# EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC. AND SUBSIDIARIES

Consolidated Financial Statements

Years Ended June 30, 2026 and 2025

(With Independent Auditors' Report Thereon)

**EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC.**
**AND SUBSIDIARIES**

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# Independent Auditors' Report

The Board of Trustees
Embry-Riddle Aeronautical University, Inc. and Subsidiaries:

*Opinion*

We have audited the consolidated financial statements of Embry-Riddle Aeronautical University, Inc. and its Subsidiaries (the University), which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2026 and 2025, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

*Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, 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 that the consolidated financial statements are issued.

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

In performing an audit in accordance with 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.

KPMG LLP

Winston-Salem, North Carolina
October 23, 2026

**EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC.**

Consolidated Statements of Financial Position

Fiscal year ended June 30, 2026 and 2025

(in thousands)

| Assets | 2026 | 2025 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 247,612 | 223,563 |
| Short-term investments (note 4) | 435,354 | 304,048 |
| Accounts and notes receivable, less allowance for doubtful accounts of $2,628 and $2,198, respectively | 19,899 | 22,186 |
| Student loans receivable, net, current portion (note 6) | 372 | 547 |
| Contributions receivable, net, current portion (note 7) | 4,626 | 3,477 |
| Inventories | 7,997 | 6,101 |
| Prepaid expenses and other current assets | 13,557 | 14,462 |
| Total current assets | 729,417 | 574,384 |
| Noncurrent assets: | | |
| Deposits and investments held with trustees | 51,638 | 12 |
| Long-term accounts and notes receivable, net | 43 | 514 |
| Student loans receivable, less current portion and allowance for doubtful accounts of $404 and $344, respectively (note 6) | 1,211 | 1,620 |
| Contributions receivable, net, less current portion (note 7) | 10,668 | 4,161 |
| Other assets | 18 | 859 |
| Long-term investments (note 4) | 460,429 | 364,618 |
| Right-of-use lease assets (note 9) | 34,679 | 36,720 |
| Land, land improvements, buildings and equipment, net (note 8) | 848,115 | 734,139 |
| Total noncurrent assets | 1,406,801 | 1,142,643 |
| Total assets | $ 2,136,218 | 1,717,027 |
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses, and advances for student loans and financial aid, current portion | $ 88,644 | 68,962 |
| Student deposits and advance payments | 10,620 | 10,958 |
| Deferred revenue, current portion | 22,421 | 21,427 |
| Right-of-use lease liability, current portion (note 9) | 2,873 | 2,627 |
| Long-term debt, current portion (note 10) | 19,593 | 19,716 |
| Total current liabilities | 144,151 | 123,690 |
| Noncurrent liabilities: | | |
| Deferred revenue, less current portion | 17,557 | 11,538 |
| Right-of-use lease liability, less current portion (note 9) | 33,079 | 35,073 |
| Long-term debt, net, less current portion (note 10) | 389,854 | 211,236 |
| Other liabilities | 82 | 93 |
| Total noncurrent liabilities | 440,572 | 257,940 |
| Total liabilities | 584,723 | 381,630 |
| Net assets (note 16): | | |
| Without donor restrictions | 1,371,204 | 1,191,022 |
| With donor restrictions: | | |
| Time or purpose | 85,153 | 65,612 |
| Perpetual | 95,138 | 78,763 |
| Total net assets | 1,551,495 | 1,335,397 |
| Total liabilities and net assets | $ 2,136,218 | 1,717,027 |

See accompanying notes to consolidated financial statements.

**EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC.**

Consolidated Statements of Activities

Fiscal year ended June 30, 2026

(in thousands)

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| Operating activities: | | | |
| Revenue and other additions: | | | |
| Tuition, net of institutionally funded scholarships of $189,945 | $ 442,042 | — | 442,042 |
| Flight fees | 84,219 | — | 84,219 |
| Other fees | 29,954 | — | 29,954 |
| Grants and contracts | 59,971 | — | 59,971 |
| Private gifts | 396 | — | 396 |
| Auxiliary enterprises | 53,783 | — | 53,783 |
| Investment income, net | 24,641 | — | 24,641 |
| Other revenue | 17,582 | — | 17,582 |
| Investment earnings distributed | 4,728 | 2,914 | 7,642 |
| Total operating revenue and other additions | 717,316 | 2,914 | 720,230 |
| Net assets released from restrictions | 6,513 | (6,513) | — |
| Total operating revenue and other additions | 723,829 | (3,599) | 720,230 |
| Expenses (note 15): | | | |
| Salaries and wages | 278,231 | — | 278,231 |
| Fringe benefits | 83,463 | — | 83,463 |
| Other operating expenses | 134,822 | — | 134,822 |
| Insurance | 10,833 | — | 10,833 |
| Utilities | 10,717 | — | 10,717 |
| Interest | 11,805 | — | 11,805 |
| Depreciation | 51,549 | — | 51,549 |
| Total operating expenses | 581,420 | — | 581,420 |
| Change in net assets from operating activities | 142,409 | (3,599) | 138,810 |
| Nonoperating activities: | | | |
| Private gifts | 175 | 21,191 | 21,366 |
| Investment return, net | 42,329 | 21,250 | 63,579 |
| Distribution of prior year investment earnings for spending | (4,728) | (2,914) | (7,642) |
| Other nonoperating activities | (3) | (12) | (15) |
| Total nonoperating activities | 37,773 | 39,515 | 77,288 |
| Changes in net assets | 180,182 | 35,916 | 216,098 |
| Net assets, beginning of year | 1,191,022 | 144,375 | 1,335,397 |
| Net assets, end of year | $ 1,371,204 | 180,291 | 1,551,495 |

See accompanying notes to consolidated financial statements.

**EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC.**

Consolidated Statements of Activities

Fiscal year ended June 30, 2025

(in thousands)

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| Operating activities: | | | |
| Revenue and other additions: | | | |
| Tuition, net of institutionally funded scholarships of $176,050 | $ 420,014 | — | 420,014 |
| Flight fees | 69,529 | — | 69,529 |
| Other fees | 29,012 | — | 29,012 |
| Grants and contracts | 50,612 | — | 50,612 |
| Private gifts | 603 | — | 603 |
| Auxiliary enterprises | 50,719 | — | 50,719 |
| Investment income, net | 23,627 | — | 23,627 |
| Other revenue | 15,341 | — | 15,341 |
| Investment earnings distributed | 4,047 | 2,692 | 6,739 |
| Total operating revenue and other additions | 663,504 | 2,692 | 666,196 |
| Net assets released from restrictions | 16,407 | (16,407) | — |
| Total operating revenue and other additions | 679,911 | (13,715) | 666,196 |
| Expenses (note 15): | | | |
| Salaries and wages | 259,325 | — | 259,325 |
| Fringe benefits | 80,722 | — | 80,722 |
| Other operating expenses | 124,585 | — | 124,585 |
| Insurance | 10,116 | — | 10,116 |
| Utilities | 10,116 | — | 10,116 |
| Interest | 9,120 | — | 9,120 |
| Depreciation | 46,360 | — | 46,360 |
| Total operating expenses | 540,344 | — | 540,344 |
| Change in net assets from operating activities | 139,567 | (13,715) | 125,852 |
| Nonoperating activities: | | | |
| Private gifts | — | 10,378 | 10,378 |
| Investment return, net | 27,045 | 12,508 | 39,553 |
| Distribution of prior year investment earnings for spending | (4,047) | (2,692) | (6,739) |
| Gain on extinguishment of debt | 1,482 | — | 1,482 |
| Other nonoperating activities | (1) | 2 | 1 |
| Total nonoperating activities | 24,479 | 20,196 | 44,675 |
| Changes in net assets | 164,046 | 6,481 | 170,527 |
| Net assets, beginning of year | 1,026,976 | 137,894 | 1,164,870 |
| Net assets, end of year | $ 1,191,022 | 144,375 | 1,335,397 |

See accompanying notes to consolidated financial statements.

**EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC.**

Consolidated Statements of Cash Flows

Fiscal year ended June 30, 2026 and 2025

(in thousands)

| | 2026 | 2025 |
|---|---|---|
| Cash flows from operating activities: | | |
| Increase in net assets | $ 216,098 | 170,527 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Depreciation | 51,549 | 46,360 |
| Realized and unrealized gains on investments | (52,666) | (32,906) |
| Net amortization of bond premium and debt issuance costs | (2,776) | (1,250) |
| Loss (gain) on disposal of equipment and settlement of finance lease obligation | 613 | (1,367) |
| Gain on extinguishment of debt | — | (1,482) |
| Amortization of right-of-use lease assets | 293 | 218 |
| Contribution of nonfinancial assets | (75) | — |
| Contributions restricted for long-term investment | (18,248) | (6,574) |
| Changes in operating assets and liabilities: | | |
| Accounts and notes receivable | 2,758 | 5,764 |
| Contributions receivable | (7,656) | (1,615) |
| Inventories | (1,896) | 170 |
| Prepaid expenses and other assets | 1,746 | (3,322) |
| Accounts payable, accrued expenses, and advances for student loans and financial aid | 13,906 | 1,269 |
| Deferred revenue | 7,013 | 2,634 |
| Other liabilities | (11) | (31) |
| Student deposits and advance payments | (338) | 864 |
| Net cash provided by operating activities | 210,310 | 179,259 |
| Cash flows from investing activities: | | |
| Purchase of investments | (896,569) | (557,443) |
| Sale of investments | 725,470 | 486,560 |
| Principal received on student loan receivables | 667 | 803 |
| Loans made to students | (83) | (141) |
| Proceeds from sale of land, land improvements, buildings, and equipment | 1,513 | 3,125 |
| Capital expenditures | (161,900) | (113,294) |
| Net cash used in investing activities | (330,902) | (180,390) |
| Cash flows from financing activities: | | |
| Proceeds on short-term note payable | — | 32,813 |
| Principal payment on short-term note payable | — | (32,813) |
| Proceeds from long-term debt | 200,022 | — |
| Principal payments on long-term debt | (18,651) | (50,845) |
| (Increase) decrease in deposits and investments with trustees | (51,626) | 33 |
| Proceeds from restricted contributions | 18,248 | 6,574 |
| Net cash provided by (used in) financing activities | 147,993 | (44,238) |
| Change in cash, cash equivalents and restricted cash | 27,401 | (45,369) |
| Cash, cash equivalents and restricted cash, beginning of year | 227,107 | 272,476 |
| Cash, cash equivalents and restricted cash, end of year | $ 254,508 | 227,107 |
| Reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position: | | |
| Cash and cash equivalents | $ 247,612 | 223,563 |
| Cash and cash equivalents, restricted | 6,896 | 3,544 |
| Total cash, cash equivalents and restricted cash | $ 254,508 | 227,107 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the year for interest | $ 14,977 | 10,828 |
| Change in capital asset value under finance lease | — | 16 |
| Change in capital asset acquisitions in accounts payable | 5,776 | (196) |

See accompanying notes to consolidated financial statements.

## (1) Nature of Operations

Embry-Riddle Aeronautical University, Inc. and Subsidiaries (the University) is an independent, nonprofit institution providing quality education and research in aviation, aerospace, engineering, and other primarily STEM (Science, Technology, Engineering, and Mathematics)-related fields with residential campuses in Daytona Beach, Florida, and Prescott, Arizona. The University's Worldwide campus provides educational opportunities online and at more than 100 locations throughout the United States, Asia, Europe, and Central/South America. Additionally, the flexibility and accessibility of the multimodal teaching platforms link students and faculty across the globe, enabling the development and delivery of learning whenever and wherever students and faculty reside. The University offers programs in seven primary fields of study including applied science; aviation; business; computers and technology; engineering; safety, security, and intelligence; and space.

The University is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) and certain other programmatic accrediting bodies.

## (2) Summary of Significant Accounting Policies

### *(a) Basis of Presentation*

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

### *(b) Classification of Net Assets*

Financial statements of not-for-profit organizations measure aggregate net assets and net asset activity based on the absence or existence of donor-imposed restrictions. Net assets are reported as without donor restrictions and with donor restrictions and serve as the foundation of the accompanying consolidated financial statements. Descriptions of the two net asset categories follow:

- Net assets without donor restrictions – Net assets without donor restrictions are not subject to donor stipulations restricting their use but may be designated for a specific purpose by the University or may be limited by contractual agreement with outside parties.
- Net assets with donor restrictions – Net assets with donor restrictions are subject to donor stipulations that expire by the passage of time, can be fulfilled by actions pursuant to the stipulations, or which may be perpetual.

### *(c) Principles of Consolidation*

The consolidated financial statements include the accounts of Embry-Riddle Aeronautical University, Inc. and of all subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

The University's wholly-owned subsidiaries, Embry-Riddle Aeronautical University, Asia Ltd. (ERAU Asia) and ERAU Asia Institute, Ltd. (ERAU Asia Institute), are incorporated in Singapore as companies limited by guarantee. The principal activities of ERAU Asia and ERAU Asia Institute are to provide education and conduct research in the fields of aeronautics, aerospace, and related disciplines.

### *(d) Translation of Accounts of Foreign Subsidiaries*

Accounts of foreign subsidiaries are translated into U.S. dollars using the current rate method, as follows:

- Assets and liabilities are translated at the exchange rate in effect as of the statement of financial position date.
- Capital stock is translated at historical exchange rates.
- Revenues and expenses are translated at the average exchange rate for the reporting period.

Translation gains and losses arising from the conversion of foreign currencies are included in the consolidated statements of activities.

### *(e) Cash and Cash Equivalents*

Cash and cash equivalents are liquid instruments with original maturities at the time of purchase of three months or less, including funds invested primarily in such instruments. Cash equivalents include money market accounts and certificates of deposit held by short-term investment managers for operating and reinvestment purposes. Deposits and investments held by trustees for capital projects are excluded from cash and cash equivalents.

### *(f) Short-Term Investments*

Short-term investments include liquid securities and funds whose maturities and durations extend beyond those of cash and cash equivalents, generally three months, but which are not considered long-term investments. These investments are managed in accordance with the University's short-term investment policy and may be subject to a degree of credit risk. Short-term investments are recorded at fair value and are generally priced and available on a daily basis.

Investment income is recorded on the accrual basis. Purchases and sales of short-term investment securities are recorded on a trade-date basis.

### *(g) Concentration of Risks*

Financial instruments that potentially subject the University to significant concentrations of credit risk consist principally of cash and cash equivalents and investments. The University maintains its cash balances in bank deposit accounts, which may, at times, exceed federally insured limits. To date, the University has not experienced any losses in these accounts and believes that its cash and cash equivalents are not subject to significant credit risk due to the quality and stability of the financial institutions involved.

### *(h) Contributions Receivable*

An unconditional promise to give is recognized initially at fair value as private gifts revenue in the period the promise is made by a donor. The fair value of the pledge is estimated based on anticipated future cash receipts (net of an allowance for uncollectible amounts) and discounted using a risk-adjusted rate commensurate with expected future payments.

