

College Board

**Report on Federal Awards in Accordance with the
Uniform Guidance**

December 31, 2024

EIN 13-1623965

College Board
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December 31, 2024

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Report of Independent Auditors

To the Board of Trustees
College Board

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of College Board and its subsidiaries (the "Board"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, of changes in net assets, and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS and *Government Auditing Standards*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

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



Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended December 31, 2024 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 Awards* (Uniform Guidance), and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2025 on our consideration of the Board'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 for the year ended December 31, 2024. 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 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 Board's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

New York, New York
May 21, 2025

College Board
Consolidated Statements of Financial Position
December 31, 2024 and 2023

(in thousands of dollars)

	2024	2023
Assets		
Cash and cash equivalents	\$ 321,451	\$ 196,103
Accounts and other receivables	60,891	79,976
Due from Educational Testing Service	585	3,473
Grants receivable	314	1,388
Prepaid expenses and other current assets	27,160	25,710
Investments (Note 3)	1,760,923	1,599,084
Property and equipment, net (Note 4)	18,164	23,348
Capitalized website costs and internal use software, net (Note 4)	95,589	83,869
Right of use assets, net of accumulated amortization (Note 7)	146,587	162,012
Deferred charges and other assets	11,505	9,399
	<u>\$ 2,443,169</u>	<u>\$ 2,184,362</u>
Liabilities and Net Assets		
Accounts payable, accrued expenses and other	\$ 93,522	\$ 95,650
Deferred revenue	95,479	90,637
Lease liabilities (Note 7)	191,548	211,848
Accrued postretirement benefits (Note 6)	39,638	40,877
Other long-term liabilities	11,036	10,155
	<u>431,223</u>	<u>449,167</u>
Net assets		
Without donor restrictions	2,010,258	1,733,721
With donor restrictions (Note 8)	1,688	1,474
	<u>2,011,946</u>	<u>1,735,195</u>
	<u>\$ 2,443,169</u>	<u>\$ 2,184,362</u>

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

College Board
Consolidated Statements of Activities
Years Ended December 31, 2024 and 2023

<i>(in thousands of dollars)</i>	2024	2023
Operating revenue		
Fees from programs and services, net	\$ 1,001,866	\$ 950,990
Membership dues and meetings	4,185	3,951
Net assets released from restrictions	3,880	5,525
Total operating revenue	<u>1,009,931</u>	<u>960,466</u>
Operating expenses		
Program services (Note 5)		
Advanced placement and instruction	512,032	476,298
Assessments	259,359	318,406
BigFuture	135,207	123,883
State and district partnerships	21,847	22,606
Puerto Rico and Latin American programs	15,643	17,445
Total program services	<u>944,088</u>	<u>958,638</u>
Membership services	<u>8,318</u>	<u>8,047</u>
Total operating expenses	<u>952,406</u>	<u>966,685</u>
Operating surplus (loss)	57,525	(6,219)
Nonoperating income		
Investment gain, net	218,223	193,146
Pension-related nonservice cost	<u>(2,020)</u>	<u>(1,344)</u>
Excess of revenues over expenses	273,728	185,583
Pension-related changes other than net periodic pension cost	<u>2,823</u>	<u>(3,925)</u>
Change in net assets without donor restrictions	<u>\$ 276,551</u>	<u>\$ 181,658</u>

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

College Board
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<i>(in thousands of dollars)</i>						
Net assets at beginning of period	\$ 1,733,721	\$ 1,474	\$ 1,735,195	\$ 1,552,066	\$ 3,431	\$ 1,555,497
Change in net assets without donor restrictions	276,551	-	276,551	181,658	-	181,658
Foreign currency translation adjustment	(14)	-	(14)	(3)	-	(3)
Grants and contracts with donor restrictions	-	4,094	4,094	-	3,568	3,568
Net assets released from restrictions	-	(3,880)	(3,880)	-	(5,525)	(5,525)
Change in net assets	276,537	214	276,751	181,655	(1,957)	179,698
Net assets at end of period	\$ 2,010,258	\$ 1,688	\$ 2,011,946	\$ 1,733,721	\$ 1,474	\$ 1,735,195

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

College Board
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

<i>(in thousands of dollars)</i>	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 276,751	\$ 179,698
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	31,421	23,778
Loss from disposal of property and equipment	2,166	9,220
Net realized and unrealized gain on investments	(201,958)	(173,359)
Pension-related changes other than net periodic pension cost	(803)	5,269
(Recovery)/provision for credit losses	(432)	916
Changes in operating assets and liabilities		
Due from Educational Testing Service	2,888	29,414
Accounts and other receivables	11,325	(10,083)
Grants receivable	1,074	111
Prepaid expenses and other current assets	(1,450)	(7,610)
Right of use assets, net of accumulated amortization	15,425	16,090
Deferred charges and other assets	(2,106)	(534)
Accounts payable, accrued expenses and other	(2,128)	13,591
Accrued postretirement benefits	(436)	(499)
Lease liabilities	(20,300)	(20,597)
Deferred revenue and other long-term liabilities	5,723	(6,151)
Net cash provided by operating activities	<u>117,160</u>	<u>59,254</u>
Cash flows from investing activities		
Purchases of property and equipment and expenditures for capitalized website and other software development costs	(40,123)	(45,470)
Purchases of investments	(380,163)	(665,595)
Net proceeds from sales of investments	428,474	463,328
Net cash provided by (used in) investing activities	<u>8,188</u>	<u>(247,737)</u>
Net increase (decrease) in cash and cash equivalents	125,348	(188,483)
Cash and cash equivalents		
Beginning of period	<u>196,103</u>	<u>384,586</u>
End of period	<u>\$ 321,451</u>	<u>\$ 196,103</u>
Noncash investing activities		
In-kind purchases of investments	(218,153)	-
Net proceeds from in-kind sales of investments	230,633	-

