



INMAN ADMISSIONS WELCOME CENTER

# Financial & Audit Report

May 31, 2024 & 2023



ELON UNIVERSITY



## CONTENTS

FINANCIAL OVERVIEW 2023 - 2024.....	2
MANAGEMENT STATEMENT OF RESPONSIBILITY.....	4
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS.....	5
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position.....	9
Consolidated Statements of Activities .....	10
Consolidated Statements of Cash Flows.....	12
Notes to Consolidated Financial Statements.....	13
OTHER FINANCIAL INFORMATION (not subjected to auditing procedures)	
Tuition and Fees, Food and Housing 2016-2025 .....	43
Student Enrollment 2015-2024 .....	44
Student Selectivity 2016-2025 .....	45
Endowment Market Value 2015-2024.....	46
Net Assets and Liabilities 2015-2024.....	47

ELON UNIVERSITY  
FINANCIAL OVERVIEW 2023-2024

We are pleased to share the continued strong financial results of another productive year at Elon University. The institution's financial strength is indicative of accomplishments in all of its programs. Some of these are detailed below.

<https://www.elon.edu/u/fa/financial-reports-audits/>

The 2023-2024 academic year was marked by major progress in Elon University's decade-long Boldly Elon strategic plan. In September 2023, Elon made the historic announcement of the new Charlotte Regional Center, including a new part-time flex law program – an extension of the existing Elon Law program headquartered in Greensboro, North Carolina. The program received approval from the American Bar Association in December 2023 and the inaugural class begins studies in fall 2024. The Elon facilities in Charlotte also support undergraduate StudyUSA programs, including students in the sport management major, and other university programs and events.

This academic year also marked significant progress on a range of programs in support of Elon's initiative on student mentorship. A 35-member Mentoring Design Team led several pilot projects and adopted a "meaningful relationships framework" that will help students gain skills in forming bonds with mentors from their first day on campus. Among the initiatives are a First-Year Mentoring Learning Outcomes Pilot, the Phoenix Mentors peer mentoring program, pilot programs for graduate students and student advising, a support system for historically underrepresented minority students, and revising Elon's Teacher-Scholar Statement into a Teacher-Scholar-Mentor Statement that formally adopts mentorship as a core principle for faculty.

With a commitment to innovation, Elon took an international leadership role on the impact of artificial intelligence in higher education. Elon staff and faculty coordinated the creation of a position statement on higher education and AI that was released in October 2023, at the United Nations Internet Governance Forum in Kyoto, Japan. The statement received support from more than 140 higher education organizations, administrators, researchers and faculty members from 48 countries. Then in March 2024, Elon hosted a successful webinar on AI in higher education and in August 2024, Elon is partnering with the American Association of Colleges and Universities in the release of a comprehensive student guide to navigating college in the AI era. The guide will be distributed to colleges and universities worldwide.

Elon has appointed a faculty director of artificial intelligence integration and is coordinating a campus-wide effort to study AI and implement these transformational technologies in the classroom and in a wide range of academic support programs and campus operations. These efforts are also integrated with Elon's Data Nexus initiative, a university-wide quality enhancement effort that is preparing all students with the knowledge and skills required for working with data during and after their college experience.

In line with Elon's national leadership in student success, several special initiatives are underway to further improve Elon's student retention, persistence and graduation. The new position of Assistant Dean for Student Success and Retention was created, along with the Student Success and Retention Advisory Committee. Elon has adopted the Slate for Student Success platform, which allows advisors to immediately recognize advisees in need of focus and support. More than 250 data points are monitored, allowing the university to target resources in support of student persistence.

Elon continues its remarkable record of national recognition in leading college guides. For the third straight year, the U.S. News & World Report "Best Colleges" guide ranked Elon #1 in the nation for undergraduate teaching, based on its annual survey of higher education leaders. Elon was also ranked the nation's #13 "most innovative" university, and for the ninth straight year, Elon was the national leader in the U.S. News "Programs to Look For" feature that ranks universities on eight academic programs that are linked to student success.

ELON UNIVERSITY  
FINANCIAL OVERVIEW 2023-2024

In 2024, Elon also earned top-25 national recognitions by Princeton Review in seven categories, including being named the #8 “Best-Run” College, the #9 university for internships and #13 for best career services. Princeton Review also named Elon one of the nation’s “Best Value” colleges, with a recommendation for students seeking a great education with excellent career preparation at a relatively affordable price. In addition, Poets&Quants, a leading business education publication, named Elon among the nation’s top 40 undergraduate business schools.

Elon’s enrollment picture remains strong. Total enrollment of 7,207 undergraduate and graduate students in 2023-2024 was an all-time record and the total number of first-year student applications, at 18,775, was the most ever. Freshman enrollment for fall 2024 is projected to reach targets in a year that has been marked by considerable turmoil nationally because of the difficulties with the federal FAFSA financial aid system. The academic credentials of the fall 2024 enrolling undergraduate class are impressive, with a record number of applicants to Elon’s Fellows, Scholars and accelerated programs.

Phoenix Athletics continues to set the pace in academic progress ratings (APR) for student-athletes. All 17 sports at Elon have multi-year APR rates of 980 or above and 14 teams has perfect single-year rates. This year also marked new investments in mental health, physical health and nutritional support programs for student-athletes. In spring 2024, Elon hosted the Coastal Athletic Association’s Outdoor Track and Field and Women’s Tennis championship tournaments.

Elon continues to invest in campus facilities, which are consistently ranked as one of the nation’s finest environments for learning. Opening in fall 2024 are a new residence hall and commons building in the East Residential Neighborhood, while six small, unique residential homes are set to debut as the Eco Village Living Learning Community on the university’s Loy Farm, providing housing for students focused on sustainable living. In the Historic Residential Neighborhood, renovation is being completed in summer 2024 on Hook, Brannock and Barney halls. New academic facilities are being completed in the Francis Center for the School of Health Sciences, and adjacent to the building are new courts for basketball and pickleball. Planning is also underway for a new on-campus childcare center. Meantime, planning, design and fundraising are moving ahead on the HealthEU Center, a comprehensive health and wellness facility to be located on the east end of the campus Innovation Quad. The building will include a new aquatics center, sports courts, an indoor jogging track and climbing facilities, and a wide range of facilities for campus recreation, fitness, counseling services and academic programs.

All major financial indicators moved in a favorable direction this past year, which is detailed in the following pages. Highlights include an increase in net assets of \$71 million and an ending endowment value of \$366 million as of May 31, 2024

Connie Ledoux Book  
President

Janet Williams  
Vice President for Finance and Administration and Chief Financial Officer



ELON UNIVERSITY  
MANAGEMENT STATEMENT OF RESPONSIBILITY

The management of Elon University has prepared the accompanying consolidated financial statements in accordance with generally accepted accounting principles and is responsible for their integrity, objectivity and fair presentation.

The management of Elon University maintains a system of internal control designed to provide reasonable assurance, on a cost-effective basis, that assets are safeguarded, transactions are executed in accordance with management's authorization and financial records are reliable for preparing financial statements. This system of control provides reasonable assurance that errors or irregularities that could be material to the consolidated financial statements are prevented or detected within a timely period. Key elements in the system include the communication of policies and procedures, selection and training of qualified personnel, and organizational arrangements that provide an appropriated division of responsibility. Management believes that, as of May 31, 2024 and 2023, Elon University's system of internal control was adequate to accomplish the objectives discussed herein.

Elon University's Board of Trustees addresses its oversight responsibility for the consolidated financial statements through its Audit Committee, which is composed of Trustees who are independent of Elon University management. The Audit Committee meets at least three times annually with the university management and independent auditor to review matters relating to financial reporting, auditing and internal control. To ensure auditor independence, the independent auditor has full and free access to the Audit Committee during the meetings both with management present and in executive session without management present.

The independent accounting firm is engaged to audit, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Elon University. The auditor was given unrestricted access to all financial records and related data including minutes of all meetings of the Board of Trustees and its committees. All representations made to the independent auditor by university management during the audit were true and accurate and to the best of their knowledge and belief.

Connie Ledoux Book  
President

Janet Williams  
Vice President for Finance and Administration and Chief Financial Officer



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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Trustees of  
Elon University

**Report on the financial statements****Opinion**

We have audited the consolidated financial statements of Elon University (a nonprofit North Carolina organization) (and subsidiaries) (collectively, the "University"), which comprise the consolidated statements of financial position as of May 31, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of May 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 audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the 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 University's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

**Auditor's responsibilities for the audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS 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 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

#### **Other information**

Management is responsible for the other information included in the annual report. The other information comprises The Financial Overview 2023-2024, Management Statement of Responsibility and accompanying graphs of tuition and fees, housing and food 2016-2025, student enrollment 2015-2024, student selectivity 2016-2025, endowment market value 2015-2024, and net assets and liabilities 2015-2024, but does not include the consolidated financial statements and our auditor's report thereon. Our opinions on the consolidated financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.



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

*Grant Thornton LLP*

Boston, Massachusetts  
September 24, 2024

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ELON UNIVERSITY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
May 31, 2024 and 2023

	2024	2023
ASSETS:		
Cash and cash equivalents	\$ 39,917,089	\$ 52,971,768
Accounts receivable, net	4,199,251	4,238,296
Prepaid expenses and other assets	7,531,455	3,034,308
Deposits with bond trustee	17,420,011	6,920,213
Contributions receivable, net	465,080	628,991
Investments	576,328,200	512,115,782
Loans to students, net	945,952	1,145,787
Construction in progress	37,275,752	10,023,967
Property and equipment, net	495,619,382	488,093,098
Right of use assets under operating leases	21,459,418	5,435,119
Right of use assets under finance leases	8,277,138	7,624,293
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Total Assets	\$ 1,209,438,728	\$ 1,092,231,622
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LIABILITIES:		
Accounts payable	\$ 8,647,653	\$ 5,670,333
Accrued liabilities	19,925,957	18,859,720
Student deposits	5,838,175	6,323,237
Deferred revenue	6,461,174	5,909,582
Other liabilities	14,435,731	15,957,789
Operating lease liabilities	22,077,724	5,665,226
Finance lease liabilities	11,015,675	9,992,665
Bonds payable, net	211,928,579	184,798,750
Obligation under interest rate swap agreements	171,178	385,717
U.S. government advances for student loans	630,643	994,712
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Total Liabilities	301,132,489	254,557,731
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NET ASSETS:		
Without donor restrictions		
Undesignated	515,897,838	488,725,722
Designated by the Board for endowment	147,615,192	125,681,063
With donor restrictions	244,793,209	223,267,106
	<hr/>	<hr/>
Total Net Assets	908,306,239	837,673,891
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Total Liabilities and Net Assets	\$ 1,209,438,728	\$ 1,092,231,622
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The accompanying notes are an integral part of these consolidated financial statements.

