# Campbell University

## Consolidated Financial Statements
Years Ended May 31, 2024 and 2023

# Campbell University

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Years Ended May 31, 2024 and 2023

# Campbell University

## Contents

Tel: 919-754-9370
Fax: 919-754-9369
www.bdo.com

421 Fayetteville Street
Suite 300
Raleigh, NC 27601

# Independent Auditor's Report

The Board of Trustees
Campbell University

## Report on the Audit of the Consolidated Financial Statements

### *Opinion*

We have audited the consolidated financial statements of Campbell University and its subsidiaries (the "University"), which comprise the consolidated statements of financial position as of May 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses 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 consolidated financial position of the University as of May 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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 audit. 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 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 within one year after the date that the consolidated financial statements are issued or available to be issued.

*Auditor's 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 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 GAAS and *Government Auditing Standards* 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 GAAS and *Government Auditing Standards*, 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.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Title IV Strength Factor Score and the Schedule of Net Assets Without Donor Restrictions, Exclusive of Plant and Plant Related Debt are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

BDO USA, P.C.

October 22, 2024

# Consolidated Financial Statements

# Campbell University

## Consolidated Statements of Financial Position

| *May 31,* | | **2024** | | 2023 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | $ | **55,855,406** | $ | 40,688,580 |
| Restricted cash (Note 11) | | **882,357** | | 638,627 |
| Certificate of deposit | | **15,168** | | 14,850 |
| Inventories, net | | **115,122** | | 120,672 |
| Accounts receivable, less allowance for estimated credit losses of $500,000 and $750,000 in 2024 and 2023 | | **3,903,489** | | 4,650,637 |
| Pledges receivable, net (Note 3) | | **5,218,989** | | 5,548,280 |
| Investments (Notes 2 and 4) | | **271,376,241** | | 256,303,204 |
| Investment in real estate (Note 4) | | **66,500** | | 271,687 |
| Notes and other receivables (Note 5) | | **3,378,385** | | 4,822,640 |
| Other assets (Note 6) | | **12,123,189** | | 13,048,565 |
| Property and equipment, net (Note 7) | | **308,290,856** | | 317,103,342 |
| **Total Assets** | $ | **661,225,702** | $ | 643,211,084 |
| **Liabilities and Net Assets** | | | | |
| **Liabilities** | | | | |
| Accounts payable and accrued expenses | $ | **10,493,458** | $ | 11,005,770 |
| Advances and deposits | | **2,860,341** | | 2,763,338 |
| Deferred revenue | | **13,709,029** | | 8,398,693 |
| Annuities payable | | **2,792,461** | | 3,103,228 |
| Other liabilities (Note 9) | | **8,833,571** | | 7,293,538 |
| Bonds payable, net (Note 10) | | **56,597,287** | | 67,147,752 |
| Line of credit and notes payable (Note 11) | | **59,311,964** | | 60,623,623 |
| Advances from government for federal student loans | | **-** | | 1,179,707 |
| **Total Liabilities** | $ | **154,598,111** | $ | 161,515,649 |
| **Net Assets** | | | | |
| Without donor restrictions | $ | **273,128,228** | $ | 269,235,351 |
| With donor restrictions | | **233,499,363** | | 212,460,084 |
| **Total Net Assets** | | **506,627,591** | | 481,695,435 |
| **Total Liabilities and Net Assets** | $ | **661,225,702** | $ | 643,211,084 |

*See accompanying notes to consolidated financial statements.*

# Campbell University

## Consolidated Statement of Activities

| *Year ended May 31,* | 2024 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| **Revenues, gains and other support:** | | | |
| Tuition and fees (net of institutional awards of $73,990,293) | $ 111,942,003 | $ - | $ 111,942,003 |
| Government sponsored student aid and work-study programs | 953,839 | 397,406 | 1,351,245 |
| Auxiliary enterprises | 18,993,490 | - | 18,993,490 |
| Private gifts and grants of cash and other finanical assets | 4,900,173 | 6,924,149 | 11,824,322 |
| Private gifts and grants of nonfinancial assets | 223,680 | - | 223,680 |
| Appropriation of endowment spending to operating | - | 13,052,988 | 13,052,988 |
| Other revenue | 5,637,541 | 764,131 | 6,401,672 |
| Total | 142,650,726 | 21,138,674 | 163,789,400 |
| Net assets released from restrictions | 17,558,240 | (17,558,240) | - |
| **Total revenues, gains and other support** | 160,208,966 | 3,580,434 | 163,789,400 |
| **Expenditures:** | | | |
| Operating: | | | |
| Instructional | $ 74,777,760 | $ - | $ 74,777,760 |
| Public service | 1,610,238 | - | 1,610,238 |
| Academic support | 18,196,857 | - | 18,196,857 |
| Student services | 25,514,357 | - | 25,514,357 |
| Institutional support | 34,373,265 | - | 34,373,265 |
| Auxiliary enterprises | 8,897,451 | - | 8,897,451 |
| Total operating expenses | 163,369,928 | - | 163,369,928 |
| Change in net assets, operating | (3,160,962) | 3,580,434 | 419,472 |
| Nonoperating revenues (expenses): | | | |
| Change in value of split-interest agreements | 6,697 | (1,549,426) | (1,542,729) |
| Net investment gain (including net unrealized gains and interest on investments) | 7,047,142 | 32,061,259 | 39,108,401 |
| Appropriation of endowment spending to operating | - | (13,052,988) | (13,052,988) |
| Change in net assets, nonoperating | 7,053,839 | 17,458,845 | 24,512,684 |
| **Change in net assets** | 3,892,877 | 21,039,279 | 24,932,156 |
| **Net assets,** beginning of year | 269,235,351 | 212,460,084 | 481,695,435 |
| **Net assets,** end of year | $ 273,128,228 | $ 233,499,363 | $ 506,627,591 |