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

College Board

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of dollars)

1. Organization and Basis of Presentation

College Board is a not-for-profit membership association of colleges and universities, secondary schools, collegiate and school systems and educational associations (6,187 members) founded in 1900. College Board's mission is to connect students to college success and opportunity by developing curriculum, tests, and guidance tools to prepare students for college and help them choose a college where they can succeed.

The accompanying consolidated financial statements include the accounts of College Board and two wholly-owned for-profit subsidiaries, College Board Holdings LLC, and CollegeBoard India Global Alliance, LLP and are collectively hereafter referred to as the Board (the "Board"). All intercompany balances and accounts have been eliminated in consolidation.

The Board has contracted with Educational Testing Service ("ETS"), an independent not-for-profit corporation founded by the members of the Board in 1947, to provide test development, test administration, customer service, and publications printing and fulfillment services and various administrative functions for certain Board programs. Expenses for services provided by ETS totaled \$276,892 and \$302,630 or 29% and 31% of total expenses for the years ended December 31, 2024 and 2023, respectively. The Master Services Agreement with ETS ended as of June 2024, and ETS no longer provides test administration services for certain College Board programs, while continuing to service others.

2. Significant Accounting Policies

The Board's significant accounting policies follow:

Net Assets

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

Net Assets Without Donor Restrictions

Net assets without donor restrictions include expendable resources over which the Board's Board of Trustees have discretionary control and are used to carry out the Board's operations in accordance with its bylaws. Net assets without donor restrictions also include property and equipment acquisitions and improvements and any other activities that are not restricted by donor-imposed stipulations.

Net Assets With Donor Restrictions

Net assets with donor restrictions include resources expendable only for those purposes specified by a donor or grantor. The restrictions are satisfied by expenditures of the Board in accordance with the terms of the donation or grant.

Measure of Operations

The consolidated statements of activities include excess of revenues over expenses. Changes in net assets without donor restrictions which are included in excess of revenues over expenses include investment returns. The Board includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities and excludes investment returns and adjustments to net assets without donor restrictions related to the Board's

College Board

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of dollars)

post retirement liability. This definition reflects the way in which the Board manages its ongoing activities.

Revenue Recognition

Revenue related to exchange transactions is recognized under the provisions of ASC Topic 606, *Revenue from Contracts with Customers*. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied.

The Board records revenues from exams as performance obligations are satisfied. Revenue from exams is recognized as the tests are administered and scored. In an effort to ensure accessibility, the Board provides implicit price concessions to eligible students, recorded as a direct reduction to fees from programs and services revenue. Implicit price concessions totaling \$106,224 and \$93,715 were recorded for the years ended December 31, 2024 and 2023, respectively.

The Board licenses certain software under noncancelable term licenses and provides services in conjunction with the initial agreement, including training, installation, data conversion and maintenance. Maintenance consists of product support services and periodic unspecified updates. Revenue from the annual maintenance agreements is deferred and recognized ratably over the related one-year period.

The Board offers subscriptions for recruitment services and recognizes revenue over time based on the terms of the contract. The Board records revenue from publications such as study guides and textbooks, upon delivery. The Board conducts workshops, conferences, and professional development in support of its programs and recognizes revenue upon completion of the event. The Board offers financial aid services and recognizes revenue upon delivery.

The Board allocates the transaction price for multiple performance obligations based on the standalone prices of the services at the inception of the contract.

Deferred revenue represents payments received upfront for maintenance contracts, subscriptions, test units bought but not yet consumed, and multi-year arrangements for which revenue will be recognized as the passage of time elapses and performance obligations are met.

There is no significant financing component associated with these advance payments as the difference between the promised consideration and the cash selling price of the good or service arose for reasons other than the provision of finance.

Accounts and other receivables are presented net of an allowance for credit losses of \$4,531 and \$4,963 in 2024 and 2023, respectively. The accounts and other receivables balance of \$60,891 in 2024 and \$79,976 in 2023 is made up of trade receivables for programs and exams of \$54,507 and \$65,401 including investment receivables of \$6,384 and \$14,575 in 2024 and 2023, respectively.

College Board
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

(in thousands of dollars)

The sources of revenue recognized are depicted below:

	2024	2023
Exam fees and related	\$ 838,674	\$ 773,939
Subscriptions	73,517	75,992
Publications	21,015	27,128
Financial aid services	24,550	20,879
Workshops & conferences	10,830	11,145
Professional development	6,681	7,516
Software licenses and maintenance	23,595	29,812
Grants	2,464	4,579
Royalty	540	-
	<u>\$ 1,001,866</u>	<u>\$ 950,990</u>

The Board generally has payment terms with its customers of one year or less and has elected the practical expedient applicable to such contracts not to consider the time value of money.