ELON UNIVERSITY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
For the Year Ended May 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS:			
Revenues and gains:			
Student revenues, net	\$ 291,437,240	\$ -	\$ 291,437,240
Sales and service of auxiliary enterprises	2,497,355	-	2,497,355
Federal grants	1,796,014	-	1,796,014
State grants	2,367,000	3,875	2,370,875
Other grants	1,387,143	5,075	1,392,218
Contributions : cash and other financial assets	2,942,776	11,690,468	14,633,244
Contributions : nonfinancial assets	40,496	-	40,496
Investment return	29,624,408	25,181,599	54,806,007
Gain on disposal of property and equipment	8,194	-	8,194
Athletics	3,832,966	235,796	4,068,762
Other sources	4,016,366	1,508,770	5,525,136
Total Revenues and gains	339,949,958	38,625,583	378,575,541
Net Assets Released From Restrictions	17,099,480	(17,099,480)	-
Total Revenues and gains and other support	357,049,438	21,526,103	378,575,541
Expenses:			
Instruction	140,275,247	-	140,275,247
Student services	57,317,468	-	57,317,468
Auxiliary enterprises	50,343,546	-	50,343,546
Academic support	9,743,617	-	9,743,617
Institutional support	50,477,854	-	50,477,854
Total Expenses	308,157,732	-	308,157,732
Increase (Decrease) in Net Assets before change in value of interest rate swap agreements	48,891,706	21,526,103	70,417,809
Change in value of interest rate swap agreements	214,539	-	214,539
Increase in Net Assets	49,106,245	21,526,103	70,632,348
Net Assets - Beginning of Year	614,406,785	223,267,106	837,673,891
Net Assets - End of Year	\$ 663,513,030	\$ 244,793,209	\$ 908,306,239

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



ELON UNIVERSITY  
CONSOLIDATED STATEMENT OF ACTIVITIES  
For the Year Ended May 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS:			
Revenues and gains:			
Student revenues, net	\$ 277,420,728	\$ -	\$ 277,420,728
Sales and service of auxiliary enterprises	2,567,589	-	2,567,589
Federal grants	1,990,009	-	1,990,009
State grants	2,247,893	-	2,247,893
Other grants	1,210,904	-	1,210,904
Contributions : cash and other financial assets	2,346,366	11,310,099	13,656,465
Contributions : nonfinancial assets	24,980	11,613	36,593
Investment return	6,195,101	2,077,645	8,272,746
Gain on disposal of property and equipment	156,192	-	156,192
Athletics	3,802,212	335,601	4,137,813
Other sources	3,597,296	1,250,811	4,848,107
Total Revenues and gains	301,559,270	14,985,769	316,545,039
Net Assets Released From Restrictions	27,857,164	(27,857,164)	-
Total Revenues and gains and other support	329,416,434	(12,871,395)	316,545,039
Expenses:			
Instruction	130,570,435	-	130,570,435
Student services	52,944,403	-	52,944,403
Auxiliary enterprises	46,193,228	-	46,193,228
Academic support	9,306,502	-	9,306,502
Institutional support	46,403,168	-	46,403,168
Total Expenses	285,417,736	-	285,417,736
Increase (Decrease) in Net Assets before change in value of interest rate swap agreements	43,998,698	(12,871,395)	31,127,303
Change in value of interest rate swap agreements	402,249	-	402,249
Increase (Decrease) in Net Assets	44,400,947	(12,871,395)	31,529,552
Net Assets - Beginning of Year	570,005,838	236,138,501	806,144,339
Net Assets - End of Year	\$ 614,406,785	\$ 223,267,106	\$ 837,673,891

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

ELON UNIVERSITY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
May 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 70,632,348	\$ 31,529,552
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	15,040,090	14,652,793
Amortization of financing right-of-use assets	1,165,897	1,146,081
Amortization of finance lease liability	70,574	34,541
Amortization of operating leases	388,199	34,317
Change in fair value at interest rate swap agreements	(214,539)	(402,250)
Amortization of bond issue costs	58,472	56,457
Contributions of assets - other	(468,299)	(558,829)
Contributions restricted to capital projects	(337,542)	(90,664)
Contributions of assets - endowment	(234,423)	(295,428)
Contributions restricted to endowment	(4,570,893)	(4,463,948)
(Gain) on investments	(54,806,007)	(8,272,749)
(Gain) Loss on disposal of property and equipment	8,194	(156,192)
(Recovery) Provision for bad debt	(212,527)	(972,931)
(Increase) decrease in:		
Accounts receivable	39,045	674,048
Prepaid expenses and other assets	(4,497,147)	303,679
Contributions receivable	376,438	1,426,837
Loans to students	199,835	199,539
Increase (decrease) in:		
Accounts payable	2,977,320	(4,201,036)
Accrued liabilities	1,042,767	722,194
Student deposits	(485,062)	99,835
Deferred revenue	551,592	1,208,042
Other liabilities	(1,522,058)	(1,647,422)
U.S. government advances for student loans	(364,069)	(340,100)
Net cash provided by operating activities	24,838,205	30,686,366
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	15,671,762	37,828,525
Purchases of investments	(24,609,874)	(50,179,193)
Proceeds from disposal of property and equipment	19,929	15,386
Purchases of property and equipment	(49,930,568)	(24,337,566)
Decrease (increase) in deposits with bond trustee	(10,499,798)	16,034,357
Net cash used by investing activities	(69,348,549)	(20,638,491)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bond issuance	37,265,000	-
Principal payments on bonds	(9,989,000)	(9,688,000)
Payments on finance lease obligations	(758,550)	(872,962)
Payments for bond issue costs	(204,643)	(42,018)
Contributions restricted to capital projects	337,542	90,664
Contributions restricted to endowment	4,805,316	4,759,376
Net cash (used) provided by financing activities	31,455,665	(5,752,940)
Net (decrease) increase in cash and cash equivalents	(13,054,679)	4,294,935
Cash and cash equivalents, Beginning of year	52,971,768	48,676,833
Cash and cash equivalents, End of year	\$ 39,917,089	\$ 52,971,768

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



ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

**NOTE 1: Summary of Significant Accounting Policies**

**(a) Organization**

Elon University is a private institution of higher education located in Elon, North Carolina.

**(b) Tax Status**

The university is a not-for-profit organization that is exempt from federal and North Carolina income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

**(c) Consolidation**

Occasionally the university will establish separate entities for use in specific investment transactions. To date, these entities have been limited in form to single-member Delaware limited liability companies (LLC), with the university as the single member. The consolidated financial statements include the accounts of the university and all such single-member LLCs. All inter-organizational balances and transactions have been eliminated.

**(d) Basis of Presentation**

The accompanying consolidated financial statements of the university have been prepared on the accrual basis in conformity with U. S. generally accepted accounting principles (GAAP).

In December 2022, the FASB issued ASU 2022-06, Reference Rate Reform (Topic 848) which extends the period of time financial statement preparers can utilize the reference rate reform guidance set forth in ASC 848. ASC 848 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. During 2023, the university amended all variable rate debt agreements to the Secured Overnight Financing Rate (SOFR) ahead of the sundown for the London Interbank Offered Rate (LIBOR) on June 30, 2023. The financial impact of the change in rates from LIBOR to SOFR is not material.

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13 Financial Instruments-Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments (ASU 2016-13). The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. The CECL Methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The guidance is effective for fiscal years beginning after December 15, 2022 and the University had adopted ASC 326 as of January 1, 2023. Implementation of CECL did not result in a material change to the University’s accounting for receivables.

**(e) Classification of Net Assets**

The accompanying consolidated financial statements have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations. All revenues, gains, and losses that are not restricted by donors are included in this classification. Net Assets Without Donor Restrictions may be designated for specific purposes by actions of the Board of Trustees.

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations as follows: stipulations that will be met either by actions of the university and/or the passage of time, including the portion of time restricted perpetual endowment funds that are subject to an enacted version of the North Carolina Uniform Prudent Management of Institutional Funds Act (UPMIFA) and donor imposed stipulations on net assets that are used for a specific purpose, preserved and not sold or if sold, reinvested in other similar assets. Such assets primarily include the university's permanent endowment funds.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless use is restricted by donor stipulations or by law. Expirations of donor-imposed stipulations that increase one class of net assets and decrease another are reported as a reclassification between applicable classes of net assets (assets released from/to restriction).

**(f) Cash and Cash Equivalents**

Cash and cash equivalents consist of highly liquid investment accounts with original maturities of three months or less. Such assets, reported at fair value, primarily consist of depository account balances, money market funds and accounts. The university maintains its cash and cash equivalents with several financial institutions covered by the Federal Depository Insurance Corporation (FDIC). At various times throughout the year, the university may maintain bank accounts in excess of the FDIC-insured limit. Management believes the risk associated with these bank accounts is minimal.

**(g) Accounts Receivable**

Accounts receivable include obligations from students in the normal course of operations and consist principally of billings for Summer Session I, post graduate programs and summer trips. Student receivables are stated at the amount billed, are uncollateralized and unpaid accounts bear no interest.

Payment for all classes is due on or before registration day of each semester. Students are not allowed to register until payment has been made. The university does not extend credit plans to its students in the normal course of business. These credit plans must be prearranged, and all payments are due before the close of the semester. The total amount included in accounts receivable at May 31, 2024 and 2023 past due 180 days is \$238,735 and \$351,275, respectively. Payments of accounts receivable are allocated to the specific student account.

The carrying amount of accounts receivable is reduced by an allowance for credit losses that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 180 days from the billing date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. The total of the allowance is \$223,522 and \$107,945 at May 31, 2024 and 2023, respectively.

**(h) Deposits with Bond Trustee**

In 2024 and 2023, deposits with bond trustee consisted of unexpended proceeds from the 2021 bond issue and the new 2023 bond issue. These funds are invested in short-term, highly liquid securities and will be used for construction of certain facilities.

**(i) Contributions Receivable**

Contributions receivable are stated at present value, net of an allowance for uncollectible contributions receivable. The allowance is based on management's analysis of specific promises made. Present value is calculated using an 8.5% and 8.25% discount rate at May 31, 2024 and 2023, respectfully.



ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

**(j) Investments**

The university's investments include a diverse portfolio of securities and investment vehicles. The university reports investments in marketable securities with readily determinable fair values and all investments in debt securities at fair value in the Consolidated Statements of Financial Position. Alternative investments, predominately a minority ownership interest in a limited partnership investment fund, are reported at net asset value (NAV) as provided by the investees and in accordance with GAAP. Gains or losses on investments are included in the change in net assets in the accompanying Consolidated Statements of Activities. The university reports its real estate investments at fair value as of the dates the investments are purchased by, donated to the university, or when constructed and are periodically subject to external appraisals. The university's investment in The Inn at Elon is revalued each year and adjusted to fair market value, which is measured based on operations, projected revenue, expected occupancy and other operating metrics.

**(k) Endowment Funds**

The university's endowment includes both board designated and donor restricted funds. The board or donor stipulation that a gift be invested in perpetuity or for a specified term creates an endowment fund. Net appreciation on endowment funds is generally classified in the consolidated financial statements as part of net assets with donor restrictions (for donor restricted funds) or net assets without donor restrictions (for board designated funds) until spent or deemed spent through the spending policy. It is the practice of the university to prudently invest pooled endowment funds consistent with the endowment asset allocation policy approved by the Board of Trustees. The university's spending policy is based on the moving three-year average of the market value of the pooled endowment which equates to a spending policy rate of 5.0% for scholarships and 4.5% for all other endowments as of May 31, 2024 and 2023. See Note 6 for further information.

**(l) Loans to Students**

Loans to students include Federal Perkins and institutional loans which are reported at estimated net realizable amounts.

**(m) Bond Issue Costs**

Bond issue costs have been capitalized and are amortized over the life of the underlying bonds using the straight-line method, which is not materially different than the effective interest method.

**(n) Interest Rate Derivative Agreements**

Cash flows from hedging transactions are classified in the same category as the cash flow of the related hedged item.

**(o) Property and Equipment**

It is the university's policy to capitalize property and equipment valued over \$5,000. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment donated with explicit restrictions on use and contributions of cash that must be used to acquire property and equipment are reported as with donor restrictions. In the absence of donor stipulations regarding how long donated assets must be maintained, the university reports expirations of donor restrictions when the donated or acquired assets are placed in service. The university reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 50 years.

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

Works of art are capitalized by the university at cost, or fair value if donated. As these items are not subject to normal wear or obsolescence, depreciation is not recognized. In the event a collection item is sold, the proceeds from the sale will be used to acquire new collection items or for the care of the existing collection.

Library resources are capitalized at cost, or fair value if donated. Depreciation is recorded using the straight-line method over estimated useful lives.

**(p) Leases**

At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the university's incremental borrowing rate. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the university will exercise that option.

