



Woolf University
Consolidated Financial Report

October 24, 2024

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1. Mission and Financial Strategy

Financial sustainability is essential if Woolf is to fulfill its ambitious mission and achieve its aim of conducting research and teaching at international standards of excellence. As set out in the Mission Statement, “Woolf exists to promote academic excellence, broaden access to higher education, and guard values that are humane, democratic, and international. Above all, Woolf values freedom of thought, freedom of enquiry, and freedom of expression.” And additionally, “In all things, Woolf values excellence and measures itself against the highest international standards. Woolf seeks to raise those standards further.”

These aims require strategic investments in the systems that will support Woolf as a younger institution to develop and grow its research outputs and maintain the highest standards of quality.

2. Consolidated Financial Report

2.1 Statement of Revenues and Expenses

Woolf’s Gross Profit has remained healthy and at the start of the period Woolf had a large cash balance. In the period 2021-2022, the University invested substantial amounts in its long-term development plans, thereby increasing its capital expenses above its Gross Profit. These discretionary investments have been justified by Woolf’s strong Balance Sheet (since the investments were made out of Woolf’s existing cash savings). These investments have led to accelerating revenue growth in 2023, even as those capital expenditures are scheduled to decrease.

| USD thousand | 2021 | 2022 | 2023 | Total |
|---|----------------------|----------------------|----------------------|----------------------|
| Income | | | | |
| Collegiate Instructional Design Support | \$ 11.70 | \$ 22.05 | \$ 51.75 | \$ 85.50 |
| Collegiate Student Tuition Fee Sharing | \$ 0.64 | \$ 149.47 | \$ 788.70 | \$ 938.81 |
| Collegiate Quality Management Fees | \$ 145.55 | \$ 126.53 | \$ 517.58 | \$ 789.66 |
| Total Income | \$ 157.89 | \$ 298.05 | \$ 1,358.03 | \$ 1,813.97 |
| Direct Costs | | | | |
| Technology Hosting Fees | \$ 19.23 | \$ 51.70 | \$ 58.76 | \$ 129.69 |
| Total Direct Costs | \$ 19.23 | \$ 51.70 | \$ 58.76 | \$ 129.69 |
| Gross Profit | \$ 138.67 | \$ 246.35 | \$ 1,299.26 | \$ 1,684.28 |
| Expenses | | | | |
| Total Expenses | \$ 1,590.51 | \$ 2,965.81 | \$ 2,859.13 | \$ 7,415.45 |
| Net Operating Income | \$ (1,451.84) | \$ (2,719.46) | \$ (1,559.87) | \$ (5,731.17) |
| Other Income | | | | |
| External Grants Awarded | \$ 4.43 | \$ - | \$ - | \$ 4.43 |
| Investments Dividends | \$ - | \$ 29.88 | \$ 92.04 | \$ 121.92 |
| Total Other Income | \$ 4.43 | \$ 29.88 | \$ 92.04 | \$ 126.35 |
| Other Expenses | | | | |
| Total Other Expenses | \$ 5.80 | \$ 46.81 | \$ 93.22 | \$ 145.83 |
| Net Other Income | \$ (1.37) | \$ (16.94) | \$ (1.17) | \$ (19.48) |
| Net Income | \$ (1,453.21) | \$ (2,736.40) | \$ (1,561.04) | \$ (5,750.65) |

2.2 Balance Sheet

Balance Sheet

| USD thousand | 2023 |
|-------------------------------------|-----------------|
| ASSETS | |
| Total Current Assets | \$ 2,197 |
| Fixed & Other Assets | \$ 11 |
| TOTAL ASSETS | \$ 2,208 |
| LIABILITIES AND EQUITY | |
| Total Liabilities | \$ 323 |
| Equity | |
| Equity | \$ 7,883 |
| Retained Earnings | \$ (4,438) |
| Net Income | \$ (1,561) |
| Total Equity | \$ 1,885 |
| TOTAL LIABILITIES AND EQUITY | \$ 2,208 |

3. Financial Sustainability

3.1 Technology and cost reduction

Woolf's primary discretionary expenditures have been in technology designed to reduce the administrative costs of operating the institution, and these investments have been successful in reducing the headcount and other costs required to manage the institution's academic administration. In particular, Woolf has developed a unique Accreditation Management System which uses software-based policies to enforce the Quality Assurance Policy of Woolf. This system provides comprehensive coverage of almost all academic processes of the institution, including near real-time streams of all student learning activities benchmarked against approved course curriculum and requirements.

This is in line with the Woolf Mission, "To the extent that existing or new technologies can improve the educational outcomes for students, widen access to the Woolf global network, improve the career experience of academics, better secure credible governance, lower the costs of institutional management, and generally support the mission of Woolf – these are embraced."

3.2 Sources of Woolf Revenue

In the period, Woolf had substantial income from its technology services, including both financing and the sale of Woolf software services to non-Woolf universities. Woolf has secured some income from grants, and currently supports faculty pursuing grants. Woolf has income from student tuition fees, and Woolf expects this income to be the highest growth area over the next year.