Grants Revenue

The Board receives funding for sponsored programs from various government agencies, foundations, and corporations. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return, or it may be a nonreciprocal nonexchange transaction in which the funding provided is for the benefit of the Board, the funding organization's mission, or the public at large. Revenues from nonexchange transactions may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). For grants that are conditional nonexchange transactions, revenues are recognized when expenses are incurred, which allow the Board to meet the conditions. Unspent conditional contributions from grants total \$1,346 and \$1,505 at December 31, 2024 and 2023, respectively. Revenues from unconditional nonexchange transactions are recognized in the period awarded. In the event private grant amounts restricted for a certain purpose are advanced to the Board, such amounts are recorded within net assets with donor restrictions and are released to net assets without donor restrictions when expenses are incurred.

Cash and Cash Equivalents

The Board considers all highly liquid financial instruments purchased with a maturity of three months or less, other than those temporarily held from time-to-time in the investment portfolio, to be cash equivalents. The Board maintains its cash and cash equivalents in various accounts which, at times, may exceed federally insured limits and therefore potentially subject the Board to a concentration of credit risk.

The Board's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for its products and a concentration of program revenue received in the Spring. To manage liquidity the Board maintains a line of credit with several banks that may be drawn upon as needed during the year to manage cash flow, as discussed in Note 7.

College Board
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

(in thousands of dollars)

Liquidity and Availability of Financial Resources

The Board's financial assets and liquidity resources available within one year for operating expenses, are as follows:

	2024	2023
Cash and cash equivalents	\$ 321,451	\$ 196,103
Short-term investments	1,040,492	885,594
Total cash and short-term investments	<u>1,361,943</u>	<u>1,081,697</u>
Current Accounts and other receivable, net	60,891	79,976
Due from Educational Testing Service	585	3,473
Grants receivable	314	1,388
Prepaid expenses and other current assets	27,160	25,710
Total financial assets available within one year	<u>\$ 1,450,893</u>	<u>\$ 1,192,244</u>
Undrawn bank lines of credit	50,000	50,000
Total liquidity resources	<u>50,000</u>	<u>50,000</u>
Total financial assets and liquidity resources available within one year	<u>\$ 1,500,893</u>	<u>\$ 1,242,244</u>

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are reported net of allowances for credit losses.

In accordance with ASC 326-20-30-2, the Board determined that similar risk characteristics existed for receivables with similar days outstanding, so that the pools for which the allowance for credit losses was calculated were based on aging buckets. This is consistent with the methodology under the previous incurred loss model. The Board principally estimates the allowance for credit losses by pool based on historical collection experience, the current credit worthiness of the customers, current economic conditions, expectations of future economic conditions and the period that the receivables have been outstanding. To the extent that any individual payers are identified that have deteriorated in credit quality, the Board removes the customers from their respective pools and establishes allowances based on the individual risk characteristics of such customers.

Changes in the allowance for credit losses for the years ended December 31, 2024, and 2023:

	2024	2023
Beginning Balance Allowance for Credit Losses	\$ 4,963	\$ 4,047
Impact of the adoption of the new credit loss standard	-	-
Provisions	851	1,520
Write-offs, net of recoveries	<u>(1,283)</u>	<u>(604)</u>
Ending Balance Allowance for Credit Losses	<u>\$ 4,531</u>	<u>\$ 4,963</u>

College Board

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of dollars)

Leases

Under ASU, 2016-02 *Leases* (Topic 842) lessees are required to recognize in the consolidated statements of financial position the following for all leases at the application date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right of use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Leases are classified as either operating or financing, and the lease classification determines the pattern of expense recognition in the consolidated statements of activities. Operating leases result in straight-line expense, over the term of the lease, in the consolidated statements of activities.

The Board has operating leases primarily for real estate, including office buildings and office equipment. As permitted under the transition guidance in ASC 842, the Board has applied the transitional package of practical expedients allowed by the standard relating to the carry forward of historical lease identification, classification, and initial direct costs of leases. The Board has also applied the practical expedient to use the risk-free rate for a period comparable to the lease term in lease classification or measurement. The Board elected as a policy, as permitted under the guidance, to exclude short-term leases that have a remaining lease term of twelve months or less from the application of this ASU.

Investments

Investments are recorded at fair value. Investment income, including realized and unrealized gains and losses, is recorded within the consolidated statements of activities. Purchase and sale transactions are recorded on a trade date basis. Dividends are recorded when declared. Interest income is recorded on an accrual basis. Gains and losses on the sale of investment securities are recognized when realized and are computed on an average cost basis. Realized gains may include cash or in-kind redemptions.

Income Taxes

College Board is a Section 501(c)(3) not-for-profit organization exempt from U.S. Federal income taxes under Section 501(a) of the Internal Revenue Code (the "IRC") and has been classified as an organization that is not a private foundation under Section 509(a) of the IRC.

Per the requirement to assess for tax uncertainty, the Board has determined that it does not have any significant uncertain tax positions required to be accrued or reported as of December 31, 2024 and 2023.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Provisions for depreciation and amortization are recorded on a straight-line basis over the following time periods:

Property and improvements	Up to 35 years
Furnishings, computer equipment and software	3 to 8 years

Leasehold improvements are amortized on a straight-line basis over the shorter of the lives of the assets or the terms of the leases.

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Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of dollars)

Capitalized Website Costs and Internal Use Software

Website development costs and costs incurred for the development of internal use software are capitalized and amortized using the straight-line method over the estimated 5 year useful life of the website or related software applications. The Board reassesses the estimated useful lives on a periodic basis considering the effects of obsolescence, technology and other economic factors.