**(q) Revenue Recognition**

Contract Balances

Receivables from student tuition and fees, student housing and food plans are included in the accounts receivable section of the Consolidated Statement of Financial Position. Payment for all classes is due before registration day of each semester. Students are not allowed to register until payment has been made and the university does not extend credit plans to its students in the general course of business. These balances were \$1,083,764 and \$1,320,888 at May 31, 2024 and 2023, respectively. At May 31, student receivable credit balances that relate to future services which will be provided during the summer and fall semesters are reclassified to student deposits in the liability section of the Consolidated Statement of Financial Position.

Sales tax collected on food plans is excluded from net revenues. Collected but unremitted sales tax is included in other liabilities in the Consolidated Statement of Financial Position.

Disaggregation of Revenue

Disaggregated revenue from student tuition and fees, student housing and food plans is disclosed in Note 17. These categories reflect the nature, amount, and timing of these sources of revenue.

Performance Obligations

The university has identified one performance obligation for each revenue stream associated with the provision of educational instruction and other educational services, housing and food plan services. Students simultaneously receive and consume all the benefits provided by the university's performance as the institution provides instruction, housing and food service to the students throughout the academic period. The university recognizes tuition, housing and food plan revenues over the academic semester to which the services relate.

Student revenue, net

Student revenue includes tuition and fees, student housing and food plans.

Tuition for the fall and spring semesters is recognized in the academic semester to which it relates. Institutional scholarships awarded to students reduce the amount of revenue recognized. In addition, students who adjust their course load or withdraw receive refunds on a pro-rata basis through a specified week of the semester (this may vary based on undergraduate and graduate programs). Historically, the majority of refunds occur in the first weeks of the semester and are not material to total revenue. Refunds issued reduce the amount of revenue recognized.

Revenues relating to summer session activities completed prior to fiscal year end are recognized in the current fiscal year.

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

Revenues for student housing and food plans (food and housing) are recognized over the period in which the services are provided. Food and housing refunds are issued on a weekly pro-rata basis. Historically food and housing refunds occur at the beginning of the semester and are not material to total revenue.

Deferred Revenue

At May 31, tuition revenue which relates to future performance (summer and fall) is reclassified to the deferred revenue line in the Consolidated Statement of Financial Position.

**(r) Contributions**

Contributions are recognized when the donor makes a promise to give a gift to the university that is, in substance, unconditional. Contributions, on which the donor imposes no restrictions, are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

If the university is able to satisfy a donor's restrictions in the same period the contribution is received, the restricted contribution is reported as unrestricted support. The expiration of a donor-imposed restriction on a contribution or on endowment income is recognized in the period in which the restriction expires and at that time the related resources are reclassified to net assets without donor restrictions. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**(s) Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(t) Reclassification**

Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted for the current year. These reclassifications have no effect on previously reported net income, total assets, total liabilities or total net assets.



ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

**NOTE 2: Liquidity and Availability**

As of May 31, 2024 and 2023, financial assets and liquidity resources available within one year for operating expenses, scheduled principal and interest payments on debt and capital construction costs not financed with debt were as follows:

	2024	2023
Total assets at year-end:	\$ 1,209,438,728	\$ 1,092,231,622
Less amounts not available to be used for general expenditures within one year:		
Non-financial assets	(587,822,942)	(530,770,459)
Endowments subject to donor restrictions	(214,052,471)	(192,736,877)
Net assets subject to purpose restrictions	(51,174,432)	(54,065,503)
Assets restricted for the Perkins loan program	(712,956)	(1,070,394)
Total financial assets available to meet general expenditures over next 12 months	<u>\$ 355,675,927</u>	<u>\$ 313,588,389</u>

Financial assets available to meet general expenditures over the next 12 months consist of the following:

Cash and cash equivalents	\$ 37,502,634	\$ 47,950,621
Accounts receivable, net	4,199,251	4,238,296
Investments not encumbered by donor restrictions	313,974,042	261,399,472
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 355,675,927</u>	<u>\$ 313,588,389</u>

The university's cash flows have seasonal variations during the year attributable to tuition billing and annual bond principal payments. In addition to financial assets available to meet general expenditures over the next 12 months, the university operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The university regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. As part of this practice, the university invests cash in excess of daily requirements in short-term investments and money market funds with varying liquidities. The university has board-designated endowment investments that are available to be liquidated. Although the university does not intend to spend from the board-designated endowment funds, other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation, amounts from the board-designated endowment funds could be made available at the board's discretion.

Cash and cash equivalents presented in the table above differ from the statement of position by the balance restricted to be used for other purposes. Total cash restricted for Perkins is \$265,555 and \$305,756 for the years ended May 31, 2024 and 2023. Total cash restricted for capital projects is \$756,768 and \$1,830,617 for the years ended May 31, 2024 and 2023. Total cash restricted for donor endowment is \$1,392,132 and \$2,884,774 for the years ended May 31, 2024 and 2023.

To help manage liquidity, the university renewed a one-year line of credit for \$25 million in November 2023. As of May 31, 2024, there were no outstanding amounts under this line of credit.

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

**NOTE 3: Fair Value Measurements**

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure about fair value measurements. It does not supersede all applications of fair value in other pronouncements but creates a fair value hierarchy and prioritizes the inputs to valuation techniques for use in most pronouncements. It requires entities to assess the significance of an input to the fair value measurement in its entirety. ASC 820, as amended, also requires entities to disclose information to enable users of financial statements to assess the inputs used to develop the fair value measurements. The university applies the provisions of ASC 820 for financial assets and financial liabilities.

ASC 820 is a technical standard which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. Valuation techniques are the market, cost or income approach.

As a basis for considering such assumptions, ASC 820 establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets;
- Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and model-based valuations in which significant inputs are corroborated by observable market data; and
- Level 3 – Valuation techniques in which significant inputs are unobservable.

Investments include items valued at the net asset value (NAV) of the underlying funds at May 31, 2024 and 2023. The fair value of certain investments held by the underlying investment, which may include private placements and other securities for which values are not readily available, is determined in good faith by the respective underlying investment entity. The estimated fair values may differ from the values that would have been used had a ready market existed for this investment, and the differences could be material. The university's investment in the Inn at Elon is revalued each year and adjusted to fair market value as noted in Note 1. Other real estate investments are revalued periodically and adjusted to fair market value.

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

At May 31, 2024, fair value of financial assets and financial liabilities is as follows:

	Level 1	Level 2	Level 3	Total
Investments:				
Cash & cash equivalents	\$ 15,625,036	\$ -	\$ -	\$ 15,625,036
Equities	13,164,367	-	-	13,164,367
Asset backed	-	26,131,559	-	26,131,559
Government and corporate bonds	53,338,794	96,471,886	-	149,810,680
Real estate	-	-	31,112,014	31,112,014
Other	610,973	-	-	610,973
Alternative Investments (valued at NAV)	-	-	-	335,085,845
Outside perpetual trusts	-	-	4,787,726	4,787,726
Financial Assets	<u>\$ 82,739,170</u>	<u>\$ 122,603,445</u>	<u>\$ 35,899,740</u>	<u>\$ 576,328,200</u>
Split-interest agreements (accrued liabilities)	\$ -	\$ 623,280	\$ -	\$ 623,280
Refundable advances (CRUTs) (other liabilities)	-	3,341,527	-	3,341,527
Obligation under interest rate swap agreements	-	171,178	-	171,178
Financial Liabilities	<u>\$ -</u>	<u>\$ 4,135,985</u>	<u>\$ -</u>	<u>\$ 4,135,985</u>

At May 31, 2023, fair value of financial assets and financial liabilities is as follows:

	Level 1	Level 2	Level 3	Total
Investments:				
Cash & cash equivalents	\$ 24,542,375	\$ -	\$ -	\$ 24,542,375
Equities	11,117,531	-	-	11,117,531
Asset backed	-	19,132,344	-	19,132,344
Government and corporate bonds	53,880,403	75,351,125	-	129,231,528
Real estate	-	-	31,012,014	31,012,014
Other	603,506	-	-	603,506
Alternative Investments (valued at NAV)	-	-	-	292,224,389
Outside perpetual trusts	-	-	4,252,095	4,252,095
Financial Assets	<u>\$ 90,143,815</u>	<u>\$ 94,483,469</u>	<u>\$ 35,264,109</u>	<u>\$ 512,115,782</u>
Split-interest agreements (accrued liabilities)	\$ -	\$ 638,768	\$ -	\$ 638,768
Refundable advances (CRUTs) (other liabilities)	-	3,131,171	-	3,131,171
Obligation under interest rate swap agreements	-	385,717	-	385,717
Financial Liabilities	<u>\$ -</u>	<u>\$ 4,155,656</u>	<u>\$ -</u>	<u>\$ 4,155,656</u>

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

There were no significant transfers between Level 1 and Level 2 and there were no transfers in or out of Level 3.

Valuation methodologies used to measure fair value of financial assets and financial liabilities are as follows:

*Contributions receivable and loans to students* – Valuation is based on the present value of promised or contractually obligated future cash flows, net of an estimated collection allowance. The collection allowance is based on historical trends of collection, the type of obligor (individual or corporation/foundation), general economic conditions and the university's internal policies.

*Investments* – To the extent that the university directly owns and controls the investment, valuation is based on unadjusted quoted prices for identical assets in active markets that the university can access. Real estate is recorded at the acquisition price if purchased and appraised value if donated. The university's investment in the Inn at Elon is revalued each year and adjusted to fair market value. For other investments, predominately "alternative investments", valuation is based on information supplied by external investment managers. Management of the university believes this information is a reasonable estimate of fair value; however, because the alternative investments are not readily marketable and subject to redemption restrictions, the fair value is subject to uncertainty and therefore may differ from the amounts ultimately realized from these investments.

*Outside perpetual trusts* – The university holds beneficial interests in perpetual trusts administered by outside trustees. The fair value of these interests is based on the values of the underlying investments in the trusts which are established by the trustees using unadjusted quoted prices for identical assets in active markets. The university revalues its interest annually in these trusts based on information provided by the trustees.

*Split-interest agreements* – Valuation is based on the present value of estimated future payments to the beneficiaries over their life expectancies.

*Refundable advances - CRUTs* – Valuation is based on the value of assets held by the university as trustee of the respective trusts. Assets consist of cash and investments.

*Obligations under interest rate swap agreements* – Valuation is provided by an experienced financial institution on a mark-to-market basis and, whenever possible, utilizes observable market data including yields and spreads, but may be based in part on assumptions concerning interest rates, credit rates, discount rates and other factors.

Change in value of contributions receivable is included in contributions on the Consolidated Statement of Activities. Changes in the value of real estate, alternative investments and outside trusts are included in gain/loss on investments on the Consolidated Statements of Activities.

Both observable and unobservable inputs may be used to determine the fair value of positions classified within the Level 3 category. As a result, unrealized gains and losses for assets within the Level 3 category in the table above may include changes in fair value that were attributable to both observable and unobservable inputs.

Alternative investments consist predominantly of a minority ownership interest in a limited partnership investment fund (Fund) whose investment strategy focuses on varied and nontraditional investment opportunities in an effort to provide a diversified, single-portfolio for investors. The Fund invests primarily in investment vehicles (e.g., hedge funds and private equity funds) or pooled accounts managed by unaffiliated third parties mainly through master trading vehicles, as well as direct investments in securities and other assets.



ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

Specifically, the Fund has two long-term return goals which are consistent with the university's objective for endowment returns: (1) to outperform a traditional 70% equities/30% bonds portfolio with less downside volatility and (2) to preserve purchasing power by generating at least a 5% return after inflation. The Fund's portfolio is globally diversified and allocated across multiple asset classes including equities, real assets, commodities/resources and fixed income instruments and is invested for total return; generating current income is not an objective. The long-term, total return objective dictates a significant allocation to asset classes expected to generate equity-like returns. The risks inherent in higher returning asset classes can normally be reduced through diversification, which is a key principle of the Fund's asset allocation approach.