*See accompanying notes to consolidated financial statements.*

# Campbell University

## Consolidated Statement of Activities

| *Year ended May 31,* | 2023 | | |
|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** |
| **Revenues, gains and other support:** | | | |
| Tuition and fees (net of institutional awards of $69,366,923) | $ 117,645,961 | $ - | $ 117,645,961 |
| Government sponsored student aid and work-study programs | 667,478 | 2,041,151 | 2,708,629 |
| Auxiliary enterprises | 17,147,122 | - | 17,147,122 |
| Private gifts and grants of cash and other finanical assets | 5,514,282 | 8,430,352 | 13,944,634 |
| Private gifts and grants of nonfinancial assets | 10,066 | - | 10,066 |
| Appropriation of endowment spending to operating | - | 8,111,658 | 8,111,658 |
| Other revenue | 4,503,065 | 565,525 | 5,068,590 |
| Total | 145,487,974 | 19,148,686 | 164,636,660 |
| Net assets released from restrictions | 14,878,415 | (14,878,415) | - |
| **Total revenues, gains and other support** | 160,366,389 | 4,270,271 | 164,636,660 |
| **Expenditures:** | | | |
| Operating: | | | |
| Instructional | $ 76,794,898 | $ - | $ 76,794,898 |
| Public service | 1,487,257 | - | 1,487,257 |
| Academic support | 14,344,240 | - | 14,344,240 |
| Student services | 25,096,300 | - | 25,096,300 |
| Institutional support | 37,001,246 | - | 37,001,246 |
| Auxiliary enterprises | 6,280,502 | - | 6,280,502 |
| Total operating expenses | 161,004,443 | - | 161,004,443 |
| Change in net assets, operating | (638,054) | 4,270,271 | 3,632,217 |
| Nonoperating revenues (expenses): | | | |
| Change in value of split-interest agreements | (2,928) | 439,317 | 436,389 |
| Net investment gain (including net unrealized losses and interest on investments) | 385,003 | 2,648,082 | 3,033,085 |
| Appropriation of endowment spending to operating | - | (8,111,658) | (8,111,658) |
| Change in net assets, nonoperating | 382,075 | (5,024,259) | (4,642,184) |
| **Change in net assets** | (255,979) | (753,988) | (1,009,967) |
| **Net assets,** beginning of year | 269,491,330 | 213,214,072 | 482,705,402 |
| **Net assets,** end of year | $ 269,235,351 | $ 212,460,084 | $ 481,695,435 |

*See accompanying notes to consolidated financial statements.*

# Campbell University

## Consolidated Statement of Functional Expenses

| *Year ended May 31, 2024* | Program Activities | | | | | Supporting Activities | |
|---|---|---|---|---|---|---|---|
| | Instructional | Public service | Academic support | Student services | Auxiliary enterprises | Institutional support | Total |
| Salaries and wages | $ 46,640,281 | $ 678,500 | $ 5,418,095 | $ 12,011,025 | $ 771,354 | $ 7,775,164 | $ 73,294,419 |
| Benefits | 3,199,666 | 57,816 | 373,676 | 836,479 | 47,547 | 1,275,225 | 5,790,409 |
| Retirement | 1,326,339 | 11,227 | 172,050 | 312,298 | 13,209 | 228,666 | 2,063,789 |
| Insurance | 4,302,883 | 47,541 | 777,488 | 2,144,247 | 88,122 | 2,355,293 | 9,715,574 |
| Professional services | 9,903,353 | 585,498 | 1,308,988 | 2,448,247 | 4,100,368 | 3,582,259 | 21,928,713 |
| Supplies and plant | 1,477,360 | 82,339 | 4,514,113 | 1,291,926 | 828,982 | 3,344,310 | 11,539,030 |
| Depreciation and amortization expense | 1,606,814 | 89,554 | 4,909,666 | 1,405,132 | 901,622 | 3,713,227 | 12,626,015 |
| Interest expense | 25,592 | - | 10,489 | - | 132,371 | 3,577,267 | 3,745,719 |
| Travel | 551,586 | 9,668 | 50,672 | 2,145,251 | 92 | 318,929 | 3,076,198 |
| Utilities | 1,849,163 | 16,264 | 205,974 | 1,039,042 | 1,365,481 | 209,428 | 4,685,352 |
| Miscellaneous expense | 3,894,723 | 31,831 | 455,646 | 1,880,710 | 648,303 | 7,993,497 | 14,904,710 |
| **Total Functional Expenses** | $ 74,777,760 | $ 1,610,238 | $ 18,196,857 | $ 25,514,357 | $ 8,897,451 | $ 34,373,265 | $ 163,369,928 |