Accounting for the Impairment of Long-Lived Assets

The Board reviews property and equipment and capitalized website costs for impairment whenever events or changes in circumstances indicate that the related carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the asset. During the years ended December 31, 2024 and 2023, there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The more significant estimates made relate to the valuation of investments, account receivable reserves, and actuarial assumptions used in the calculation of postretirement benefits. Actual results could differ from those estimates and the differences could be material.

Pension and Postretirement

The Board recognizes the overfunded or underfunded status of its defined benefit postretirement plan as an asset or liability in its consolidated statements of financial position and recognizes changes in the funded status in the year in which the changes occur.

3. Investments

The Board follows guidance with respect to accounting and reporting for the fair value of its financial assets and liabilities. The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between participants on the measurement date. Fair value requires an organization to determine the unit of account, the mechanism of transfer, and the appropriate markets for the asset or liability being measured.

The guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last is considered unobservable.

College Board

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of dollars)

The Board categorizes the financial assets and liabilities, based on the priority of inputs to the valuation technique, into a three-tiered hierarchy which maximizes the use of observable inputs, and minimizes the use of unobservable inputs as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities. Investments in Level 1 may include certain equity and fixed income securities, registered mutual funds and exchange traded funds.
- Level 2 Observable inputs other than those included in Level 1, such as quoted prices for similar assets and liabilities, and quoted prices in markets that are not active. Included in Level 2 are certain fixed income, equity investments, and commodities for which observable inputs exist and trade in markets is not considered to be active.
- Level 3 Unobservable inputs which trade infrequently or not at all and are supported by little or no market activity and are significant to the fair value of the asset or liability.

For alternative investments, the Board uses the net asset value (“NAV”), provided by external investment managers, as a practical expedient to determine the fair value of investments which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company.

The value represents the ownership interest in the hedge fund or respective partnership. The NAV of the investments held by limited partnerships and hedge funds that do not have readily determinable fair values are determined by the general partner or hedge fund manager and are based on appraisals, or other estimates that require varying degrees of judgment. The Board has performed due diligence around these investments to ensure NAV is an appropriate measure of fair value as of December 31, 2024 and 2023. The Board’s estimate of fair value may differ significantly from the values that would have been used had a ready market for the investments existed because of the inherent uncertainty of valuing these investments and certain underlying investments held by them. These investments may be illiquid, and there can be no assurance that the Board will be able to realize the value of such investments in a timely manner. For partnership interests, gains and losses are dependent upon the general partners’ distributions during the life of each partnership.

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

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors. The Board considers observable data to be that market data which is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the hierarchy is therefore based upon the pricing transparency of the instrument and does not necessarily correspond to the Board’s perceived risk of that investment.

College Board
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

(in thousands of dollars)

Investments are classified as current only if they can be converted to cash within the next twelve months. The Board's total investments at December 31, 2024 and 2023 are composed of the following current and noncurrent balances:

	2024	2023
Investments, current portion	\$ 1,040,492	\$ 885,594
Investments, noncurrent portion	<u>720,431</u>	<u>713,490</u>
Total investments	<u>\$ 1,760,923</u>	<u>\$ 1,599,084</u>

The Board's investment return for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Interest and dividends	\$ 31,054	\$ 31,284
Realized gains	138,232	31,853
Unrealized gains	<u>63,726</u>	<u>141,506</u>
Investment gains	233,012	204,643
Investment expenses	<u>(14,789)</u>	<u>(11,497)</u>
Total investment gains, net	<u>\$ 218,223</u>	<u>\$ 193,146</u>

College Board
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

(in thousands of dollars)

The Board's consolidated statements of financial position at December 31, 2024 and 2023 include the following assets that are measured at fair value on a recurring basis:

Assets at Fair Value as of December 31, 2024					
	Level 1	Level 2	Level 3	Net Asset Value	Total
Equity commingled funds	\$ -	\$ -	\$ -	\$ 399,596	\$ 399,596
Equity investments	272,642	-	-	-	272,642
Fixed income	-	79,263	-	-	79,263
Hedge funds	-	-	-	355,185	355,185
Private equity funds	-	-	-	457,742	457,742
Real estate funds	-	-	-	92,995	92,995
Short-term fixed income securities	-	100,000	-	-	100,000
Subtotal	<u>\$ 272,642</u>	<u>\$ 179,263</u>	<u>\$ -</u>	<u>\$ 1,305,518</u>	<u>1,757,423</u>
Investments measured at cost					<u>3,500</u>
Total investments					<u>\$ 1,760,923</u>

Assets at Fair Value as of December 31, 2023					
	Level 1	Level 2	Level 3	Net Asset Value	Total
Equity commingled funds	\$ -	\$ -	\$ -	\$ 327,568	\$ 327,568
Equity investments	259,766	-	-	-	259,766
Fixed income	-	72,250	-	-	72,250
Hedge funds	-	-	-	293,371	293,371
Private equity funds	-	-	-	430,251	430,251
Real estate funds	-	-	-	85,814	85,814
Short-term fixed income securities	59,764	68,800	-	-	128,564
Subtotal	<u>\$ 319,530</u>	<u>\$ 141,050</u>	<u>\$ -</u>	<u>\$ 1,137,004</u>	<u>1,597,584</u>
Investments measured at cost					<u>1,500</u>
Total investments					<u>\$ 1,599,084</u>

