

Financial & Audit Report

May 31, 2025 & 2024



ELON
UNIVERSITY



CONTENTS

FINANCIAL OVERVIEW 2024 - 2025.....	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 2017-2026	42
Student Enrollment 2016-2025	43
Student Selectivity 2017-2026	44
Endowment Market Value 2016-2025.....	45
Net Assets and Liabilities 2016-2025.....	46

ELON UNIVERSITY
FINANCIAL OVERVIEW 2024-2025

We are pleased to share highlights from another exceptional year of achievement and momentum 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 2024–2025 academic year was marked by transformational expansion and academic distinction. In February 2025, Elon's School of Health Sciences celebrated the full accreditation of its Bachelor of Science in Nursing (BSN) program by the Commission on Collegiate Nursing Education. Since its launch in 2021, Elon's nursing program has prepared graduates to meet urgent healthcare demands with a curriculum rooted in science, ethics and experiential learning.

Continuing our national reach, the university welcomed the inaugural class of the Elon Law Flex Program in Charlotte in August 2024. Designed for working professionals, the part-time program is housed at the new Elon University Charlotte campus, which also supports graduate and undergraduate programs in business, sport management, communications, health sciences and Study USA. In addition, Elon has announced the launch of a new physician assistant studies program on the Charlotte campus, with the first class enrolling in January 2027. The program will emphasize training in primary care, urgent and emergent medicine, and will feature real-world, immersive learning experiences across diverse clinical settings. These new expansions position Elon as an important higher education provider in North Carolina's largest city and one of the nation's most vibrant and fastest-growing metropolitan areas.

On the main campus, Elon is moving ahead with plans to launch a new School of Engineering and Computing in fall 2026, a key initiative in the university's Boldly Elon strategic plan. The new school will build on the success of the growing department of engineering, located in Elon's Innovation Quad.

Meantime, construction is underway in the Innovation Quad for another major Boldly Elon priority – the new HealthEU Center. The 135,000-square-foot facility, will be the campus hub for integrated health and well-being programs, featuring indoor recreation courts, aquatics, a jogging track, climbing wall, fitness spaces, and counseling and academic support services. This comprehensive center is part of Elon's commitment to supporting the whole student and cultivating a vibrant, healthy campus culture.

On the university's South Campus, Elon's first on-campus childcare center opened in August, meeting a longstanding need for quality and affordable childcare, and underscoring the university's investment in faculty, staff and community wellbeing.

Residence Life took a major step forward with the opening of the new East Neighborhood Commons and 90 new residential rooms primarily for first-year students. Also opening was the first phase of the Loy Farm Living-Learning Community EcoVillage, with six sustainable houses designed by students and faculty in partnership with the University Planning, Design and Construction Management department. In the Historic Neighborhood of campus, the final renovations of a seven-year project were completed with updated rooms in Hook, Brannock and Barney Halls.

The School of Health Sciences programs benefited from the fourth phase of renovations of the Gerald L. Francis Center, and the third phase of renovations was completed at the McMichael Science Center with a major teaching lab. The fourth phase work on the common areas of the building was completed in summer 2025.

As global conversations around technology and education evolve, Elon has assumed a leadership role in artificial intelligence pedagogy. In August 2024 and May 2025, Elon published the groundbreaking "Student Guide to Artificial Intelligence" in partnership with the American Association of Colleges and Universities. The two guides have received global acceptance, with more than 60,000 students, faculty and staff at about

ELON UNIVERSITY
FINANCIAL OVERVIEW 2024-2025

3,800 colleges, universities, schools and organizations worldwide accessing these learning resources. In May 2025, the university launched the AI Pedagogy Challenge, engaging faculty from across disciplines to pilot innovative approaches to teaching with AI. The effort inspired 20 courses in its first year and sparked national dialogue on AI literacy in higher education. Under the leadership of Assistant Professor of Management Mustafa Akben, Elon continues its campus-wide integration of AI technologies through strategic coordination and alignment with the university's Data Nexus quality enhancement plan.

This outstanding commitment to excellence and innovation in teaching places Elon at a position of prominence in higher education. For the fourth consecutive year, Elon was ranked #1 in the nation for excellence in undergraduate teaching by *U.S. News & World Report*. Elon continues to be a leader in the "programs that enhance student experience" category as one of only two colleges and universities in the country ranked in the top 15 in all eight categories of academic programs linked to student success and positive learning outcomes.

Princeton Review again ranked Elon among the top 25 in multiple categories, including #8 "Best-Run College," #9 for internships, and #13 for career services. Elon was also listed among the "Best Value Colleges" for providing a top-tier education at an affordable cost. *Poets & Quants* named Elon among the top 40 undergraduate business schools, and Princeton Review listed Elon University School of Law among the nation's best in its 2025 guide. Elon was also named one of the 25 Best Drama Schools in the World by *The Hollywood Reporter* in June 2025. And Elon ranked #2 in the nation for undergraduate participation in study abroad among doctoral universities, continuing its longstanding position of leadership in international education.

Phoenix Athletics had another standout year, with student-athletes winning five conference championships. Student-athletes also rated perfect across 14 teams in Academic Progress Rates. The athletics department made notable investments in mental health, nutrition and strength training, reinforcing the university's holistic approach to athletic excellence. And Phoenix fans set a record, contributing more than \$2.3 million in annual operating support. Those gifts were part of the nearly \$6 million Elon athletics received in support of unrestricted funds, sport-specific initiatives, capital projects and endowments. Framing all this positive momentum is the adoption of a new five-year strategic plan for athletics, known as Phoenix Rising.

Elon's financial position remains strong. At the close of the fiscal year on May 31, 2025, net assets had increased by \$54.5 million, and the university's endowment was valued at \$402 million, an increase of \$37 million from the previous year. These gains allow continued investment in people, programs, and places that define the Elon experience.

We celebrate this year of resilience, progress, and purpose. Our community continues to rise to new challenges and build a future shaped by innovation, inclusion and impact.

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 appropriate division of responsibility. Management believes that, as of May 31, 2025 and 2024, 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 audit of the financial statements**Opinion**

We have audited the consolidated financial statements of Elon University (a nonprofit North Carolina organization) (and subsidiaries) (the "University"), which comprise the consolidated statements of financial position as of May 31, 2025 and 2024, 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 consolidated financial position of the University as of May 31, 2025 and 2024, 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 2024-2025, Management Statement of Responsibility and accompanying graphs of tuition and fees, housing and food 2017-2026, student enrollment 2016-2025, student selectivity 2017-2026, endowment market value 2016-2025, and net assets and liabilities 2016-2025, 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 23, 2025

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ELON UNIVERSITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
May 31, 2025 and 2024

