2013 and \$830,313 in March 2014. Per the MOU, these funds were invested in the same manner and with the same due care in which The Trust’s funds are invested. The fair market value of the CAA investments at June 30, 2025 is \$7,470,981. These funds have been recorded on the Statement of Fiduciary Net Position. The Trust does not recognize any revenues from the investment returns on the CAA investments.

**Investments – Non-Governmental Discretely Presented Component Units**

*The Citadel Brigadier Foundation*

Investment earnings in pooled or common investments in which multiple funds are invested are allocated among the funds in a proportion of each fund’s beginning fair value to the total.

At December 31, 2024, TCBF’s investments are as follows:

	<u>Cost</u>	<u>Fair Value</u>
<b>Investments carried at fair value</b>		
Mutual funds - various	\$ 12,570,553	\$ 16,455,535
Common stock - equities	6,857,002	8,299,486
Fixed income	6,924,947	6,635,431
Partnerships	1,103,630	1,644,454
Money market fund	1,305,389	1,305,389
Total investments	<u>\$ 28,761,521</u>	<u>\$ 34,340,295</u>

*The Citadel Foundation*

In February 2008, TCF initiated a co-investment relationship with Spider. TCF acquired limited partnership interests in the Fund through contributions of capital. At December 31, 2024, TCF’s investment with Spider accounted for 98% of the total value of TCF’s investments.

TCF maintains master investment accounts for its individual accounts. Realized and unrealized gains and losses and income from securities in the master investment accounts are allocated periodically to the individual accounts based on the relationship of the market value of each individual account to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

At December 31, 2024, TCF investments were composed of the following:

	<u>Cost</u>	<u>Fair Value</u>
<b>Investments carried at fair value</b>		
Investment in The Richmond Fund, LP	\$ 173,147,955	\$ 278,525,593
Mutual funds - various equities and fixed income	2,074,547	2,601,326
Equities	885,078	1,202,814
Exchange traded funds/closed end funds	44,137	53,469
Cash and money market funds	645,672	645,672
Total investments	<u>\$ 176,797,389</u>	<u>\$ 283,028,874</u>

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 3—FAIR VALUE MEASUREMENTS**

The Trust has adopted applicable accounting standards for its financial assets and liabilities which clarify that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Trust utilizes market data or assumptions that market participants would use in pricing the asset or liability. The standards establish a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the hierarchy are as follows:

Investments that are measured and reported at fair value are classified according to the following hierarchy:

- Level 1:* Investments reflect prices quoted in active markets.
- Level 2:* Investments reflect prices that are based on similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3:* Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt securities, equity securities, and mutual funds classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. There are no assets classified as Level 2 or 3 for the year ended June 30, 2025.

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy at June 30, 2025:

<u>Investments by Fair Value Level</u>	<u>Fair Value Measurements Using</u>			
	<u>June 30 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Equity Securities</b>				
Common stocks	\$ 162,978	\$ 162,978	\$ -	\$ -
<b>Total Equity Securities</b>	<u>162,978</u>	<u>162,978</u>	<u>-</u>	<u>-</u>
<b>Mutual Funds</b>				
Equities	964,724	964,724	-	-
Fixed Income	136,621	136,621	-	-
Alternative	586,881	586,881	-	-
<b>Total Mutual Funds</b>	<u>1,688,226</u>	<u>1,688,226</u>	<u>-</u>	<u>-</u>
<b>Total Investments by Fair Value Level</b>	<u>\$ 1,851,204</u>	<u>\$ 1,851,204</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Investment in Richmond Fund, LP	\$ 130,604,035			
Investment in Richmond Fund, LP Fiduciary Fund	7,470,981			
Total Investments in Richmond Fund, LP	<u>\$ 138,075,016</u>			
Total Investments	<u>\$ 139,926,220</u>			

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 3—FAIR VALUE MEASUREMENTS, *Continued***

The valuation method for investments measured at NAV per share, or equivalent, is presented in the table below.

<u>Investments</u>	<u>June 30 2025</u>	<u>Redemption</u>	<u>Frequency</u>
Investment in Richmond Fund, LP	<u>\$ 138,075,016</u>	(a)	(a)

There were no unfunded commitments at June 30, 2025.

- 1) The Fund consists of investments in securities and investment funds to achieve investment returns that mirror that investment returns achieved by the University's endowment through a blended rate of return agreement.
  - a) Each limited partner in the Fund has the right to withdraw an amount not to exceed 10% of its capital account as of the last business day of each fiscal quarter upon at least 60 days' prior written notice to the general partner stating the amount to be withdrawn, provided that the limited partner must maintain a capital account of not less than \$50,000,000, after giving effect to the partial withdrawal, subject to the right of the general partner to waive such thresholds. Each limited partner has the right to withdraw an amount not to exceed 50% of its capital account as of the last business day of the fiscal quarter upon at least one year's prior written notice to the general partner stating the amount to be withdrawn, provided that the partner became a limited partner at least five years prior to the date of such withdrawal and provided further that the capital account balance shall be at least \$50,000,000 following such withdrawal. In the event that a limited partner requests the withdrawal of all its capital account, 50% will be distributed pursuant to the above and the balance shall be distributed over time as reasonably practical as cash becomes available. Distributions of any capital withdrawals by a limited partner shall equal the ownership interest of the partner's capital less any expenses of the Fund in connection with the withdrawal and any early withdrawal penalty fee. The five-year period and one-year notice period described above may be waived upon an early employee withdrawal event or an early investment withdrawal event. An early employee withdrawal event occurs if there is a change in management of the Fund by the general partner without approval from two-thirds of the limited partners. An early investment withdrawal event occurs if there is a change of greater than 15% from one fiscal quarter to the immediately following fiscal quarter in any asset allocation in the Fund's investment policy. Upon either of the abovementioned early withdrawal events, a limited partner shall have three months to provide the general partner with notice of its intention to withdraw all, but not less than all, of its capital account. Such withdrawals shall be distributed as reasonably practical as cash becomes available over a two-year period on the last day of each fiscal quarter.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 4—ACCOUNTS RECEIVABLES, Net**

**Accounts Receivable, Net**

Accounts receivable, net as of June 30, 2025 are summarized as follows:

	<u>The Citadel</u>	<u>The Citadel Trust</u>	<u>Total</u>
Receivables:			
Student fees	\$ 4,782,858	\$ -	\$ 4,782,858
Grants and contracts	3,152,816	-	3,152,816
Customers-auxiliaries	8,570,276	255,961	8,826,237
State capital appropriations	37,003,858	-	37,003,858
Capital Reserve Fund	31,724,863	-	31,724,863
Gross receivables	85,234,671	255,961	85,490,632
Less allowance for uncollectible:			
Student fees	(1,061,942)	-	(1,061,942)
Customers	(1,856,796)	-	(1,856,796)
Accounts receivable, net	<u>\$ 82,315,933</u>	<u>\$ 255,961</u>	<u>\$ 82,571,894</u>

Allowances for estimated uncollectible accounts receivable are established and will be evaluated annually based upon the following aging methodology adopted by The Citadel in the current fiscal year. Receivable balances aged less than one year are considered current, balances aged between one year and three years are reserved for via the allowance for uncollectible accounts, and all balances aged greater than three years are written off.

State capital appropriations receivable represent outstanding Capital Reserve funds that have been appropriated but not yet drawn. The State has authorized these funds for improvements and expansion of state facilities. The College is not obligated to repay these funds to the state. All eligibility requirements related to the state non-capital appropriations and state capital appropriations have been met, as defined by GASB Statement No. 33.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 4—ACCOUNTS RECEIVABLES, Net, *Continued***

**Contributions Receivable, Net**

Contributions receivable is comprised of pledges for gifts to support the College. Contributions receivable is accounted for at their estimated net realizable value or the present value of long-term pledges. Discount to present value was calculated using a 1% interest rate for 2025.

The composition of contributions receivable, net at June 30, 2025 is summarized as follows:

	<u>The Citadel</u>	<u>The Citadel Trust</u>	<u>Total</u>
Contributions Receivable:			
Total contributions receivable	\$ 333,282	\$ 189,553	\$ 522,835
Less:			
Unamortized discount to present value	(7,036)	(3,424)	(10,460)
Allowance for doubtful accounts	(32,875)	(23,930)	(56,805)
Total contributions receivable, net	<u>\$ 293,371</u>	<u>\$ 162,199</u>	<u>\$ 455,570</u>

Payments on contributions receivable as of June 30, 2025 are expected to be received in the following years ending June 30:

	<u>The Citadel</u>	<u>The Citadel Trust</u>	<u>Total</u>
2025	\$ 87,403	\$ 59,400	\$ 146,803
2026	81,351	60,391	141,742
2027	83,549	35,380	118,929
2028	41,068	5,125	46,193
2029	-	1,903	1,903
Total	<u>\$ 293,371</u>	<u>\$ 162,199</u>	<u>\$ 455,570</u>

Pledges for permanent endowments do not meet the eligibility requirements, as defined by GASB Statement No. 33, until the related gift is received. Accordingly, permanent endowment pledges to The Trust totaling \$213,734 are not recognized as assets in the accompanying financial statements. Because of uncertainties with regard to their realizability and valuation, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 5—RESTRICTED ASSETS**

The purposes and amounts of restricted assets at June 30, 2025 are as follows:

<u>Asset Restricted For</u>	<u>The Citadel</u>	<u>The Citadel Trust</u>
<b>Current:</b>		
Cash and Cash Equivalents:		
Donor/sponsor Specified	\$ -	\$ 968,091
Capital Projects	-	5,800
Endowment	-	279,883
Total Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 1,253,774</u>
Investment in Limited Partnership (at fair value):		
Donor/sponsor Specified	<u>\$ -</u>	<u>\$ 12,761,074</u>
Contributions Receivable, net:		
Donor/sponsor specified	\$ -	\$ 59,400
Capital Projects	87,403	-
Total Contributions Receivable, net	<u>\$ 87,403</u>	<u>\$ 59,400</u>
Accounts Receivable, net:		
Donor/sponsor Specified	\$ 3,423,934	\$ -
Capital Projects	58,721	-
Total Accounts Receivable, net	<u>\$ 3,482,655</u>	<u>\$ -</u>
Prepaid Expenses:		
Donor/sponsor Specified	<u>\$ 20,760</u>	<u>\$ 24,441</u>
Due from other funds:		
Endowment	<u>\$ -</u>	<u>\$ 456,765</u>
<b>Noncurrent:</b>		
Cash and Cash Equivalents:		
Capital Projects	\$ 6,084,297	\$ -
Endowment	-	213,586
Total Cash and Cash Equivalents	<u>\$ 6,084,297</u>	<u>\$ 213,586</u>
Marketable Securities (at fair value):		
Capital Projects	\$ -	\$ 124,962
Endowment	-	1,139,361
Total Marketable Securities (at fair value)	<u>\$ -</u>	<u>\$ 1,264,323</u>
Investment in Limited Partnership (at fair value):		
Endowment	<u>\$ -</u>	<u>\$ 105,980,289</u>
Contributions Receivable, net:		
Donor/sponsor Specified	\$ -	\$ 102,799
Capital Projects	205,968	-
Total Contributions Receivable, net	<u>\$ 205,968</u>	<u>\$ 102,799</u>
Accounts Receivable, net:		
Donor/sponsor Specified	\$ 10,049,935	\$ -
Capital Projects	58,140,379	-
Accounts Receivable, net:	<u>\$ 68,190,314</u>	<u>\$ -</u>
Cash Surrender Value of Life Insurance:		
Endowment	<u>\$ -</u>	<u>\$ 85,356</u>

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6—CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2025 is summarized as follows:

	<u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2025</u>
Capital assets not being depreciated:				
Land and improvements	\$ 4,903,347	\$ -	\$ -	\$ 4,903,347
Construction-in-progress	17,169,693	19,981,866	(17,556,245)	19,595,314
Fine arts	368,801	5,449	-	374,250
Total capital assets not being depreciated	<u>22,441,841</u>	<u>19,987,315</u>	<u>(17,556,245)</u>	<u>24,872,911</u>
Other capital assets:				
Land improvements	15,777,070	-	-	15,777,070
Buildings and improvements	276,167,146	17,682,630	-	293,849,776
Machinery, equipment, and other	14,145,107	768,452	(1,876,126)	13,037,433
Vehicles	915,180	106,353	(21,398)	1,000,135
Intangibles	6,748,529	-	-	6,748,529
Right-to-use subscription assets	737,145	143,888	(339,078)	541,955
Total other capital assets at historical cost	<u>314,490,177</u>	<u>18,701,323</u>	<u>(2,236,602)</u>	<u>330,954,898</u>
Less accumulated depreciation for:				
Land improvements	13,127,917	379,657	-	13,507,574
Buildings and improvements	106,592,126	4,870,005	-	111,462,131
Machinery, equipment, and other	10,050,914	981,385	(300,356)	10,731,943
Vehicles	678,120	91,989	(21,398)	748,711
Intangibles	3,565,546	272,083	-	3,837,629
Right-to-use subscription assets	501,950	218,690	(339,078)	381,562
Total accumulated depreciation	<u>134,516,573</u>	<u>6,813,809</u>	<u>(660,832)</u>	<u>140,669,550</u>
Other capital assets, net	<u>179,973,604</u>	<u>11,887,514</u>	<u>(1,575,770)</u>	<u>190,285,348</u>
Capital assets, net of accumulated depreciation	<u>\$ 202,415,445</u>	<u>\$ 31,874,829</u>	<u>\$ (19,132,015)</u>	<u>\$ 215,158,259</u>

**NOTE 7—LEASES**

Lease receivable activity consisted of the following for the year ended June 30, 2025:

	<u>Balance as of July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2025</u>
<b>Lease Receivable</b>				
MUSC Infirmery Lease	\$ 323,873	\$ -	\$ 107,959	\$ 215,914
SC Military Department 204 Richardson Lease	-	59,347	8,902	50,445
Total	<u>\$ 323,873</u>	<u>\$ 59,347</u>	<u>\$ 116,861</u>	<u>\$ 266,359</u>

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8—UNEARNED REVENUES**

The composition of unearned revenues at June 30, 2025 is summarized as follows:

	<u>The Citadel</u>	<u>The Citadel Trust</u>
Advance collection of student fees	\$ 3,169,062	\$ -
Deposits for event rentals	75,940	-
Other unearned revenues	327,005	-
Total unearned revenues	<u>\$ 3,572,007</u>	<u>\$ -</u>

**NOTE 9—BONDS AND NOTES PAYABLE**

**Bonds Payable**

At June 30, 2025, bonds payable consisted of the following:

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Balance June 30, 2025</u>	<u>Debt Retired in Fiscal Year 2025</u>
Revenue Bonds				
Series 2015	Fixed at 3.49%	04/01/2029	\$ 3,725,000	\$ 855,000
Athletic Facilities Revenue Bonds				
Series 2015	Fixed at 4.67%	02/01/2031	5,580,000	780,000
GO State Institution Bonds				
Series 2021	Fixed at 5.00%	06/30/2040	26,165,000	1,165,000
Premium			<u>7,574,969</u>	<u>230,752</u>
Total Bonds Payable			<u>\$ 43,044,969</u>	<u>\$ 3,030,752</u>

General revenue bonds are payable from and secured by a pledge of net revenues derived by The Citadel from the operation of the facilities constructed with the bond proceeds. These bonds are additionally secured by a pledge of additional funds. Additional funds are all available funds and academic fees of The Citadel which are not (1) otherwise designated or restricted; (2) funds derived from appropriations; and (3) tuition funds pledged to the repayment of state institution bonds. Athletic facilities revenue bonds are payable from and secured by a pledge of three sources of revenue: athletic facility fee, athletic fee, and Skybox & Club Seat revenues.

The outstanding bonds, as described above, contain (1) a provision that in an event of default, the timing of repayment of outstanding amounts, including principal and interest, become immediately due and throughout the continuance of the default, all moneys, securities, gross revenues, payments and receipts in its possession and the income therefrom shall be owed to the trustee (South Carolina State Treasurer). The outstanding bonds, as described above, also contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount, plus all interest accrued thereon and which will accrue thereon to the date of payment, to become immediately due in the event of default.

As of June 30, 2025, management believes it is in compliance with all related bond covenants of its issued debt.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 9—BONDS AND NOTES PAYABLE, *Continued***

All bonds are payable in semiannual installments plus interest. The scheduled maturities of bonds payable are as follows:

<b>Bonds</b>	<b>Principal</b>	<b>Interest</b>	<b>Payments</b>
2026	\$ 2,930,000	\$ 1,523,639	\$ 4,453,639
2027	3,065,000	1,393,208	4,458,208
2028	3,200,000	1,256,629	4,456,629
2029	3,350,000	1,113,885	4,463,885
2030	2,485,000	964,318	3,449,318
Thereafter	20,440,000	4,228,851	24,668,851
Add: Unamortized premium	7,574,969	-	-
<b>Total</b>	<b>\$ 43,044,969</b>	<b>\$ 10,480,530</b>	<b>\$ 45,950,530</b>

For the year ended June 30, 2025, The Citadel paid principal and interest on the bonds as follows:

<b>Bond Type</b>	<b>Principal</b>	<b>Interest</b>
Revenue Bonds	\$ 855,000	\$ 159,842
Athletic Facilities Revenue Bonds	780,000	297,012
GO State Institution Bonds	1,165,000	1,191,300
<b>Total</b>	<b>\$ 2,800,000</b>	<b>\$ 1,648,154</b>

At June 30, 2025, the notes payable balance is \$191,540.

All notes are payable in monthly installments plus interest. The scheduled maturities of notes payable are as follows:

<b>Notes</b>	<b>Principal</b>	<b>Interest</b>	<b>Payments</b>
2026	\$ 55,154	17,258	72,412
2027	56,522	11,601	68,123
2028	61,169	5,502	66,671
2029	18,695	404	19,099
<b>Total</b>	<b>\$ 191,540</b>	<b>\$ 34,765</b>	<b>\$ 226,305</b>

**NOTE 10—SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

SBITA activity consisted of the following for the year ended June 30, 2025:

	<b>Balance as of July 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance as of June 30, 2025</b>
Subscription Liabilities	\$ 161,206	\$ 126,858	\$ 196,730	\$ 91,334

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 10—SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS, *Continued***

Future principal and interest lease payments for SBITA obligations as of June 30, 2025 were as follows:

<u>Subscription Liabilities</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2026	\$ 19,335	\$ -	\$ 19,335
2027	22,000	-	22,000
2028	24,000	-	24,000
2029	25,999	-	25,999
Total	<u>\$ 91,334</u>	<u>\$ -</u>	<u>\$ 91,334</u>

**NOTE 11—PENSION PLANS**

The South Carolina Public Employee Benefit Authority (“PEBA”), created July 1, 2012 and governed by an 11-member board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the State of South Carolina, including the State Optional Retirement Program (“State ORP”) and the South Carolina Deferred Compensation Program, as well as the State’s employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ (“Systems”) five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the South Carolina Retirement System (“SCRS”) and South Carolina Police Officers Retirement System (“PORS”) employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the Retirement Systems Investment Commission (“RSIC”) and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (“SFAA”), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an ACFR containing financial statements and required supplementary information for the Systems’ Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits’ link on PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, South Carolina 29223. PEBA is considered a division of the primary government of the State of South Carolina and, therefore, retirement trust fund financial information is also included in the ACFR of the State of South Carolina.