College Board

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of dollars)

The Board's assets with a fair value estimated using NAV as a basis at December 31, 2024 and 2023 are as follows:

	Fair Value Estimated Using Net Asset Value Per Share December 31, 2024				
	Fair Value	Unfunded Commitment	Settlement Terms *	Redemption Frequency	Redemption Notice Period*
Hedge funds	\$ 355,185	\$ 5,883	Generally 90% - 95% paid within 10 business days -45 days, remainder generally paid upon completion of the next annual audit	Monthly-Illiquid	45 days-5 months
Private equity funds	457,742	210,438	None	Fund end date	None
Equity commingled funds	399,596	-	Generally 90% - 95% paid within 10 business days -45 days, remainder generally paid upon completion of the next annual audit	Semi-monthly-Illiquid	6 days - 12 months
Real estate funds	<u>92,995</u>	<u>37,407</u>	None	Fund end date	None
	<u>\$ 1,305,518</u>	<u>\$ 253,728</u>			

* Amounts noted herein are general descriptions. Specific terms and conditions for each fund can vary.

	Fair Value Estimated Using Net Asset Value Per Share December 31, 2023				
	Fair Value	Unfunded Commitment	Settlement Terms *	Redemption Frequency	Redemption Notice Period*
Hedge funds	\$ 293,371	\$ 253	Generally 90% - 95% paid within 10 business days -45 days, remainder generally paid upon completion of the next annual audit	Monthly-Illiquid	45 days-5 months
Private equity funds	430,251	183,131	None	Fund end date	None
Equity commingled funds	327,568	-	Generally 90% - 95% paid within 10 business days -45 days, remainder generally paid upon completion of the next annual audit	Semi-monthly-Illiquid	6 days - 12 months
Real estate funds	<u>85,814</u>	<u>27,923</u>	None	Fund end date	None
	<u>\$ 1,137,004</u>	<u>\$ 211,307</u>			

* Amounts noted herein are general descriptions. Specific terms and conditions for each fund can vary.

College Board
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

(in thousands of dollars)

4. Long Lived Assets

Property and equipment consisted of the following at December 31, 2024 and 2023:

	2024	2023
Leasehold improvements	\$ 21,223	\$ 23,710
Construction in progress	204	-
Furnishings, computer equipment and software	<u>14,373</u>	<u>13,821</u>
	35,800	37,531
Less: Accumulated depreciation and amortization	<u>17,636</u>	<u>14,183</u>
Net property and equipment	<u>\$ 18,164</u>	<u>\$ 23,348</u>

Capitalized website costs and internal use software consisted of the following at December 31, 2024 and 2023:

	2024	2023
Capitalized software	\$ 141,606	\$ 118,605
Software in progress	<u>2,268</u>	<u>3,514</u>
	143,874	122,119
Less: Accumulated depreciation and amortization	<u>48,285</u>	<u>38,250</u>
Net Capitalized website costs and internal use software	<u>\$ 95,589</u>	<u>\$ 83,869</u>

Depreciation expense was \$5,400 and \$5,403 for Property and Equipment, and \$26,021 and \$18,375 for Capitalized Website Costs and Internal Use Software for the years ended December 31, 2024 and 2023, respectively.

5. Functional Expenses

Included in program services are allocations of general and administrative expenses ("G&A expenses"), including certain administrative, information technology, facilities and related depreciation, and other support expenses. Expenses are allocated to programs based on various allocation methodologies, including program revenues, headcount, and level of effort for the years ended December 31, 2024 and 2023.

College Board

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of dollars)

Direct expenses are defined as program specific expenses for the years ended December 31, 2024 and 2023. The following tables provide a reconciliation of the direct program service expenses to the program by function:

	2024								
	Advanced Placement and Instruction	Assessments	BigFuture	State and District Partnerships	Puerto Rico and Latin American programs	Subtotal Direct Expenses	General and Administrative Expense Allocations	Expenses After Allocations	Membership
Salaries and benefits	\$ 71,916	\$ 13,701	\$ 18,326	\$ 16,144	\$ 6,101	\$ 126,188	\$ 231,175	\$ 357,363	\$ 1,990
Consulting	5,295	2,241	856	67	219	8,678	39,095	47,773	331
Contract vendor expenses	269,599	75,748	7,699	-	10	353,056	5,119	358,176	-
Furniture, office expenses and other	1,962	6,317	1,289	129	184	9,881	413	10,294	133
Awards and contributions	49	7	2,494	1	-	2,549	670	3,219	-
Travel	7,076	1,198	885	2,329	156	11,645	5,346	16,991	480
Committee, meeting and conference	4,082	420	818	1,272	49	6,642	2,984	9,626	3,997
Exam development and program operations	19,103	5,340	76	41	2,863	27,425	636	28,060	295
Publications	6,071	2,838	224	22	-	9,156	141	9,297	289
Marketing	809	470	1,164	25	39	2,507	3,552	6,059	137
IT costs	6,874	722	5,053	2	214	12,864	33,504	46,368	74
Grants and contracts expense	1,122	28	178	-	2	1,330	1,044	2,374	-
Occupancy costs	230	59	40	21	801	1,151	16,292	17,443	-
Depreciation and amortization expense	13,772	4,130	8,211	5	501	26,618	4,799	31,418	-
Chargebacks	15,646	77,100	66,471	1,788	37	161,042	(161,415)	(373)	591
	<u>\$ 423,607</u>	<u>\$ 190,317</u>	<u>\$ 113,785</u>	<u>\$ 21,847</u>	<u>\$ 11,176</u>	<u>\$ 760,732</u>	<u>\$ 183,356</u>	<u>\$ 944,088</u>	<u>\$ 8,318</u>