A majority of the Fund's investments include limited partnership interests (sub-partnerships) whose investments are principally comprised of illiquid, non-publicly traded securities. Other Fund investments include exchange traded funds and derivative contracts (e.g., futures contracts, options, forward currency contracts and swap agreements). These and other investments are subject to various risk factors including market, credit and industry risk. Market risk represents the potential loss in value of financial instruments caused by movements in market variables, such as interest rates. Other risks affecting these investments include, but are not limited to, increasing competition, rapid changes in technology and changes in economic conditions.

Generally, the university's alternative investments are redeemable once annually at net asset value but require a written redemption request at least 180 days prior to the annual redemption date. Due to the illiquid nature of alternative investments, all redemptions are subject to the general partner's approval and may be limited or suspended entirely. Additionally, sale of all or part of the alternative investments to a third party is not allowed.

**NOTE 4: Contributions Receivable**

The payment timing of outstanding contributions receivable with donor restrictions is estimated to be:

	2024	2023
One Year	\$ 864,954	\$ 919,223
2 - 4 Years	85,000	453,000
	949,954	1,372,223
Less allowance	(103,877)	(116,462)
Less discount	(380,997)	(626,770)
Total	<u>\$ 465,080</u>	<u>\$ 628,991</u>

A concentration exists when a pledge balance from an individual donor, to include entities under the donor's control, exceeds 10% of the total amounts receivable. These concentrations amounted to \$800,000 and \$900,000 at May 31, 2024 and 2023, respectively.

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

**NOTE 5: Investments**

Major categories of investments at May 31 are as follows:

	2024		2023	
	Cost	Market	Cost	Market
<u>Non-endowment funds:</u>				
Cash & cash equivalents	\$ 13,714,703	\$ 13,714,703	\$ 21,312,028	\$ 21,312,028
Equities	4,658,883	6,191,147	4,637,348	5,191,358
Fixed income	173,960,406	173,374,916	146,743,275	146,054,493
Real estate	15,934,013	16,330,013	15,882,013	16,282,013
Other	567,786	567,786	553,763	553,763
Alternative investments	491,842	663,152	491,842	632,004
	<u>209,327,633</u>	<u>210,841,717</u>	<u>189,620,269</u>	<u>190,025,659</u>
<u>Endowment and similar funds:</u>				
Cash & cash equivalents	\$ 1,909,990	\$ 1,910,333	\$ 3,231,187	\$ 3,230,347
Equities	3,883,934	6,973,220	2,924,207	5,926,173
Fixed income	2,595,464	2,567,323	3,416,509	2,309,379
Real estate	16,430,001	14,782,001	16,430,001	14,730,001
Other	42,991	43,187	53,016	49,743
Alternative investments	152,859,008	334,422,693	150,019,153	291,592,387
Outside perpetual trusts	-	4,787,726	-	4,252,093
	<u>177,721,388</u>	<u>365,486,483</u>	<u>176,074,073</u>	<u>322,090,123</u>
Total	<u>\$ 387,049,021</u>	<u>\$ 576,328,200</u>	<u>\$ 365,694,342</u>	<u>\$ 512,115,782</u>

The university has investments of \$17,566,109 and \$16,150,076 at May 31, 2024 and 2023, respectively, that are managed by a third party vendor at which a trustee of Elon holds an employment position.

All investments are subject to risk of loss or decline in value. As such, it is at least reasonably possible that changes in the values of investments will occur in the near term, and that such changes could materially affect the amount reported in the university's consolidated financial statements.

**NOTE 6: Endowment and Similar Funds**

The university's endowment consists of individual funds established for a variety of educational purposes. The endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

In 2008, North Carolina adopted UPMIFA, which the university has interpreted as requiring the preservation of the historical value (corpus) of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the university classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. If the endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' historical value, that excess is available for appropriation and, therefore, classified as net assets with donor restrictions until appropriated for expenditure. The university records the investment returns on the specific-purpose endowment funds in net assets with donor restrictions and makes those earnings available for expenditure for the donor-restricted purposes.

In accordance with UPMIFA, the university considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the donor-restricted endowment fund;
3. General economic conditions;
4. Effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the university; and
7. The investment policies of the university.

The endowment pool utilizes a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). External investment managers are employed to oversee the endowment and tasked with the objective of achieving returns that equal or exceed five percentage points (net of fees and in excess of spending and inflation). These investment managers utilize a highly diversified mixture of equities, fixed income and alternative investments. The university's primary investment objective is to maximize total return within reasonable and prudent levels of risk while maintaining sufficient liquidity to meet disbursement needs and ensure preservation of capital.

The Board of Trustees has approved an endowment spending policy whereby distributions are based on the moving three-year average of the market value of the pooled endowment. For programs and professorships, the applicable rate is 4.5% for the years ended May 31, 2024 and 2023. The applicable rate for scholarships is 5.0% for the years ended May 31, 2024 and 2023. Actual endowment return earned in excess of distributions under this policy is reinvested as part of the university's endowment. For years where actual endowment return is less than distributions under the policy, the shortfall is covered by available gains from prior years. Specific appropriation for expenditure of unrestricted funds under the university's endowment spending policy occurs each spring when the Board approves the university's operating budget for the ensuing fiscal year.

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

Endowment totals as of May 31 are as follows:

	2024	2023
Contributions receivable, net	\$ 145,987	\$ 97,757
Investments	365,486,483	322,090,123
Accrued and other liabilities	(3,964,807)	(3,769,940)
Total	<u>\$ 361,667,663</u>	<u>\$ 318,417,940</u>

Endowment net asset compositions as of May 31 are as follows:

	2024	2023
Designated by the Board for Endowment	\$ 147,615,192	\$ 125,681,063
With Donor Restrictions	214,052,471	192,736,877
Total	<u>\$ 361,667,663</u>	<u>\$ 318,417,940</u>

Changes in endowment net assets during the years ended May 31, 2024 and 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, May 31, 2022	\$ 120,863,461	\$ 193,287,458	\$ 314,150,919
Contributions - Donors	-	4,759,376	4,759,376
Contributions - Board designated	8,000,000	-	8,000,000
Investment return	2,278,997	3,262,201	5,541,198
Spending policy	(5,461,395)	(8,838,919)	(14,300,314)
Transfers	-	266,761	266,761
Balance, May 31, 2023	\$ 125,681,063	\$ 192,736,877	\$ 318,417,940
Contributions - Donors	-	4,826,552	4,826,552
Contributions - Board designated	12,000,000	-	12,000,000
Investment return	15,744,737	25,843,325	41,588,062
Spending policy	(5,810,608)	(9,354,575)	(15,165,183)
Transfers	-	292	292
Balance, May 31, 2024	<u>\$ 147,615,192</u>	<u>\$ 214,052,471</u>	<u>\$ 361,667,663</u>

The fair value of assets associated with individual donor-restricted endowment funds may fall below the historic gift value. These deficiencies amounted to \$0 and \$705,498 at May 31, 2024 and 2023, respectively. In accordance with GAAP, deficiencies of this nature reduce net assets with donor restrictions. While UPMIFA allows spending from these so-called underwater funds, the university's policy restricts spending from underwater funds.



ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

Deficiencies of this nature exist in one donor-restricted endowment fund, which has an original gift value of \$444,163, a current value of \$373,366, and a deficiency of \$70,797 as of May 31, 2024; original gift value of \$7,400,132, a current value of \$6,694,634, and a deficiency of \$705,498 as of May 31, 2023.

**NOTE 7: Planned Giving Agreements and Trusts**

The university is a party to four types of planned giving agreements. The specific terms vary between donors and the agreements can be generally described as follows:

Outside Perpetual Trusts

These are trusts created by donors for the benefit of the university and are reported as investments in the Consolidated Statements of Financial Position. Third-party trustees hold the assets. The university has a perpetual and enforceable right to income generated from the trusts. They are valued based on the estimated future cash receipts from the trusts' assets. The university has a one-half right to income generated from one of these trusts and full rights to income generated from the remaining trusts.

	2024	2023
Trustee distributions restricted to scholarship:		
Asset value	\$ 1,168,592	\$ 1,052,643
Trustee distributions	43,430	42,499
Trustee distributions restricted to professorship:		
Asset value	\$ 1,379,053	\$ 1,169,049
Trustee distributions	56,614	56,530
Unrestricted trustee distributions:		
Asset value	\$ 2,240,081	\$ 2,030,402
Trustee distributions	116,863	103,606

Charitable Gift Annuities

These are arrangements between donors and the university in which the donors contribute assets to the university in exchange for a promise by the university to pay a fixed amount for a specified period of time to individuals named by the donors. No trust exists, the assets received are held as general assets of the university, and the annuity liability is a general obligation of the university and is included in the accrued liabilities in the Consolidated Statements of Financial Position. The assets received are recognized at fair value when received, and an annuity payment liability is recognized at the present value of future cash flows expected to be paid to the beneficiary.

	2024	2023
Annuities asset	\$ 1,600,020	\$ 1,374,359
Annuities liability	441,730	443,295
Total contributions to charitable gift annuities	55,000	-
Change in value of charitable gift annuities	(35,047)	(100,316)

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

**NOTE 8: Financing Receivables**

The university makes uncollateralized loans to students based on financial need through a federal government loan program and institutional resources. The university participates in the Perkins federal revolving loan program, wherein the university acts as an agent for the federal government in administering the loan program. As of October 2017, the Perkins loan has not been reauthorized by the Department of Education. Funds advanced by the federal government for use in this program are ultimately refundable to the government and are classified as liabilities in the Consolidated Statements of Financial Position (U.S. government advances for student loans). Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

Institutional loans are funded by donor funds restricted for student loan purposes and university funds made available to meet demonstrated need.

Allowances for doubtful accounts are established by considering a variety of factors including prior collection experience, analysis of past due loans, the financial condition of specific borrowers and other current economic factors which could influence the ability of loan recipients to repay amounts due. Institutional loan balances are written off only when they are deemed to be permanently uncollectible.

At May 31, student loans are as follows:

	2024	2023
Federal Perkins loan program	\$ 487,401	\$ 804,639
Institutional loans	541,051	423,648
	<u>1,028,452</u>	<u>1,228,287</u>
Less allowance for doubtful accounts:		
Beginning of the year	(82,500)	(82,500)
Increase	(7)	(8,056)
Charge offs	7	8,056
End of year	<u>(82,500)</u>	<u>(82,500)</u>
Student loans receivable, net	<u>\$ 945,952</u>	<u>\$ 1,145,787</u>

At May 31, past due amounts are as follows:

	1-60 Days Past Due	60-90 Days Past Due	Over 90 Days Past Due	Total
2024	\$ 71,775	\$ 25,890	\$ 179,371	\$ 277,036
2023	\$ 2,482	\$ 168	\$ 243,821	\$ 246,471

A default rate is defined as the failure of a borrower to make an installment payment when due or to comply with a written repayment agreement. At May 31, default rates are as follows:

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

	2024	2023
Federal Perkins loan program	0.26%	0.77%
Institutional loans - Undergraduate	17.49%	21.69%
Institutional loans - Graduate	1.45%	1.58%

**NOTE 9: Construction in Progress**

Projects in process at May 31 are as follows:

<u>2024 Project Description</u>	Costs Incurred Through 5/31/24	Estimated Date of Completion
East Neighborhood Commons	\$ 18,119,753	July 2024
Francis Center Expansion - Phase 3	7,157,153	August 2024
McMichael Science Renovation - Phase 2	4,660,031	August 2024
Eco Village at Loy Farm - Phase 1 and Site Work	2,321,646	September 2024
HealthEU Building	1,115,242	August 2026
Francis Center Phase 3 & 4 Design	613,433	September 2024
Francis Center Expansion - Phase 4	483,034	September 2024
Energy Conservation Projects	479,578	May 2026
Hook, Brannock & Barney Renovation - Phase 3	285,518	September 2024
Worsley Teebox, Driving Range	195,491	June 2024
Ropes Course at Danieleley Center	192,740	August 2024
Trackman Driving Range	127,240	June 2024
Charlotte Regional Center	119,335	January 2025
Other Projects	1,405,558	Various
Total	<u>\$ 37,275,752</u>	