### *(i) Inventories*

Inventories, consisting primarily of spare parts for aircraft, flight training devices and consignment inventories, are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO), specific-identification, or average-cost method, depending on the type of inventory items and, in certain instances, applicable Federal Aviation Administration (FAA) requirements.

### *(j) Deposits and Investments Held with Trustees*

Deposits and short-term investments are held with trustees in accordance with bond covenants and other contractual obligations. These funds are primarily derived from proceeds of educational facilities revenue bonds and are restricted for use on authorized capital projects and other designated purposes as specified by the governing documents.

### *(k) Long-Term Investments*

The majority of the University's long-term investments are held in marketable equity and debt securities, including mutual funds, and are recorded at fair value based on quoted market prices or values provided by recognized pricing services. Alternative investments are stated at estimated fair value using the net asset value (NAV) reported by the investment fund managers as a practical expedient. Individual investment holdings within the alternative investments may, in turn, include investments in both nonmarketable and market-traded securities. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment. Gifts of investments are recorded at fair value (based upon quotations or appraisals) at the date of gift. Purchases and sales of investments are recorded on a trade-date basis.

The University invests in a combination of investment securities, which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in market conditions in the near term could materially affect the University's investment balance reported in the consolidated statements of financial position.

Investment income is recorded on the accrual basis.

### *(l) Fair Value of Financial Instruments*

Authoritative guidance on fair value measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the University. Inputs refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs reflect market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own

assumptions about how market participants would value an asset based on the best information available. The three levels of the fair value hierarchy are summarized as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical investments as of the measurement date. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Market price data is generally obtained from exchanges or dealer markets.

Level 2 – Pricing inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers.

Level 3 – Model-derived pricing valuations in which one or more significant inputs are unobservable.

### *(m) Land, Land Improvements, Buildings, and Equipment, Net*

Land, land improvements, buildings, and equipment are recorded at cost or, if contributed, at estimated fair value as of the date of donation, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Land is not depreciated. The estimated useful lives are as follows:

| | |
|---|---|
| Equipment | 2 to 10 years |
| Land improvements | 7 years |
| Buildings and building improvements | 5 to 40 years |

Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. If such indicators are present, an impairment loss is recognized in an amount equal to the excess of the carrying amount over the asset's fair value.

### *(n) Unamortized Bond Premiums*

Bond premiums are amortized using the effective interest method over the lives of the respective bond issues (see Note 10).

### *(o) Unamortized Bond Issuance Costs*

Bond issuance costs are generally amortized using the effective interest method over the lives of the respective bond issues. Unamortized bond issuance costs are presented as a direct deduction from the carrying amount of the related debt in the consolidated statements of financial position (see Note 10).

### *(p) Leases*

The University evaluates whether an arrangement contains a lease at its inception based on the contract's terms and conditions. A lease exists when the contract identifies a specific asset and grants the University the right to control its use during the lease term.

Operating lease right-of-use (ROU) assets are separately presented on the consolidated statements of financial position. The related lease liabilities are also presented separately and classified as current or noncurrent. Operating lease ROU assets and lease liabilities are recognized at the lease commencement date and measured at the present value of lease payments over the lease term. Lease expense is recognized on a straight-line basis over the lease term in the consolidated statements of activities.

Finance lease ROU assets are included in land, land improvements, buildings and equipment, net, and the related lease liabilities are included in long-term debt, net, on the consolidated statements of financial position. Interest expense on finance lease liabilities is recognized separately, and finance lease ROU assets are amortized over the lease term.

Lease agreements may include options to extend or terminate the lease. When it is reasonably certain that the University will exercise an extension option or will not exercise a termination option, the lease term is adjusted accordingly in measuring the ROU asset and liability. Because most leases do not provide an implicit interest rate, the University uses its incremental borrowing rate at the lease commencement date to calculate the present value of lease payments.

Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position. Lease expense for these arrangements is recognized on a straight-line basis over the lease term.

The University accounts for lease and nonlease components separately for all asset classes. Payments attributable to nonlease components are expensed as incurred.

Rental income earned by the University as a lessor under operating leases is included in other revenue in the consolidated statements of activities.

### *(q) Deferred Revenue*

As of June 30, 2026 and 2025, the University recorded deferred revenue of $19,970 and $13,703, respectively, related to contractual arrangements for the provision and management of its dining services program. Under these agreements, the University received certain financial advances, including investments in dining facilities, guaranteed commissions, and other concessions, in exchange for granting exclusive rights to use University-owned facilities and equipment. The advances are subject to repayment if the University terminates the agreements prior to their expiration. The repayment obligation is based on the unamortized portion of the advances over the applicable contractual terms. Accordingly, the University has recorded the unamortized balances as deferred revenue in the consolidated statements of financial position. See Note 2(t) for additional information regarding deferred revenue.

### *(r) Federal Income Taxes*

The University is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except with respect to income derived from unrelated business activities. Any unrelated business

income tax is immaterial to the consolidated financial statements. As of June 30, 2026 and 2025, the University had no uncertain tax positions that required recognition.

### *(s) Consolidated Statements of Activities*

The consolidated statements of activities distinguish between operating and nonoperating changes in net assets. Operating activities primarily include revenues and expenses associated with the University's core educational, research, and related programs, including endowment returns appropriated in accordance with the University's spending policy to support such activities. Nonoperating activities primarily include transactions of a capital or long-term investment nature, including contributions subject to donor restrictions for scholarships and capital acquisitions, such as facilities and equipment, investment returns in excess of amounts appropriated under the University's spending policy, nonrecurring transactions, and other activities not directly related to the University's annual operations.

### *(t) Tuition and Fees, Net*

Student tuition and fees are recognized as revenue in the period in which the related academic services are provided. Amounts received in advance of the applicable academic term are recorded as deferred revenue and recognized as revenue as the academic services are provided.

### *(u) Gifts, Grants, and Contracts*

Gifts, including unconditional promises to give, are recognized as revenues in the appropriate net asset category in the period the gift is received or the promise is made. Contributions of noncash assets are recorded at their estimated fair value as of the date of the gift. Unconditional promises to give are reported at their estimated net realizable value if expected to be collected within one year and at their estimated present value, net of an allowance for uncollectible amounts, if expected to be collected in future years. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

A portion of the University's revenue is derived from cost-reimbursable grants and contracts, which are contingent upon the University's fulfillment of specified performance obligations and/or incurrence of allowable and qualifying expenditures. Revenue from government and private grants and contracts is recognized as the related expenditures are incurred in accordance with the terms of the respective agreements. Amounts received in advance of the related expenditures are recorded as deferred revenue in the consolidated statements of financial position. As of June 30, 2026 and 2025, deferred revenue included $807 and $821, respectively, related to unexpended gift, grant, and contract receipts.

Amounts received from state and federal agencies on behalf of specified students are accounted for as agency transactions and, accordingly are not recognized as revenue or expense in the University's consolidated financial statements.

### *(v) Use of Estimates*

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and

liabilities, the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions include, among others, the collectability of accounts and contributions receivable, the fair value of investments, the carrying value of land, land improvements, buildings, and equipment, self-insurance reserves, and asset retirement obligations. Actual results could differ materially from those estimates, particularly in the near term.

## (3) Financial Assets and Liquidity Resources

The University actively monitors its liquidity to ensure that sufficient financial resources are available to meet general expenditures as they become due. General expenditures include operating expenses, debt service obligations, and internally funded capital projects.