	2023								
	Advanced Placement and Instruction	Assessments	BigFuture	State and District Partnerships	Puerto Rico and Latin American programs	Subtotal Direct Expenses	General and Administrative Expense Allocations	Expenses After Allocations	Membership
Salaries and benefits	\$ 69,919	\$ 13,324	\$ 17,725	\$ 16,091	\$ 5,878	\$ 122,937	\$ 210,034	\$ 332,971	\$ 1,892
Consulting	4,121	2,238	5,553	119	330	12,361	35,534	47,895	386
Contract vendor expenses	230,617	123,911	6,425	9	3	360,965	8,159	369,124	-
Furniture, office expenses and other	1,804	5,371	1,476	165	206	9,022	20,568	29,590	78
Awards and contributions	219	1,743	2,237	1	-	4,200	107	4,307	-
Travel	6,562	977	860	2,211	186	10,796	6,434	17,230	505
Committee, meeting and conference	3,485	417	369	924	73	5,268	2,853	8,121	3,730
Exam development and program operations	21,880	5,776	265	133	2,811	30,865	765	31,630	594
Publications	8,631	3,580	246	22	1	12,480	166	12,646	276
Marketing	947	581	3,065	30	119	4,742	2,839	7,581	43
IT costs	4,795	2,065	2,682	6	246	9,794	33,299	43,093	33
Grants and contracts expense	1,188	42	1,095	1,322	3	3,650	870	4,520	-
Occupancy costs	323	202	70	119	968	1,682	24,980	26,662	-
Depreciation and amortization expense	10,682	3,708	3,648	9	329	18,376	5,402	23,778	-
Chargebacks	15,259	66,579	54,701	1,445	52	138,036	(138,546)	(510)	510
	<u>\$ 380,432</u>	<u>\$ 230,514</u>	<u>\$ 100,417</u>	<u>\$ 22,606</u>	<u>\$ 11,205</u>	<u>\$ 745,174</u>	<u>\$ 213,464</u>	<u>\$ 958,638</u>	<u>\$ 8,047</u>

6. Pension and Other Retirement Benefits Organization

The Board has a defined contribution retirement 401(a) plan through Teachers Insurance and Annuity Association ("TIAA") covering substantially all employees. The Board contributes a percentage of each eligible employee's base salary to the plan after a contribution has been made by the employee to a separate, tax-deferred annuity 403(b) plan. Pension costs are funded as accrued. Benefits under the plan vest according to plan provisions. Pension expense amounted to \$26,987 and \$25,480 for the years ended December 31, 2024 and 2023, respectively.

The Board has an active 457B deferred compensation plan which is offered to select management. The employee contributions are capped at the annual Federal limit for deferred compensation. The assets related to this plan are included in deferred charges and other assets in the consolidated statements of financial position and amounted to \$8,687 and \$7,638 as of December 31, 2024 and 2023, respectively. The assets primarily consist of money market funds and other marketable securities which are considered Level 1 based on the fair value hierarchy described in Note 3. The liabilities that relate to these plans are included in other long-term liabilities.

College Board
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

(in thousands of dollars)

In addition to providing pension benefits, the Board provides certain health care and life insurance benefits for retired employees who meet certain minimum age and length of service requirements. These postretirement benefits are accounted for on an accrual basis as employees render services.

The following table provides a reconciliation of the changes in the plan's benefit obligation and a statement of the funded status of the plan as of December 31, 2024 and 2023:

	2024	2023
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 40,877	\$ 36,107
Service cost	524	558
Interest cost	2,117	1,980
Participant contributions	805	844
Actuarial (gain) loss	(2,920)	3,289
Benefits paid	<u>(1,765)</u>	<u>(1,901)</u>
Benefit obligation at end of year	<u>\$ 39,638</u>	<u>\$ 40,877</u>
Funded status		
Unfunded status at end of year	\$ 39,638	\$ 40,877

Net periodic postretirement benefit cost for the years ended December 31, 2024 and 2023 includes the following components:

	2024	2023
Service cost	\$ 524	\$ 558
Interest cost	2,117	1,980
Actuarial loss	<u>(97)</u>	<u>(636)</u>
Net periodic postretirement benefit cost	<u>\$ 2,544</u>	<u>\$ 1,902</u>

	2024	2023
Amounts recognized in net assets without donor restrictions		
Net actuarial gain	<u>\$ (7,722)</u>	<u>\$ (4,899)</u>
Amounts recognized in net assets without donor restrictions	<u>\$ (7,722)</u>	<u>\$ (4,899)</u>

College Board
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

(in thousands of dollars)

	2024	2023
Change in net assets without donor restrictions		
Actuarial (loss) amortized during the year	\$ (97)	\$ (636)
Actuarial (gain) loss	<u>2,920</u>	<u>(3,289)</u>
Total change in net assets without donor restrictions	<u>\$ 2,823</u>	<u>\$ (3,925)</u>

Assumed discount rates have a significant effect on the amounts reported, and changes in the discount rate from year to year can result in material fluctuations in the amounts reported.