<u>2023 Project Description</u>	Costs Incurred Through 5/31/23	Estimated Date of Completion
McMichael Science Renovation Phase 1	\$ 2,610,626	August 2023
East Neighborhood Commons	1,202,653	July 2024
Hook, Brannock & Barney Renovation Phase 2	928,108	December 2023
Francis Center Expansion Phase 3	858,329	December 2023
Hook, Brannock & Barney Renovation Phase 1	694,006	August 2023
Francis Center Phase 3 & 4 Design	521,731	August 2024
Energy Conservation Projects	466,109	December 2023
Replace McMichael Chiller #2	383,654	December 2023
Latham Park Videoboard	371,811	July 2023
McMichael Science Renovation Phase 2	356,821	August 2024
Other Projects	1,630,119	Various
Total	<u>\$ 10,023,967</u>	

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

**NOTE 10: Property and Equipment**

Property and equipment at May 31 are as follows:

	2024	2023
Land and land improvements	\$ 102,964,543	\$ 97,912,097
Buildings	551,214,924	537,554,422
Computers and related equipment	943,414	937,114
Library resources	866,721	1,052,734
Vehicles	6,432,789	5,936,036
Audiovisual equipment	6,666,178	6,305,035
Science equipment	4,256,902	3,860,561
Software	1,843,965	1,836,303
Telephone systems and equipment	143,649	143,649
Other moveable assets	20,726,140	20,026,552
Collections	3,272,849	3,272,849
	<u>699,332,074</u>	<u>678,837,352</u>
Less: Accumulated depreciation	<u>203,712,692</u>	<u>190,744,254</u>
Total	<u><u>\$ 495,619,382</u></u>	<u><u>\$ 488,093,098</u></u>

Depreciation expense is \$15,040,090 and \$14,652,793 for the years ended May 31, 2024 and 2023, respectively.

**NOTE 11: Accrued Liabilities**

Accrued liabilities at May 31 are as follows:

	2024	2023
Salaries and wages	\$ 11,399,635	\$ 10,563,101
Compensated absences	4,169,205	3,958,009
Split-interest agreements	623,280	638,768
Conditional asset retirement obligations	569,280	545,810
Accrued other liabilities	3,164,557	3,154,032
Total	<u><u>\$ 19,925,957</u></u>	<u><u>\$ 18,859,720</u></u>

Compensated Absences

Eligibility for vacation is based on continuous service with the university. Staff members earn vacation based on their length of service. The maximum number of accumulated vacation days a staff member may carry forward into each calendar year is 20. Accumulated vacation time may be used or paid at time of separation. Other accrued compensated absences are by individual contract.



ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

The university also provides two additional paid days off each year, which are designated as personal leave days. The personal leave days must be used within the calendar year and will not carry over into the next calendar year. Since the university has no obligation for the accumulated personal leave until it is taken, no liability for unpaid personal leave has been recorded in the consolidated financial statements.

Sick leave accrues at the rate of one day per month. Unused sick leave may accumulate up to 130 days; however, accumulated sick leave will not be paid at separation from service. Since the university has no obligation for the accumulated sick leave until it is actually taken, no liability for unpaid sick leave has been recorded in the consolidated financial statements.

Conditional Asset Retirement Obligations

The university recognizes a liability for the legal obligation to perform asset retirement activities when the retirement is conditional on a future event and the fair value can be reasonably estimated. The accrued conditional asset retirement obligation liability is calculated by determining the present value of estimated costs at the anticipated settlement date using a discount rate of 4.30% and 7.49% for May 31, 2024 and 2023, respectively.

**NOTE 12: Other Liabilities**

Other liabilities at May 31 are as follows:

	2024	2023
Agency obligations	\$ 1,998,919	\$ 2,550,439
Refundable advances - Exchange transactions	9,095,285	10,276,179
Refundable advances - CRUTs	3,341,527	3,131,171
Total	<u>\$ 14,435,731</u>	<u>\$ 15,957,789</u>

Agency Obligations

Agency obligations arise from the collection or acceptance of cash or other assets for the account of third parties, such as clubs or other university affiliated groups. These balances result from transactions processed on behalf of the third parties and have no effect on net assets.

The university agreed to invest certain funds belonging to an unrelated not-for-profit organization. This transaction is accounted for as an agency obligation which is increased by additional investments from the not-for-profit as well as by its proportionate share of investment earnings and decreased by distributions as well as by its proportionate share of investment losses. The obligation amounted to \$663,151 and \$632,003 at May 31, 2024 and 2023, respectively.

Refundable Advances – Exchange Transactions

As of May 31, 2024 and 2023, the university has exchange transaction agreements with an existing service provider. The university consented to extend the service provider's agreement for up to fifteen years and in exchange the service provider transferred amounts totaling \$16,700,000 to the university with the stipulation that the monies be expended on specific capital purchases. Each contract further stipulates that if either party to the transaction should terminate the agreement during the specified timeframe, the university will return the unamortized portion of the refundable advance, calculated on a straight-line basis.

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

Refundable Advances – CRUTs

The university serves as trustee for several Charitable Remainder Unitrusts (CRUTs) having revocable beneficiaries. Trusts of this type are accounted for as refundable advances with an amount equal to the trusts' assets reported as other liabilities in the Consolidated Statements of Financial Position. Absent a change in the revocable beneficiary, assets held in the trusts will be recognized as contribution revenue upon the trusts' termination.

**NOTE 13: Leases**

The university has operating and finance leases for buildings, copiers, and related equipment. The university determines if an arrangement is a lease at the inception of the contract. The university elected to apply the short-term lease exception under ASC 842; therefore, leases with an initial term of twelve months or less are not recorded on the consolidated statement of position.

The university has lease agreements which require payments for lease and non-lease components and has elected to account for these as a single lease component.

	Year Ended May 31, 2024	Year Ended May 31, 2023
Lease expense		
Finance lease expense		
Amortization of ROU assets	\$ 1,165,897	\$ 1,146,081
Interest on lease liabilities	1,138,472	1,101,046
Operating lease expense	3,396,006	2,758,836
Total	<u>\$ 5,700,375</u>	<u>\$ 5,005,963</u>

	Year Ended May 31, 2024	Year Ended May 31, 2023
Supplemental cash flow information related to leases:		
Cash paid for amounts included in the measure of lease liabilities		
Operating cash flows from finance leases (i.e. interest)	\$ 1,087,197	\$ 1,059,212
Financing cash flows from finance leases (i.e. principal portion)	758,550	872,962
Operating cash flows from operating leases	2,925,929	2,724,789
ROU assets obtained in exchange for new finance lease liabilities	1,710,986	537,039
ROU assets obtained in exchange for new operating lease liabilities	19,153,622	128,072
Weighted-average remaining lease term in years for finance leases	13.68	15.51
Weighted-average remaining lease term in years for operating leases	11.52	2.78
Weighted-average discount rate for finance leases	11.45%	11.81%
Weighted-average discount rate for operating leases	4.32%	1.59%

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

Aggregate maturities of lease liabilities at May 31, 2024, are as follows:

<u>Year Ending</u>	<u>Finance</u>	<u>Operating</u>
2025	\$ 1,918,020	\$ 2,452,997
2026	1,910,366	2,387,274
2027	1,714,029	2,214,637
2028	1,375,191	2,123,720
2029	1,284,967	2,044,259
Thereafter	16,093,403	18,109,743
Total undiscounted cash flows	24,295,976	29,332,630
Less: present value discount	13,280,302	7,254,905
Total lease liabilities	<u>\$ 11,015,675</u>	<u>\$ 22,077,724</u>

**NOTE 14: Bonds Payable**

The following bonds were issued through the North Carolina Capital Facilities Finance Agency. Revenue Bond Series 2012 was issued as a direct purchase bond held by Truist Financial. Revenue Bond Series 2014A was issued as a direct purchase by Wells Fargo. Revenue Bond Series 2014B was issued as a direct purchase by Truist Financial. Revenue Bond Series 2017A was issued as direct purchase bond held by Bank of America Corporation. Revenue Bond Series 2018A was issued as a direct purchase by First Tennessee Bank Securities Investment I, LLC. Revenue Bond Series 2021 was issued as a direct purchase by TD Bank, N.A. Revenue Bond Series 2023 was issued as a direct purchase by TD Bank, N.A. The university has made certain covenants including use of the proceeds and sale of project property. The university is in compliance with all debt covenants as of May 31, 2024 and 2023.

In March 2023, Elon University entered into multiple amendments to its bond trust agreements, including (a) changing the interest rate benchmark provisions for the Series 2012 Bonds from One-month LIBOR index to Daily Simple SOFR, Series 2017A Bonds from the LIBOR index to Daily SOFR, Series 2014B and Series 2018 Bonds from the LIBOR index to Daily Simple SOFR, (b) adding the fallback interest rate provisions for the Series 2012 Bonds and modifying the fallback interest rate provisions for the Series 2014B, 2017A and 2018 Bonds, and (c) making certain other conforming adjustments to the provision of the various Bonds as provided in the amendments.

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

Remaining principal balances at May 31 are as follows:

	2024	2023
Revenue Bonds, Series 2012 - \$54,595,000, bearing a weekly variable market interest rate paid monthly. Principal payments began in 2015 and will continue through 2037. The interest rate at May 31, 2024, is 5.46%.	\$ 40,135,000	\$ 42,660,000
Revenue Bonds, Series 2014A - \$39,985,000, bearing a fixed interest rate paid monthly. Principal payments began in 2015 and will continue through 2031. The bonds are subject to an interest rate swap agreement referenced in Note 15. The interest rate at May 31, 2024, is 1.91%.	8,235,000	9,580,000
Revenue Bonds, Series 2014B - \$60,325,000, bearing a weekly variable market interest rate paid monthly. Principal payments began in 2015 and will continue through 2036. The interest rate at May 31, 2024, is 4.63%.	46,235,000	48,440,000
Revenue Bonds, Series 2017A - \$24,320,000, bearing a weekly variable market interest rate paid monthly. Principal payments began in 2019 and will continue through 2042. The interest rate at May 31, 2024, is 4.86%.	19,435,000	20,295,000
Revenue Bonds, Series 2018A - \$20,000,000, bearing a fixed interest rate paid monthly. Principal payments began in 2020 and will continue through 2038. The interest rate at May 31, 2024, is 3.10%.	15,912,000	16,781,000
Revenue Bonds, Series 2021 - \$50,000,000, bearing a fixed interest rate paid monthly. Principal payments began in 2023 and will continue through 2041. The interest rate at May 31, 2024, is 2.25%.	45,680,000	47,865,000
Revenue Bonds, Series 2023 - \$37,000,000, bearing a fixed interest rate paid monthly. Principal payments will begin in 2025 and will continue through 2043. The interest rate at May 31, 2024, is 3.75%.	37,265,000	-
	212,897,000	185,621,000
Less: Bond Issue Costs	968,421	822,250
Total	<u>\$ 211,928,579</u>	<u>\$ 184,798,750</u>

Aggregate maturities of bonds payable at May 31, 2024, are as follows:

<u>Year Ending</u>	<u>Amount</u>
2025	11,673,000
2026	12,041,000
2027	12,421,000
2028	12,795,000
2029	13,241,000
Thereafter	150,726,000
Total	<u>\$ 212,897,000</u>

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

Total interest costs incurred related to bonds payable are \$8,552,602 and \$6,051,047 for the years ended May 31, 2024 and 2023, respectively, and of these amounts \$924,602 and \$585,418, respectively, are capitalized as a cost of construction.

**NOTE 15: Obligation Under Interest Rate Swap Agreements**

The university has one interest rate swap agreement to hedge outstanding variable rate debt. This agreement allows the university to exchange variable for fixed rate interest payment obligations to minimize the impact of future interest rate changes. Under this agreement, payments are made or received based on the difference between fixed rates listed below and 70% of the USD-SOFR plus 0.068 spread. Principal maturities on the remaining debt conclude in 2031.