	2025	2024
ASSETS:		
Cash and cash equivalents	\$ 36,556,823	\$ 39,917,089
Accounts receivable, net	3,402,141	4,199,251
Prepaid expenses and other assets	5,940,662	7,531,455
Deposits with bond trustee	2,346,389	17,420,011
Contributions receivable, net	27,270	465,080
Investments	628,093,812	576,328,200
Loans to students, net	821,760	945,952
Construction in progress	12,932,894	37,275,752
Property and equipment, net	531,907,304	495,619,382
Right of use assets under operating leases	22,082,080	21,459,418
Right of use assets under finance leases	7,407,855	8,277,138
	<hr/>	<hr/>
Total Assets	<u>\$ 1,251,518,990</u>	<u>\$ 1,209,438,728</u>
LIABILITIES:		
Accounts payable	\$ 8,375,037	\$ 8,647,653
Accrued liabilities	20,786,860	19,925,957
Student deposits	5,430,977	5,838,175
Deferred revenue	5,571,573	6,461,174
Other liabilities	13,198,866	14,435,731
Operating lease liabilities	23,763,105	22,077,724
Finance lease liabilities	10,523,698	11,015,675
Bonds payable, net	200,325,201	211,928,579
Obligation under interest rate swap agreements	227,811	171,178
U.S. government advances for student loans	435,209	630,643
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Total Liabilities	<u>288,638,337</u>	<u>301,132,489</u>
NET ASSETS:		
Without donor restrictions		
Undesignated	530,670,292	515,897,838
Designated by the Board for endowment	167,689,582	147,615,192
With donor restrictions	264,520,779	244,793,209
	<hr/>	<hr/>
Total Net Assets	<u>962,880,653</u>	<u>908,306,239</u>
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Total Liabilities and Net Assets	<u>\$ 1,251,518,990</u>	<u>\$ 1,209,438,728</u>

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

ELON UNIVERSITY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended May 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS:			
Revenues and gains:			
Student revenues, net	\$ 297,417,056	\$ -	\$ 297,417,056
Sales and service of auxiliary enterprises	2,514,198	-	2,514,198
Federal grants	1,580,963	-	1,580,963
State grants	2,854,716	-	2,854,716
Other grants	1,501,000	-	1,501,000
Contributions : cash and other financial assets	1,736,419	16,350,130	18,086,549
Contributions : nonfinancial assets	160,519	-	160,519
Investment return	26,119,773	21,311,616	47,431,389
Loss on disposal of property and equipment	(465,416)	-	(465,416)
Athletics	4,050,010	226,807	4,276,817
Other sources	5,972,823	2,261,905	8,234,728
Total Revenues and gains	343,442,061	40,150,458	383,592,519
Net Assets Released From Restriction	20,422,888	(20,422,888)	-
Total Revenues and gains and other support	363,864,949	19,727,570	383,592,519
Expenses:			
Instruction	149,849,665	-	149,849,665
Student services	60,587,042	-	60,587,042
Auxiliary enterprises	52,132,050	-	52,132,050
Academic support	11,209,595	-	11,209,595
Institutional support	55,183,120	-	55,183,120
Total Expenses	328,961,472	-	328,961,472
Increase in Net Assets before change in value of interest rate swap agreements	34,903,477	19,727,570	54,631,047
Change in value of interest rate swap agreements	(56,633)	-	(56,633)
Increase in Net Assets	34,846,844	19,727,570	54,574,414
Net Assets - Beginning of Year	663,513,030	244,793,209	908,306,239
Net Assets - End of Period	\$ 698,359,874	\$ 264,520,779	\$ 962,880,653

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, gains and losses:			
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	-	2,367,000
Other grants	1,387,143	-	1,387,143
Contributions : cash and other financial assets	2,942,776	11,699,418	14,642,194
Contributions : nonfinancial assets	40,496	-	40,496
Investment return	27,123,211	24,403,644	51,526,855
Gain on disposal of property and equipment	8,194	-	8,194
Athletics	3,832,966	235,796	4,068,762
Other sources	6,517,563	2,286,725	8,804,288
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Total Revenues, gains and losses	339,949,958	38,625,583	378,575,541
Net Assets Released From Restriction	17,099,480	(17,099,480)	-
	<hr/>	<hr/>	<hr/>
Total Revenues and gains and other support	357,049,438	21,526,103	378,575,541
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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
	<hr/>	<hr/>	<hr/>
Total Expenses	308,157,732	-	308,157,732
	<hr/>	<hr/>	<hr/>
Increase in Net Assets before change in value of interest rate swap agreements	48,891,706	21,526,103	70,417,809
	<hr/>	<hr/>	<hr/>
Change in value of interest rate swap agreements	214,539	-	214,539
	<hr/>	<hr/>	<hr/>
Increase in Net Assets	49,106,245	21,526,103	70,632,348
	<hr/>	<hr/>	<hr/>
Net Assets - Beginning of Year	614,406,785	223,267,106	837,673,891
	<hr/>	<hr/>	<hr/>
Net Assets - End of Period	\$ 663,513,030	\$ 244,793,209	\$ 908,306,239
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The accompanying notes are an integral part of these consolidated financial statements.

ELON UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS
May 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 54,574,414	\$ 70,632,348
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	16,418,045	15,040,090
Amortization of financing right-of-use assets	1,235,730	1,165,897
Amortization of finance lease liability	44,621	70,574
Amortization of operating leases	1,062,719	388,199
Change in fair value at interest rate swap agreements	56,633	(214,539)
Amortization of bond issue costs	69,622	58,472
Contributions of assets - other	(1,144,239)	(468,299)
Contributions restricted to capital projects	(1,699,116)	(337,542)
Contributions of assets - endowment	(4,054,433)	(4,805,316)
Gain on investments	(47,431,389)	(51,526,855)
Loss (Gain) on disposal of property and equipment	465,416	(8,194)
Provision for bad debt	(95,537)	(212,527)
(Increase) decrease in:		
Accounts receivable	797,110	39,045
Prepaid expenses and other assets	1,590,793	(4,497,147)
Contributions receivable	533,347	376,438
Loans to students	124,192	199,835
Increase (decrease) in:		
Accounts payable	(272,616)	2,977,320
Accrued liabilities	840,700	1,042,767
Student deposits	(407,198)	(485,062)
Deferred revenue	(889,601)	551,592
Other liabilities	(1,236,865)	(1,522,058)
U.S. government advances for student loans	(195,434)	(364,069)
Net cash provided by operating activities	20,386,914	28,100,969
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	51,184,887	15,671,762
Purchases of investments	(54,374,871)	(27,889,026)
Proceeds from disposal of property and equipment	563,442	19,929
Purchases of property and equipment	(29,382,509)	(49,914,180)
Decrease (increase) in deposits with bond trustee	15,073,622	(10,499,798)
Net cash used by investing activities	(16,935,429)	(72,611,313)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bond issuance	-	37,265,000
Principal payments on bonds	(11,673,000)	(9,989,000)
Payments on finance/capital lease obligations	(892,300)	(758,550)
Payments for bond issue costs	-	(204,643)
Contributions restricted to capital projects	1,699,116	337,542
Contributions restricted to endowment	4,054,433	4,805,316
Net cash (used) provided by financing activities	(6,811,751)	31,455,665
Net Decrease in cash and cash equivalents	(3,360,266)	(13,054,679)
Cash and cash equivalents, Beginning of year	39,917,089	52,971,768
Cash and cash equivalents, End of year	\$ 36,556,823	\$ 39,917,089

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, 2025 and 2024

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).

(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.

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).

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

(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 includes 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, 2025 and 2024 past due 180 days is \$160,982 and \$238,735, 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 \$247,585 and \$223,522 at May 31, 2025 and 2024, respectively.