**Plan Descriptions**

SCRS, a cost-sharing, multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teacher and employees of the State and political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 11—PENSION PLANS, *Continued***

**Plan Descriptions, *Continued***

State ORP is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into a plan administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

PORS, a cost-sharing, multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

**Membership**

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below:

**SCRS:** Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees, teachers, and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

**State ORP:** As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5%). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

**PORS:** To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the State; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

**Benefits**

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of the benefit terms for each system is presented below:

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 11—PENSION PLANS, *Continued***

**Benefits, *Continued***

**SCRS:** A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

**PORS:** A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

**Contributions**

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00% for SCRS and 9.75% for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a 10-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 11—PENSION PLANS, *Continued***

Additionally, the board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85%. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85%, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85%. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85%, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85%.

**Contributions, *Continued***

Required employee contribution rates<sup>1</sup> are as follows:

	<u>Fiscal Year 2025<sup>1</sup></u>	<u>Fiscal Year 2024<sup>1</sup></u>
<b>SCRS</b>		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
<b>State ORP</b>		
Employee	9.00%	9.00%
<b>PORS</b>		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates<sup>1</sup> are as follows:

	<u>Fiscal Year 2025<sup>1</sup></u>	<u>Fiscal Year 2024<sup>1</sup></u>
<b>SCRS</b>		
Employee Class Two	18.41%	18.41%
Employee Class Three	18.41%	18.41%
Employer Incidental Death Benefit	0.15%	0.15%
<b>State ORP</b>		
Employee <sup>2</sup>	18.41%	18.41%
Employer Incidental Death Benefit	0.15%	0.15%
<b>PORS</b>		
Employee Class Two	20.84%	20.84%
Employee Class Three	20.84%	20.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

<sup>1</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

<sup>2</sup> Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

As described above, total required employer contributions to the SCRS, State ORP, and PORS pension plans from the College were \$5,446,122, \$3,552,939, and \$256,398, respectively, for the year ended June 30, 2025.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 11—PENSION PLANS, *Continued***

**Actuarial Assumptions and Methods**

Actuarial valuations of the plans involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina State statute requires that an actuarial experience study be completed at least once in each five-year period. The GASB Statement No. 67 valuation report prepared as of June 30, 2024 is based on the experience study report for the period ending June 30, 2019.

A more recent experience report on the Systems was issued for the period ending June 30, 2023 and will be used for future valuations.

The June 30, 2022 SCRS and PORS data are based on actuarial valuation performed as of July 1, 2023. The pension liability was rolled forward from the valuation date to the plans' fiscal year-end, June 30, 2024, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the pension liability as of June 30, 2024:

	<b>SCRS</b>	<b>PORS</b>
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return <sup>1</sup>	7.0%	7.0%
Projected salary increases	3.0% to 11.0% (varies by service) <sup>1</sup>	3.5% to 10.5% (varies by service) <sup>1</sup>
Benefit adjustments <sup>1</sup> <i>Includes inflation at 2.25%</i>	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina ("PRSC") Mortality table, was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2023 pension liability are as follows:

<b>Former Job Class</b>	<b>Males</b>	<b>Females</b>
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11—PENSION PLANS, *Continued***

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.0% assumed annual investment rate of return used in the calculation includes a 4.75% real rate of return and a 2.25% inflation component.

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
<b>Public Equity</b>	46.0%	6.23%	2.86%
<b>Bonds</b>	26.0%	2.60%	0.68%
<b>Private Equity</b>	9.0%	9.60%	0.86%
<b>Private Debt</b>	7.0%	6.90%	0.48%
<b>Real Assets</b>	12.0%		
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
Total Expected Return	<u>100.0%</u>		<u>5.49%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u><u>7.74%</u></u>

**Discount Rate**

The discount rate used to measure the pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the pension liability.

**Sensitivity Analysis**

The following table presents the College's proportionate share of the net pension liability of the respective plan calculated using the discount rate of 7.00%, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11—PENSION PLANS, *Continued***

**Sensitivity Analysis, *Continued***

<b>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</b>			
<b>System</b>	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
<b>SCRS</b>	\$ 101,362,369	\$ 78,218,453	\$ 56,904,875
<b>PORS</b>	\$ 2,725,622	\$ 1,881,272	\$ 1,189,730

**Net Pension Liability**

At June 30, 2025, the College reported liabilities of \$78,218,453 and \$1,881,272 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liabilities were measured as of June 30, 2024, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2023 projected forward to June 30, 2024. The College's proportionate shares of the net pension liabilities were based on a projection of the College's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024 (measurement date), the College's proportionate shares of the SCRS and PORS plans were .33355% and .062714%, respectively, which was a decrease of .010528% and an increase of .003814%, respectively, from its proportionate shares as of June 30, 2023, which were .344078% and .058900% respectively.

**Pension Expense**

For the year ended June 30, 2025, the College recognized pension expense for the SCRS and PORS plans of \$4,788,422 and \$217,319, respectively.

**Deferred Inflows of Resources and Deferred Outflows of Resources**

At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the combined plans:

	<b>SCRS and PORS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 3,119,251
Assumption changes	1,419,937	-
Contributions subsequent to the measurement date	5,702,520	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	80,042	3,935,285
Difference in expected and actual experience in liability measurement	2,747,211	107,860
Total	<u>\$ 9,949,710</u>	<u>\$ 7,162,396</u>

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 11—PENSION PLANS, *Continued***

The \$5,702,520 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date for the SCRS and PORS plans during the year ended June 30, 2025 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

	<b>SCRS</b>
<b>Years Ending June 30:</b>	
2026	\$ 3,172,225
2027	(1,440,822)
2028	510,742
2029	791,447
<b>Total</b>	<b>\$ 3,033,592</b>
	<b>PORS</b>
<b>Years Ending June 30:</b>	
2026	\$ 23,895
2027	(133,579)
2028	(36,589)
2029	27,887
<b>Total</b>	<b>\$ (118,386)</b>

During the year ended June 30, 2025, the College recognized a combined SCRS and PORS revenue amount of \$448,446 through a non-employer contribution appropriated in the State of South Carolina’s budget. The State of South Carolina’s budget appropriated these funds directly to PEBA for the SCRS and PORS trust funds. This non-employer contribution balance is recorded within other nonoperating revenues on the Statement of Revenues, Expenses, and Changes in Net Position.

**Additional Financial and Actuarial Information**

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems’ audited financial statements for the fiscal year ended June 30, 2024, which includes the accounting and financial reporting actuarial valuation as of June 30, 2024 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of July 1, 2023.

**NOTE 12—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State of South Carolina provides postemployment health and dental and long-term disability benefits through the South Carolina Retiree Health Insurance Trust Fund (“SCRHITF”) and the South Carolina Long-Term Disability Insurance Trust Fund (“SCLTDITF”), collectively referred to as the OPEB Trust Funds (“OPEB Trusts”), to retired state and school district employees and their covered dependents.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 12—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, *Continued***

**Plan Description**

The OPEB Trusts were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan. In accordance with Act 195, the OPEB Trusts are administered by the PEBA – Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee. The OPEB Trusts are cost-sharing, multiple-employer, defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the state provides post-employment health and dental and long-term disability benefits to retired state and school district employees and their covered dependents.

**Benefits**

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies and public-school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 to 24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public-school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

**Contributions and Funding Policies**

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits' reserve.

The SCRHITF is funded through participating employers that are mandated by state statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2024, was 6.35%. The SCRS collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premium's structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 12—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, *Continued***

**Contributions and Funding Policies, *Continued***

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA – Insurance Benefits bills and collects premiums charged to state agencies, public school districts, and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2024. The SCLTDITF premium is billed monthly by PEBA – Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

The allocation percentage of the OPEB amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Total required employer contributions to the SCRHITF and SCLTDITF from the College were \$3,581,714 and \$21,521 respectively, for the year ended June 30, 2025.

**Actuarial Assumptions and Methods**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 12—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, *Continued***

**Actuarial Assumptions and Methods, *Continued***

Additional information as of the latest actuarial valuation for SCRHITF:

<b>Valuation Date:</b>	June 30, 2023
<b>Actuarial Cost Method:</b>	Entry Age Normal
<b>Inflation:</b>	2.25%
<b>Investment Rate of Return:</b>	2.75%, net of OPEB Plan investment expenses; including inflation.
<b>Single Discount Rate:</b>	3.97% as of June 30, 2024.
<b>Demographic Assumptions:</b>	Based on the experience study performed for the SCRS for the 5-year period ending June 30, 2019.
<b>Mortality:</b>	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with fully generational mortality projections based on a fully generational basis by the 80% of Scale UMP to account for future mortality improvements and adjusted with multipliers based on plan experience.
<b>Health Care Trend Rate:</b>	Initial trend starting at 6.50% and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years.
<b>Aging Factors:</b>	Based on plan specific experience.
<b>Retiree Participation:</b>	79% for retirees who are eligible for funded premiums. 59% participation for retirees who are eligible for partial funded premiums. 20% participation for retirees who are eligible for non-funded premiums.
<b>Notes:</b>	The discount rate changed from 3.86% as of June 30, 2023 to 3.97% as of June 30, 2024.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 12—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, *Continued***

**Actuarial Assumptions and Methods, *Continued***

Additional information as of the latest actuarial valuation for SCLTDITF:

<b>Valuation Date:</b>	June 30, 2023
<b>Actuarial Cost Method:</b>	Entry Age Normal
<b>Inflation Rate:</b>	2.25%
<b>Investment Rate of Return:</b>	3.00%, net of Plan investment expense; including inflation.
<b>Single Discount Rate:</b>	3.68% as of June 30, 2024
<b>Salary, Termination, and Retirement Rates:</b>	Based on the experience study performed for the SCRS for the 5-year period ending June 30, 2019.
<b>Disability Incidence:</b>	The disability incidence rates used in the valuation are 165% of the rates developed for the South Carolina Retirement Systems pension plans.
<b>Disability Recovery:</b>	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 93% were assumed to recover after the first two years.
<b>Offsets:</b>	45% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group.
<b>Expenses:</b>	Third party administrative expenses were included in the benefit projections.
<b>Notes:</b>	The discount rate changed from 3.57% as of June 30, 2023 to 3.68% as of June 30, 2024.