*See accompanying notes to consolidated financial statements.*

# Campbell University

## Consolidated Statement of Functional Expenses

| *Year ended May 31, 2023* | Program Activities | | | | | Supporting Activities | |
|---|---|---|---|---|---|---|---|
| | Instructional | Public service | Academic support | Student services | Auxiliary enterprises | Institutional Support | Total |
| Salaries and wages | $ 46,266,648 | $ 663,056 | $ 5,077,850 | $ 11,358,664 | $ 783,211 | $ 7,405,442 | $ 71,554,871 |
| Benefits | 3,362,825 | 59,566 | 363,880 | 824,560 | 48,788 | 1,472,989 | 6,132,608 |
| Retirement | 1,376,127 | 11,627 | 175,353 | 314,033 | 14,070 | 220,761 | 2,111,971 |
| Insurance | 3,376,525 | 34,662 | 669,127 | 1,782,302 | 79,681 | 3,097,971 | 9,040,268 |
| Professional services | 10,265,919 | 491,739 | 1,197,460 | 2,070,193 | 3,455,213 | 3,335,216 | 20,815,740 |
| Supplies and plant | 2,764,381 | 74,667 | 2,699,331 | 1,555,740 | - | 3,124,813 | 10,218,932 |
| Depreciation and amortization expense | 3,609,222 | 97,487 | 3,524,291 | 2,031,200 | 75,868 | 4,079,808 | 13,417,876 |
| Interest expense | 51,314 | - | 27,518 | - | 125,729 | 3,695,153 | 3,899,714 |
| Travel | 460,990 | 1,099 | 74,911 | 2,390,244 | - | 398,264 | 3,325,508 |
| Utilities | 1,978,157 | 17,916 | 101,755 | 1,039,255 | 1,301,053 | 267,194 | 4,705,330 |
| Miscellaneous expense | 3,282,790 | 35,438 | 432,764 | 1,730,109 | 396,889 | 9,903,635 | 15,781,625 |
| **Total Functional Expenses** | $ 76,794,898 | $ 1,487,257 | $ 14,344,240 | $ 25,096,300 | $ 6,280,502 | $ 37,001,246 | $ 161,004,443 |

*See accompanying notes to consolidated financial statements.*

# Campbell University

## Consolidated Statements of Cash Flows

| *Year ended May 31,* | 2024 | 2023 |
|---|---|---|
| **Operating Activities** | | |
| Change in net assets | $ **24,932,156** | $ (1,009,967) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | **12,626,015** | 13,417,876 |
| Amortization of bond premium | **(1,979,719)** | - |
| Net realized (gain) loss on sales of investments and real estate | **(727,605)** | 249,360 |
| Loss on disposed property and equipment | **456,710** | 99,571 |
| Loan principal and interest on student loans accepted by the United States | **603,725** | 86,270 |
| Unrealized (gain) loss on investments | **(30,598,472)** | 2,527,454 |
| Change in split interest agreements | **1,542,729** | (436,389) |
| Contributions restricted in perpetuity | **(3,771,746)** | (4,643,549) |
| Investment income restricted in perpetuity | **(209,549)** | (3,550) |
| Private gifts and grants of nonfinancial assets | **(223,680)** | - |
| Changes in operating assets and liabilities: | | |
| Inventories | **5,550** | (18,342) |
| Accounts receivable, net | **747,148** | (1,000,655) |
| Pledges receivable, net | **329,291** | 410,683 |
| Notes and other receivables | **648,281** | 1,414,270 |
| Other assets | **1,149,056** | (2,956,512) |
| Accounts payable and accrued expenses | **(512,312)** | 149,167 |
| Advances and deposits | **97,003** | 105,549 |
| Deferred revenue | **5,310,336** | 755,181 |
| Annuities payable | **(1,853,496)** | (4,045) |
| Other liabilities | **1,157,235** | (1,268,372) |
| Advances from government for federal student loans | **(1,179,707)** | (617,314) |
| **Net Cash and Cash Equivalents Provided by Operating Activities** | **8,548,949** | 7,256,686 |
| **Investing Activities** | | |
| Net purchases and maturities of certificates of deposit | **(318)** | (4) |
| Purchases of investments | **(518,412,594)** | (734,239,405) |
| Proceeds from sales of investments | **534,653,622** | 711,559,635 |
| Proceeds from sales of investment in real estate | **195,876** | 1,017,230 |
| Proceeds from disposal of property and equipment | **178,235** | - |
| Purchases of property and equipment | **(2,908,215)** | (4,782,019) |
| Proceeds from payments on mortgages receivable | **30,264** | 844,428 |
| Collections on loans from students | **183,308** | 212,301 |
| **Net Cash and Cash Equivalents Provided by (Used in) Investing Activities** | **13,920,178** | (25,387,834) |
| **Financing Activities** | | |
| Contributions restricted in perpetuity | **3,771,746** | 4,643,549 |
| Investment income restricted in perpetuity | **209,549** | 3,550 |
| Repayments of long-term debt | **(9,975,904)** | (9,925,470) |
| Payments on financing leases | **(1,063,962)** | (1,369,924) |
| **Net Cash Used in Financing Activities** | **(7,058,571)** | (6,648,295) |
| **Net Increase (Decrease) Increase in Cash and Cash Equivalents** | **15,410,556** | (24,779,443) |
| **Cash and Cash Equivalents,** beginning of year | **41,327,207** | 66,106,650 |
| **Cash and Cash Equivalents,** end of year | $ **56,737,763** | $ 41,327,207 |
| **Supplemental Disclosure of Cash Flow Information:** | | |
| Right of use assets obtained through financing leases | $ **1,446,762** | $ 801,961 |
| Cash paid for interest | $ **2,413,441** | $ 2,580,559 |

*See accompanying notes to consolidated financial statements.*

## 1. Summary of Significant Accounting Policies

Campbell University (the "University"), a private, not-for-profit entity, was founded in 1887. The University offers undergraduate, graduate and professional degrees in arts and sciences, business, education, engineering, pharmacy and health sciences, divinity, law, nursing and osteopathic medicine. The University's revenue consists principally of student tuition and fees, federal and state grants, and gifts.