As of June 30, 2026 and 2025, the University's financial assets available to meet general expenditures within one year of the consolidated statements of financial position are as follows:

| | 2026 | 2025 |
|---|---|---|
| Total assets | $ 2,136,218 | 1,717,027 |
| Less nonfinancial assets: | | |
| Land and land improvements, buildings and equipment, net | (848,115) | (734,139) |
| Right-of-use lease assets | (34,679) | (36,720) |
| Inventories | (7,997) | (6,101) |
| Prepaid expenses and other current assets | (13,557) | (14,462) |
| Other assets | (18) | (859) |
| Total financial assets | 1,231,852 | 924,746 |
| Less amounts not available for general expenditures within one year: | | |
| Other long-term notes receivable | (43) | (514) |
| Restricted by donor with time or purpose restrictions | (20,063) | (18,806) |
| Board-designated endowment funds | (306,722) | (238,752) |
| Donor-restricted endowment funds | (148,391) | (120,495) |
| Other contractual restrictions | (68,574) | (9,670) |
| Total financial assets not available to meet general expenditures within one year | (543,793) | (388,237) |
| Total financial assets available to meet cash needs for general expenditures within one year | $ 688,059 | 536,509 |

In addition to available financial assets, the University's annual expenditures for the years presented were funded by current-year operating revenues, including tuition and related fees. The University manages its financial assets to provide sufficient liquidity to meet general expenditures, liabilities, and other obligations

as they become due. As part of its liquidity management strategy, cash in excess of anticipated near-term requirements is invested in various short-term investments.

Further, the University held Board-designated funds functioning as endowment that could be made available for general expenditures upon approval by the Board of Trustees (Board). Such funds totaled $306,722 and $238,752 as of June 30, 2026 and 2025, respectively.

## (4) Investments

Investments at June 30, 2026 and 2025 are comprised of the following:

| | | 2026 | 2025 |
|---|---|---|---|
| Cash and cash equivalents, restricted | $ | 6,896 | 3,544 |
| U.S. equity | | 195,489 | 167,751 |
| International equity | | 79,474 | 53,362 |
| Fixed income | | 482,680 | 359,520 |
| Real assets | | 11,493 | 9,540 |
| Hedge funds | | 35,470 | 19,326 |
| Real estate | | 21,399 | 17,111 |
| Private equity | | 38,218 | 14,417 |
| Private credit | | 24,664 | 24,095 |
| Total investments | $ | 895,783 | 668,666 |
| Short-term investments | $ | 435,354 | 304,048 |
| Investments held for long-term purposes | | 460,429 | 364,618 |
| Total investments | $ | 895,783 | 668,666 |



(Continued)

***Fair Value Hierarchy of Investments***

The fair value hierarchy of investments as of June 30, 2026 is as follows:

| | | Level 1 | Net asset value | Total |
|---|---|---|---|---|
| Cash and cash equivalents, restricted | $ | 6,896 | — | 6,896 |
| U.S. equity | | 195,489 | — | 195,489 |
| International equity | | 79,474 | — | 79,474 |
| Fixed income | | 482,680 | — | 482,680 |
| Real asset | | 3,675 | 7,818 | 11,493 |
| Hedge funds | | — | 35,470 | 35,470 |
| Real estate | | — | 21,399 | 21,399 |
| Private equity | | — | 38,218 | 38,218 |
| Private credit | | — | 24,664 | 24,664 |
| Total investments at fair value | $ | 768,214 | 127,569 | 895,783 |

Liquidity: Investment liquidity is aggregated as follows, based on redemption or sale period, as of June 30, 2026:

| | | Daily | Monthly | Quarterly | Semi-annually | Nonredeemable | Total |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents, restricted | $ | 6,896 | — | — | — | — | 6,896 |
| U.S. equity | | 195,489 | — | — | — | — | 195,489 |
| International equity | | 79,474 | — | — | — | — | 79,474 |
| Fixed income | | 482,680 | — | — | — | — | 482,680 |
| Real asset | | 3,675 | — | — | — | 7,818 | 11,493 |
| Hedge funds (a) | | — | — | — | 35,470 | — | 35,470 |
| Real estate | | — | 21,399 | — | — | — | 21,399 |
| Private equity | | — | — | 17,911 | — | 20,307 | 38,218 |
| Private credit | | — | — | 21,163 | — | 3,501 | 24,664 |
| Total investments at fair value | $ | 768,214 | 21,399 | 39,074 | 35,470 | 31,626 | 895,783 |



(Continued)

The fair value hierarchy of investments as of June 30, 2025 is as follows:

| | | Level 1 | Net asset value | Total |
|---|---|---|---|---|
| Cash and cash equivalents, restricted | $ | 3,544 | — | 3,544 |
| U.S. equity | | 167,751 | — | 167,751 |
| International equity | | 53,362 | — | 53,362 |
| Fixed income | | 359,520 | — | 359,520 |
| Real asset | | 9,540 | — | 9,540 |
| Hedge funds | | — | 19,326 | 19,326 |
| Real estate | | — | 17,111 | 17,111 |
| Private equity | | — | 14,417 | 14,417 |
| Private credit | | — | 24,095 | 24,095 |
| Total investments at fair value | $ | 593,717 | 74,949 | 668,666 |

Liquidity: Investment liquidity is aggregated as follows, based on redemption or sale period, as of June 30, 2025:

| | | Daily | Monthly | Quarterly | Semi-annually | Nonredeemable | Total |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents, restricted | $ | 3,544 | — | — | — | — | 3,544 |
| U.S. equity | | 167,751 | — | — | — | — | 167,751 |
| International equity | | 53,362 | — | — | — | — | 53,362 |
| Fixed income | | 359,520 | — | — | — | — | 359,520 |
| Real asset | | 9,540 | — | — | — | — | 9,540 |
| Hedge funds (a) | | — | — | — | 19,326 | — | 19,326 |
| Real estate | | — | 17,111 | — | — | — | 17,111 |
| Private equity | | — | — | — | — | 14,417 | 14,417 |
| Private credit | | — | — | 19,623 | — | 4,472 | 24,095 |
| Total investments at fair value | $ | 593,717 | 17,111 | 19,623 | 19,326 | 18,889 | 668,666 |

(a) Redemption notice period of 95 days; various initial lockup periods apply to each capital contribution, along with limits on the redeemable portion of outstanding balances and provisions permitting partial redemptions despite applicable lockup periods.

Private equity and private credit investments are typically made through limited partnership structures. Under the terms of certain partnership agreements, the University is obligated to provide additional funding as requested by investment managers through periodic capital calls. These partnerships generally have a limited existence of 10 to 15 years, with provisions for annual one-year extensions to facilitate the orderly liquidation of portfolio holdings and the return of capital to investors. However, the actual duration of a fund



(Continued)

may vary from its original anticipated term due to market conditions, challenges in executing the fund's investment strategy, or other factors. Consequently, the timing and amount of future capital calls in any given year remain uncertain.

As of June 30, 2026 and 2025, the aggregate amount of unfunded commitments related to the University's private equity and private credit investments is $17,621 and $29,387, respectively.

The total investment return, net, is summarized as follows for the years ended June 30, 2026 and 2025:

| | | 2026 | 2025 |
|---|---|---|---|
| Income from interest and dividends | $ | 39,941 | 33,624 |
| Net realized and unrealized gains | | 52,666 | 32,906 |
| Investment fees | | (4,387) | (3,350) |
| Total investment return, net | $ | 88,220 | 63,180 |

Investment return, net, is included in the consolidated statements of activities as follows for the years ended June 30, 2026 and 2025:

| | | 2026 | 2025 |
|---|---|---|---|
| Operating | $ | 24,641 | 23,627 |
| Nonoperating | | 63,579 | 39,553 |
| Total investment return, net | $ | 88,220 | 63,180 |

## (5) Endowment

The University's endowment consists of hundreds of individual funds established for a variety of purposes in support of the University's operations. The endowment includes both donor-restricted endowment funds and funds designated by the University's Board to function as endowments (funds functioning as endowment). Net assets associated with endowment funds, whether donor-restricted or Board designated, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA), which was enacted in the State of Florida on July 1, 2012, does not preclude the University from appropriating for expenditure amounts from donor-restricted endowment funds whose fair value has fallen below the original gift value.