**Net OPEB Liability**

At June 30, 2025, the College reported liabilities of \$75,055,372 and \$46,081 for its proportionate share of the SCRHITF and SCLTDITF net OPEB liabilities, respectively. The net OPEB liabilities were measured as of June 30, 2024, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of July 1, 2023 projected forward to June 30, 2024. The College's proportionate shares of the collective net OPEB liabilities and collective OPEB expense was determined using the College's payroll-related contributions over the measurement period. At June 30, 2024 (measurement date), the College's proportionate shares of the SCRHITF and SCLTDITF were .465552% and .267306%, respectively, which was the same as its proportionate shares of the net OPEB liabilities as of June 30, 2024, which was a decrease of .024439% and .008694%, respectively, from its proportionate shares as of June 30, 2023, which were .489991% and .276270%, respectively.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 12—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, *Continued***

**OPEB Expense**

For the year ended June 30, 2025, the College recognized OPEB expense for the SCRHITF and SCLTDITF plans of \$2,028,840 and \$28,298, respectively.

**Single Discount Rate**

The Single Discount Rate of 3.97% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of 1.00%).

A Single Discount Rate of 3.68% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 3.00% and a municipal bond rate of 3.97%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2033. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2033, and the municipal bond rate was applied to all benefit payments after that date.

The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

<b>South Carolina Retiree Health Insurance Trust Fund</b>			
<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Allocation-Weighted Long-Term Expected Real Rate of Return</b>
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash equivalents	20.00%	0.35%	0.07%
<b>Total</b>	<b>100.00%</b>		<b>0.83%</b>
Expected Inflation			2.25%
<b>Total Return</b>			<b>3.08%</b>
Investment Return Assumption			2.75%

<b>South Carolina Long-Term Disability Insurance Trust Fund</b>			
<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Allocation-Weighted Long-Term Expected Real Rate of Return</b>
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash equivalents	20.00%	0.35%	0.07%
<b>Total</b>	<b>100.00%</b>		<b>0.83%</b>
Expected Inflation			2.25%
<b>Total Return</b>			<b>3.08%</b>
Investment Return Assumption			3.00%

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 12—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, *Continued***

**Sensitivity Analysis**

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.97%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

<b>Plan</b>	<b>1% Decrease (2.97%)</b>	<b>Current Discount Rate (3.97%)</b>	<b>1% Increase (4.97%)</b>
SCRHITF net OPEB liability	\$89,096,437	\$75,055,372	\$63,815,670

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is 1% lower or 1% higher:

<b>Plan</b>	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
SCRHITF net OPEB liability	\$61,718,922	\$75,055,372	\$92,353,453

The following table presents the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 3.41%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

<b>Plan</b>	<b>1% Decrease (2.68%)</b>	<b>Current Discount Rate (3.68%)</b>	<b>1% Increase (4.68%)</b>
SCLTDITF net OPEB liability (asset)	\$51,156	\$46,081	\$41,187

The SCLTDITF's net OPEB liability is not affected by changes in the healthcare cost trend rates due to the method used to calculate benefit payments. Therefore, the sensitivity to changes in the healthcare cost trend rates have not been calculated.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 12—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, *Continued***

***Deferred outflows and inflows of resources:***

At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources for the combined plans:

	<b>SCRHITF and SCLTDITF</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual investment experience	\$ 455,517	\$ 80,932
Net difference between projected and actual experience in liability measurement	3,912,668	11,112,698
Assumption changes	16,079,523	15,415,748
Changes in proportion and differences between the College's contributions and proportionate share of contributions	114,552	9,683,653
Contributions subsequent to the measurement date	3,603,235	-
Total	<b>\$ 24,165,495</b>	<b>\$ 36,293,031</b>

**Difference Between Expected and Actual Experience**

The \$3,603,235 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date for the SCRHITF and SCLTDITF plans during the year ended June 30, 2025, will be recognized as a reduction of the net OPEB liabilities in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the SCRHITF and SCLTDITF plans:

<b>Years Ending June 30:</b>	<b>SCRHITF and SCLTDITF</b>
2026	\$ (1,923,399)
2027	(2,320,532)
2028	(4,071,833)
2029	(5,295,167)
2030	(1,017,659)
Thereafter	(1,102,181)
Total	<b>\$ (15,730,771)</b>

PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA – Insurance Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, South Carolina 29223. PEBA is considered a division of the primary government of the State of South Carolina and, therefore, OPEB Trust Funds financial information is also included in the ACFR of the State of South Carolina.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 13—LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2025 was as follows:

	July 1, 2024	Additions	Reductions	June 30, 2025	Due Within One-Year
<b>Bonds and Notes Payable:</b>					
Revenue Bonds	\$ 4,580,000	\$ -	\$ 855,000	\$ 3,725,000	\$ 885,000
Athletic Facilities Revenue Bonds	6,360,000	-	780,000	5,580,000	820,000
Go State Institution Bonds	27,330,000	-	1,165,000	26,165,000	1,225,000
Premium	7,805,721	-	230,752	7,574,969	-
Notes payable	252,597	-	61,057	191,540	55,154
Total Bonds and Notes Payable	<u>46,328,318</u>	<u>-</u>	<u>3,091,809</u>	<u>43,236,509</u>	<u>2,985,154</u>
<b>Other Liabilities</b>					
Accrued compensated absences	3,150,869	111,210	200,933	3,061,146	1,992,387
Subscriptions payable	161,206	126,858	196,730	91,334	19,335
Deposits	3,137,551	499,514	354,133	3,282,932	3,005,651
Unearned revenues	3,828,936	159,323	416,252	3,572,007	3,572,007
Net pension liability	84,982,208	-	4,882,483	80,099,725	-
Net OPEB liability	64,189,404	10,912,049	-	75,101,453	-
Total Other Liabilities	<u>159,450,174</u>	<u>11,808,954</u>	<u>6,050,531</u>	<u>165,208,597</u>	<u>8,589,380</u>
Total Long-Term Liabilities	<u>\$ 205,778,492</u>	<u>\$ 11,808,954</u>	<u>\$ 9,142,340</u>	<u>\$ 208,445,106</u>	<u>\$ 11,574,534</u>

Additional information regarding bonds and notes payable is included in Note 8. Additional information regarding unearned revenues is included in Note 7. Additional information regarding net pension liabilities is included in Note 11. Additional information regarding OPEB liabilities is included in Note 12.

**NOTE 14—CONSTRUCTION COSTS AND COMMITMENTS**

**Capitalized**

The Citadel has obtained the necessary funding for the acquisition, construction, renovation, and equipping of certain facilities which will be capitalized in the applicable plant asset categories upon completion. Management estimates that The Citadel has sufficient resources available and/or future resources identified to satisfactorily complete the construction of these projects which are expected to be completed in varying phases over the next three years at an estimated cost of \$41,544,070. Of the total estimated cost, \$21,948,818 was unexpended at June 30, 2025. Of the unexpended balance at June 30, 2025, The Citadel had remaining commitment balances of approximately \$11,021,749 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. During the current year, The Citadel capitalized substantially complete and in-use projects in the amount of \$17,556,245.

Major capital projects at June 30, 2025, which constitute construction in progress that will be capitalized when completed, are listed below.

The amount expended includes only capitalized project expenditures for projects that are less than 99% complete and does not include any non-capitalized expenditures.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 14—CONSTRUCTION COSTS AND COMMITMENTS, *Continued***

<u>Project Title</u>	<u>Estimated Cost</u>	<u>Amount Expended</u>
Stevens Barracks Renovation	\$ 23,802,000	\$ 13,385,414
Duckett Hall Reno-Utility Upgrades	3,000,000	38,633
Renovation of Workforce Housing	3,000,000	60,196
Fire Pump & Water Tank Replacement	2,550,000	2,403,249
School of Engineering Building	1,300,000	749,793
Summerall Chapel Stained Glass Restoration 2026	967,497	198
Summerall Chapel Stained Glass Restoration 2024	948,000	595,785
Barracks Summer Repairs 2025	890,793	441,840
Congress Street & Misc Paving	885,000	100,018
573 Huger Structural Repairs	733,378	25,634
Summerall Chapel Stained Glass Restoration 2025	678,515	456,961
Byrd Hall Domestic Water Replacement	500,000	222,951
Total	<u>\$ 39,255,183</u>	<u>\$ 18,480,672</u>

**Non-Capitalized**

At June 30, 2025, the estimated costs of open projects on these non-capitalized projects total \$2,226,331. This amount includes costs incurred to date of \$1,188,533 and estimated costs to complete of \$1,037,798. Of the unexpended balance at June 30, 2025, The Citadel had remaining commitment balances of approximately \$1,040,848 with certain property owners, engineering firms, construction contractors, and vendors related to these projects.