(h) Deposits with Bond Trustee

In 2025 and 2024, deposits with bond trustee consisted of unexpended proceeds from the 2021 and the 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 a 7.5% and 8.5% discount rate at May 31, 2025 and 2024, respectively.

(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 majority 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.

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

(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, 2025 and 2024. 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.

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.

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

(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 \$1,773,823 and \$1,083,764 at May 31, 2025 and 2024, 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.

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.

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

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.

NOTE 2: Liquidity and Availability

As of May 31, 2025 and 2024, financial assets and liquid 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:

	2025	2024
Total assets at year-end:	\$ 1,251,518,990	\$ 1,209,438,728
Less amounts not available to be used for general expenditures within one year:		
Non-financial assets	(597,825,212)	(587,822,942)
Endowments subject to donor restrictions	(230,403,752)	(214,052,471)
Net assets subject to purpose restrictions	(40,251,264)	(51,174,432)
Assets restricted for the Perkins loan program	(519,007)	(712,956)
Total financial assets available to meet general expenditures over next 12 months	<u>\$ 382,519,755</u>	<u>\$ 355,675,927</u>
Financial assets available to meet general expenditures over the next 12 months consist of the following:		
Cash and cash equivalents	\$ 33,209,897	\$ 37,502,634
Accounts receivable, net	3,402,141	4,199,251
Investments not encumbered by donor restrictions	345,907,717	313,974,042
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 382,519,755</u>	<u>\$ 355,675,927</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

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

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 \$253,037 and \$265,555 for the years ended May 31, 2025 and 2024. Total cash restricted for capital projects is \$2,305,819 and \$756,768 for the years ended May 31, 2025 and 2024. Total cash restricted for donor endowment is \$788,070 and \$1,392,132 for the years ended May 31, 2025 and 2024.

To help manage liquidity, the university renewed a one-year line of credit for \$25 million in November 2024, expiring November 27, 2025. As of May 31, 2025, there were no outstanding amounts under this line of credit.

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.

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

Investments include items valued at the net asset value (NAV) of the underlying funds at May 31, 2025 and 2024. 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.

At May 31, 2025, fair value of financial assets and financial liabilities is as follows:

	Level 1	Level 2	Level 3	Total
Investments:				
Cash & cash equivalents	\$ 43,531,521	\$ -	\$ -	\$ 43,531,521
Equities	14,048,840	-	-	14,048,840
Asset backed	-	29,737,056	-	29,737,056
Government and corporate bonds	48,899,448	83,544,763	-	132,444,211
Real estate	-	-	30,832,014	30,832,014
Other	606,581	-	-	606,581
Alternative Investments (valued at NAV)	-	-	-	372,076,848
Outside perpetual trusts	-	-	4,816,741	4,816,741
Financial Assets	<u>\$ 107,086,390</u>	<u>\$ 113,281,819</u>	<u>\$ 35,648,755</u>	<u>\$ 628,093,812</u>
Split-interest agreements (accrued liabilities)	\$ -	\$ 575,947	\$ -	\$ 575,947
Refundable advances (CRUTs) (other liabilities)	-	3,503,766	-	3,503,766
Obligation under interest rate swap agreements	-	227,811	-	227,811
Financial Liabilities	<u>\$ -</u>	<u>\$ 4,307,524</u>	<u>\$ -</u>	<u>\$ 4,307,524</u>

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

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>

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.

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

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 majority 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.

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.

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

NOTE 4: Contributions Receivable

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

	2025	2024
One Year	\$ 381,607	\$ 864,954
2 - 4 Years	35,000	85,000
	416,607	949,954
Less allowance	(47,430)	(103,877)
Less discount	(341,907)	(380,997)
Total	<u>\$ 27,270</u>	<u>\$ 465,080</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 \$348,607 and \$800,000 at May 31, 2025 and 2024, respectively.

NOTE 5: Investments

Major categories of investments at May 31 are as follows:

	2025		2024	
	Cost	Market	Cost	Market
<u>Non-endowment funds:</u>				
Cash & cash equivalents	\$ 42,424,112	\$ 42,424,112	\$ 13,714,703	\$ 13,714,703
Equities	4,658,883	6,567,101	4,658,883	6,191,147
Fixed income	158,777,660	159,267,064	173,960,406	173,374,916
Real estate	16,036,013	16,428,013	15,934,013	16,330,013
Other	567,786	567,786	567,786	567,786
Alternative investments	491,842	669,517	491,842	663,152
	<u>222,956,296</u>	<u>225,923,593</u>	<u>209,327,633</u>	<u>210,841,717</u>
<u>Endowment and similar funds:</u>				
Cash & cash equivalents	\$ 1,109,719	\$ 1,107,409	\$ 1,909,990	\$ 1,910,333
Equities	4,011,857	7,481,739	3,883,934	6,973,220
Fixed income	2,875,059	2,914,203	2,595,464	2,567,323
Real estate	16,000,001	14,404,001	16,430,001	14,782,001
Other	38,794	38,795	42,991	43,187
Alternative investments	154,146,008	371,407,331	152,859,008	334,422,693
Outside perpetual trusts	-	4,816,741	-	4,787,726
	<u>178,181,438</u>	<u>402,170,219</u>	<u>177,721,388</u>	<u>365,486,483</u>
Total	<u>\$ 401,137,734</u>	<u>\$ 628,093,812</u>	<u>\$ 387,049,021</u>	<u>\$ 576,328,200</u>

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

The university has investments of \$18,777,621 and \$17,566,109 at May 31, 2025 and 2024, 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.

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.

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

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, 2025 and 2024. The applicable rate for scholarships is 5.0% for the years ended May 31, 2025 and 2024. 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.

Endowment totals as of May 31 are as follows:

	2025	2024
Contributions receivable, net	\$ 2,828	\$ 145,987
Investments	402,170,219	365,486,483
Accrued and other liabilities	<u>(4,079,713)</u>	<u>(3,964,807)</u>
Total	<u>\$ 398,093,334</u>	<u>\$ 361,667,663</u>

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

	2025	2024
Designated by the Board for Endowment	\$ 167,689,582	\$ 147,615,192
With Donor Restrictions	<u>230,403,752</u>	<u>214,052,471</u>
Total	<u>\$ 398,093,334</u>	<u>\$ 361,667,663</u>

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

Changes in endowment net assets during the years ended May 31, 2025 and 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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
	<hr/>	<hr/>	<hr/>
Balance, May 31, 2024	\$ 147,615,192	\$ 214,052,471	\$ 361,667,663
Contributions - Donors	-	4,054,433	4,054,433
Contributions - Board designated	12,000,000	-	12,000,000
Investment return	14,332,595	21,829,045	36,161,640
Spending policy	(6,233,205)	(9,549,917)	(15,783,122)
Transfers	(25,000)	17,720	(7,280)
	<hr/>	<hr/>	<hr/>
Balance, May 31, 2025	<u>\$ 167,689,582</u>	<u>\$ 230,403,752</u>	<u>\$ 398,093,334</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 at May 31, 2025 and 2024. 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. There were no such deficiencies in May.

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.