3.2.1 Support from Woolf technologies

Woolf's unique, patent-pending technology for reducing university administrative costs is handled by the parent entity Woolf Inc., which was most recently valued at \$30m million. In addition to using this technology to reduce Woolf's academic operating expenses, the technology has also generated \$250k in sales to non-Woolf universities in a closed trial.

Equity financing in Woolf's technology of \$7.9m has been set aside to be used to support the creation of the University itself and will continue to be used to invest in its growth until grants and student tuition fees exceed the budgetary requirements. Further equity financing may be used.

3.2.2 External Academic Grants

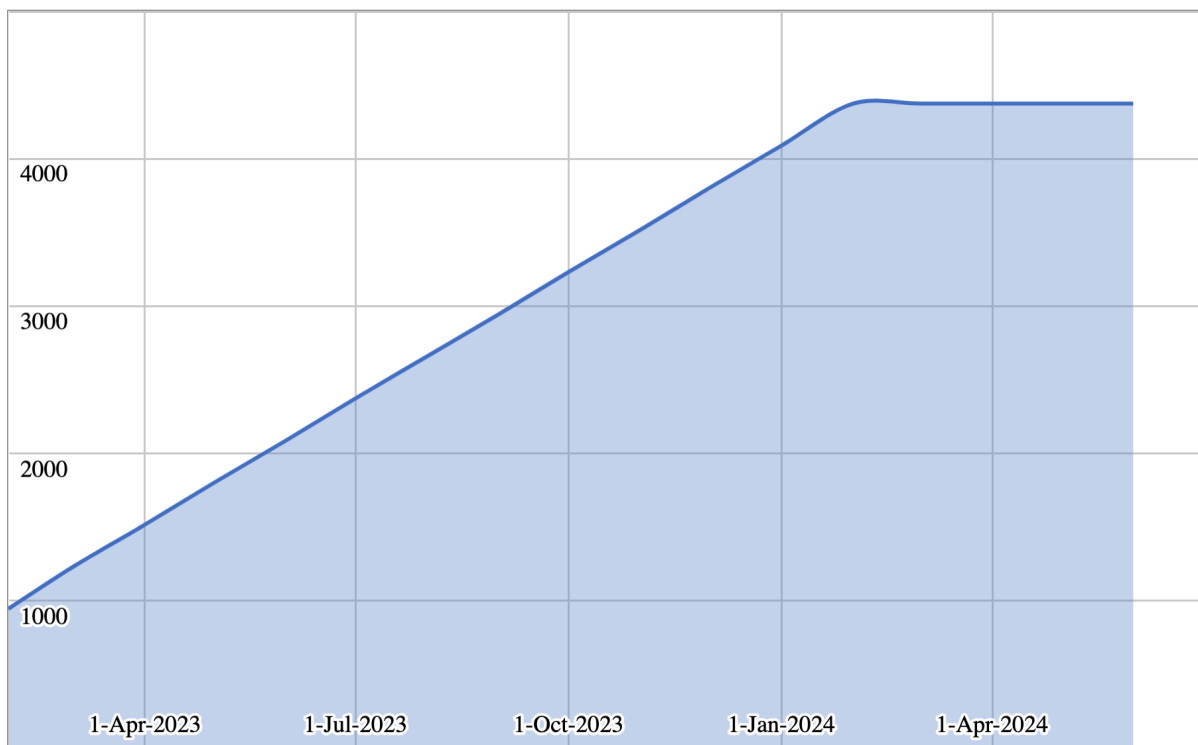
During the 2023-2026 period, in line with the Woolf Research Strategy, Woolf will seek to establish a Grants Office to secure external funding for academic research. Woolf will also

evaluate the formation of a central fund for awarding scholarships and stipends to staff and students engaged in research.

3.2.3 Student Tuition Fees

Student tuition fees are a growing proportion of Woolf’s revenue. As a relatively young institution, Woolf’s enrollment numbers are continuing to grow in line with new programs. Across 3 unique degree offerings, Woolf currently has 2,759 students. Woolf is currently offering monthly enrollments in some MS degrees which last 18 months, and because these have only been offered for 12 months from August 2022, they will continue to accumulate students until the enrollments from the first month graduates.

Without assuming any acceleration in student enrollments, and without Woolf increasing its degree offerings, at the current average rate of enrollments of 285.4 new students per month, the student population will grow to 4,372 students and then flatten out as the initial cohorts begin to graduate. This is shown in the chart below.



However, a plateauing of student numbers is unlikely insofar as the rate of monthly enrollments has been accelerating. Moreover, the addition of further programs is planned in existing areas including deepening Woolf’s offerings in Computer Science, Business, and the Humanities, and as set out in the 2023-2026 Research strategy, in new areas as well. With these considerations in view Woolf will seek to grow its student population to just under 6,000 students by 2026, with monthly enrollments of 400 students.