The Citadel anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, and state bond proceeds. The state has provided capital reserve funds, lottery appropriations, and research infrastructure bonds to fund improvements and expansion of state facilities.

The Citadel is not obligated to repay these funds to the state. Authorized funds can be requested as needed once state authorities have given approval to begin specific projects and project expenditures have been incurred.

**NOTE 15—DONOR RESTRICTED ENDOWMENTS**

The Trust manages most donor-restricted endowments. If a donor has not provided specific instructions, state law generally permits The Trust's Board of Directors to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

The Trust chooses to spend only a portion of the investment income (including changes in the value of investments) each year. Under the policy established by The Trust's Board of Directors, 4.4% of the average market value of endowment investments at the end of the previous five years has been authorized for expenditure. The remaining amount, if any, is retained to be used in future years when the amount computed using the spending policy exceeds the investment income. At June 30, 2025, net appreciation of \$573,065 is available to be spent, all of which is restricted to specific purposes.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 16—SPLIT INTEREST AGREEMENTS**

In December 1993, a benefactor established a charitable remainder unitrust, consisting of publicly traded common stock valued at \$60,000,000, to which The Trust is entitled to one-third of the remaining assets upon the benefactor's death. During fiscal year 2003, the above donor distributed approximately \$1 million of stock from this charitable remainder unitrust to each of the three beneficiaries. Annually the unitrust is to pay to the benefactor 6% of the net fair market value of the assets in the charitable remainder trust, valued as of the first day of each taxable year of such trust. If income from these assets is insufficient to pay this amount, it will be paid from principal. The unitrust is irrevocable and is not managed by The Citadel or The Trust. Since the ultimate amount received cannot be reasonably estimated and the eligibility requirement for the gift has not been met, these unitrust assets are not included in these financial statements.

During fiscal year 1999, another donor established a charitable remainder trust ("CRT"), consisting of assets valued at less than \$600,000, to which The Trust is entitled to all the remaining assets upon the death of the CRT beneficiaries. The pledge for the CRT is restricted for scholarships. The CRT is irrevocable and is not managed by The Citadel or The Trust. Since the ultimate amount received cannot be reasonably estimated and the eligibility requirement for this gift has not been met, these trust assets are not included in these financial statements.

**NOTE 17—DISCRETELY PRESENTED COMPONENT UNITS**

Certain separately chartered legal entities whose activities are related to those of The Citadel exist primarily to provide financial assistance and other support to the College and its educational program. They include TCF, TCBF, and TCREF. Because the activities and resources of these entities are for the sole benefit of The Citadel, they are considered component units of the College and are discretely presented in The Citadel's financial statements as non-governmental reporting entities. Following is a more detailed discussion of each of these entities and a summary of the significant transactions between these entities and The Citadel for the year ended June 30, 2025.

***The Citadel Foundation***

For the fiscal year ended June 30, 2025, TCF received current year contributions of \$5,263,466 on behalf of The Citadel and The Trust, \$3,998,128 of this total was recorded as gifts, \$970,463 was recorded as additions to permanent endowments, and \$175,942 was recorded as capital gifts in nonoperating revenues. The Trust paid TCF a fee of \$100,000 for its fundraising services.

The Citadel and The Trust recorded non-governmental grants of \$8,695,860 from TCF for the fiscal year ended June 30, 2025. These funds were used to support scholarships, salaries, and various academic programs and at the College. In addition, TCF provided a grant of \$600,000 to support stadium debt service.

The amount due to or from TCF varies during the fiscal year based on amounts due for grants and expenses incurred on behalf of TCF and contributions collected by TCF on behalf of The Citadel. TCF's Statement of Financial Position dated December 31, 2024, shows a grant payable to The Citadel of \$9,753,888. At June 30, 2025, the net amount due from TCF to The Citadel was \$222,863.

***The Citadel Real Estate Foundation***

The Citadel Real Estate Foundation is a supporting organization of TCF. During the year ended June 30, 2025, The Citadel received approximately \$23,296 of agency fund capital contributions from TCREF related to construction of the Bastin Hall School of Business on The Citadel's campus, with approximately \$22,757 in constructions costs being incurred.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 17—DISCRETELY PRESENTED COMPONENT UNITS, *Continued***

***The Citadel Brigadier Foundation***

The Citadel and The Trust recorded non-governmental grants of \$2,400,000 from TCBF in the fiscal year ended June 30, 2025.

TCBF reimburses The Citadel for certain expenses incurred on behalf of TCBF. The reimbursement totaled \$7,099 for the year ended June 30, 2024. \$518 remained outstanding between TCBF and The Citadel at June 30, 2025.

**NOTE 18—RELATED PARTIES**

***Citadel Alumni Association***

CAA is a separately chartered corporation organized exclusively to promote alumni activities at The Citadel. CAA's activities are governed by its Board of Directors.

As described in Note 2, CAA has an investment in The Trust's unitized investment pool. As of June 30, 2025, CAA's portion of this investment is \$7,470,981 and is included as investment in limited partnership on the Statement of Fiduciary Net Position.

The activities of CAA are not included in The Citadel's financial statements. However, The Citadel's statements include transactions between the College and the CAA. Following is a summary of the significant transactions between The Citadel and CAA for the year ended June 30, 2025.

The College shares the costs of operating the John Monroe Holliday Alumni Center building with CAA. Expenses related to routine operations of the alumni center are allocated based on the joint use of the building by The Citadel staff who function as both the College Alumni Office and the Alumni Association Office. All expenses related to income production are borne by the CAA. CAA prepares an annual accounting of the net income of rental activities each May. After covering CAA income producing costs, any amount remaining is split on the same basis as building operating expenses. For the year ended June 30, 2025, The Citadel's share of John Monroe Holliday Alumni operating profits was \$300,000.

CAA reimburses The Citadel for certain expenses incurred on behalf of CAA. The reimbursement totaled \$390,579 for the year ended June 30, 2025, of which \$216,179 was for activity for the year ended June 30, 2025, with \$673,813 remaining payable to The Citadel as of June 30, 2025.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 19—TRANSACTIONS WITH STATE ENTITIES**

The Citadel is granted an annual appropriation for operating purposes as authorized by the General Assembly of the State of South Carolina. State appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the state unless the College receives authorization from the General Assembly to carry the funds over to the next year.

The original appropriation is The Citadel's base budget amount presented in the General Funds column of Section 8, Part IA, of the 2011-12 Appropriation Act. The following is a reconciliation of the original appropriation as enacted by the General Assembly to state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2025:

<b><u>State Appropriations</u></b>	
Original appropriation	\$ 27,166,337
Additional appropriation	536,571
Non-recurring appropriation	3,049,935
For Technology Grant Program	336,141
Capital Reserve Fund	<u>7,000,000</u>
Total State Appropriation Revenues	<u>\$ 38,088,984</u>

The Citadel received substantial funding from the Commission on Higher Education ("CHE") for scholarships on behalf of students that is accounted for as operating state grants and contracts. Additional amounts received from CHE are accounted for as nonoperating revenue. The Citadel also receives state funds from various other state agencies for public service projects.

The following is a reconciliation of Non-Recurring and Capital Reserve Fund appropriations recognized for the fiscal year ended June 30, 2025:

<b><u>Non-Recurring Appropriations</u></b>	
Living History Society Equipment	\$ 49,935
Engineering Building (FY25)	<u>3,000,000</u>
Total Non-Recurring Appropriations	<u>\$ 3,049,935</u>

<b><u>Capital Reserve Fund Appropriations</u></b>	
Engineering Building	\$ 4,000,000
Duckett Hall	2,000,000
Workforce Housing	<u>1,000,000</u>
Total Capital Reserve Fund Appropriations	<u>\$ 7,000,000</u>

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 19—TRANSACTIONS WITH STATE ENTITIES, *Continued***

The following is a summary of amounts received from state agencies for scholarships, sponsored research, and public service projects for the fiscal year ended June 30, 2025:

	<b>Operating Revenue</b>	<b>Nonoperating Revenue</b>
Received from the Commission on Higher Education (CHE):		
LIFE Scholarships	\$ 3,415,000	\$ -
Palmetto Fellows Scholarships	252,293	-
Need-Based Grants	930,783	-
Hope Scholarships	428,400	-
SC National Guard	128,159	-
Other Operational Grants	91,037	-
Total	\$ 5,245,672	\$ -

The Citadel provided no significant services free of charge to any state agency during the fiscal year. Services received at no cost from state agencies include maintenance of certain accounting records by the Comptroller General; banking, bond trustee, and investment services from the State Treasurer; legal services from the Attorney General; and grants services from the Governor’s Office.

Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, audit services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

The Citadel had financial transactions with various state agencies during the fiscal year. Significant payments were made to divisions of the State Budget and Control Board for pension and insurance plans, employee and employer contributions, insurance coverage, office supplies, and interagency mail. Significant payments were also made for unemployment and workers’ compensation coverage for employees to the Employment Security Commission and State Accident Fund. The amounts of 2025 expenditures applicable to related transactions with state entities are not readily available.

**NOTE 20—RISK MANAGEMENT**

The Citadel is exposed to various risks of loss and maintains state or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets, and the State itself assumes substantially all the risk for the following claims of covered employees:

1. Unemployment compensation benefits
2. Workers’ compensation benefits for job-related illnesses or injuries
3. Health and dental insurance benefits
4. Long-term disability and group-life insurance benefits

Employees elect health insurance coverage either through a health maintenance organization or through the state’s self-insured plan.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 20—RISK MANAGEMENT, *Continued***

The Citadel and other entities pay premiums to the South Carolina Insurance Reserve Fund (“SCIRF”), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

1. Theft, damage to, or destruction of assets
2. Real property, its contents, and other equipment
3. Motor vehicles and watercraft
4. Torts
5. Natural disasters

The SCIRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The SCIRF’s rates are determined actuarially.