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

	2025	2024
Trustee distributions restricted to scholarship:		
Asset value	\$ 1,170,758	\$ 1,168,592
Trustee distributions	43,690	43,430
Trustee distributions restricted to professorship:		
Asset value	\$ 1,361,792	\$ 1,379,053
Trustee distributions	55,548	56,614
Unrestricted trustee distributions:		
Asset value	\$ 2,284,191	\$ 2,240,081
Trustee distributions	144,636	116,863

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.

	2025	2024
Annuities asset	\$ 1,682,969	\$ 1,600,020
Annuities liability	409,099	441,730
Total contributions to charitable gift annuities	-	55,000
Change in value of charitable gift annuity asset	82,949	(35,047)

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.

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

At May 31, student loans are as follows:

	2025	2024
Federal Perkins loan program	\$ 305,970	\$ 487,401
Institutional loans	598,290	541,051
	<u>904,260</u>	<u>1,028,452</u>
Less allowance for doubtful accounts:		
Beginning of the year	(82,500)	(82,500)
Increase	(15)	(7)
Charge offs	15	7
End of year	<u>(82,500)</u>	<u>(82,500)</u>
Student loans receivable, net	<u>\$ 821,760</u>	<u>\$ 945,952</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
2025	\$ 21,440	\$ 6,636	\$ 178,118	\$ 206,194
2024	\$ 71,775	\$ 25,890	\$ 179,371	\$ 277,036

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:

	2025	2024
Federal Perkins loan program	0.19%	0.26%
Institutional loans - Undergraduate	26.08%	17.49%
Institutional loans - Graduate	1.60%	1.45%

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

NOTE 9: Construction in Progress

Projects in process at May 31 are as follows:

<u>2025 Project Description</u>	Costs Incurred Through 5/31/25	Estimated Date of Completion
HealthEU Building	\$ 6,875,466	July 2026
Francis Center	1,627,445	September 2025
Acorn Academy	1,198,140	July 2025
Francis Center Remote Parking Lot	1,175,149	September 2025
Colonnades A & B	475,921	June 2025
McMichael Science	229,375	June 2025
Holland House Renovation	210,998	October 2025
Other Projects	1,140,400	Various
Total	<u>\$ 12,932,894</u>	

<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 Danieley 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>	

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

NOTE 10: Property and Equipment

Property and equipment at May 31 are as follows:

	2025	2024
Land and land improvements	\$ 106,632,417	\$ 102,964,543
Buildings	595,584,710	551,214,924
Computers and related equipment	943,414	943,414
Library resources	706,461	866,721
Vehicles	6,768,614	6,432,789
Audiovisual equipment	7,359,473	6,666,178
Science equipment	4,576,291	4,256,902
Software	1,949,385	1,843,965
Telephone systems and equipment	143,649	143,649
Other moveable assets	23,101,933	20,726,140
Collections	3,317,849	3,272,849
	<u>751,084,196</u>	<u>699,332,074</u>
Less: Accumulated depreciation	<u>219,176,892</u>	<u>203,712,692</u>
Total	<u><u>\$ 531,907,304</u></u>	<u><u>\$ 495,619,382</u></u>

Depreciation expense is \$16,418,045 and \$15,040,090 for the years ended May 31, 2025 and 2024, respectively.

NOTE 11: Accrued Liabilities

Accrued liabilities at May 31 are as follows:

	2025	2024
Salaries and wages	\$ 11,903,742	\$ 11,399,635
Compensated absences	4,272,116	4,169,205
Split-interest agreements	575,947	623,280
Conditional asset retirement obligations	586,011	569,280
Accrued other liabilities	3,449,044	3,164,557
Total	<u><u>\$ 20,786,860</u></u>	<u><u>\$ 19,925,957</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, 2025 and 2024

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 3.57% and 4.30% for May 31, 2025 and 2024, respectively.

NOTE 12: Other Liabilities

Other liabilities at May 31 are as follows:

	2025	2024
Agency obligations	\$ 1,770,710	\$ 1,998,919
Refundable advances - Exchange transactions	7,924,390	9,095,285
Refundable advances - CRUTs	3,503,766	3,341,527
	<hr/>	<hr/>
Total	<u>\$ 13,198,866</u>	<u>\$ 14,435,731</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 \$669,517 and \$663,151 at May 31, 2025 and 2024, respectively.

Refundable Advances – Exchange Transactions

As of May 31, 2025 and 2024, 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, 2025 and 2024

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, 2025	Year Ended May 31, 2024
Lease expense		
Finance lease expense		
Amortization of ROU assets	\$ 1,235,730	\$ 1,165,897
Interest on lease liabilities	1,134,811	1,138,472
Operating lease expense	4,596,922	3,396,006
Total	<u>\$ 6,967,463</u>	<u>\$ 5,700,375</u>

	Year Ended May 31, 2025	Year Ended May 31, 2024
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)	\$ 1,090,190	\$ 1,087,197
Financing cash flows from finance leases (i.e. principal portion)	892,300	758,550
Operating cash flows from operating leases	3,428,363	2,925,929
ROU assets obtained in exchange for new finance lease liabilities	355,702	1,710,986
ROU assets obtained in exchange for new operating lease liabilities	4,068,880	19,153,622
Weighted-average remaining lease term in years for finance leases	13.24	13.68
Weighted-average remaining lease term in years for operating leases	10.26	11.52
Weighted-average discount rate for finance leases	11.61%	11.45%
Weighted-average discount rate for operating leases	4.45%	4.32%

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

Aggregate maturities of lease liabilities at May 31, 2025, are as follows:

<u>Year Ending</u>	<u>Finance</u>	<u>Operating</u>
2026	\$ 2,039,306	\$ 3,511,794
2027	1,842,969	3,339,240
2028	1,428,556	3,283,533
2029	1,284,967	2,051,555
2030	1,198,474	2,093,311
Thereafter	14,894,930	16,031,154
Total undiscounted cash flows	22,689,202	30,310,587
Less: present value discount	(12,165,504)	(6,547,482)
Total lease liabilities	<u>\$ 10,523,698</u>	<u>\$ 23,763,105</u>

NOTE 14: Bonds Payable

All bonds are direct purchase bonds with various banks. The university is in compliance with all debt covenants as of May 31, 2025 and 2024.

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

Remaining principal balances at May 31 are as follows:

	<u>2025</u>	<u>2024</u>
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, 2025, is 4.64%.	\$ 37,535,000	\$ 40,135,000
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, 2025, is 1.91%.	6,835,000	8,235,000
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, 2025, is 3.93%.	43,950,000	46,235,000
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, 2025, is 4.08%.	18,555,000	19,435,000
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, 2025, is 3.10%.	15,014,000	15,912,000
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, 2025, is 2.25%.	43,445,000	45,680,000
Revenue Bonds, Series 2023 - \$37,265,000, bearing a fixed interest rate paid monthly. Principal payments began in 2025 and will continue through 2043. The interest rate at May 31, 2025, is 3.75%.	35,890,000	37,265,000
	<u>201,224,000</u>	<u>212,897,000</u>
Less: Bond Issue Costs	898,799	968,421
Total	<u>\$ 200,325,201</u>	<u>\$ 211,928,579</u>

Aggregate maturities of bonds payable at May 31, 2025, are as follows:

<u>Year Ending</u>	<u>Amount</u>
2026	\$ 12,041,000
2027	12,421,000
2028	12,795,000
2029	13,241,000
2030	13,639,000
Thereafter	137,087,000
Total	<u>\$ 201,224,000</u>