The obligation under interest rate swap agreement at May 31 is as follows:

	Fixed Rate	2024		Fixed Rate	2023
Series 2014A	3.78%	\$ 171,178	Series 2014A	3.78%	\$ 385,717
Total		<u>\$ 171,178</u>	Total		<u>\$ 385,717</u>

The university has only limited involvement with derivative financial instruments and does not use them for trading purposes. Fair value is determined by a third party on a mark-to-market basis. The change in value of the interest rate swap is shown as a separate line item in the Consolidated Statements of Activities.

**NOTE 16: Net Assets**

Net assets with donor restrictions at May 31 are as follows:

	2024	2023
Permanent endowment funds	\$ 182,484,533	\$ 171,198,268
Contributions to buildings and equipment	3,295,285	2,141,509
Contributions receivable, net	145,987	97,757
Endowment related funds	47,738,896	38,881,953
Split-interest agreement and term endowments	1,218,724	1,486,246
Non-endowed contributions for scholarships and operations	9,271,847	8,824,936
Student loan funds	<u>637,937</u>	<u>636,437</u>
Total net assets with donor restrictions	<u>\$ 244,793,209</u>	<u>\$ 223,267,106</u>



ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

Net assets without donor restrictions at May 31 are as follows:

	2024	2023
Undesignated	\$ 515,897,838	\$ 488,725,722
Designated by the Board for endowment		
Scholarship	130,824,793	114,063,486
Program	13,300,813	8,391,379
Professorship	3,489,586	3,226,198
	<u>147,615,192</u>	<u>125,681,063</u>
Total net assets without donor restrictions	<u>\$ 663,513,030</u>	<u>\$ 614,406,785</u>

**NOTE 17: Financial Aid (Student Services Discount)**

Student revenue, net for the year ended May 31, consists of the following:

	2024	2023
Tuition and fees	\$ 318,823,428	\$ 297,166,821
Tuition discount	<u>(78,176,433)</u>	<u>(68,392,350)</u>
Net tuition	240,646,995	228,774,471
Food and housing	55,249,490	52,472,264
Food and housing food discount	<u>(4,459,245)</u>	<u>(3,826,007)</u>
Net food and housing	50,790,245	48,646,257
Student revenues, net	<u>\$ 291,437,240</u>	<u>\$ 277,420,728</u>

The university awards financial aid based on academic merit, need and leadership. Gross tuition discount is 24.6% and 23% for the years ended May 31, 2024 and 2023, respectively. The unfunded discount rate is 21.4% and 19.7% for the years ended May 31, 2024 and 2023, respectively. Funded tuition discounts are derived from endowment revenue, private gifts and federal and state aid. Unfunded tuition discounts are derived from the general operating revenues of the university and income earned on Board designated funds (quasi endowment).

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

	2024		2023	
	Dollars	Percentage	Dollars	Percentage
<u>Total Tuition and Fees</u>				
Unfunded discount - general	\$ 64,270,318	20.2%	\$ 55,497,408	18.7%
Unfunded discount - quasi	3,666,087	1.2%	3,110,838	1.0%
Total unfunded discount	67,936,405	21.4%	58,608,246	19.7%
Funded discount	10,240,028	3.2%	9,784,104	3.3%
Total	<u>\$ 78,176,433</u>	<u>24.6%</u>	<u>\$ 68,392,350</u>	<u>23.0%</u>
Gross tuition and fees	<u>\$ 318,823,428</u>		<u>\$ 297,166,821</u>	

	2024		2023	
	Dollars	Percentage	Dollars	Percentage
<u>Undergraduate Tuition and Fees</u>				
Unfunded discount - general	\$ 58,468,782	20.5%	\$ 45,765,510	17.3%
Unfunded discount - quasi	3,666,087	1.3%	3,110,838	1.2%
Total unfunded discount	62,134,869	21.8%	48,876,348	18.5%
Funded discount	9,950,384	3.5%	9,570,567	3.6%
Total	<u>\$ 72,085,253</u>	<u>25.3%</u>	<u>\$ 58,446,915</u>	<u>22.1%</u>
Gross tuition and fees	<u>\$ 285,457,565</u>		<u>\$ 265,136,581</u>	

**NOTE 18: Contributed Cash and Other Financial Assets**

Major categories of contributed cash and other financial assets at May 31 are as follows:

	2024	2023
Annual funds	\$ 2,258,826	\$ 1,815,296
Endowment and similar funds	4,826,552	4,759,376
Capital projects	3,911,876	2,989,695
Restricted to programs	2,678,461	3,573,745
Restricted to scholarships	966,479	518,353
Total	<u>\$ 14,642,194</u>	<u>\$ 13,656,465</u>

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

**NOTE 19: Contributed Nonfinancial Assets**

Contributed nonfinancial assets recognized within the statement of activities at May 31 are as follows:

	2024	2023
Construction supplies	\$ -	\$ 4,692
General program supplies	40,496	31,901
Total contributed nonfinancial assets	<u>\$ 40,496</u>	<u>\$ 36,593</u>

The university recognized contributed nonfinancial assets with revenue, including general program supplies. Unless otherwise noted below, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed program supplies without donor restrictions of \$31,990 consist of donated chiropractic services for Athletics.

Contributed nonfinancial assets with donor restrictions of \$8,506 consist of contributed program supplies of contributed food utilized in Annual Giving and donated books to Law School students.

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

**NOTE 20: Functional Classification of Expenses**

Expenses by function and nature consist of the following for the year ended May 31, 2024:

	<b>Program Services</b>					
	<b>Instruction</b>	<b>Academic Support</b>	<b>Student Services</b>	<b>Auxiliary Services</b>	<b>Institutional Support</b>	<b>Total</b>
Salaries	\$ 74,708,301	\$ 3,696,300	\$ 27,355,968	\$ 7,507,462	\$ 22,603,152	\$ 135,871,183
Benefits	21,207,117	1,233,363	8,576,311	2,615,843	7,303,274	40,935,908
Operating Expenses	12,486,676	3,825,664	12,244,936	20,783,765	18,721,835	68,062,876
Travel and Study Abroad expense	20,737,572	29,078	3,282,583	22,374	899,320	24,970,927
Depreciation	5,082,424	467,502	2,615,567	6,649,008	225,590	15,040,091
Debt Service and Interest Expense	1,036,124	-	485,713	5,772,443	487,411	7,781,691
Project Expenses	1,971,162	181,315	1,014,419	2,578,745	87,493	5,833,134
Facilities Management	3,045,871	310,395	1,741,971	4,413,906	149,779	9,661,922
	<u>\$ 140,275,247</u>	<u>\$ 9,743,617</u>	<u>\$ 57,317,468</u>	<u>\$ 50,343,546</u>	<u>\$ 50,477,854</u>	<u>\$ 308,157,732</u>

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

Expenses by function and nature consist of the following for the year ended May 31, 2023:

	<b>Program Services</b>					
	<b>Instruction</b>	<b>Academic Support</b>	<b>Student Services</b>	<b>Auxiliary Services</b>	<b>Institutional Support</b>	<b>Total</b>
Salaries	\$ 69,043,747	\$ 3,384,578	\$ 24,224,024	\$ 6,851,207	\$ 23,522,399	\$ 127,025,955
Benefits	20,522,947	1,125,158	7,666,420	2,360,480	4,303,724	35,978,729
Operating Expenses	10,546,689	3,771,909	11,540,671	18,896,207	16,932,312	61,687,788
Travel and Study Abroad expense	18,895,452	15,134	3,836,833	18,018	652,424	23,417,861
Depreciation	4,924,429	461,339	2,536,109	6,512,180	218,737	14,652,794
Debt Service and Interest Expense	1,126,016	-	120,477	3,846,203	516,335	5,609,031
Project Expenses	2,559,782	239,810	1,318,302	3,385,116	113,702	7,616,712
Facilities Management	2,951,373	308,574	1,701,567	4,323,817	143,535	9,428,866
	<u>\$ 130,570,435</u>	<u>\$ 9,306,502</u>	<u>\$ 52,944,403</u>	<u>\$ 46,193,228</u>	<u>\$ 46,403,168</u>	<u>\$ 285,417,736</u>

The university's primary program service is academic instruction. Expenses reported as academic support, student support, auxiliary services and institutional support are incurred in support of this primary program activity. Natural expenses attributable to more than one functional expense category are allocated based on estimates. Depreciation, project and facilities management expenses are allocated based on square footage while debt service and interest expense are allocated ratably across the appropriate function. Travel and study abroad expense includes expenses associated with student travel abroad excluding salaries and benefits.

**NOTE 21: Retirement Plan**

The university has a defined contribution pension plan covering substantially all employees. The plan has no post service benefits or further liabilities beyond the periodic contribution for each participating staff and faculty member. Total contributions by the university to this plan are \$8,562,685 and \$7,682,723 for the years ended May 31, 2024 and 2023, respectively.

**NOTE 22: Fund Raising**

Fundraising costs are \$8,084,966 and \$7,762,159 for the years ended May 31, 2024 and 2023, respectively. These costs are included with other costs and are shown as institutional support on the Consolidated Statements of Activities.



ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

**NOTE 23: Student Housing**

CHF – Elon, LLC, a 501(c)(3) corporation, is a wholly-owned subsidiary of Collegiate Housing Foundation, another 501(c)(3) organization, and exists to provide student housing for Elon University students. CHF – Elon, LLC and Collegiate Housing Foundation are independent of Elon University.

In 2006, CHF – Elon, LLC, using the proceeds of a taxable bond issue with no recourse to Elon University, constructed a 516-bed student housing facility on 13.852 acres of land leased from the university. The lease, which expires in 2035, provides for annual distributions of net available cash flow as the lease payment to Elon University. Additionally, the university has contractually agreed to manage this housing project over the life of the ground lease.

CHF – Elon, LLC has a June 30 fiscal year end. As such, calculation of any ground lease payment due the university (net available cash flow) will be determined after the close of CHF – Elon, LLC's fiscal year and is not earned by the university until that time. The university earned ground lease income of \$1,356,000 and \$1,563,366 during the years ended May 31, 2024 and 2023, respectively.

While fulfilling its management functions, the university will collect rental income and incur reimbursable expenses on behalf of CHF – Elon, LLC. Unsettled balances related to these transactions amounted to a net receivable of \$845,680 and \$518,555 at May 31, 2024 and 2023, respectively. These balances are classified as accounts receivable in the Consolidated Statements of Financial Position.

**NOTE 24: Income Taxes**

The university is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from activities unrelated to its business purpose. The university believes that it has sufficient justification for any tax positions taken, including allocation of expenses to its unrelated business income and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. For the years ended May 31, 2024 and 2023, total unrelated business income tax costs were \$94,214 and \$447,174, respectively.

**NOTE 25: Supplemental Disclosures of Cash Flow Information**

During the years ended May 31, 2024 and 2023, cash payments for interest on bonds and capital leases amounted to \$8,907,000 and \$6,710,077, respectively. These numbers are net of amounts capitalized as cost of construction.

The university received noncash contributions in stock and other assets totaling \$1,040,264 and \$854,257 during the years ended May 31, 2024 and 2023, respectively.

Leased equipment costing \$1,710,986 and \$537,039 was acquired under the terms of finance leases during the years ended May 31, 2024 and 2023, respectively. The cost of property acquired as well as the initial lease obligations have been excluded from the Consolidated Statements of Cash Flows.

**NOTE 26: Commitments and Contingencies**

**(a) Department of Education Funds**

Funds received by Elon University from the United States Department of Education are subject to audit and retroactive adjustment by the Department of Education, which reserves the right to audit prior fiscal years. Such audits can result in the payment of additional funds to the Department of Education. Management believes that the result of any audit will not have a material effect on the university's consolidated financial statements.