	2024	2023
Assumptions and dates used for accrued postretirement benefits		
Discount rate	5.78 %	5.27 %
Current year medical trend	6.50 %	7 %
Ultimate year medical trend	5 %	5 %
Year of ultimate medical trend rate	2031	2031
Current year dental trend	5 %	5 %
Ultimate year dental trend	5 %	5 %
Year of ultimate dental trend rate	2024	2023
Measurement date	12/31/2024	12/31/2023
Census date	1/1/2024	1/1/2023
Assumptions used to determine expense		
Discount rate	5.27 %	5.60 %
Current year medical trend	6.75 %	6.75 %
Ultimate year medical trend	5 %	5 %
Year of ultimate medical trend rate	2031	2031
Current year dental trend	5 %	5 %
Ultimate year dental trend	5 %	5 %
Year of ultimate dental trend rate	2023	2022

The expected benefits to be paid in each of the next five fiscal years and in the aggregate for the five fiscal years thereafter are:

2025	\$ 1,633
2026	1,854
2027	2,087
2028	2,278
2029	2,463
2030 through 2034	14,691

The employer contribution for the fiscal year ending December 31, 2025 is projected to be \$943.

College Board

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of dollars)

7. Leases, Commitments and Contingencies

Leases and Commitments

The Board leases certain office spaces (“real estate”), as well as other equipment, which expire at various dates through 2034. Occupancy costs relating to these operating leases amounted to \$20,065 and \$20,319 in fiscal years 2024 and 2023, respectively. The Board considers various factors such as market conditions and the terms of any renewal options that may exist to determine whether we may renew or replace a real estate lease. Real estate agreements often include renewal options, either at fixed rents or subject to a fair value assessment at the time of exercise. Real estate renewal options are included in the measurement of right of use asset and lease liabilities when the exercise of such options is reasonably certain. Equipment renewal options are excluded from the lease term because they are not reasonably certain to be renewed due to rapid technology changes. There is generally no readily determinable discount rate implicit in the Board’s leases. Accordingly, the Board uses the Risk-Free Rate throughout the terms of the lease, unless there is a lease modification, at which time, the rate may be updated with a more current Risk-Free Rate.

The Board includes the following as lease components when determining its real estate lease payments: fixed rent, predetermined rent escalations, rent-free periods, and certain incentives for leasehold improvements. The Board recognizes rent expense on a straight-line basis over the related terms of such leases, beginning from when the Board takes possession of the asset. Variable rents resulting from adjustments to consumer price indices are recorded in the periods such amounts are adjusted and determined. Variable expenses are considered nonlease components and are expensed as incurred.

Equipment lease agreements, contain one fixed payment amount associated with the lease of the equipment, as well as maintenance, repairs, customer support, and training. Expense is recognized on a straight-line basis over the related terms of such agreements.

In accordance with ASC 842 *Leases*, lease liabilities are initially and subsequently measured at the present value of the remaining lease payments. The right of use assets are initially recognized at the amount of the lease liabilities initially recognized less lease incentives received, plus initial direct costs and prepaid lease payments, if any. The Board will not apply recognition requirements to short-term leases, terms less than 12 months, and instead recognize lease expense for such leases on a straight-line basis over the lease term. Note, there are leases at the initial measurement date that will be expiring in less than a year that either do not have a renewal option or if there is a renewal option the Board is reasonably certain it will not be exercised.

College Board
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

(in thousands of dollars)

The following table reconciles the undiscounted cash flows expected to be paid in each of the next five years and thereafter to the lease liability recorded on the consolidated statement of financial position for operating leases existing as of December 31, 2024 (in thousands):

Years ending December 31,		
2025		\$ 22,625
2026		22,938
2027		22,850
2028		22,837
2029		22,209
Thereafter		<u>95,185</u>
		208,644
Less: Imputed interest		<u>(17,096)</u>
Present value of lease liabilities		191,548
Less: Current portion of lease liabilities		<u>(19,211)</u>
Long-term lease liabilities, net of current portion		<u>\$ 172,337</u>

Certain leases are subject to escalation clauses relating to increases in building operating expenses, real estate taxes and utilities. Minimum lease commitments after 2034 include nothing associated with renewal options that are reasonably certain to be exercised.

The Board's operating and finance leases costs recorded in the consolidated statement of operations for the years ended December 31, 2024 and 2023 are as follows:

	Statement of Activities Classification	2024	2023
Lease Cost			
Finance lease cost			
Amortization of right of use assets	Depreciation and amortization	\$ 38	\$ 45
Interest on finance lease obligations	Interest	-	1
Operating lease cost	Occupancy costs	18,672	18,847
Operating lease cost	Furniture, office expenses and other	<u>40</u>	<u>625</u>
Total lease cost		<u>\$ 18,750</u>	<u>\$ 19,518</u>

College Board
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

(in thousands of dollars)

The following table includes other information related to the Board's operating and finance leases as of and for the years ended December 31, 2024 and 2023:

	2024	2023
Other Information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	\$ 24,558	\$ 24,805
Operating cash flows for finance leases	23	71
Weighted-average remaining lease term		
Operating leases	9 years	10 years
Finance leases	-	1 year
Weighted-average discount rate		
Operating leases	7.38 %	8.16 %
Finance leases	0.00 %	2.28 %

The Board subleases certain office space to third parties, for which office space sublease rental income was \$8,279 and \$6,506 for 2024 and 2023, respectively. The signed sublease arrangements resulted in \$2,166 and \$9,220 for disposals of property and equipment for 2024 and 2023, respectively.