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

Total interest costs incurred related to bonds payable are \$7,825,702 and \$8,552,602 for the years ended May 31, 2025 and 2024, respectively, and of these amounts \$523,325 and \$924,602, 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	2025		Fixed Rate	2024
Series 2014A	3.78%	\$ 227,811	Series 2014A	3.78%	\$ 171,178
Total		<u>\$ 227,811</u>	Total		<u>\$ 171,178</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:

	2025	2024
Permanent endowment funds	\$ 191,117,380	\$ 182,484,533
Contributions to buildings and equipment	10,037,965	3,295,285
Contributions receivable, net	2,828	145,987
Endowment related funds	53,283,089	47,738,896
Split-interest agreement and term endowments	526,881	1,218,724
Non-endowed contributions for scholarships and operations	8,912,699	9,271,847
Student loan funds	<u>639,937</u>	<u>637,937</u>
Total net assets with donor restrictions	<u>\$ 264,520,779</u>	<u>\$ 244,793,209</u>

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

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

	2025	2024
Undesignated	\$ 530,670,292	\$ 515,897,838
Designated by the Board for endowment		
Scholarship	145,786,980	130,824,793
Program	18,234,639	13,300,813
Professorship	3,667,963	3,489,586
	167,689,582	147,615,192
Total net assets without donor restrictions	<u>\$ 698,359,874</u>	<u>\$ 663,513,030</u>

NOTE 17: Financial Aid (Student Services Discount)

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

	2025	2024
Tuition and fees	\$ 338,302,140	\$ 318,823,428
Tuition discount	(92,635,723)	(78,176,433)
Net tuition	245,666,417	240,646,995
Food and housing	57,516,859	55,249,490
Food and housing food discount	(5,766,220)	(4,459,245)
Net food and housing	51,750,639	50,790,245
Student revenues, net	<u>\$ 297,417,056</u>	<u>\$ 291,437,240</u>

The university awards financial aid based on academic merit, need and leadership. Gross tuition discount is 27.4% and 24.6% for the years ended May 31, 2025 and 2024, respectively. The unfunded discount rate is 23.3% and 21.4% for the years ended May 31, 2025 and 2024, 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, 2025 and 2024

	2025		2024	
<u>Total Tuition and Fees</u>	Dollars	Percentage	Dollars	Percentage
Unfunded discount - general	\$ 71,887,558	21.2%	\$ 64,270,318	20.2%
Unfunded discount - quasi	6,960,639	2.1%	3,666,087	1.2%
Total unfunded discount	78,848,197	23.3%	67,936,405	21.4%
Funded discount	13,787,526	4.1%	10,240,028	3.2%
Total	\$ 92,635,723	27.4%	\$ 78,176,433	24.6%
Gross tuition and fees	<u>\$ 338,302,140</u>		<u>\$ 318,823,428</u>	

	2025		2024	
<u>Undergraduate Tuition and Fees</u>	Dollars	Percentage	Dollars	Percentage
Unfunded discount - general	\$ 61,177,214	20.2%	\$ 58,468,782	20.5%
Unfunded discount - quasi	6,960,639	2.3%	3,666,087	1.3%
Total unfunded discount	68,137,853	22.5%	62,134,869	21.8%
Funded discount	13,299,442	4.4%	9,950,384	3.5%
Total	\$ 81,437,295	26.9%	\$ 72,085,253	25.3%
Gross tuition and fees	<u>\$ 302,929,614</u>		<u>\$ 285,457,565</u>	

NOTE 18: Contributed Cash and Other Financial Assets

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

	2025	2024
Annual funds	\$ 1,419,096	\$ 2,258,826
Endowment and similar funds	4,056,233	4,826,552
Capital projects	7,830,867	3,911,876
Restricted to programs	4,151,014	2,678,461
Restricted to scholarships	629,339	966,479
Total	<u>\$ 18,086,549</u>	<u>\$ 14,642,194</u>

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

NOTE 19: Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the statement of activities for the years ended May 31, 2025 and 2024, are as follows:

	2025	2024
Equipment	\$ 50,918	\$ -
Collectibles	45,001	-
General program supplies	64,600	40,496
Total contributed nonfinancial assets	<u>\$ 160,519</u>	<u>\$ 40,496</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 collectibles without donor restrictions of \$45,001 consist of a painting and a 1970 Elon College Beanie.

Contributed nonfinancial assets with donor restriction consist of \$64,600 of contributed program supplies of contributed food utilized in Annual Giving, musical equipment, Elon Community Church parking lot paving and Men's Baseball uniforms. Contributed nonfinancial assets with donor restrictions of \$50,918 of contributed equipment consist of a mower and a golf cart.

NOTE 20: Functional Classification of Expenses

Expenses by function and nature consist of the following for the year ended May 31, 2025:

	<u>Program Services</u>					
	<u>Instruction</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Auxiliary Services</u>	<u>Institutional Support</u>	<u>Total</u>
Salaries	\$ 78,493,253	\$ 4,547,898	\$ 28,777,939	\$ 8,320,772	\$ 25,490,811	\$ 145,630,673
Benefits	20,717,604	1,437,931	8,399,940	2,608,687	8,214,476	41,378,638
Operating Expenses	15,220,561	4,169,775	13,711,810	20,778,823	19,256,305	73,137,274
Travel and Study Abroad expense	23,215,495	38,996	3,577,510	21,708	1,148,362	28,002,071
Depreciation	5,660,677	493,037	2,727,916	7,259,444	276,971	16,418,045
Debt Service and Interest Expense	1,029,404	-	503,994	5,452,847	502,978	7,489,223
Project Expenses	2,209,151	192,414	1,064,604	2,833,091	108,091	6,407,351
Facilities Management	3,303,520	329,544	1,823,329	4,856,678	185,126	10,498,197
	<u>\$ 149,849,665</u>	<u>\$ 11,209,595</u>	<u>\$ 60,587,042</u>	<u>\$ 52,132,050</u>	<u>\$ 55,183,120</u>	<u>\$ 328,961,472</u>

ELON UNIVERSITY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended May 31, 2025 and 2024

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

	Program Services					
	Instruction	Academic Support	Student Services	Auxiliary Services	Institutional Support	Total
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>

The university's primary program service is academic instruction. Instruction expenses include costs associated with teaching and learning including research expenses. 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 \$9,257,067 and \$8,562,685 for the years ended May 31, 2025 and 2024, respectively.

NOTE 22: Fund Raising

Fundraising costs are \$9,180,304 and \$8,084,966 for the years ended May 31, 2025 and 2024, 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, 2025 and 2024

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 \$1,472,075 and \$1,356,000 during the years ended May 31, 2025 and 2024, 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 \$959,930 and \$845,680 at May 31, 2025 and 2024, 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, 2025 and 2024, total unrelated business income tax costs were \$104,420 and \$94,214, respectively.

NOTE 25: Supplemental Disclosures of Cash Flow Information

During the years ended May 31, 2025 and 2024, cash payments for interest on bonds and capital leases amounted to \$8,624,035 and \$8,920,165, respectively. These numbers are net of amounts capitalized as cost of construction.