3.3 Protection for Woolf Student Progression

Woolf has a duty of care to its students, and it is important that both the institution as a whole and specific programs are able to support their students to the completion of their studies. It is also necessary that students have continued support after the completion of their studies. This has both financial and operational solutions. The considerations here are set out here in the context of Woolf's overall financial sustainability, which takes into account the requirements of this duty of care.

Woolf's Gross Profit relative to its Direct Costs means that the marginal addition of students to the overall institution is economically beneficial because Woolf is operating sustainably. Woolf negative net income results primarily from extensive software infrastructure research and development.

3.3.1 Collegiate Redundancy

Woolf is rigorously selective in the creation or admission of new colleges, and Woolf continuously holds all colleges to the same standards, as set out in the Quality Assurance Policy. In addition, Woolf has strategically sought to ensure that there is collegiate redundancy within a subject area so that students have a collegiate choice when selecting a degree, and so that, in the rare event a collegiate home is not socially suitable, or a college becomes unable to support the completion of a degree, an alternative college is available to continue supporting the student's progress.

3.3.2. Collegiate Right to Offer Degrees, Redundancy Within Degrees

Woolf limits the rights of colleges to offer degrees. The Quality Assurance, Enhancement, and Technology Alignment Committee (QAETAC) must determine that the college has the structures and processes in place to fulfill its duty of care to the students. Woolf has additional stipulations for colleges seeking to offer undergraduate degrees, including the following:

1. ≥ 10 teaching staff on the degree
2. ≥ 2 teaching staff available for every course required for degree completion – resulting in a sequence of courses with no single point of failure leading to a degree outcome

3.3.3 Teach-Out Period

In the event that a degree program stops enrolling students for any reason, it enters into a teach-out period. During the teach-out period, the program cannot accept external students but all students within the program are able to continue their studies with full support.

3.3.4. Retention of Records

In line with Woolf's Technology Security Policy, Woolf has planning and resources in place to maintain records of sensitive personal data, and it does so with data standards meant to

provide data availability for a minimum of forty (40) years. Woolf uses archival grade record keeping practices.

Woolf has an appointed Data Protection Officer (DPO) and staff members that interact with personally identifiable information must be trained as Data Officers, approved by the DPO, and provided with limited access controlled by continuous DPO authorization.

Students are not only provided with continuous access to their own records by logging in to woolf.education, but students, or third-parties at the request of students, may write directly to the Registrar for access to their records.

4. Key Areas of Investment

4.1 Investments in the 2021-2022 Period

1. During the 2021-2022 period, Woolf invested \$800k in the fundamental technologies and software used in its Accreditation Management System, which is designed to reduce the administrative costs of operating a university while providing a university with quality assurance techniques that meet and exceed international expectations. Groundbreaking work was completed, leading to patent-pending technologies.
2. Woolf spent over \$300k in direct and indirect support for its colleges with instructional design for over 20 degree programs in Computer Science, Data Science, Philosophy, Classics, Theology, History, Linguistic and Translation Studies, and Business. These initial costs were partially offset by fees paid by colleges for the services.
3. Woolf provided extensive administrative support to all colleges ensuring not only their continued compliance, but directly supporting a broad range of student queries, registrar services.

4.2 Investments in the 2023-2026 Period

1. During the 2023-2026 period, Woolf plans to invest more than \$2m in the Accreditation Management System, Woolf's proprietary software systems that manages quality assurance across the institution.
2. Woolf plans to invest over \$1m in directly supporting its colleges in fulfillment of the 2023-2026 Woolf Research Strategy, including expanding the number of degrees offered from 20 to 40, creating a New Ventures Office and a Research Grant Office, and launching a peer-reviewed academic press (tentatively entitled Woolf University Press, pending permission for use of the word 'University').

5. Legal and Collegiate Structure

5.1. Consolidated and Non-Consolidated Accounts

In present accounting practices, Woolf conducts consolidated reporting for Woolf Education Ltd and Woolf Inc. because Woolf Inc. is the sole shareholder of Woolf Education Ltd and invests heavily in its support; this is currently the case even though Woolf Education Ltd exercises separate managerial control from Woolf Inc. through its own governance board (and thereunder, through the Quality Assurance Policy) from Woolf Inc.

Woolf does not consolidate or include collegiate accounts in financial reporting and considers these to be off balance sheet. Like colleges at Oxford, which are not consolidated for accounting purposes, each Woolf college is permitted to be legally incorporated as an independent entity with its own bank account. Woolf maintains visibility into the financial transactions related to all student enrollments, including tuition fees, scholarships, and refunds, which are tracked in Woolf's Accreditation Management System. Only the portion which is allocated to central administration is recognized as revenue by Woolf. This typically represents between 4%-15% of student tuition, depending on the specific program.

5.2 Academic Freedom

Woolf considers its collegiate model and the democratic polity of the Faculty Council to be key safeguards to academic freedom. As stated in Woolf's Mission Statement, "Woolf's collegiate organization strengthens the institution through diversity, competition, and loyalty. Colleges bear responsibility for the support of their members, including both faculty and students."