In fiscal year 2006, the University established the Campbell University Foundation, Inc. (the "Foundation"). The Foundation is a non-profit organization whose purpose is to receive gifts, and acquire, retain and administer funds to be held, invested, and used exclusively for the benefit of the University. Intercompany accounts and transactions have been eliminated in the consolidated financial statements.

### *Basis of Presentation and Consolidation*

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

The consolidated financial statements for the years ended May 31, 2024 and 2023 include the activities and balances of the Foundation, which is a wholly owned subsidiary of the University. All inter-entity transactions have been eliminated in consolidation.

### *Use of Estimates*

Preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### *Operating Measure*

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of items attributable to the University's ongoing program services. Nonoperating activities are limited to resources that generate return from investments as well as other activities considered to be of a more unusual or nonrecurring nature.

### *Net Assets*

The University's net assets and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net asset changes therein are classified and reported as "without donor restrictions" and "with donor restrictions":

- Net assets without donor restrictions are available for use in general operations and result from tuition or contributions and other institutional resources that were not restricted by donors or the donor-imposed restrictions have expired. Net assets without donor restrictions also include board designated funds functioning as endowment.

- Net assets with donor restrictions result from contributions and other inflows of assets (such as investment income and gains) whose use by the University is limited by the donor-imposed stipulations that require the University to use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of the University. This category also results from contributions and other inflows of assets whose use by the University is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Board of Trustees pursuant to those stipulations. However, donors may release the restrictions on net assets restricted in perpetuity.

### *Cash and Cash Equivalents*

Cash and cash equivalents comprise highly liquid instruments with original maturities of three months or less from the date of purchase. The University generally maintains cash on deposit with financial institutions in excess of federally insured amounts. At May 31, 2024 and 2023, the University had cash balances of approximately $55.4 million and $40.1 million, respectively, that exceeded the Federal Deposit Insurance Corporation limits.

### *Deferred Issuance Costs*

The University's bond issuance costs, debt issuance costs on the USDA loan and debt discount on the note payable are amortized over the related terms of the debt instruments using the effective interest method.

### *Restricted Cash*

The Foundation is required to maintain deposits in reserve accounts as a condition of its note payable. These required deposits are reflected as restricted cash on the statement of financial position. As of May 31, 2024 and 2023, a balance of approximately $882,000 and $639,000, respectively, was restricted.

### *Accounts Receivable*

Accounts receivable from students are reported net of an allowance for estimated credit losses. The allowance is an estimate by management based upon an analysis of delinquent amounts and the respective student's ability and intent to repay. These estimated uncollectible amounts can be affected by changes in the student's economic circumstances. As a result, it is reasonably possible that the allowance for estimated credit losses could change in the near term.

*Pledges Receivable*

Pledges receivable are recognized as revenues in the period when the underlying pledges are received by the University and are considered unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows (using an appropriate discount rate commensurate with the risks involved). Conditional promises to give are not recorded as pledges receivable until such time as the conditions are substantially met.

Amortization of discounts on pledges receivables is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any on the contributions. An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

For the years ended May 31, 2024 and 2023, the University incurred expenses of approximately $2,589,000 and $2,246,000, respectively, in connection with its fundraising activities which are included in institutional support within the accompanying consolidated statements of activities.

*Investments*

The University's investments include various types of investments including equity and debt securities. The University records all equity securities and debt securities at fair value, with realized and unrealized gains and losses being reported in the consolidated statement of activities. The estimated fair value of investments is based on quoted market prices, except for investments for which quoted market prices are not available. The estimated value for investments for which quoted market prices are not readily available is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

Investment earnings, including dividends, interest, rents and royalties, are recognized as income when earned.

Investment securities are exposed to several risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the University's consolidated statement of financial position and consolidated statement of activities.

*Investment in Real Estate*

Real estate is carried at lower of cost or net realizable value. The net realizable value of investment in real estate can be affected by changes in the economic environment. As a result of changing economic conditions, it is reasonably possible that the estimated real estate property values could change in the near term.

### *Notes Receivable*

Notes receivable on student loan balances are stated net of an allowance for estimated credit losses. The allowance is an estimate by management based upon analysis of delinquent amounts and the respective student's ability and intent to repay. The allowance is intended to provide for the principal and interest portions of loans that are not likely to be collected from borrowers in repayment status as well as from borrowers who are not yet in repayment status (still enrolled in school or in the grace period following graduation). These estimated uncollectible amounts can be affected by changes in the borrower's economic circumstances. As a result, it is reasonably possible that the allowance for estimated credit losses could change in the near term. There were no student notes receivable outstanding at May 31, 2024.

Additionally, the University holds mortgage notes receivable that were gifted from a donor. These mortgage notes are secured by properties. The University records an allowance for estimated credit losses related to the mortgage notes based upon an analysis of delinquent payments and the value of the property used as collateral for each note. As of May 31, 2024 and 2023, the University did not record an allowance for estimated credit losses related to the mortgage notes as the market values of the properties securing the notes were in excess of the mortgage notes receivable.

### *Inventories*

Inventories of supplies and merchandise for resale are carried at the lower of cost (first-in, first-out method) or net realizable value.