The Board has committed operating lines of credit not to exceed \$50,000, and another irrevocable standby letter of credit for \$710, with variable interest rates. At December 31, 2024 and 2023, there were no balances outstanding under these lines. The Board was in compliance with the financial covenants related to the line of credit at December 31, 2024 and 2023.

Certain private equity and real estate funds are subject to periodic capital calls over the life of the funds, as determined by the funds' management. The Board is committed to fund \$253,728 and \$211,307 of additional capital to private equity and real estate funds as of December 31, 2024 and 2023, respectively; these commitments are callable over the next 12 years.

Contingencies

There are various lawsuits and claims pending against the Board which arise in the ordinary course of business. In the opinion of management, claims and lawsuits pending against the Board will not have a material effect on the Board's consolidated financial position, activities, or cash flows.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	2024	2023
Educational/public service	<u>\$ 1,688</u>	<u>\$ 1,474</u>
	<u>\$ 1,688</u>	<u>\$ 1,474</u>

College Board
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

(in thousands of dollars)

Net assets with donor restrictions were released from restrictions during the year ended December 31 in fulfillment of the following purposes:

	2024	2023
Educational/public service	<u>\$ 3,880</u>	<u>\$ 5,525</u>
	<u>\$ 3,880</u>	<u>\$ 5,525</u>

9. Subsequent Events

The Board has evaluated subsequent events through the issuance of these consolidated financial statements on May 21, 2025, which is the date the consolidated financial statements were available to be issued. On January 2, 2025, College Board entered into a new lease agreement for its headquarters in New York. This new lease will increase Right of Use Assets by \$17,868 and Lease Liabilities by \$23,999.

College Board

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

Federal Grantor/ Pass-Through / Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Education				
Trio Cluster				
Educational Opportunity Center	84.066		\$ 1,127,556	\$ -
Total Trio Cluster			1,127,556	-
Pass-through from the State of Ohio Department of Education and Workforce				
Student Support and Academic Enrichment Program	84.424	S424A180036	287,434	-
Total U.S. Department of Education			1,414,990	-
U.S. Department of State				
Overseas Schools Project Advisory Committee	19.023		38,956	-
American Embassy Abu Dhabi	19.021		44,336	-
Total U.S. Department of State			83,292	-
Research and Development Cluster				
National Science Foundation				
Career Kickstart	47.076		189,496	-
Total National Science Foundation			189,496	-
Total Research and Development Cluster			189,496	-
Total Expenditures of Federal Awards			\$ 1,687,778	\$ -

The accompanying notes are an integral part of this Federal Schedule.

College Board
Notes to Schedule of Expenditures of Federal Awards
December 31, 2024

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Federal Schedule") includes the federal grant activity of College Board (the "Board") under programs of the federal government for the year ended December 31, 2024. The information in this Federal Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Federal Schedule presents only a selected portion of the operations of the Board it is not intended to and does not present the financial position, changes in net assets or cash flows of the Board. All Assistance Listing Numbers and passthrough awards' numbers are presented where available and applicable.

2. Summary of Significant Accounting Policies

Expenditures reported in the Federal Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain expenditures are not allowable or are limited as to reimbursement. Additionally, the Board did not pass through any federal funds to subrecipients and thus this information is not applicable to the Federal Schedule.

3. Indirect Cost Rate Agreement

The Board uses a negotiated provisional indirect cost rate of 29.6% for certain awards, except where the award requires a different rate, and therefore the 10% de minimis indirect cost rate, as described in Section 200.414 of the Uniform Guidance is not applicable to the Board.



**Report of Independent Auditors 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 Board of Trustees
College Board

We have audited, 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, the consolidated financial statements of College Board and its subsidiaries (the "Board"), which comprise the consolidated statement of financial position as of December 31, 2024 and the related consolidated statements of activities, of changes in net assets and of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements"), and have issued our report thereon dated May 21, 2025.

Report on Internal Control Over Financial Reporting

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's consolidated 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 consolidated 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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

New York, New York
May 21, 2025



Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance

To the Board of Trustees
College Board

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited College Board's (the "Board") 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 Board's major federal programs, for the year ended December 31, 2024. The Board'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 Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

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 (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, and *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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Board 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 Board'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 Board's federal programs.



Auditors' 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 Board'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 US GAAS, *Government Auditing Standards*, and the Uniform Guidance, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board'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 Board'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 Board's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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



weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

PricewaterhouseCoopers LLP

New York, New York
May 21, 2025

College Board

Schedule of Findings and Questioned Costs

Year Ended December 31, 2024

Section I: Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	_____	Yes	_____ X _____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	_____ X _____	None Reported
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	_____ X _____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	_____ X _____	None Reported
Type of Auditor's report issued on compliance for major programs	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	Yes	_____ X _____	No

Identification of major programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.066	Trio Cluster
84.424	Student Support and Academic Enrichment Program

Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000			
Auditee qualified as low risk auditee?	_____ X _____	Yes	_____	No

Section II: Financial Statement Findings

None noted.

Section III: Federal Award Findings and Questioned Costs

None noted.

College Board
Summary Schedule of Status of Prior Audit Findings
Year Ended December 31, 2024

Section I: Prior Financial Statement Findings

None noted.

Section II: Prior Federal Award Findings and Questioned Costs

None noted.