The Citadel obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

In management’s opinion, claim losses in excess of insurance coverage, if any, are unlikely, and, if incurred, would be insignificant to the College’s financial position. Furthermore, there is no evidence of asset impairment or other information to indicate that a loss expenditure and liability should be recorded at year-end. Therefore, no loss accrual has been recorded for underinsured and uninsured losses.

**NOTE 21—CONTINGENCIES AND LITIGATION**

The Citadel and certain school officials currently face three lawsuits. One involves The Citadel’s former summer camp, the second alleges The Citadel negligently hired, trained and retained a former employee, and the most recent involves a slip and fall which allegedly occurred on campus in June, 2022. In the opinion of management and counsel, the risk of material loss in excess of insurance coverage for these cases is not likely, therefore, an estimated liability has not been recorded.

**Summer Camp Cases**

***Background:***

From 1957 until 2006, The Citadel operated a summer camp for children between 10 and 15 years old. Between 1997 and 2001, “Counselor 1”, a 1997 graduate of The Citadel, served in various positions as counselor at the camp. During the summers of 2001, 2002, and 2003, “Counselor 2” served as a counselor, likewise serving in various positions.

In 2001, a camper accused Counselor 1 of sexually assaulting him during the camp. Those accusations ultimately led to Counselor 1’s court-martial. Five former campers subsequently filed suits alleging Counselor 1 had assaulted them while at the camp. The Citadel and its general liability insurer, the South Carolina Insurance Reserve Fund (IRF), settled those claims in 2006 for \$3,850,000. The IRF paid approximately \$3,300,000 to settle those cases; The Citadel contributed \$500,000 to settle the cases. In 2011, a sixth former camper filed a suit against The Citadel. In 2014, a seventh former camper, the older brother of the sixth former camper, also filed a suit. In June 2014, the IRF settled those cases.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 21—CONTINGENCIES AND LITIGATION, *Continued***

In 2007, a camper from 2002 reported that Counselor 2 had allegedly engaged in sexual misconduct with him during 2002. The former camper alleged Counselor 2 had engaged in similar conduct with other campers during 2001. The Citadel, through its General Counsel, investigated the allegations but found no corroboration. The Citadel did not report the allegations to law enforcement.

In 2011, Counselor 2 was arrested for sexually abusing numerous boys in the Charleston area. In 2012, he was sentenced to 50 years of imprisonment.

***Litigation:***

Counselor 1: As noted above, seven former campers filed a total of eight cases against The Citadel related to Counselor 1's conduct (Camper Six filed both a general liability lawsuit against The Citadel in state court and a Section 1983 lawsuit against individual defendants in federal court). The original five plaintiffs settled their claims with The Citadel and the IRF in June 2006. Campers six and seven settled their claims in June 2014.

Counselor 2: Eleven plaintiffs filed a total of 22 cases against The Citadel and four of its employees in connection with Counselor 2's actions. All 11 filed a total of twelve cases in state court against The Citadel alleging gross negligence against the school; one plaintiff, a mother, filed two cases, one on her own behalf and one for her son. The Citadel won two of these cases on summary judgment in 2015, and the South Carolina Court of Appeals and Supreme Court affirmed; it settled two additional cases during the spring of 2017. In November 2019, one of the plaintiffs in state court dismissed his case with prejudice. In the fall of 2021, The Citadel filed motions for summary judgment in the seven remaining cases, arguing they were controlled by the opinions issued by the South Carolina Court of Appeals and the South Carolina Supreme Court in 2016, 2017, and 2018. The trial court informally stayed any further proceedings in the remaining cases, pending the Supreme Court's final actions. One of the plaintiffs dismissed his case after the filing of that motion. The presiding judge granted the motion in another case. However, the judge denied the motions in the remaining five cases. The Citadel's insurer, the IRF, subsequently settled three of those cases for fifty-thousand (\$50,000) dollars each. The plaintiff in one of the remaining cases has long since ceased communicating with his counsel, therefore, his attorney has moved to be relieved as counsel, and recently dismissed the case pursuant to SCRCF Rule 40(j). If the plaintiff does not respond within a year, the case will be permanently dismissed. The IRF is negotiating with the attorney in the final case and expects to settle it soon.

The IRF has defended The Citadel pursuant to a \$1 million insurance policy in all of these cases. Under the Tort Claims Act, The Citadel's liability is capped at \$300,000 per plaintiff, and \$600,000 per occurrence. Indeed, The Citadel believes the maximum exposure to the school for all five cases, combined, is \$600,000, and that the amount is covered by its insurance policy through the Insurance Reserve Fund.

**Other Cases**

1. Jane Doe as Attorney-In-Fact for John Doe v The Citadel, Kenneth G. Boes, John Roe 1, John Roe 2, and John Roe 3.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 21—CONTINGENCIES AND LITIGATION, *Continued***

In March, 2024, Jane Roe, attorney in fact and mother of John Doe, sued The Citadel, former TAC officer Ken Boes, and three unknown assailants for injuries John Doe allegedly suffered while a cadet in the Spring of 2016. She claims Boes groomed John Doe in an attempt to sexually abuse him, and Boes's actions led to an assault by three unknown cadets. She specifically states Boes did not assault Doe, and Doe does not know who did. She alleges The Citadel negligently hired, trained, or retained Boes, allowing him to groom Doe, and negligently trained and supervised the three unknown cadets, resulting in their assault on him.

The IRF is providing The Citadel and Boes with a defense in this matter, The Tort Claims Act applies, such that the school's liability is capped at three-hundred thousand (\$300,000) dollars. Thus, The Citadel does not believe the case represents a threat to its finances. Indeed, The Citadel anticipates a court will eventually dismiss all claims against it based on the three-year statute of limitations.

2. Travis v. The Citadel

In this slip and fall case, a visitor to campus alleges he slipped on a sidewalk and suffered significant injuries. The Insurance Reserve Fund has retained an attorney to defend The Citadel, and that entity will pay any sums the school might become legally obligated to pay. Thus, in the opinion of management and counsel, there is no risk of material loss in excess of insurance coverage, and the outcome of the legal proceedings is not expected to have a material effect on the financial position of The Citadel. Therefore, an estimated liability has not been recorded.

**Other Possible Contingencies**

The Citadel participates in certain federal programs. These programs are subject to financial and compliance audits by the grantor or its representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

**NOTE 22—OPERATING EXPENSES BY FUNCTION**

For the year ended June 30, 2025, operating expenses by functional classification are summarized as follows:

	<b>Compensation and Employee Benefits</b>	<b>Services and Supplies</b>	<b>Utilities</b>	<b>Scholarships and Fellowships</b>	<b>Depreciation</b>	<b>Total</b>
Instruction	\$ 35,065,617	\$ 2,532,570	\$ -	\$ 58,251	\$ -	\$ 37,656,438
Research	1,441,297	2,649,931	-	937,808	-	5,029,036
Public service	136,631	231,399	-	589	-	368,619
Academic support	8,591,026	4,112,179	-	1,774,782	-	14,477,987
Student services	5,346,164	2,391,742	-	65,968	-	7,803,874
Institutional support	9,422,585	7,513,578	-	544,135	-	17,480,298
Operations and maintenance of plant	6,878,442	4,200,513	3,540,898	2,440	-	14,622,293
Scholarships and fellowships	3,849	39,070	-	1,850,085	-	1,893,004
Endowments	-	971,432	-	-	-	971,432
Auxiliary enterprises	11,808,580	27,476,133	1,029,261	1,061,673	-	41,375,647
Depreciation	-	-	-	-	6,813,810	6,813,810
<b>Total Operating Expenses</b>	<b>\$ 78,694,191</b>	<b>\$ 52,118,547</b>	<b>\$ 4,570,159</b>	<b>\$ 6,295,731</b>	<b>\$ 6,813,810</b>	<b>\$148,492,438</b>

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

---

**NOTE 23—ATHLETIC GRANT-IN-AID**

The College's athletic grant-in-aid is athletic scholarships funded by private donations through TCBF to The Citadel. The Citadel annually awards athletic scholarships in excess of the support from TCBF, thus additional budgeted supplements are required from The Trust and The Citadel (via auxiliary surpluses) to help fund this aid. The Citadel's Athletic Department is a self-supporting operating unit that is responsible for covering any unfunded balances in athletic grant-in-aid through its annual operating surpluses.

The Athletic Department revenues are largely dependent upon attendance at sporting events, while expenses are driven by scholarships, faculty maintenance, and compensation. The College closely monitors the financial position of the department to ensure long-term success. The College's bondholder of the Series 2015 Athletic Faculties Revenue Board requires a bond coverage ratio of 100%. As of June 30, 2025, management believes the College reported an above adequate bond coverage ratio for the Series 2015 Athletic Faculties Revenue Bond.

**NOTE 24—SUBSEQUENT EVENTS**

The Citadel has evaluated subsequent events through September 24, 2025, which is the date the financial statements were available to be issued.