### *Property and Equipment*

The University capitalizes individual assets of $5,000 or greater. Property and equipment are stated at cost or, if donated, at the estimated fair value at the time of contribution, less accumulated depreciation. Depreciation expense is computed on a straight-line basis over the lessor of the estimated useful lives of buildings and rental properties (40-60 years), major modifications to buildings and rental properties (20 years), library books (10 years), equipment (10 years), and computer equipment (5 years).

Property and equipment are reviewed for impairment whenever events or changes in business circumstances indicate the carrying value of the assets may not be recoverable. Impairment losses are recognized if expected future cash flows from the assets are less than their carrying values.

### *Income Taxes*

The University is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. With respect to any unrelated business income generated by the University, it records income taxes using the liability method under which deferred tax assets and liabilities are determined based on the differences between the financial accounting and tax bases of assets and liabilities.

Deferred tax assets or liabilities at the end of each period are determined using the currently enacted tax rate expected to apply to taxable income in the period that the deferred tax asset or liability is expected to be realized or to be settled. As of May 31, 2024, and 2023, the University had no deferred tax assets or liabilities, net of valuation allowances.

### *Employee Benefit Plans*

The University maintains a contributory retirement plan for substantially all full-time employees who wish to participate. Under the plan, annuities are purchased from an insurance carrier for participants and University contributions are recorded as expenses when benefits accrue. Through October 2020, the University made a matching contribution of 8% of eligible wages for employees participating in the plan contributing 5% or more. From November 2020 through May 2021, the University did not make a matching contribution for employees. In June 2021, a match of 4% was reinstated for participating employees hired prior to January 1, 2021 and a match of 2.5% provided for participating employees hired after January 1, 2021. Retirement plan costs charged to expense amounted to $2,063,790 and $2,111,971 for the years ended May 31, 2024 and 2023, respectively.

The University maintains a partially self-funded insurance plan for employee health and medical expenses. As part of this plan, the University offers coverage for all full time employees and offers supplemental spouse and dependent care coverage. The University maintained a reserve of approximately $617,000 at May 31, 2024 and 2023, for insurance claims incurred but not reported as of year-end. Insurance costs charged to expenditures amounted to approximately $7,779,506 and $7,105,275 for the years ended May 31, 2024 and 2023, respectively. The plan is covered by a stop loss insurance policy which limits the plan’s liability to $200,000 per individual.

### *Annuities Payable*

The University holds various properties and funds under separate agreements which obligate the University to pay annuities during the lives of the various annuitants. The obligations under these agreements are calculated using Internal Revenue Code annuity valuation tables. There was one new annuity payable amount that arose during fiscal year 2024. The assumed rate of return used in the calculation of the annuity payable amount that arose during fiscal year 2024 was 7.30%.

The University has certain annuity agreements for which the payments are based on the market value of assets as of the beginning of the calendar year. Management used the market value of the assets as of May 31, 2024 and 2023, to calculate the annuities payable liability as presented in the consolidated financial statements.

As of May 31, 2024, and 2023, the market value of the investments held in relation to the annuities payable amounted to approximately $12,076,561 and $14,779,000, respectively.

### *Revenue Recognition*

The University measures revenue from contracts with customers based on the consideration specified in a contract with a customer, and recognizes revenue as a result of satisfying its promise to transfer goods or services in a contract with a customer using the following general revenue recognition five-step model: (1) identify the contract; (2) identify performance obligations; (3) determine transaction price; (4) allocate transaction price; and (5) recognize revenue.

The University earns revenue primarily through instruction in the form of tuition and fees. Tuition and fees are recognized over the course of the semester based on the published start and end dates for classes. In addition to tuition and fees, the University also earns revenue through auxiliary services and other sources including room and board and meal plans. The University recognizes revenue as the related performance obligations are satisfied. These arrangements give rise to contract assets, which represent the University’s right to consideration for performance obligations.

The contract assets are recorded as accounts receivable when the University's right to consideration is unconditional, which occurs upon completion of the academic term's drop-add period for tuition and fees and upon the start of the academic term for room and board and meal plans. These arrangements also give rise to contract liabilities, which the University records as deferred revenue when consideration has been received in advance of the satisfaction of related performance obligations, specifically summer school session billings, internet courses, and graduate programs that span fiscal periods.

### *Gifts and Grants*

Contributions, including conditional promises to give, are not recorded until they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional promises or direct contributions including cash, land, building, or other type of gift, are recorded in the year the promise is made or gift received. Contributions of assets other than cash are recorded at their estimated fair value. Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities and changes in net assets as net assets released from restrictions. Contribution revenue is presented in accordance with Accounting Standard Codification ("ASC") Subtopic 958-605, *Not for Profit Entities – Revenue*.

Gifts of land, buildings, and equipment and other nonmonetary assets are reported as unrestricted revenues unless explicit donor stipulations specify how the donated assets must be used. Donor restricted gifts for long-lived assets with explicit restrictions that specify how assets are to be used are reported as with donor restricted revenues. The University reports expirations of donor restrictions on gifts of long-lived assets when the donated or acquired long-lived assets are placed in service.

Revenue from grants and contracts is recognized as the related expenses are incurred in accordance with the terms of the respective grant or contract agreement. Amounts received in advance that have conditions associated with them represent refundable advances and are reported as deferred revenue on the consolidated statements of financial position. When the University receives grants that are restricted to a specific purpose, these grants are recorded as "with donor restriction" on the consolidated statement of activities, and amounts are released from restriction when the purpose is satisfied.