The University classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds including (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Net assets with donor restrictions also include accumulated appreciation on donor-restricted endowment funds that is

available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA, as well as deficiencies associated with donor-restricted funds for which the fair value has fallen below the original value of the gifts.

Changes in the University's endowed net assets, by fund type, for the year ended June 30, 2026, are as follows:

| | 2026 | | |
|---|---|---|---|
| | **Without donor restrictions** | **With donor restrictions** | **Total** |
| Endowment net assets, beginning of year | $ 238,752 | 125,569 | 364,321 |
| Investment return, net | 42,698 | 21,199 | 63,897 |
| Appropriation for expenditure | (4,728) | (2,912) | (7,640) |
| Endowment return, net of appropriation | 37,970 | 18,287 | 56,257 |
| Other changes in endowment investments: | | | |
| Contributions | — | 16,375 | 16,375 |
| Transfers to create funds functioning as endowment | 30,000 | — | 30,000 |
| Total other changes in endowment investments | 30,000 | 16,375 | 46,375 |
| Endowment net assets, end of year | $ 306,722 | 160,231 | 466,953 |



(Continued)

Changes in the University's endowment net assets, by fund type, for the year ended June 30, 2025, are as follows:

| | 2025 | | |
|---|---|---|---|
| | Without donor restrictions | With donor restrictions | Total |
| Endowment net assets, beginning of year | $ 209,043 | 109,141 | 318,184 |
| Investment return, net | 23,756 | 12,466 | 36,222 |
| Appropriation for expenditure | (4,047) | (2,416) | (6,463) |
| Endowment return, net of appropriation | 19,709 | 10,050 | 29,759 |
| Other changes in endowment investments: | | | |
| Contributions | — | 6,378 | 6,378 |
| Transfers to create funds functioning as endowment | 10,000 | — | 10,000 |
| Total other changes in endowment investments | 10,000 | 6,378 | 16,378 |
| Endowment net assets, end of year | $ 238,752 | 125,569 | 364,321 |

Endowment net assets as of June 30, 2026 and 2025 are classified as follows:

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| 2026: | | | |
| Donor-restricted endowment funds | $ — | 160,231 | 160,231 |
| Board-designated funds functioning as endowment funds | 306,722 | — | 306,722 |
| Total | $ 306,722 | 160,231 | 466,953 |
| 2025: | | | |
| Donor-restricted endowment funds | $ — | 125,569 | 125,569 |
| Board-designated funds functioning as endowment funds | 238,752 | — | 238,752 |
| Total | $ 238,752 | 125,569 | 364,321 |



(Continued)

***(a) Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the amount that either the donor or UPMIFA requires the University to maintain as a fund of perpetual duration. Such deficiencies, commonly referred to as underwater endowments, are reported within net assets with donor restrictions. The University had no underwater endowment funds as of June 30, 2026 or 2025.

***(b) Endowment Appropriation***

The University's endowment is managed with the objective of providing reasonable stability for operational budgeting and maintaining intergenerational equity between near-term and long-term priorities. Each year, the Board authorizes a spending rate for endowment distributions, taking into account various factors such as market performance and economic conditions.

Historically, the spending rate has ranged between 4% and 5% of the three-year moving average of the market value of the endowed funds, though it may vary depending on prevailing circumstances. If endowment income received is insufficient to meet the total return objective, the shortfall is funded by capital gains. Conversely, if income exceeds the total return objective, the excess is reinvested into the endowment.

**(6) Student Loans Receivable, Net**

At June 30, student loans included in the consolidated statements of financial position consist of the following:

| | | 2026 | 2025 |
|---|---|---|---|
| Federal Perkins Loan Program | $ | 1,307 | 1,803 |
| Other student loans | | 680 | 708 |
| Less allowance for doubtful accounts | | (404) | (344) |
| Total student loans receivable, net | $ | 1,583 | 2,167 |
| Current portion | $ | 372 | 547 |
| Long-term portion | | 1,211 | 1,620 |
| Total student loans receivable, net | $ | 1,583 | 2,167 |

The Federal Perkins Loan Program expired on September 30, 2017, with final loan disbursements permitted through June 30, 2018. While no new Perkins loans may be issued, recipients of existing loans remain obligated to repay the University, which in turn remits payments to the federal government. As of June 30, 2026 and 2025, the liability for refundable federal government loans is $1,669 and $2,312, respectively. This liability is included as a component of advances for student loans and financial aid in the consolidated statements of financial position.

Other student loans receivable consist of uncollateralized loans to current and former University students, with various interest rates and repayment terms. The allowance for student loans receivable is established based on estimated default rates, which reflect historical experience and current expectations regarding collectability.

**(7) Contributions Receivable, Net**

Contributions receivable, net, at June 30 are as follows:

| | | 2026 | 2025 |
|---|---|---|---|
| Unconditional promises expected to be collected in: | | | |
| Less than one year | $ | 4,821 | 3,806 |
| Two to five years | | 9,163 | 4,680 |
| More than five years | | 3,816 | 30 |
| | | 17,800 | 8,516 |
| Less: | | | |
| Allowance for uncollectible pledges | | 596 | 448 |
| Discount for present value (discounted at rates ranging from 3.49% to 4.50%) | | 1,910 | 430 |
| Contributions receivable, net | $ | 15,294 | 7,638 |

Contributions receivable, net, are reported in the accompanying consolidated statements of financial position as follows at June 30:

| | | 2026 | 2025 |
|---|---|---|---|
| Current portion | $ | 4,626 | 3,477 |
| Long-term portion | | 10,668 | 4,161 |
| Contributions receivable, net | $ | 15,294 | 7,638 |



(Continued)

## (8) Land, Land Improvements, Buildings and Equipment, Net

Components of land, land improvements, buildings and equipment at June 30, 2026 and 2025 are as follows:

| | 2026 | 2025 |
|---|---|---|
| Land and land improvements | $ 91,821 | 85,519 |
| Buildings | 835,930 | 796,563 |
| Equipment | 380,990 | 348,712 |
| Construction in progress | 149,461 | 66,065 |
| Total | 1,458,202 | 1,296,859 |
| Less accumulated depreciation | (610,087) | (562,720) |
| Land, land improvements, buildings, and equipment, net | $ 848,115 | 734,139 |

Depreciation expense for the years ended June 30, 2026 and 2025 is $51,549 and $46,360, respectively. As of June 30, 2026, the University has approximately $280,500 in commitments related to various major capital projects, of which approximately $84,000 is expected to be funded by external sources.

## (9) Leases

The University has operating and finance leases primarily for parcels of land, educational facilities, administrative offices, and equipment. Remaining lease terms range from one to 42 years. For purposes of measuring operating ROU assets and liabilities, lease terms include renewal options when the University is reasonably certain to exercise those options.

Certain lease agreements provide for variable payments based on use of the underlying asset or related costs. These variable payments, as well as nonlease components, are excluded from the initial



(Continued)

measurement of ROU assets and liabilities. The University's lease agreements do not contain any material restrictive covenants.