# THE CITADEL

## The Military College of South Carolina

### Schedule of The Citadel's Proportionate Share of the Net Pension Liability

#### For the Years Ended June 30, 2016 through June 30, 2025

Fiscal Year	The Citadel's Proportion of the Net Pension Liability	The Citadel's Proportionate Share of the Net Pension Liability	The Citadel's Total Covered Payroll During the Measurement Period	The Citadel's Proportionate Share of the Net Pension Liability as a Percentage of Total Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>South Carolina Retirement System (SCRS)</b>					
2025	0.333550%	\$ 78,218,453	\$ 52,463,083	149.09%	61.80%
2024	0.344078%	83,189,233	50,307,397	165.36%	58.60%
2023	0.359640%	87,184,573	49,674,397	175.51%	57.10%
2022	0.368505%	79,749,168	48,486,865	164.48%	60.70%
2021	0.378334%	96,670,913	48,964,334	197.43%	50.70%
2020	0.387627%	88,511,328	47,770,656	185.28%	54.40%
2019	0.387908%	86,917,934	47,067,006	184.67%	54.10%
2018	0.368970%	83,060,931	44,909,987	184.95%	53.30%
2017	0.365879%	78,151,289	43,430,316	179.95%	52.90%
2016	0.368400%	69,867,963	42,226,239	165.46%	56.99%
<b>Police Officers' Retirement System (PORS)</b>					
2025	0.062714%	\$ 1,881,272	\$ 1,225,130	153.56%	70.50%
2024	0.058900%	1,792,975	1,031,984	173.74%	67.80%
2023	0.062121%	1,863,004	983,129	189.50%	66.40%
2022	0.064934%	1,670,706	976,411	171.11%	70.40%
2021	0.066526%	2,206,127	987,936	223.31%	58.80%
2020	0.060844%	1,743,752	882,669	197.55%	62.70%
2019	0.495790%	1,404,845	686,248	204.71%	61.70%
2018	0.052500%	1,438,160	706,945	203.43%	60.90%
2017	0.060320%	1,530,078	769,034	198.96%	64.60%
2016	0.061650%	1,343,594	763,719	175.93%	64.57%

**THE CITADEL**  
**The Military College of South Carolina**  
**Schedule of The Citadel's Pension Contributions (Unaudited)**  
**For the Years Ended June 30, 2016 through June 30, 2025**

Fiscal Year	Actuarial Required Pension Contribution	Actual Pension Contributions	Contribution Deficiency (Excess)	The Citadel's Total Covered Payroll	Contributions as a Percentage of Total Covered Payroll
<b>South Carolina Retirement System (SCRS)</b>					
2025	\$ 5,446,122	\$ 5,446,122	\$ -	\$ 56,077,105	9.71%
2024	5,117,527	5,117,527	-	52,463,083	9.75%
2023	4,583,691	4,583,691	-	50,307,397	9.11%
2022	4,428,428	4,428,428	-	49,674,397	8.91%
2021	3,755,282	3,755,282	-	48,486,865	7.74%
2020	3,857,503	3,857,503	-	48,964,334	7.88%
2019	3,567,024	3,567,024	-	47,770,656	7.47%
2018	3,362,502	3,362,502	-	47,067,006	7.14%
2017	4,234,165	4,234,165	-	44,909,987	9.43%
2016	3,919,630	3,919,630	-	43,430,316	9.03%
<b>Police Officers' Retirement System (PORS)</b>					
2025	\$ 256,398	\$ 256,398	\$ -	\$ 1,230,317	20.84%
2024	255,317	255,317	-	1,225,130	20.84%
2023	204,746	204,746	-	1,031,984	19.84%
2022	185,221	185,221	-	983,129	18.84%
2021	166,285	166,285	-	976,411	17.03%
2020	168,341	168,341	-	987,936	17.04%
2019	140,735	140,735	-	882,669	15.94%
2018	100,803	100,803	-	686,248	14.69%
2017	97,840	97,840	-	706,945	13.84%
2016	105,665	105,665	-	769,034	13.74%

# THE CITADEL

## The Military College of South Carolina

### Schedule of The Citadel's Proportionate Share of the Net OPEB Liability

#### For the Years Ended June 30, 2017 through June 30, 2025

Fiscal Year	The Citadel's Proportion of the Net OPEB Liability	The Citadel's Proportionate Share of the Net OPEB Liability	The Citadel's Total Covered Payroll During the Measurement Period	The Citadel's Proportionate Share of the Net OPEB Liability as a Percentage of Total Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
<b>South Carolina Retiree Health Insurance Trust Fund (SCRHITF)</b>					
2025	0.465552%	\$ 75,055,372	\$ 53,688,214	139.80%	9.91%
2024	0.489991%	64,147,104	51,339,382	124.95%	11.24%
2023	0.514312%	78,236,325	50,657,526	154.44%	9.64%
2022	0.530392%	110,444,486	49,463,276	223.29%	7.48%
2021	0.541909%	97,822,413	49,952,269	195.83%	8.39%
2020	0.556303%	84,121,495	48,653,325	172.90%	8.44%
2019	0.537430%	78,468,622	47,753,254	164.32%	7.91%
2018	0.540944%	73,269,979	44,199,350	165.77%	7.60%
2017	0.540944%	78,267,191	42,989,958	182.06%	7.07%
<b>South Carolina Long-Term Disability Insurance Trust Fund (SCLTDIF)</b>					
2025	0.267306%	\$ 46,081	(1)	(1)	64.83%
2024	0.276270%	42,300	(1)	(1)	68.01%
2023	0.293749%	34,032	(1)	(1)	75.04%
2022	0.304514%	9,665	(1)	(1)	92.84%
2021	0.307601%	933	(1)	(1)	99.29%
2020	0.315036%	6,201	(1)	(1)	95.17%
2019	0.319095%	9,768	(1)	(1)	92.20%
2018	0.318105%	5,767	(1)	(1)	95.29%
2017	0.318105%	2,208	(1)	(1)	98.15%

(1) Contributions to the SCLTDIF are based upon a fixed fee per covered employee. Therefore covered payroll is not applicable to the SCLTDIF.

This data is presented for those years in which information is available.

**THE CITADEL**  
**The Military College of South Carolina**  
**Schedule of The Citadel's OPEB Contributions (Unaudited)**  
**For the Years Ended June 30, 2017 through June 30, 2025**

Fiscal Year	Actuarial Required OPEB Contribution	Actual OPEB Contributions	Contribution Deficiency (Excess)	The Citadel's Total Covered Payroll	Contributions as a Percentage of Total Covered Payroll
<b>South Carolina Retiree Health Insurance Trust Fund (SCRHITF)</b>					
2025	\$ 3,581,714	\$ 3,581,714	\$ -	\$ 57,307,422	6.25%
2024	3,355,513	3,355,513	-	53,688,214	6.25%
2023	3,208,711	3,208,711	-	51,339,382	6.25%
2022	3,166,095	3,166,095	-	50,657,526	6.25%
2021	3,091,455	3,091,455	-	49,463,276	6.25%
2020	3,122,017	3,122,017	-	49,952,269	6.25%
2019	2,943,526	2,943,526	-	48,653,325	6.05%
2018	2,626,429	2,626,429	-	47,753,254	5.50%
2017	2,431,382	2,431,382	-	44,199,350	5.50%
<b>South Carolina Long-Term Disability Insurance Trust Fund (SCLTDIF)</b>					
2025	\$ 21,521	\$ 21,521	\$ -	(1)	(1)
2024	21,052	21,052	-	(1)	(1)
2023	21,072	21,072	-	(1)	(1)
2022	22,242	22,242	-	(1)	(1)
2021	23,042	23,042	-	(1)	(1)
2020	23,249	23,249	-	(1)	(1)
2019	23,226	23,226	-	(1)	(1)
2018	23,094	23,094	-	(1)	(1)
2017	23,026	23,026	-	(1)	(1)

(1) Contributions to the SCLTDIF are based upon a fixed fee per covered employee. Therefore covered payroll is not applicable to the SCLTDIF.

This data is presented for those years in which information is available.

# THE CITADEL

## The Military College of South Carolina

### SCHEDULES OF UNRESTRICTED NET POSITION, EXCLUDING GASB 68, PENSION, AND GASB 75, OPEB (UNAUDITED) FOR THE YEARS ENDED JUNE 30, 2021 THROUGH 2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Unrestricted Net Position, As Reported</b>	<b>\$ (105,333,215)</b>	<b>\$ (120,752,070)</b>	<b>\$ (134,233,735)</b>	<b>\$ (96,755,513)</b>	<b>\$ (83,776,306)</b>
Less Deferred Outflows of Resources:					
Amounts Related to Net OPEB Liability	(21,857,243)	(28,951,767)	(23,982,475)	(18,547,685)	(24,165,495)
Amounts Related to Net Pension Liability	(13,866,876)	(10,749,907)	(8,648,377)	(8,221,545)	(9,949,710)
Add Liabilities and Deferred Inflows of Resources:					
Net OPEB Liability	97,823,346	110,454,151	78,434,188	64,189,404	75,101,453
Net Pension Liability	98,877,173	81,419,874	89,047,577	84,982,208	80,099,725
Amounts Related to Net OPEB Liability	8,278,606	8,724,226	36,932,979	42,982,297	36,293,031
Amounts Related to Net Pension Liability	2,005,879	14,886,722	3,662,566	4,645,499	7,162,396
<b>Unrestricted Net Position, Excluding OPEB and Pension</b>	<b>\$ 65,927,670</b>	<b>\$ 55,031,229</b>	<b>\$ 41,212,723</b>	<b>\$ 73,274,665</b>	<b>\$ 80,765,094</b>

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

To the Members of the Board of Visitors  
The Citadel, The Military College of South Carolina  
Charleston, South Carolina

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 the business-type activities, the fiduciary activities and the aggregate non-governmental discretely presented component units of The Citadel, The Military College of South Carolina (“The Citadel”), a component unit of the state of South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise The Citadel’s basic financial statements, and have issued our report thereon dated September 24, 2025, except for our report on the schedule of expenditures of federal awards for which the date is February 18, 2026. Our report includes a reference to other auditors who audited the financial statements of The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation (non-governmental discretely presented component units of The Citadel), as described in our report on The Citadel’s financial statements. The financial statements of The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation (non-governmental discretely presented component units of The Citadel) were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation (non-governmental discretely presented component units of The Citadel) or that are reported on separately by those auditors who audited the financial statements of The Citadel Foundation, The Citadel Brigadier Foundation, and The Citadel Real Estate Foundation (non-governmental discretely presented component units of The Citadel).