ELON UNIVERSITY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended May 31, 2024 and 2023

**(b) Construction and Purchase Commitments**

As of May 31, 2024 and 2023, the university had outstanding contractual commitments and equipment purchase orders totaling \$20,370,326 and \$44,058,481, respectively.

**(c) Employment Related Commitments**

Elon University has entered into employment-related agreements with certain employees which obligate the university to make potential future payments. At May 31, 2024, the maximum potential future payments under these agreements are \$8,220,949.

**(d) Contingencies**

The university is involved in various legal actions occurring in the normal course of activities. While the final outcomes cannot be determined at this time, management is of the opinion that the resolution of these legal actions will not have a material effect on the university's consolidated financial position.

**NOTE 27: Subsequent Events**

As of September 24, 2024, the university has no other subsequent events to report.

**ADDITIONAL INFORMATION  
PROVIDED BY ELON UNIVERSITY**

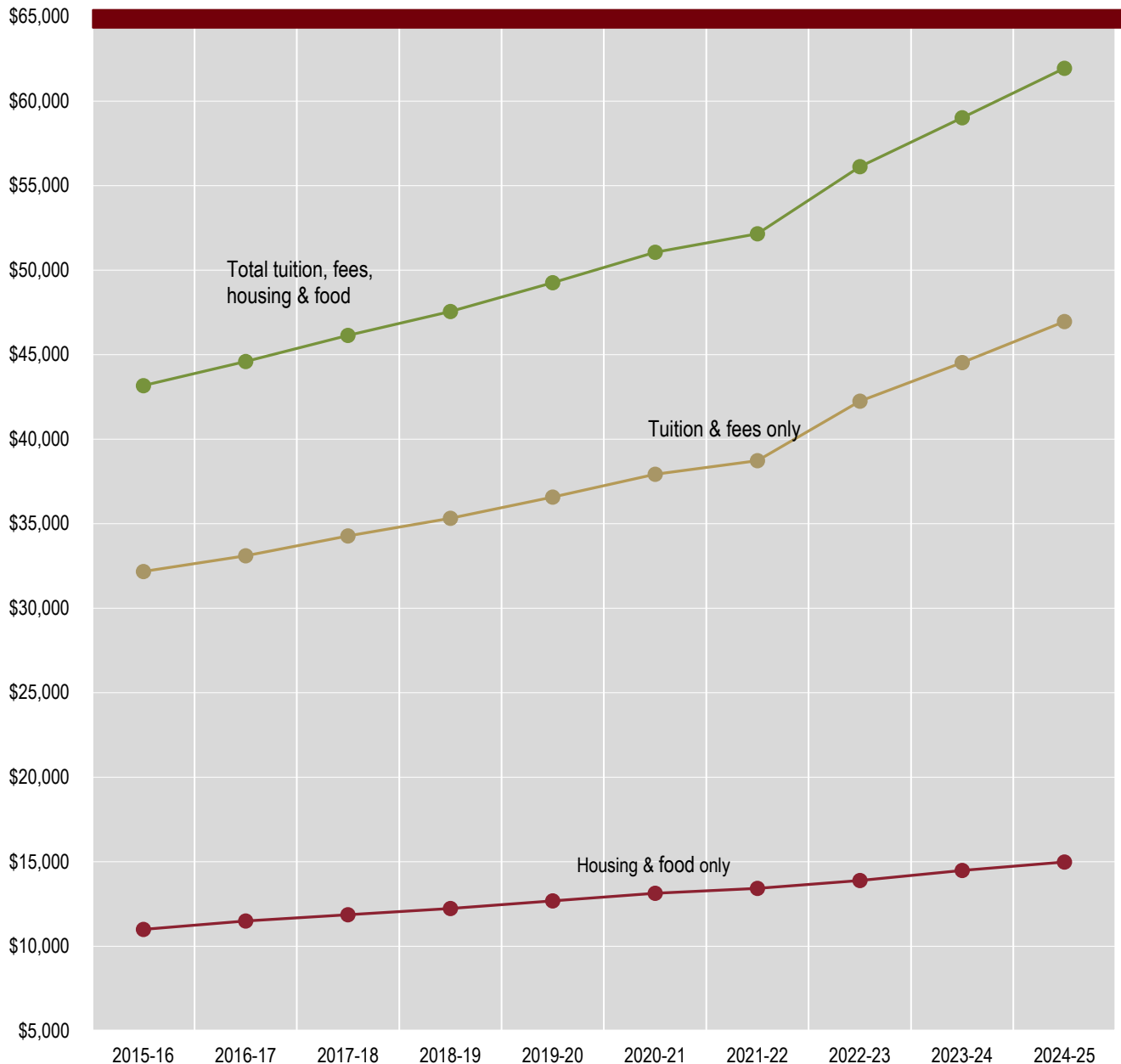
# ELON UNIVERSITY

## TUITION AND FEES, HOUSING AND FOOD

2016-2025

This graph shows the increase in tuition and fees, and housing/food rates over a ten-year period.

ACADEMIC YEAR	TUITION	FEES	HOUSING	FOOD	TOTAL
2015-16	\$31,773	\$399	\$5,399	\$5,599	\$43,170
2016-17	\$32,685	\$419	\$5,728	\$5,767	\$44,599
2017-18	\$33,829	\$444	\$5,900	\$5,969	\$46,142
2018-19	\$34,850	\$469	\$6,020	\$6,210	\$47,549
2019-20	\$36,082	\$489	\$6,225	\$6,460	\$49,256
2020-21	\$37,414	\$507	\$6,455	\$6,686	\$51,062
2021-22	\$38,218	\$507	\$6,593	\$6,829	\$52,147
2022-23	\$41,734	\$507	\$6,817	\$7,069	\$56,127
2023-24	\$44,029	\$507	\$7,056	\$7,422	\$59,014
2024-25	\$46,451	\$507	\$7,303	\$7,682	\$61,943



This graph was not subjected to auditing procedures.  
Please see the independent auditors' report on additional information at page 5.

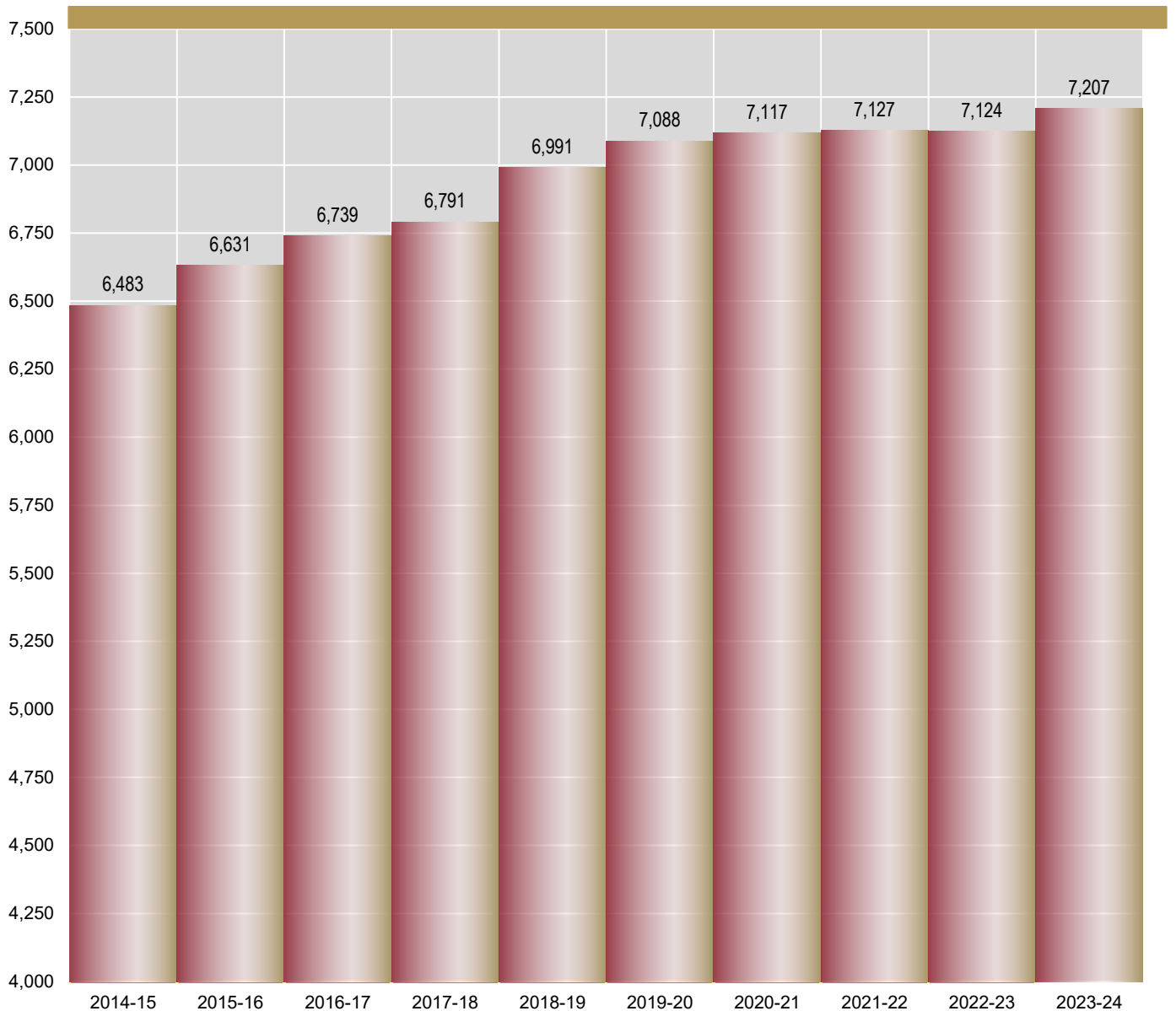
# ELON UNIVERSITY

## STUDENT ENROLLMENT

2015-2024

This graph shows a 10-year trend of total enrollment on a head-count basis.

ACADEMIC YEAR	UNDERGRADUATE	GRADUATE	TOTAL
2014-15	5,782	701	6,483
2015-16	5,903	728	6,631
2016-17	6,008	731	6,739
2017-18	6,045	746	6,791
2018-19	6,196	795	6,991
2019-20	6,277	811	7,088
2020-21	6,291	826	7,117
2021-22	6,302	825	7,127
2022-23	6,338	786	7,124
2023-24	6,402	805	7,207