***(a) Lease Cost***

The components of lease cost for operating and finance leases for the year ended June 30 are as follows:

| | | 2026 | 2025 |
|---|---|---|---|
| Operating lease cost | $ | 5,441 | 5,904 |
| Finance lease cost: | | | |
| Amortization of ROU assets | | 176 | 181 |
| Interest on lease liabilities | | 9 | 18 |
| Total finance lease cost | | 185 | 199 |
| Short-term lease cost | | 1,558 | 1,094 |
| Variable and nonlease cost | | 1,183 | 1,200 |
| Total lease cost | $ | 8,367 | 8,397 |

***(b) Other Lease Information***

Supplemental cash flow information related to leases for the year ended June 30 is as follows:

| | | 2026 | 2025 |
|---|---|---|---|
| Other lease information: | | | |
| Cash paid for amounts included in the measurement of lease liabilities: | | | |
| Operating cash flows from operating leases | $ | 4,602 | 4,926 |
| Operating cash flows from finance leases | | 9 | 18 |
| Financing cash flows from finance leases | | 176 | 181 |
| Noncash impacts: | | | |
| Noncash impacts on operating lease modifications | | (177) | (326) |
| Noncash impacts on finance lease modifications | | — | (16) |
| Noncash impacts of new operating leases initiated | | (1,251) | (2,155) |



(Continued)

### *(c) Lease Position*

Lease-related assets and liabilities recorded in the consolidated statements of financial position at June 30 are as follows:

| | | 2026 | 2025 |
|---|---|---|---|
| Operating leases: | | | |
| Operating lease ROU assets | $ | 34,679 | 36,720 |
| Operating lease liabilities: | | | |
| Current portion | $ | 2,873 | 2,627 |
| Long-term portion | | 33,079 | 35,073 |
| Total operating lease liabilities | $ | 35,952 | 37,700 |
| Finance leases: | | | |
| Land, land improvements, buildings and equipment | $ | — | 1,475 |
| Finance lease assets, net | $ | — | 1,475 |
| Current portion | $ | — | 276 |
| Long-term portion | | — | — |
| Total finance lease liabilities | $ | — | 276 |

### *(d) Lease Terms and Discount Rates*

The University utilizes its incremental borrowing rate in determining the present value of lease payments, unless the implicit rate is readily determinable. Lease terms and discount rates as of June 30 are as follows:

| | 2026 | 2025 |
|---|---|---|
| Weighted average remaining lease term (years): | | |
| Operating leases | 20.43 | 20.63 |
| Finance leases | — | 0.84 |
| Discount rate: | | |
| Operating leases (weighted average) | 3.90 % | 3.92 % |
| Finance leases | — | 4.82 |



(Continued)

***(e) Maturities***

The maturities of lease liabilities at June 30, 2026 are as follows:

| | | Operating leases |
|---|---|---|
| 2027 | $ | 4,275 |
| 2028 | | 4,217 |
| 2029 | | 3,843 |
| 2030 | | 3,572 |
| 2031 | | 3,116 |
| Thereafter | | 38,178 |
| Total future undiscounted lease payments | | 57,201 |
| Less interest | | (21,249) |
| Present value of lease liabilities | $ | 35,952 |

The University serves as the lessor in several long-term operating leases for commercial space, with lease terms extending through fiscal year 2050. Additionally, the University leases space to third parties on a short-term or individual-use basis; these arrangements typically do not extend beyond a 12-month term.

Operating lessor income of $4,024 and $2,111 is included in other revenue in the consolidated statements of activities for the years ended June 30, 2026 and 2025, respectively.

Future minimum rental income under long-term operating leases as of June 30, 2026, is as follows:

| | | |
|---|---|---|
| 2027 | $ | 1,780 |
| 2028 | | 1,524 |
| 2029 | | 1,270 |
| 2030 | | 6,917 |
| 2031 | | 2,278 |
| Thereafter | | 56,243 |
| Total future minimum rental income | $ | 70,012 |



(Continued)

## (10) Long-Term Debt

Long-term obligations at June 30 are summarized as follows:

| | Interest % | Maturity | 2026 | 2025 |
|---|---|---|---|---|
| Finance lease obligations | | | | |
| Land – 501 S. Clyde Morris Blvd. | 4.82% | 2026 | $ — | 276 |
| Total finance lease obligations | | | — | 276 |
| Notes payable | | | | |
| Promissory note – PNC Bank | 3.03% | 2037 | 14,901 | 15,336 |
| Promissory note – Truist Bank | 1.68% | 2028 | 12,100 | 18,000 |
| Total notes payable | | | 27,001 | 33,336 |
| Bonds payable | | | | |
| Volusia County educational | | | | |
| facilities revenue bonds | | | | |
| Series 2015A | 2.91% | 2031 | 18,715 | 22,145 |
| Series 2015B | 5.00% | 2026 | — | 2,275 |
| Series 2015C | 2.28% | 2027 | 2,915 | 5,770 |
| Series 2017 | 5.00% | 2048 | 45,185 | 45,560 |
| Series 2020A | 4.00% - 5.00% | 2050 | 89,410 | 92,615 |
| Series 2020B (taxable) | 3.43% | 2037 | 10,000 | 10,000 |
| Series 2025 | 5.00% | 2041 | 184,420 | — |
| Total bonds payable – principal | | | 350,645 | 178,365 |
| Bond premium | | | | |
| Series 2015B | | | — | 70 |
| Series 2017 | | | 4,925 | 5,310 |
| Series 2020A | | | 13,999 | 14,595 |
| Series 2025 | | | 14,985 | — |
| Total premium | | | 33,909 | 19,975 |
| Bond issuance costs | | | | |
| Series 2015A | | | 23 | 34 |
| Series 2015B | | | — | 12 |
| Series 2015C | | | — | 2 |
| Series 2017 | | | 210 | 233 |
| Series 2020A | | | 584 | 610 |
| Series 2020B (taxable) | | | 42 | 46 |
| Series 2025 | | | 1,195 | — |
| Promissory note – PNC Bank | | | 54 | 63 |
| Total bond issuance costs | | | 2,108 | 1,000 |
| Total long-term debt, net | | | $ 409,447 | 230,952 |
| Current portion | | | $ 19,593 | 19,716 |
| Long-term portion | | | 389,854 | 211,236 |
| Total long-term debt, net | | | $ 409,447 | 230,952 |



(Continued)

***(a) Tax-Exempt and Taxable Revenue Bonds***

The University's tax-exempt and taxable bonds are issued through the Volusia County Educational Facilities Authority (VCEFA), an instrumentality of Volusia County, Florida, which serves as a conduit issuer of the debt. The University's obligations under the loan agreements between VCEFA and the University are secured by master notes issued under a Master Trust Indenture (the Master Indenture) by and between the University and Computershare Trust Company, National Association, as master trustee. The master notes issued under the Master Indenture are secured by a lien on the University's tuition revenues.

The Master Indenture contains additional covenants relating to, among other matters, the maintenance of the University's property, corporate existence, the maintenance of insurance, and certain financial and operational requirements, including a minimum debt service coverage ratio, limitations on the incurrence of debt, the sale or lease of certain property, and the creation of permitted liens.

Deposits with bond trustees consist of debt service funds and unexpended proceeds from certain debt issuances. These funds will be used to finance capital projects and pay debt service on certain facilities. Deposits with trustees of $51,638 and $12 are included in deposits and investments held with trustees in the consolidated statements of financial position as of June 30, 2026 and 2025, respectively.

The Series 2015A bonds were issued at par in the original amount of $50,740 to partially refund Series 2005 bonds. This transaction was accounted for as an extinguishment of debt.