### *Liquidity and Availability of Financial Resources*

The University's working capital and cash flows have seasonal variations during the year attributable to cash received from students registering for the fall, spring and summer semester terms. To manage liquidity, the University maintains a $15 million revolving line of credit that can be drawn upon as needed. The University did not draw on the line of credit in fiscal year 2023 or 2024. As of May 31, 2024 and 2023, the University had $15 million in funds available for general expenditure under the unused line of credit.

The following reflects the University's financial assets as of the consolidated statement of financial position date available for general operations within one year of the consolidated statement of financial position date. Financial assets include cash and the right to receive cash. Additionally, financial assets include the following Board-approved appropriations from the endowment fund that are available for expenditure within one year and exclude certain cash and receivable balances with donor-imposed restriction or other restrictions on its use:

| *May 31,* | | **2024** | | 2023 |
|---|---|---|---|---|
| Cash and cash equivalents | $ | **25,571,155** | $ | 22,302,645 |
| Certificates of deposit | | **15,168** | | 14,850 |
| Accounts receivable, net | | **3,903,489** | | 4,650,637 |
| Other receivables | | **1,503,472** | | 2,487,872 |
| Investments | | **18,794,142** | | 17,138,483 |
| Pledges receivable, net | | **2,069,369** | | 1,959,400 |
| Appropriation of endowment | | **8,661,000** | | 6,147,000 |
| Financial assets available at year end for expenditure within one year | $ | **60,517,795** | $ | 54,700,887 |

***Methods Used for Allocation of Expenses***

Expenses are reported in the consolidated statements of activities in functional expense categories recommended by the National Association of Colleges and University Business Officers. Certain costs related to operation and maintenance of physical plant are allocated to functional categories, programs and supporting activities based on proportionate usage of the underlying asset. Depreciation and amortization are allocated proportionately based on the supplies and plant expense. Interest is allocated based on the functional categories that have benefitted from the proceeds of external debt. Information technology is allocated based on estimates of time and effort.

***Recently Adopted Accounting Guidance***

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU 2016-13, *Financial Instruments – Credit Losses* (*Topic 326*) ("ASU 2016-13"), which requires creditors to disclose more information about expected credit losses on financial instruments and other commitments to extend credit held by an entity. This ASU changes the impairment model for most financial assets measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. When determining such expected credit losses, the guidance requires companies to apply a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The University adopted the standard effective June 1, 2023. The adoption of the standard did not have a material impact on the consolidated financial statements.

## 2. Fair Value Measurements

ASC 820, *Fair Value Measurement*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

*Level 1*: Quoted market prices for identical assets or liabilities to which an entity has access at the measurement date.

*Level 2*: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in markets that are not active;
- Observable inputs other than quoted prices for the asset or liability; and
- Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

*Level 3*: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The following table summarizes the levels in the ASC 820 fair value hierarchy for the University as of May 31:

| ***2024*** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| Certificate of deposits | **$ -** | **$ 15,168** | **$ -** | **$ 15,168** |
| Investment securities | **244,343,878** | **26,510,486** | **521,877** | **271,376,241** |

| *2023* | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| Certificate of deposits | $ - | $ 14,850 | $ - | $ 14,850 |
| Investment securities | 180,856,316 | 74,946,320 | 500,568 | 256,303,204 |

The fair value of $521,877 and $500,568 as of May 31, 2024 and 2023, respectively, of other investments which are not actively traded on a public market are based upon level 3 input values. These inputs include internal estimates based on discounted values of similar publicly traded stock. Active markets to liquidate these investments may not be readily available. There were no purchases or sales of Level 3 investments during the fiscal years ended May 31, 2024 and 2023. There were also no transfers into or out of Level 3 during the fiscal years ended May 31, 2024 and 2023.

*Fair Value of Financial Instruments*

A reasonable estimate of the fair value of the notes receivable from students under government loan programs and advances from Federal government for student loans could not be made because the loans receivable are not saleable and can only be assigned to the U.S. government or its designees.

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses, which qualify as financial assets and financial liabilities, approximate fair value due to the relative terms and short maturity of these financial instruments. The carrying amount for the mortgage notes receivable approximates fair value as the discount rate used to assess fair value of the instruments has not changed. The carrying amount of the debt approximates fair value as these financial instruments bear interest at variable rates which approximate current market rates for bonds with similar maturities and credit quality. The carrying amounts of annuities payable and pledges receivable approximate fair value based on the maturity terms.

## 3. Pledges Receivable

Pledges receivable, net, is summarized as follows at:

| *May 31, 2024* | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Less than one year | $ 6,940,450 | $ 1,012,377 | $ 7,952,827 |
| One to five years | 893,630 | 1,640,203 | 2,533,833 |
| Greater than five years | 45,000 | 30,000 | 75,000 |
| Total pledges receivable | $ 7,879,080 | $ 2,682,580 | $ 10,561,660 |
| Unamortized discount (approximately 2.8% to 6.5%) | | | (197,787) |
| Allowance for uncollectible pledges receivable | | | (5,144,884) |
| **Pledges receivable, net** | | | $ 5,218,989 |

| *May 31, 2023* | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Less than one year | $ 6,206,301 | $ 1,097,025 | $ 7,303,326 |
| One to five years | 2,106,188 | 968,416 | 3,074,604 |
| Greater than five years | 110,000 | 70,000 | 180,000 |
| Total pledges receivable | $ 8,422,489 | $ 2,135,441 | $ 10,557,930 |
| Unamortized discount (approximately 2.8% to 6.5%) | | | (450,752) |
| Allowance for uncollectible pledges receivable | | | (4,558,898) |
| **Pledges receivable, net** | | | $ 5,548,280 |

As of May 31, 2024 and 2023, two pledges receivables from two donors comprised approximately 32% and 35% of the balance of pledges receivable, respectively. These receivables were pledged to fund the Student Union and are scheduled to be collected over the next five years.