The university received noncash contributions in stock and other assets totaling \$3,078,910 and \$1,040,264 during the years ended May 31, 2025 and 2024, respectively.

Leased equipment costing \$355,702 and \$1,710,986 was acquired under the terms of finance leases during the years ended May 31, 2025 and 2024, 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, 2025 and 2024

(b) Construction and Purchase Commitments

As of May 31, 2025 and 2024, the university had outstanding contractual commitments and equipment purchase orders totaling \$14,121,627 and \$20,370,326, respectively.

(c) Employment Related Commitments

Elon University has entered into employment related agreements with certain employees which obligate the university to potential future payments. At May 31, 2025, the maximum potential future payments under these agreements are \$8,115,496.

(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

Elon University and Queens University of Charlotte announced an intent to merge on September 16, 2025. At the conclusion of the merger which is anticipated in the summer of 2026, Elon University will operate Queens.

As of September 23, 2025, the university has no other subsequent events to report.

**ADDITIONAL INFORMATION
PROVIDED BY ELON UNIVERSITY**

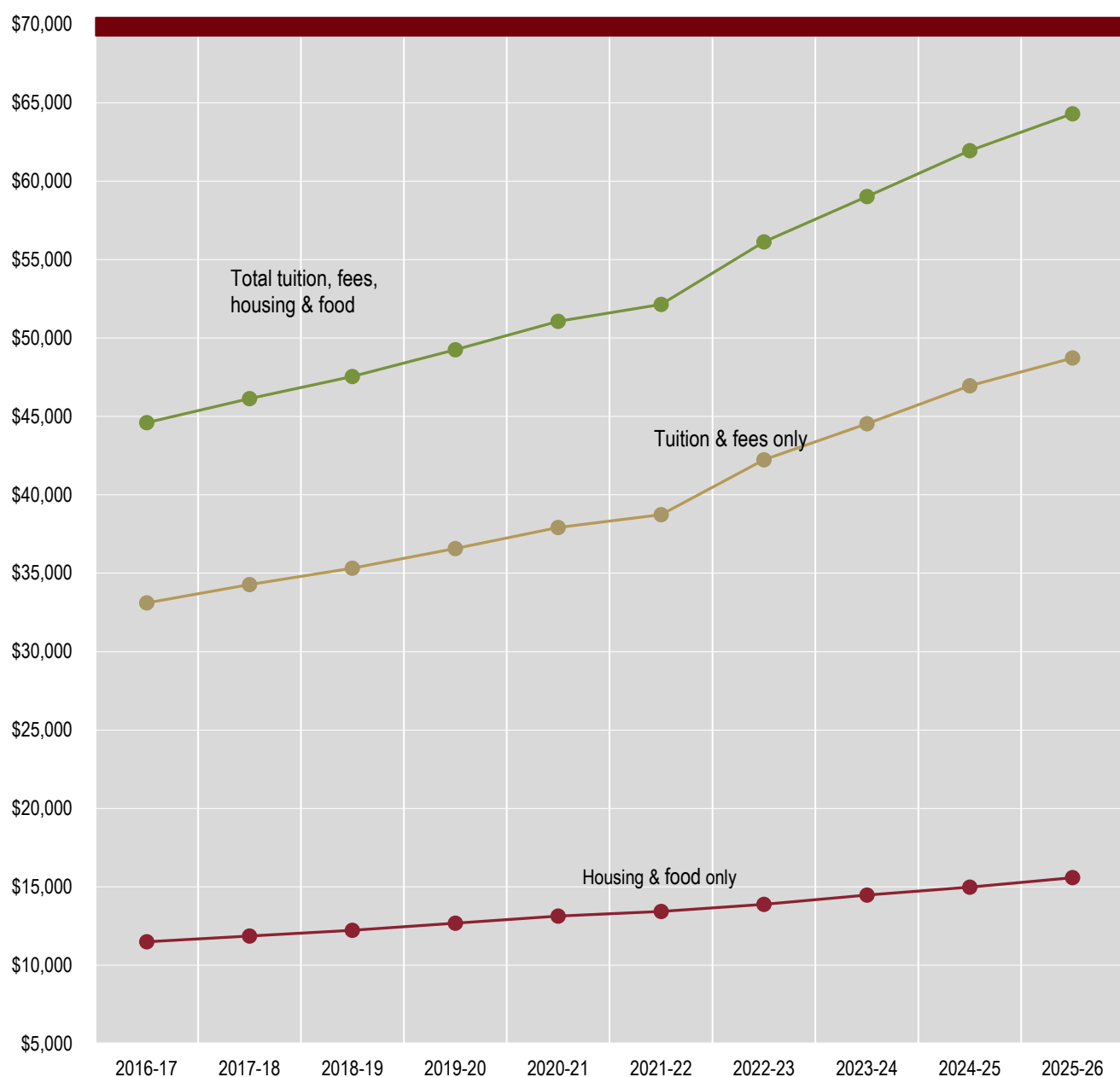
ELON UNIVERSITY

TUITION AND FEES, HOUSING AND FOOD

2017-2026

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
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
2025-26	\$48,216	\$507	\$7,632	\$7,951	\$64,306



This graph was not subjected to auditing procedures.

Please see the Report of Independent Certified Public Accountants on Other Information on pages 5.