The Series 2015B bonds were issued at a premium of $7,079 over the original principal amount of $69,195 to fund capital projects on the Daytona Beach and Prescott campuses. In January 2020, a current refunding of $10,060 of principal, plus accrued interest, was executed through a redemption. An additional $16,250 of principal, plus accrued interest, was redeemed in February 2020. In May 2025, $32,650 of principal, plus accrued interest, was redeemed using proceeds from a short-term bank loan. The loan was repaid within four days of funding and was structured to meet the bond indenture's definition of "Available Monies." A legal opinion confirmed that the funds were not subject to a voidable preference under bankruptcy law. Each transaction was accounted for as an extinguishment of debt.

The Series 2015C bonds were issued at par in the original amount of $26,535 to refund outstanding Series 2005 bonds. This transaction was accounted for as an extinguishment of debt.

The Series 2017 bonds were issued at a premium of $7,981 over the original principal amount of $46,355 to fund various capital projects on the Daytona Beach and Prescott campuses and to advance refund outstanding Series 2011 bonds.

A portion of the proceeds from the Series 2017 bonds totaling $11,982, together with additional funds from other sources totaling $22,236, was placed into an irrevocable escrow account to provide for debt service payments and the redemption of the refunded Series 2011 bonds on the call date on October 15, 2021. Accordingly, the Series 2011 bonds were legally defeased, and neither the related

indebtedness nor the assets held in the irrevocable trust are included in the consolidated statements of financial position.

The Series 2020A bonds were issued in January 2020 at a premium of $17,953 over the original principal amount of $100,135 to fund various capital projects at the Daytona Beach and Prescott campuses, to current refund outstanding Series 2013 bonds, and to fund $10,060 of the outstanding principal of the Series 2015B bonds.

A portion of the proceeds from the Series 2020A bonds totaling $10,172 was placed into an irrevocable escrow account to provide for the debt service payment and redemption of $10,060 of outstanding Series 2015B principal on the call date of April 15, 2020. As a result, the refunded portion of the Series 2015B bonds was legally defeased.

The Series 2020B taxable bonds were issued at par in January 2020 in the original amount of $10,000. Proceeds were used to fund the acquisition of flight-training aircraft and other capital improvements at the Daytona Beach and Prescott campuses.

The Series 2025 bonds were issued at a premium of $16,873 over the original principal amount of $184,420 to fund various capital projects on the Daytona Beach and Prescott campuses.

### *(b) Note Payable*

In February 2020, the University entered into a promissory note agreement with BBVA USA, which was subsequently acquired by PNC Bank in 2021, in the amount of $19,291. The proceeds were used to legally defease $16,205 of the outstanding principal of the Series 2015B bonds. The University's obligation under the promissory note is secured by a master note issued under the Master Indenture.

The proceeds from the promissory note were placed in an irrevocable escrow account to provide for debt service payments and the redemption of the bonds on the call date of April 15, 2025. Accordingly, this portion of the Series 2015B bonds was legally defeased, and neither the related indebtedness nor the assets held in the irrevocable trust are included in the consolidated statements of financial position.

In May 2021, the University entered into a $40,000 promissory note agreement with Truist Bank to fund the acquisition of flight-training aircraft and flight-training devices at the Daytona Beach and Prescott campuses. The University's obligation under the promissory note is secured by a master note issued pursuant to the Master Indenture.

### *(c) Annual Debt Service*

The University's debt service, including principal and interest payments made during the fiscal years ended June 30, 2026 and 2025, amounts to $33,627 and $29,024, respectively.

Maturities of long-term debt in each of the next five years, and thereafter at June 30, 2026, are as follows:

| | | |
|---|---|---|
| Year ending June 30: | | |
| 2027 | $ | 16,725 |
| 2028 | | 15,595 |
| 2029 | | 15,645 |
| 2030 | | 16,355 |
| 2031 | | 17,100 |
| Thereafter | | 296,226 |
| Unamortized bond premium | | 33,909 |
| Unamortized bond issue costs | | (2,108) |
| Total long-term debt, net | $ | 409,447 |

## (11) Revenue from Contracts with Customers

Revenue from contracts with customers comprises revenue from students for tuition, fees, and auxiliary enterprises.

The University's operating revenue is primarily derived from academic programs provided to students, including undergraduate, graduate and professional degree programs. Tuition and fees revenue is earned by the University for these educational services delivered during an academic term. Tuition is charged at different rates depending on the program in which the student is enrolled. As part of a student's course of instruction, certain fees, such as technology fees and laboratory fees, are billed to students. Tuition and fees are earned over the applicable academic term and are not considered separate performance obligations.

Tuition scholarships awarded by the University represent a reduction of the tuition transaction price. Institutional financial aid awards vary by student based on merit, need or other qualifications. Scholarships are generally awarded for the academic year and are applied to the student's account during each academic term. Revenue is recognized and presented in the consolidated financial statements net of any such tuition discounts.

The length of an academic term is determined by regulatory requirements mandated by the federal government and/or an institutional accrediting body. The academic term is determined by the start date, which varies by program and is generally 9 to 16 weeks in length. Except for online programs and certain programs delivered during the summer, academic terms generally have start and end dates that fall within the University's fiscal year.

The University bills tuition and fees in advance of each academic term and recognizes the related revenue as follows: residential campuses (fall and spring terms) apply straight-line recognition over the academic



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term, while the summer term and the Worldwide campus utilize time-based recognition proportional to the number of days of instruction.

Students who officially withdraw by the last day of the add/drop period are eligible for a full refund of tuition and fees for that academic term. At the residential campuses, students who withdraw after the add/drop deadline during the fall or spring term may receive a prorated refund determined by their official last date of attendance, pursuant to University policy. At the Worldwide campus, students who withdraw within the first four days of class are eligible for a 100% refund of tuition and fees. Beyond this period, Worldwide students are not eligible for a refund unless required by the laws of their state of residency.

Flight instruction fees are due at the time of each flight completion. Nonpayment results in the student being restricted from flying until the account and charges are brought current. Prepaid fees are recorded in student deposits and advance payments on the consolidated statements of financial position.

Auxiliary enterprises revenue includes student housing, dining services commissions, health fees and other miscellaneous income. Room fees vary based on the residence hall and room type and are billed in advance of each academic term. Revenue is typically recognized on a straight-line basis over the period housing is provided.

Grants for research and other sponsored programs generally are subject to restrictions and conditions that must be met before the University is entitled to the funding. The University generally receives awards under three types of arrangements. Under prepaid awards, funding is received in advance, and revenue is recognized as eligible expenditures are incurred in accordance with the award terms. Any unused portion of the advance is refundable to the grantor. Under cost-reimbursable awards, revenue is recognized as eligible expenditures are incurred and become reimbursable under the terms of the award. Under firm-fixed-price awards, revenue is recognized when the University satisfies the applicable deliverable and the related installment invoice is issued in accordance with the contractual billing schedule. Revenue under firm-fixed-price awards is not dependent on the expenditures incurred to satisfy the deliverable.

For exchange contracts related to applied research, revenue is recognized as the University substantially fulfills its contractual performance obligations. Indirect cost recovery on U.S. government grants and contracts is based on predetermined, negotiated rates and is recorded as grants and contracts revenue.

## (12) Grants and Contracts Revenue

Grants and contracts revenue included in the consolidated statements of activities for the years ended June 30 consists of the following:

| | | 2026 | 2025 |
|---|---|---|---|
| Federal | $ | 34,473 | 35,770 |
| State | | 23,415 | 12,586 |
| Private | | 1,386 | 1,592 |
| Other | | 697 | 664 |
| Total grants and contracts revenue | $ | 59,971 | 50,612 |

## (13) Retirement Benefits

Retirement benefits are provided through a defined contribution plan (Plan) covering all qualified employees. The Plan is administered through the Teachers Insurance and Annuity Association (TIAA), a national organization used to fund pension benefits for educational institutions. Retirement plan expenses for the years ended June 30, 2026 and 2025 are $22,587 and $20,786, respectively.

