

ALMICHE & ASSOCIATES

Certified Public Accounting and Business Services

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Stockholder of
Stephens Institute dba Academy of Art University:

We have performed the procedures enumerated below, which were agreed to by Stephens Institute dba Academy of Art University (the University) and the Board of Governors of the University of North Carolina, solely to assist you in determining that the Tuition Guaranty Bond coverage of \$65,632 (effective December 1, 2025) to be maintained by the University is not less than \$10,000 and at least equal to or in excess of the largest amount of unearned tuition recorded at any time during the University's fiscal year ended December 31, 2024, for students of the University residing in North Carolina and enrolled in out-of-state distance education.

The University's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the University's compliance with the bond coverage requirement described above. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and findings are as follows:

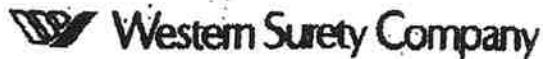
1. Obtained a detail of revenue related to students of the University residing in North Carolina and enrolled in out-of-state distance education for the fiscal year ended December 31, 2024.
2. Identified the highest amount of tuition payments received in advance of earnings for all terms of instruction during the fiscal year ended December 31, 2024 from the detail of revenue.
3. Obtained the Bond (the "Bond Amount").
4. Compared the Bond Amount to the amount identified in #2 above and ensured the Bond Amount was not less than \$10,000 and at least equal to or higher than the amount identified in #2 above.

We were engaged by the University to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance with the bond coverage requirement described above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.



Lake Forest, California
December 24, 2025



TUITION GUARANTY BOND

Bond Number: 73773937

KNOW ALL MEN BY THESE PRESENTS, that we Stephens Institute dba Academy of Art University, as Principal.

and WESTERN SURETY COMPANY, a South Dakota corporation of Sioux Falls, SD, as
(Institution Name) (State) (City) (State)
(Insurance Company) (State)

Surety, are held and firmly bound unto the Board of Governors of the University of North Carolina, as Obligee, in the penal sum of Sixty Five Thousand Six Hundred Thirty Two and 00/100 (\$65,632.00).

(Dollar Amount of Bond)

lawful money of the United States, for the use and benefit of any person(s) having a claim under the conditions of this obligation as required by *North Carolina General Statutes Section 116-15*, the payment of which well and truly to be made we hereby bind ourselves and our heirs, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, the above bounded Principal has agreed that the obligation on this bond shall commence on December 1st, 2025.

(Date)

NOW, THEREFORE, the condition of this obligation is such that, if the above bounded Principal shall well and truly pay, or cause to be paid the penal sum, then this obligation shall be void, otherwise it is to remain in full force and effect for the period of one (1) year, provided however, that the liability of the Surety hereunder may be terminated by giving thirty (30) days written notice thereof, by registered mail to the Obligee.

IN WITNESS WHEREOF, the Principal and Surety have hereunto set their hands and sealed this 12th day of December 20 25.

(Day) (Month) (Year)

Stephens Institute dba
Academy of Art University

Principal


By Elma Stephens
Signature and Title

WESTERN SURETY COMPANY

Surety


By Martin Fox-Foster
Signature and Title Martin Fox-Foster, Attorney in Fact



See Attached Certificate

CALIFORNIA ACKNOWLEDGMENT**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }
County of SAN FRANCISCO }
On DEC. 22, 2025 before me, REY A. GAVIDIA LARIOS, NOTARY PUBLIC
Date REY A. GAVIDIA LARIOS, NOTARY PUBLIC
personally appeared EUNA STEPHENS
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal and/or Stamp Above

Signature RL Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Corporate Officer – Title(s): _____

Partner – Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer is Representing: _____

Signer's Name: _____

Corporate Officer – Title(s): _____

Partner – Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer is Representing: _____

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State of California

County of CONTRA COSTAOn 12.12.28

Date

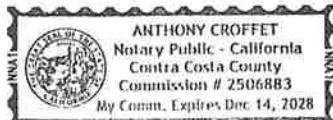
before me,

Anthony Croffet / Notary Public
Here Insert Name and Title of the Officer

personally appeared MARTIN FOX-FOSTER

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Place Notary Seal and/or Stamp Above

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Anthony Croffet*

Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Signer's Name: _____

 Corporate Officer – Title(s): _____ Corporate Officer – Title(s): _____ Partner – Limited General Partner – Limited General Individual Attorney in Fact Individual Attorney in Fact Trustee Guardian or Conservator Trustee Guardian or Conservator Other: _____ Other: _____

Signer is Representing: _____

Signer is Representing: _____

Western Surety Company

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That WESTERN SURETY COMPANY, a corporation organized and existing under the laws of the State of South Dakota, and authorized and licensed to do business in the States of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, and the United States of America, does hereby make, constitute and appoint

Martin Fox-Foster of Sacramento,
State of California, with limited authority, its true and lawful Attorney-in-Fact, will full power and authority hereby conferred to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, the following bond:

One Proprietary School
bond with bond number: 73773937
for Stephens Institute dba Academy of Art University
as Principal in the penalty amount not to exceed: \$ 65,632.00.

Western Surety Company further certifies that the following is a true and exact copy of Section 7 of the by-laws of Western Surety Company duly adopted and now in force, to-wit:

Section 7. All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile.

This Power of Attorney may be signed by digital signature and sealed by a digital or otherwise electronic-formatted corporate seal under and by the authority of the following Resolution adopted by the Board of Directors of the Company by unanimous written consent dated the 27th day of April, 2022:

"RESOLVED: That it is in the best interest of the Company to periodically ratify and confirm any corporate documents signed by digital signatures and to ratify and confirm the use of a digital or otherwise electronic-formatted corporate seal, each to be considered the act and deed of the Company."

In Witness Whereof, the said WESTERN SURETY COMPANY has caused these presents to be executed by its Vice President with the corporate seal affixed this 12th day of December, 2025.

ATTEST



L. Bauder, Assistant Secretary

WESTERN SURETY COMPANY

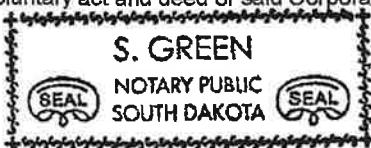


Larry Kasten, Vice President

STATE OF SOUTH DAKOTA }
COUNTY OF MINNEHAHA } ss

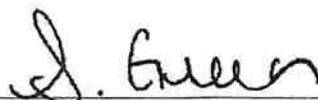


On this 12th day of December, 2025, before me, a Notary Public, personally appeared Larry Kasten and L. Bauder who, being by me duly sworn, acknowledged that they signed the above Power of Attorney as Vice President and Assistant Secretary, respectively, of the said WESTERN SURETY COMPANY, and acknowledged said instrument to be the voluntary act and deed of said Corporation.



My Commission Expires February 12, 2027

To validate bond authenticity, go to www.cnasurety.com > Owner/Obligee Services > Validate Bond Coverage.



Notary Public