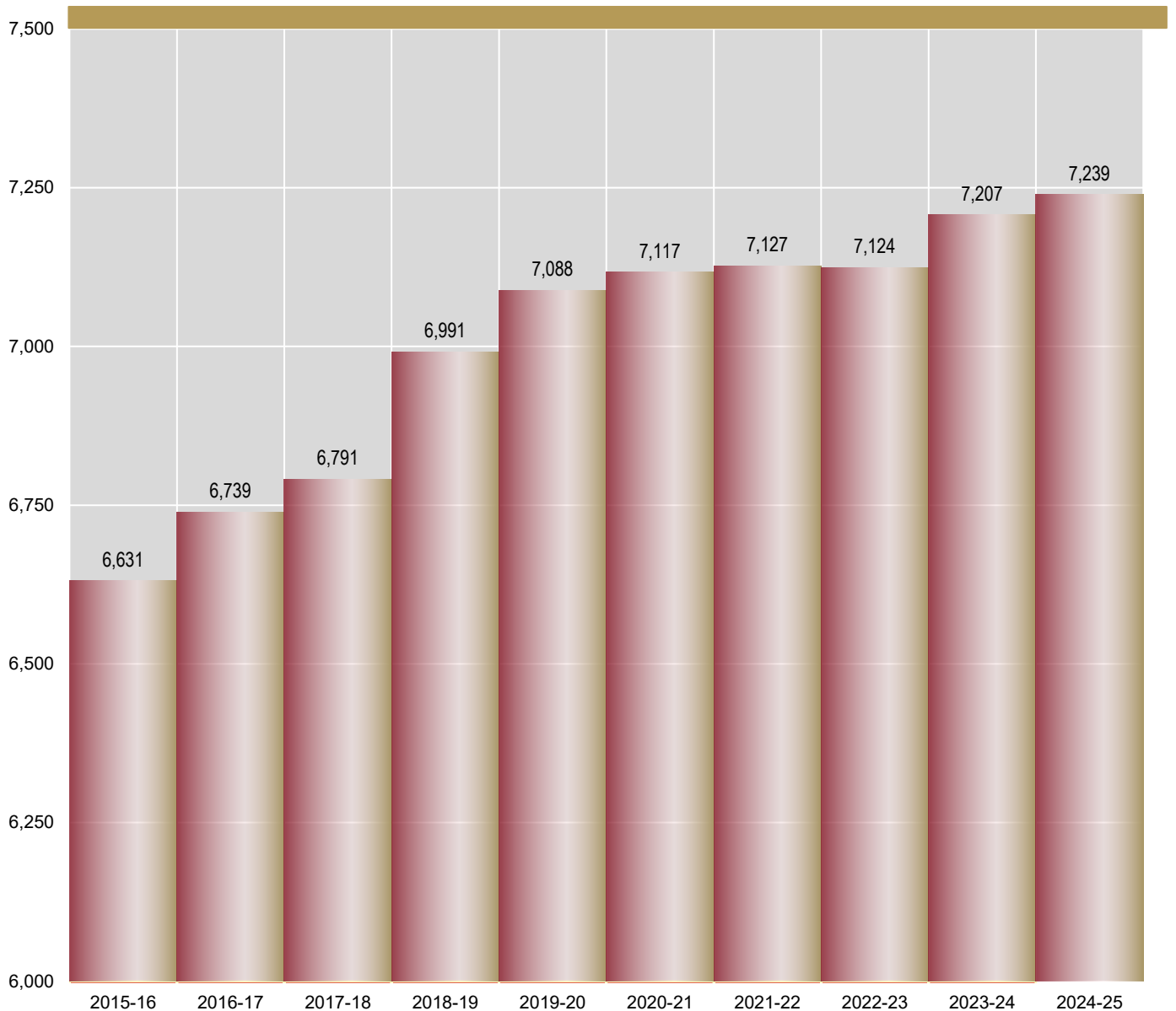
ELON UNIVERSITY

STUDENT ENROLLMENT

2016-2025

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

ACADEMIC YEAR	UNDERGRADUATE	GRADUATE	TOTAL
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
2024-25	6,452	787	7,239



This graph was not subjected to auditing procedures.

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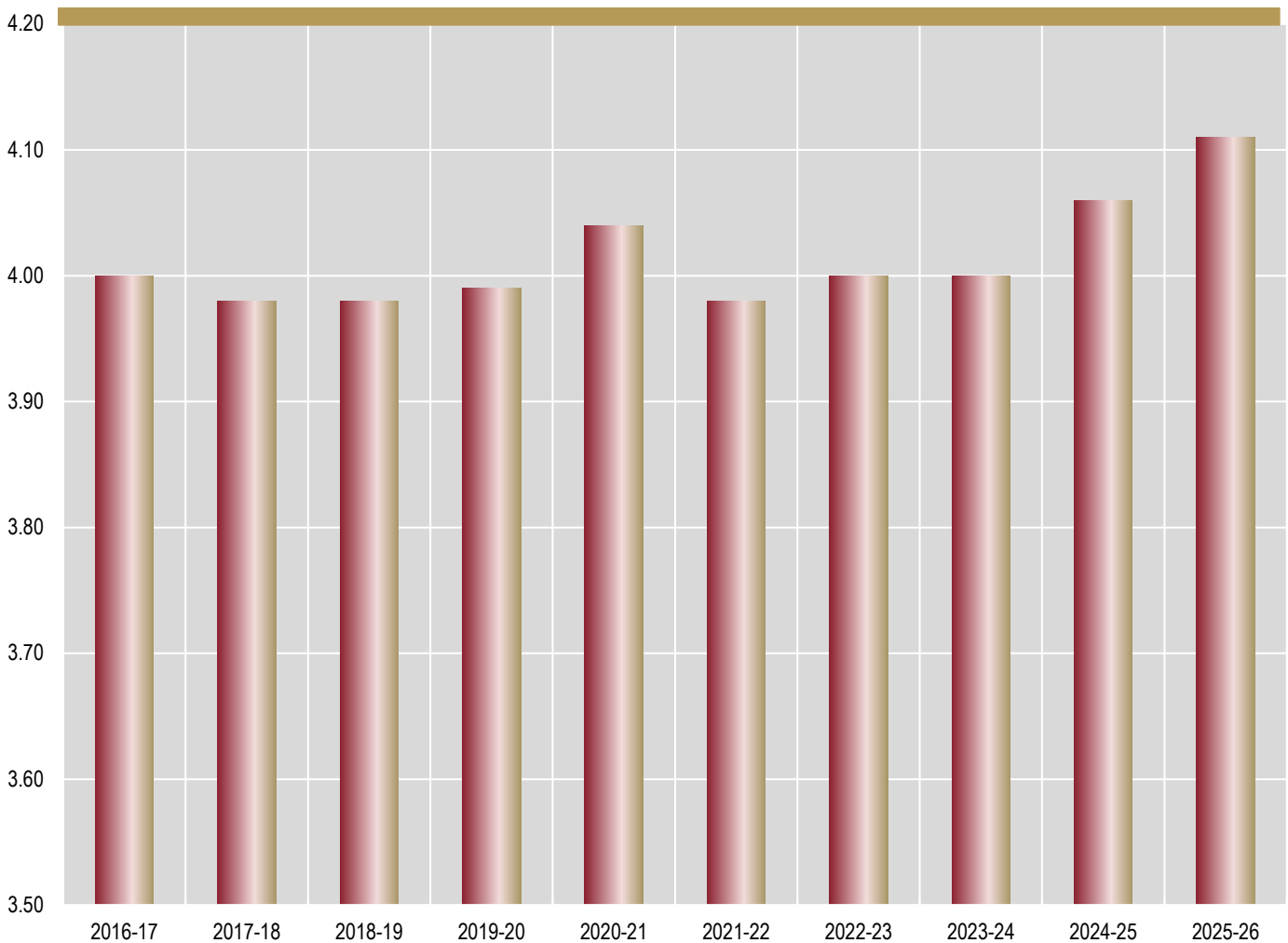
ELON UNIVERSITY

STUDENT SELECTIVITY

2017-2026

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
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
2025-26	18,533	4.11