This graph was not subjected to auditing procedures.  
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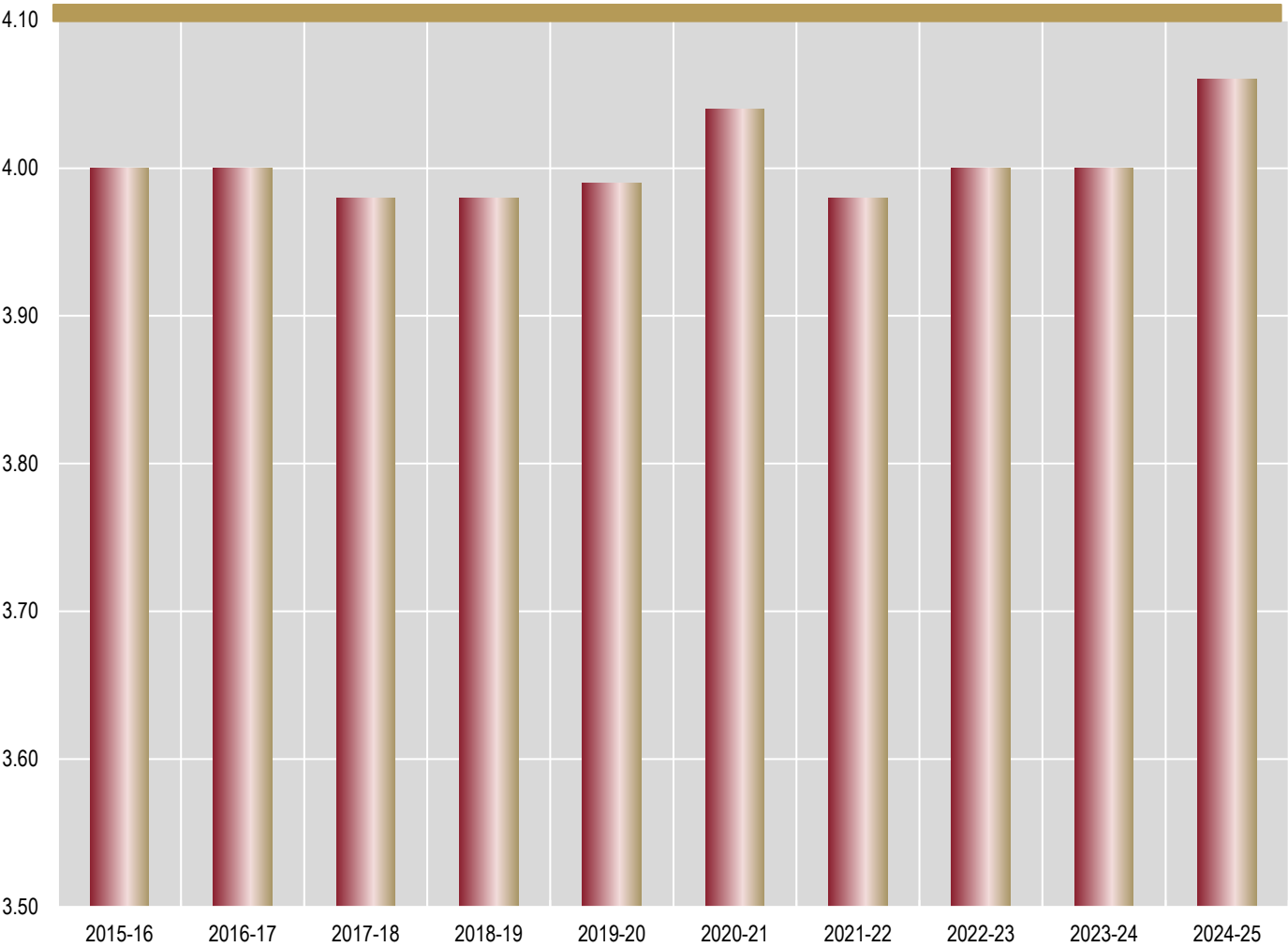


STUDENT  
SELECTIVITY

2016-2025

Measures of student quality have remained consistently high over the last 10 years. The average GPA is 4.00. Academic year 2021 is the first year Elon used the common application.

ACADEMIC YEAR	Applications	GPA
2015-16	10,257	4.00
2016-17	10,095	4.00
2017-18	9,622	3.98
2018-19	10,729	3.98
2019-20	10,500	3.99
2020-21	15,305	4.04
2021-22	17,815	3.98
2022-23	17,530	4.00
2023-24	18,775	4.00
2024-25	18,087	4.06

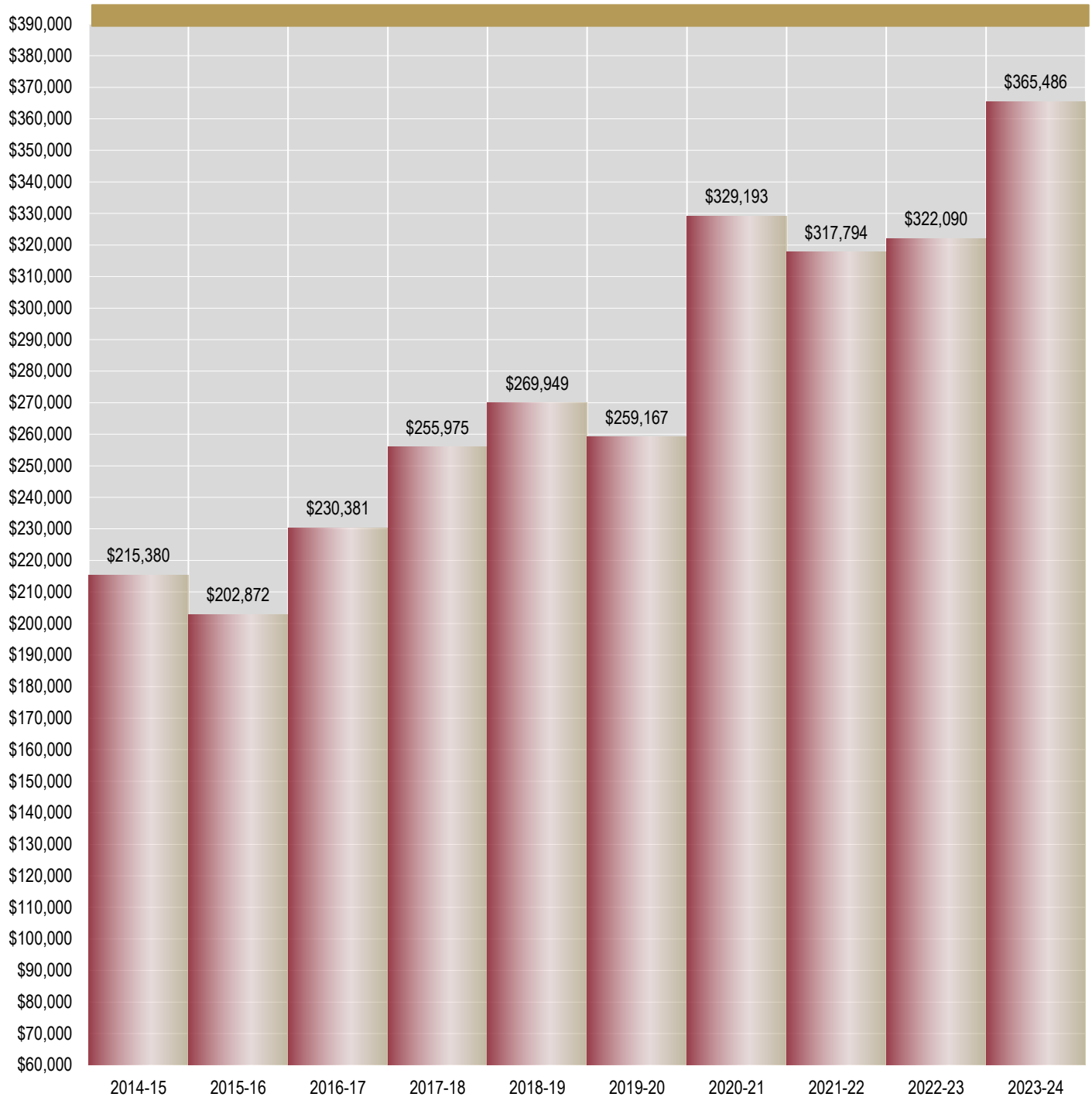


This graph was not subjected to auditing procedures.  
Please see the independent auditors' report on additional information at page 5.

## ENDOWMENT MARKET VALUE (\$000's)

The overall trend of the endowment market value has been positive over the past 10 years, experiencing a growth of nearly \$150 million in the 10 year span.

2015-2024



This graph was not subjected to auditing procedures.

Please see the independent auditors' report on additional information at page 5.

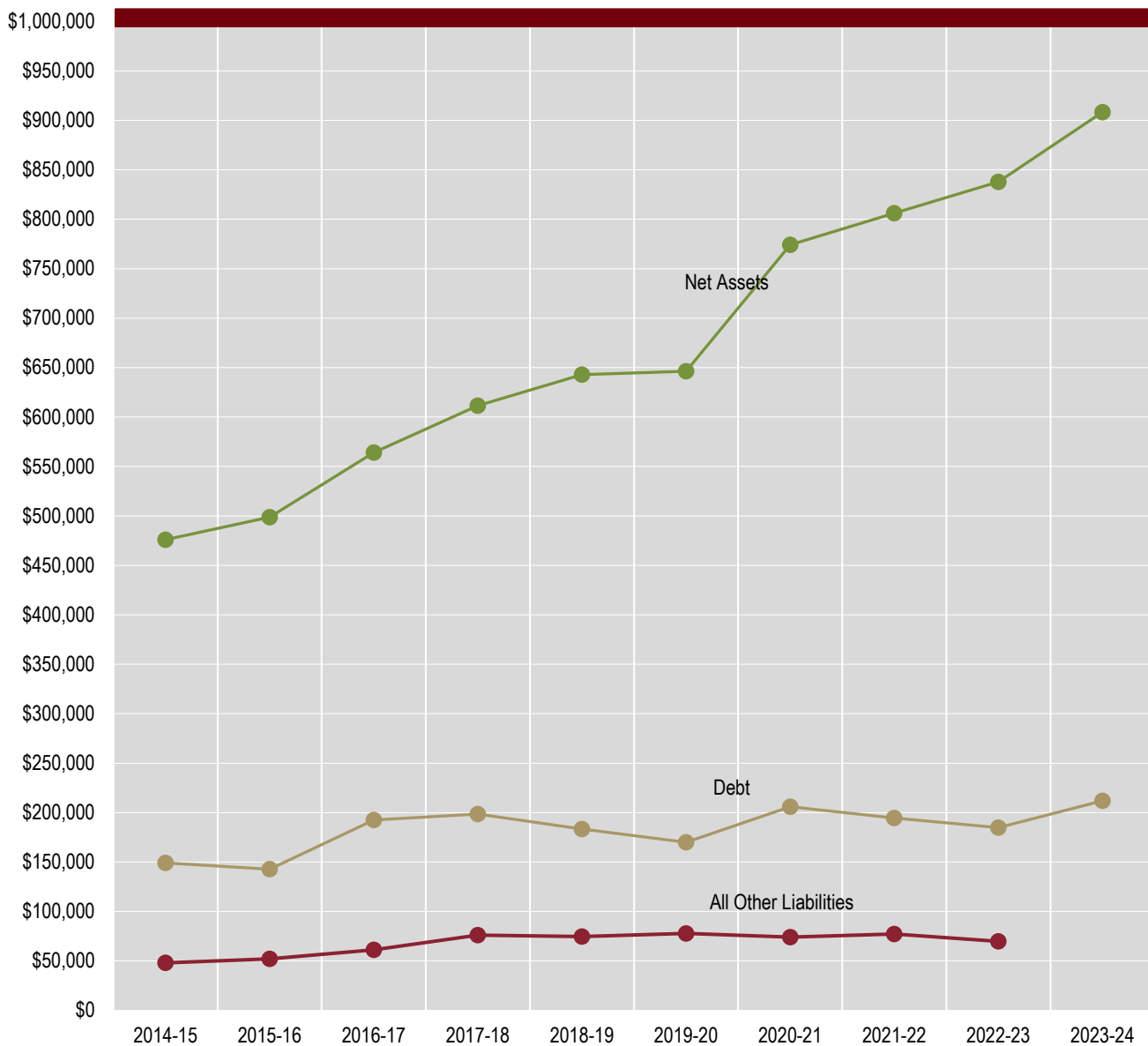
# ELON UNIVERSITY

## NET ASSETS AND LIABILITIES (\$000's)

2015-2024

The University has experienced a positive overall trend in net assets over the past 10 years which has allowed for the expansion of campus facilities and programs.

FISCAL YEAR	NET ASSETS	DEBT	ALL OTHER LIABILITIES
2014-15	\$475,971	\$149,185	\$48,012
2015-16	\$498,689	\$142,723	\$51,999
2016-17	\$564,219	\$192,600	\$61,102
2017-18	\$611,409	\$198,568	\$76,182
2018-19	\$642,860	\$183,424	\$74,758
2019-20	\$646,275	\$170,068	\$77,826
2020-21	\$774,041	\$205,893	\$73,986
2021-22	\$806,144	\$194,472	\$77,117
2022-23	\$837,674	\$184,799	\$69,759
2023-24	\$908,306	\$211,929	\$89,203



This graph was not subjected to auditing procedures.  
Please see the independent auditors' report on additional information at page 5.