## (14) Commitments and Contingencies

### *(a) Unionized Labor Force*

The University employs, on average, 200 full-time flight instructors in the Daytona Beach area who are part of a collective bargaining unit covered by the International Association of Machinists and Aerospace Workers Union, AFL-CIO, whose contract expires on June 30, 2028.

### *(b) Litigation*

The University is involved in litigation on a number of matters which arise in the normal course of business, none of which, in the opinion of management, are expected to have a material adverse effect on the University's consolidated financial statements.

### *(c) Self-Insurance Reserves*

Since May 1989, the University has provided medical (including pharmacy), dental, and vision insurance benefits for its employees. The University currently maintains both fully insured and self-insured medical and pharmacy plans. The vision and dental plans are fully insured. The University uses third-party administrators (TPAs) under Administrative Services Only (ASO) agreements to administer its self-insured plans. Blue Cross Blue Shield (BCBS) administers the medical benefits, and the University contracts directly with BCBS to access its nationwide network of medical providers. Prior to January 1, 2026, the University contracted with RxBenefits, a pharmacy benefits optimizer, to assist in procuring favorable contract terms, pricing, and services by leveraging the aggregate number of member lives represented by RxBenefits in negotiations with pharmacy benefit managers (PBMs), including Express Scripts, Inc. (ESI). ESI, an Evernorth company, served as the pharmacy



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administrator for the University's self-insured plan through December 31, 2025. Effective January 1, 2026, the University transitioned from RxBenefits and began contracting directly with ESI for pharmacy benefit management and pharmacy administration services. ESI continues to serve as the pharmacy administrator for the University's self-insured plan.

The University is responsible for all financial and legal aspects of its self-insured employee benefits plans. To mitigate the risk of unfunded financial liabilities, the University purchases stop-loss insurance, which transfers responsibility for claim amounts exceeding specified thresholds to the reinsurer. Coverage limits apply to both individual claims and aggregate claims for the entire plan.

Self-insurance reserves are based on estimates of historical claims experience. Although management believes the reserves are adequate, actual liabilities may be more or less than the amounts provided. As of June 30, 2026 and 2025, self-insurance reserves amounted to approximately $2,626 and $2,452, respectively, and are included in accounts payable and accrued expenses in the consolidated statements of financial position.

## (15) Functional Classification of Expenses

Operating expenses presented by natural and functional classification are summarized as follows for the year ended June 30:

| | 2026 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Academic instruction | Research | Academic support | Student services | Institutional support | Scholarships | Auxiliary | Total |
| Salaries and wages | $ 152,984 | 14,833 | 19,568 | 39,001 | 47,502 | 306 | 4,037 | 278,231 |
| Fringe benefits | 42,093 | 2,669 | 5,638 | 12,083 | 19,917 | — | 1,063 | 83,463 |
| Other operating expenses | 41,847 | 17,970 | 8,848 | 23,147 | 31,226 | 4,153 | 7,631 | 134,822 |
| Insurance | 3,669 | 17 | — | 257 | 5,725 | — | 1,165 | 10,833 |
| Utilities | 1,315 | 472 | 439 | 1,012 | 1,411 | — | 6,068 | 10,717 |
| Interest | 1,796 | 314 | 212 | 2,316 | 1,054 | — | 6,113 | 11,805 |
| Depreciation | 18,602 | 4,716 | 2,649 | 7,491 | 5,360 | — | 12,731 | 51,549 |
| Total | $ 262,306 | 40,991 | 37,354 | 85,307 | 112,195 | 4,459 | 38,808 | 581,420 |

| | 2025 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Academic instruction | Research | Academic support | Student services | Institutional support | Scholarships | Auxiliary | Total |
| Salaries and wages | $ 140,856 | 13,392 | 18,944 | 37,167 | 44,727 | 316 | 3,923 | 259,325 |
| Fringe benefits | 37,822 | 2,368 | 5,249 | 11,174 | 23,097 | — | 1,012 | 80,722 |
| Other operating expenses | 37,234 | 17,542 | 8,350 | 21,683 | 28,854 | 3,698 | 7,224 | 124,585 |
| Insurance | 3,418 | 13 | 1 | 213 | 5,323 | — | 1,148 | 10,116 |
| Utilities | 1,331 | 421 | 460 | 946 | 1,234 | — | 5,724 | 10,116 |
| Interest | 1,241 | 43 | 183 | 1,829 | 1,221 | — | 4,603 | 9,120 |
| Depreciation | 16,637 | 4,583 | 1,593 | 7,504 | 3,750 | — | 12,293 | 46,360 |
| Total | $ 238,539 | 38,362 | 34,780 | 80,516 | 108,206 | 4,014 | 35,927 | 540,344 |



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The University's primary program service is academic instruction and academic support. Expenses incurred in support of this principal program activity include general academic and flight instruction, research, student services, and auxiliary enterprises. Natural expenses attributable to more than one functional expense category are allocated using appropriate cost allocation methodologies, such as square footage and time and effort.

The costs of depreciation and interest expense have been allocated to the functional expense categories to reflect the full cost of those activities. Costs are allocated using the following methods:

- Depreciation expense for buildings is allocated based on the square footage used to support each function. Depreciation expense on equipment is allocated to other functions based on the location of the equipment and the use of that space. These allocations are based on information obtained through a periodic inventory of space and equipment usage.
- Interest expense is allocated based on usage of debt-financed space.

## (16) Net Assets

Net assets consisted of the following at June 30:

| | | 2026 | 2025 |
|---|---|---|---|
| Without donor restrictions: | | | |
| Board-designated endowment funds | $ | 306,722 | 238,752 |
| Net investment in plant | | 489,726 | 503,198 |
| Undesignated | | 574,756 | 449,072 |
| Total net assets without donor restriction | | 1,371,204 | 1,191,022 |
| With donor restrictions: | | | |
| Time or purpose restricted | | 81,329 | 63,082 |
| Time or purpose restricted pledges | | 3,451 | 2,195 |
| Split-interest agreements | | 373 | 335 |
| Donor-restricted endowment funds | | 83,296 | 73,689 |
| Donor-restricted endowment funds pledges | | 11,842 | 5,074 |
| Total net assets with donor restrictions | | 180,291 | 144,375 |
| Total net assets | $ | 1,551,495 | 1,335,397 |



(Continued)

Net assets released from donor restrictions met by incurring expenses satisfying the restricted purpose, or by occurrence of other events, for the years ended June 30 include:

| | | 2026 | 2025 |
|---|---|---|---|
| Donations restricted for capital asset construction or acquisition | $ | 617 | 11,503 |
| Donations restricted for scholarships | | 4,469 | 3,705 |
| Donations restricted for noncapital programs or acquisitions | | 1,427 | 1,199 |
| Net assets released from restrictions | $ | 6,513 | 16,407 |

## (17) Related Party Transactions

All members of the Board and University officers are required to annually disclose potential conflicts of interest, including relationships involving family members and organizations in which they or their immediate family members hold a significant ownership interest. During the fiscal years ended June 30, 2026 and 2025, payments to organizations in which a related party held an ownership interest of 35% or more totaled $932 and $927, respectively. The University also receives certain gifts and pledges from Board members annually; however, these amounts are not material to the consolidated financial statements. All related-party transactions are conducted in accordance with the University's standard business practices and conflict-of-interest policies.

## (18) Subsequent Events

The University has evaluated subsequent events from June 30, 2026, through October 23 2026, the date the accompanying consolidated financial statements were issued. No subsequent events occurred that require recognition or disclosure in the consolidated financial statements.