## 4. Investments

The University's investments are as follows at:

| *May 31,* | **2024** | 2023 |
|---|---|---|
| **Investment Securities:** | | |
| Carried at fair value: | | |
| U.S. Treasury securities | **$ 26,510,486** | $ 50,160,659 |
| Corporate debt securities | **-** | 24,785,661 |
| Equity securities | **236,787,414** | 174,210,821 |
| Other | **8,078,341** | 7,146,063 |
| **Total Investment Securities** | **$271,376,241** | $ 256,303,204 |
| **Investment in Real Estate:** | | |
| Real estate | **$ 66,500** | $ 271,687 |

The equity securities disclosed above primarily include large- and medium-cap entities with sufficient trading volume to adequately assess fair value.

The University's investments in real estate consist of land and buildings donated from various individuals. The University holds investments in real estate at historical cost less impairment, if any. These investments are analyzed for impairment each year based on current market conditions.

The following summarizes the investment return and its classification in the consolidated statements of activities for the years ended:

| *Year ended May 31,* | **2024** | 2023 |
|---|---|---|
| Dividends, interest and rental income, net | **$ 7,782,324** | $ 5,809,899 |
| Net realized gain (loss) | **727,605** | (249,360) |
| Net unrealized gain (loss) | **30,598,472** | (2,527,454) |
| Net investment income | **$ 39,108,401** | $ 3,033,085 |

## 5. Notes Receivable and Other Receivables

Notes receivable and other receivables consist of the following at:

| *May 31,* | | **2024** | | 2023 |
|---|---|---|---|---|
| Federal Perkins loans, less allowance for credit losses of $0 and $200,000 in 2024 and 2023 | **$** | **-** | $ | 787,033 |
| Due from Federal government | | **302,167** | | 352,645 |
| Mortgages receivable | | **1,043,840** | | 1,074,104 |
| Sales tax receivable | | **1,530,959** | | 1,243,325 |
| Other receivables | | **501,419** | | 1,365,533 |
| Total notes and other receivables | **$** | **3,378,385** | $ | 4,822,640 |

Prior to the year ended May 31, 2018, the University administered loans to students who qualified under the Federal Perkins Loan Program. The loans bear interest at an annual rate of 3% to 5%. The Federal Perkins Loan Program expired in 2017 and there were no Federal Perkins Loans awarded in the years ended May 31, 2024 or 2023. The University completed the liquidation of the Federal Perkins Loan Program during the year ended May 31, 2024.

In the year ended May 31, 2016, the University received a donation of a portfolio of mortgage notes which were recorded at fair value. During the year ended May 31, 2024, the University received principal and interest payments on the mortgages receivable, which bear interest at rates ranging from 3% to 6%. The carrying value of the mortgage notes receivable has been reduced over time to reflect payments received on the notes.

## 6. Other assets

Other assets consist of the following at:

| *May 31,* | | **2024** | | 2023 |
|---|---|---|---|---|
| Prepaid assets | **$** | **10,041,840** | $ | 11,113,386 |
| Cash surrender value of insurance policies | | **1,120,267** | | 1,306,220 |
| Other assets | | **961,082** | | 628,959 |
| Total other assets | **$** | **12,123,189** | $ | 13,048,565 |

The University's prepaid assets primarily consist of fees paid to medical systems in advance of placement of medical students for preceptorships. Total amounts prepaid to medical systems were approximately $9,282,000 and $10,030,000 as of May 31, 2024 and 2023, respectively.

## 7. Property and Equipment

Property and equipment, including assets acquired under finance leases, consist of the following at:

| *May 31,* | **2024** | 2023 |
|---|---|---|
| Land and improvements | **$ 34,014,275** | $ 33,929,525 |
| Buildings | **393,994,452** | 393,557,574 |
| Equipment | **27,951,870** | 27,391,044 |
| Right of use assets | **9,373,192** | 9,282,995 |
| Library books | **16,148,765** | 16,249,683 |
| Keith Hills land and improvements, equipment, and amenities | **13,119,682** | 12,615,715 |
| Faculty and staff rental properties | **1,853,988** | 1,853,988 |
| Construction-in-progress | **43,885** | - |
| Total property and equipment | **496,500,109** | 494,880,524 |
| Less: accumulated depreciation and amortization | **(188,209,253)** | (177,777,182) |
| Property and equipment, net | **$308,290,856** | $ 317,103,342 |

Depreciation and amortization expense relating to property and equipment for the years ended May 31, 2024 and 2023 was $12,555,033 and $13,342,007, respectively. Total accumulated depreciation and amortization as of May 31, 2024 and 2023 includes $7,168,356 and $7,191,588, respectively in accumulated depreciation and amortization on right of use assets under finance leases.

The University did not have any capitalized interest expense for the years ended May 31, 2024 and 2023.