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Citadel’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Citadel’s internal control. Accordingly, we do not express an opinion on the effectiveness of The Citadel’s internal control.

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

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

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Citadel'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 Citadel's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cherry Bekaert LLP*

Greenville, South Carolina

September 24, 2025, except for our report on the schedule of expenditures of federal awards for which the date is February 18, 2026

## **Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Members of the Board of Visitors  
The Citadel, The Military College of South Carolina  
Charleston, South Carolina

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited The Citadel, The Military College of South Carolina (“The Citadel”)’s 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 Citadel’s major federal programs for the year ended June 30, 2025. The Citadel’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 Citadel complied, in all material respects, with the types of 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, 2025.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Citadel and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Citadel’s compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

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

#### **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 Citadel’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, 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 Citadel’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Citadel'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 Citadel'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 Citadel'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 a 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.

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 were not identified.

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

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

*Cherry Bekaert LLP*

Greenville, South Carolina  
February 18, 2026

**THE CITADEL**  
**The Military College of South Carolina**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2025**

---

**Section I—Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness identified?  yes  no
- Significant deficiency identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major federal programs:

- Material weakness identified?  yes  no
- Significant deficiency identified?  yes  none reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

Identification of major federal programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Assistance Programs Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  yes  no

**Section II—Financial Statement Findings**

None noted.

**Section III—Federal Award Findings and Questioned Costs**

None noted.

**THE CITADEL**  
**The Military College of South Carolina**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**YEAR ENDED JUNE 30, 2025**

---

**Section IV—Prior Year Audit Findings**

None noted.

**THE CITADEL**  
**The Military College of South Carolina**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant / Award Number	Passed through to Subrecipients	Total Federal Expenditures
<b>Research and Development Cluster:</b>				
<b>U.S. Department of Commerce</b>				
NOAA SECOORA SET Station	11.012	NA23NOS0120081	\$ -	\$ 4,666
R/ED-3a: Kids Teaching Flood Resilience	11.417	NA23OAR4170319	-	47,217
Passed through SC Sea Grant Consortium				
NOAA SC Sea Grant R/WCR-1 Climate A	11.417	NA24OARX417C0150	15,699	19,792
Passed through East Carolina University				
NOA ECU RISA	11.431	NOAA-OAR-CPO-2022-2007019	-	14,785
Total US Department of Commerce			<u>15,699</u>	<u>86,460</u>
<b>Department of Defense</b>				
2024 - 2025 DoD CySP	12.902	HQ003410033	-	16,071
Passed through Norwich University				
DoD NU GenCyber Training Camp	12.905	H98230-24-1-0108	-	586,339
NU 2024 SMC DoD Cyber Institutes	12.905	H98230-24-1-0108	-	1,982
Total Department of Defense			<u>-</u>	<u>604,392</u>
<b>US Department of Navy</b>				
Pondberry Cooperative N514702129017	12.630	N62470-21-2-9017	-	3,550
Total US Department of Navy			<u>-</u>	<u>3,550</u>
<b>National Security Agency</b>				
2023 DoD CySP	12.902	H98230-23-1-0190	-	1,419
Passed through the University of South Carolina				
NSA USC 2022 NCAE-C	12.905	H98230-22-1-0301	-	43,945
Passed through University of Memphis				
Cybersecurity Community Development	12.905	H98230-21-1-0319	-	88,354
Passed through Norwich University				
Norwich 22341-GC2302	12.902	H98230-20-1-0388	-	22,327
2022 SMC DoD Cyber Institutes	12.903	H98230-22-1-0334	-	729,018
2021 NCAE-C-003	12.905	H98230-21-1-0167	-	399,515
2020 CAE Sr. Military College	12.905	H98230-20-1-0388	-	1,233,409
Total National Security Agency			<u>-</u>	<u>2,517,987</u>
<b>Department of Transportation</b>				
Passed through Clemson University				
Clemson Subaward -19212112021810	20.701	69A3551747117	-	78,285
Passed through the University of Florida				
STRIDE	20.701	69A3551747104	-	33,207
Total Department of Transportation			<u>-</u>	<u>111,492</u>
<b>National Aeronautics and Space Administration</b>				
Passed through College of Charleston				
Space Grant Campus Director	43.008	80NSSC20M0054	-	3,613
NASA CoFC 20-013-UG-CT-002	43.008	80NSSC20M0054	-	7,500
NASA Space Grant CoFC	43.008	80NSSC20M0054	-	8,000
NASA 25-073-UG-CT-001	43.008	80NSSC25M7077	-	7,500
Total National Aeronautics and Space Administration			<u>-</u>	<u>26,613</u>
<b>National Science Foundation</b>				
NSF Collaborative Research	47.050	2103016	-	30,831
NSF DEB Collab Res Barnacles	47.074	2344083	75,280	150,069
MCA Clemson University	47.075	2219258	66,481	112,847
NSF 1741611 S-STEM	47.076	1741611	-	92,381
NSF Noyce Learning to Lead	47.076	2151088	-	338,001
CyberCorps	47.076	1741611	-	369,844
NSF DRL DRK-12 2300322	47.076	322302	-	563,153
Passed through Georgia State University				
Cognitive Self Regulation and Metacognition	47.075	2043667	-	17,344
Passed through North Carolina State University				
NCSU i - SAIL	47.076	DRL-2405862	-	24,281
Passed through Clemson University				
Clemson RII-BEC BASIC	47.083	2225816	-	24,000
NSF Clem RII Track-1 in SC	47.083	2242812	-	24,231
Passed through College of Charleston				
24-070-NSF-RII-CT-001	47.083	2418396	-	12,214
Total National Science Foundation			<u>141,761</u>	<u>1,759,196</u>
<b>US Department of Veterans Affairs</b>				
Passed through VA San Diego Healthcare System				
(VA) Rehabilitation Research & Dev.	64.054	ARREAR	-	14,783
Total US Department of Veterans Affairs			<u>-</u>	<u>14,783</u>
<b>Department of Education</b>				
Excellence for Veteran Student Success	84.116G	P116G220039	-	222,148
Total Department of Education			<u>-</u>	<u>222,148</u>
<b>National Institute of Health</b>				
Passed through University of South Carolina				
USC Subaward 23-5138	93.113	5P01ES028942-05	-	7,933
Passed through College of Charleston				
Investigating Tropic Exposure	93.113	1R15ES034169	-	4,773
Total National Institute of Health			<u>-</u>	<u>12,706</u>
Total Research and Development Cluster			<u>157,460</u>	<u>5,359,327</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

**THE CITADEL**  
**The Military College of South Carolina**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant / Award Number	Passed through to Subrecipients	Total Federal Expenditures
<b><u>Student Financial Assistance Programs Cluster:</u></b>				
<b>Department of Education</b>				
Federal Supplemental Educational Opportunity Grants	84.007	P007A143769	\$ -	\$ 97,995
Federal Work-Study Program	84.033	P033A163769	-	118,215
Federal Pell Grant Program	84.063	P063P170375	-	4,295,201
Federal Direct Student Loans	84.268	P268K180375	-	19,775,857
Total Student Financial Assistance Programs Cluster			<u>-</u>	<u>24,287,268</u>
<b><u>Other Programs:</u></b>				
<b>Department of Defense</b>				
Project Go FY22-23	12.357	H98230-18-2-0002	-	10,480
Leveraging Environment & Culture Passed through Institute of International Education	12.630	HMO4761912005	51,999	59,147
Project Go FY23-24	12.357	H9821023C0010	-	655,830
Total Department of Defense			<u>51,999</u>	<u>725,457</u>
<b>Small Business Administration</b>				
SBA VBOC	59.044	SBAOVVB230030	-	322,345
Total Small Business Administration			<u>-</u>	<u>322,345</u>
Total Other Programs			<u>51,999</u>	<u>1,047,802</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 209,459</u></b>	<b><u>\$ 30,694,397</u></b>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

**THE CITADEL**  
**The Military College of South Carolina**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

---

**NOTE 1—BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of The Citadel, The Military College of South Carolina ("The Citadel") under programs of the federal government for the year ended June 30, 2025. 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of The Citadel, it is not intended to and does not present the financial position, changes in net position, or cash flows of The Citadel.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. There were no federal awards passed through to sub-recipients.

**NOTE 3—INDIRECT COST RATE**

The Citadel has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4—LOANS OUTSTANDING**

During the year ended June 30, 2021, The Citadel liquidated its Federal Perkins Loan portfolio and in doing so retired, purchased, or assigned The Citadel's outstanding loans to the U.S. Department of Education (the "Department"), completed its National Student Loan Data System ("NSLDS") reporting requirements, returned the Federal Capital Contribution to the Department, and filed its final Fiscal Operations Report and Application to Participant ("FISAP").

The Federal Direct Student Loan program provides loan capital directly from the federal government (rather than through private lenders) to vocational, undergraduate, and graduate students and their parents. The loans are made directly from the federal government; therefore, there is no loan balance recorded at the college level.