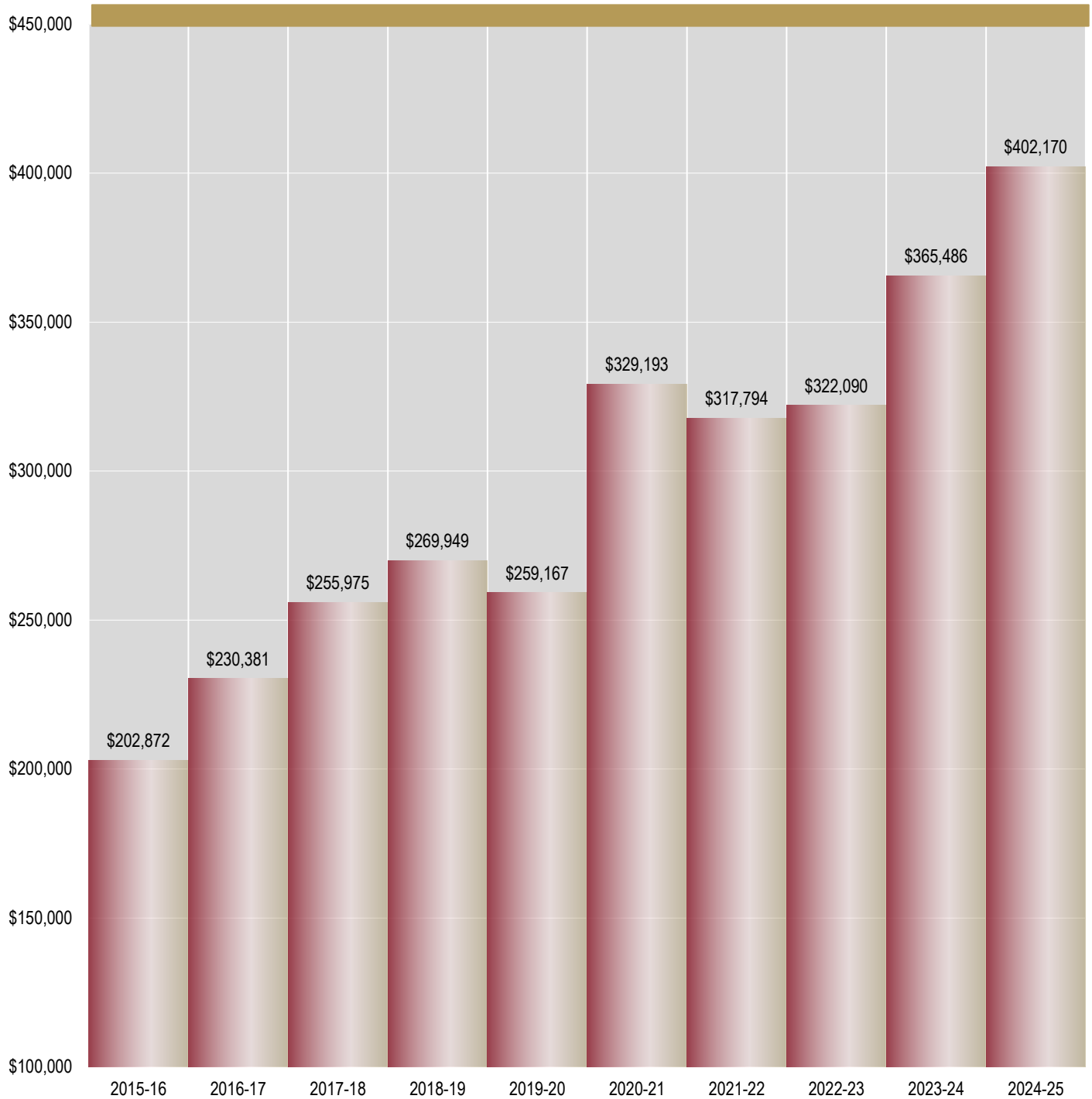
This graph was not subjected to auditing procedures.

Please see the Report of Independent Certified Public Accountants on Other Information on pages 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 \$200 million in the 10 year span.

2016-2025



This graph was not subjected to auditing procedures.

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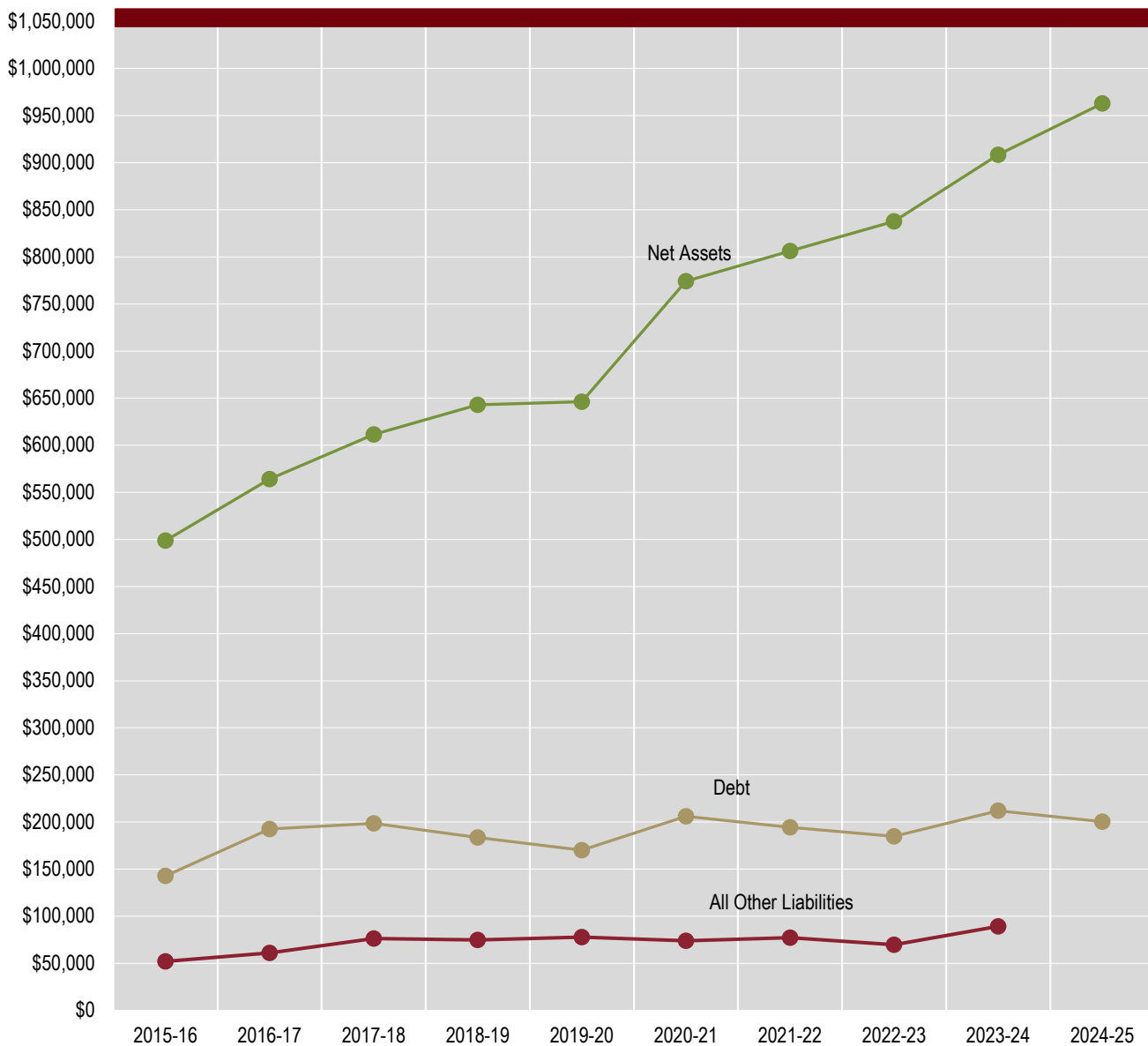
ELON UNIVERSITY

NET ASSETS AND LIABILITIES (\$000's)

2016-2025

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
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
2024-25	\$962,881	\$200,325	\$88,313



This graph was not subjected to auditing procedures.

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FINANCIAL & AUDIT REPORT

MAY 31, 2025 & 2024