## 8. Leases

The University leases certain equipment, computers, and office space under operating (rental) and finance leases. The University determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified, and recognized at lease commencement. The University categories leases with contractual terms longer than twelve months as either operating or finance. The University's leases generally have terms that range from one to five years, with certain leases inclusive of renewal options if they are considered to be reasonably assured at lease commencement.

Lease right of use assets and lease liabilities are included in property and equipment and other liabilities, respectively, on the consolidated statement of financial position. Lease assets represent the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease.

Operating and finance lease right of use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the incremental borrowing rate at the commencement date in determining the present value of future payments.

Rental expense under operating leases amounted to $172,174 and $150,736 for the years ended May 31, 2024 and 2023, respectively.

Leased right of use assets under finance and operating leases are included in property and equipment as follows:

| *May 31,* | **2024** | 2023 |
|---|---|---|
| Equipment | **$ 9,373,192** | $ 9,282,995 |
| Less: Accumulated depreciation and amortization | **(7,168,356)** | (7,191,588) |
| Right of use assets, net | **$ 2,204,836** | $ 2,091,407 |

Amortization of assets under finance leases is included in depreciation and amortization expense for the years ended May 31, 2024 and 2023, and totaled approximately $701,260 and $1,431,760, respectively. Amounts due for right of use liabilities are included in other liabilities on the consolidated statements of financial position. During the years ended May 31, 2024 and 2023, interest expense paid on finance leases totaled $64,265 and $60,656, respectively.

Minimum future lease payments under non-cancelable leases at May 31, 2024 are as follows:

| *Year ending May 31* | Finance Leases | Operating Leases |
|---|---|---|
| 2025 | **$ 725,458** | **$ 185,692** |
| 2026 | **562,356** | **74,223** |
| 2027 | **547,219** | **-** |
| 2028 | **409,369** | **-** |
| 2029 | **41,309** | **-** |
| Total minimum lease payments | **2,285,711** | **$ 259,915** |
| Less: amount representing interest | **(64,265)** | |
| Present value of minimum lease payments | **$ 2,221,446** | |

## 9. Other Liabilities

Other liabilities consisted of the following at:

| *May 31,* | | **2024** | | 2023 |
|---|---|---|---|---|
| Right of use finance lease obligations | **$** | **2,221,446** | $ | 2,106,634 |
| Right of use operating lease obligations | | **259,915** | | 249,807 |
| Assets held in trust for other beneficiaries | | **2,996,447** | | 1,962,912 |
| Deferred other revenue | | **913,965** | | 1,535,558 |
| Other liabilities | | **2,441,798** | | 1,438,627 |
| Total other liabilities | **$** | **8,833,571** | $ | 7,293,538 |

## 10. Bonds Payable

The University is obligated for the payment of bonds payable outstanding as follows at:

| *May 31,* | | **2024** | | 2023 |
|---|---|---|---|---|
| Series 2021A Tax Exempt Revenue Bonds, interest-only period for three years with semi-annual payments due October 1 and April 1 through October 2035, average coupon rate of 4.864% with $46,675,000 original par value | **$** | **46,675,000** | $ | 46,675,000 |
| Series 2021B Taxable Bonds, semi-annual payments due October 1 and April 1 with principal and interest in October and interest only in April through October 2024, average coupon rate of 1.006% with $24,525,000 original par value | | **525,000** | | 9,165,000 |
| Total bonds payable | **$** | **47,200,000** | $ | 55,840,000 |
| Add unamortized premium on tax exempt 2021A Revenue Bonds | | **9,745,693** | | 11,721,285 |
| Less unamortized bond issuance costs | | **(348,406)** | | (413,533) |
| Total bonds payable, net | **$** | **56,597,287** | $ | 67,147,752 |

The University closed on a public issuance of bonds on August 10, 2021. The purpose for the bond issuance was to restructure the University's outstanding debt. The tax-exempt 2021A Revenue Bonds and the taxable 2021B Revenue Bonds (the "2021 Bonds") were issued through the North Carolina Capital Facilities Finance Agency. The tax-exempt 2021A Revenue Bonds were issued with a par value of $46,675,000 and a premium of $11,721,285, for total bond proceeds of $58,396,285. The average coupon rate for the bonds is 4.864%. The taxable 2021B Revenue Bonds were issued with a par value of $24,525,000. The average coupon rate for the bonds is 1.006%. The aggregate par amount of the 2021 Bonds was $71.2 million, with a premium on the 2021A Bonds of approximately $11.7 million, for total 2021 Bonds proceeds of $82.9 million. The University used the proceeds to 1) to pay off the 2014 and 2015 revenue bonds including related swap termination payments, 2) to pay off the term loan for the difference between the project budget for the Student Union and the amount the USDA would finance, 3) to repay the term loan for the payoff of short-term lines of credit, and 4) pay costs of issuance related to the 2021 Bonds. The University accounted for this transaction as an extinguishment of debt as it did not meet the criteria to be treated as a modification. The tax-exempt 2021A bonds mature on October 1, 2035 and the taxable 2021B bonds mature October 1, 2024.

Interest expense related to the bonds was $2,363,544 and $2,434,605 for the years ended May 31, 2024 and 2023, respectively. Principal reductions related to bonds payable for the next five years and thereafter as of May 31, 2024 are as follows:

| *Year ending May 31,* | | **Amount** |
|---|---|---|
| 2025 | $ | **7,580,000** |
| 2026 | | **6,200,000** |
| 2027 | | **6,210,000** |
| 2028 | | **2,890,000** |
| 2029 | | **3,040,000** |
| Thereafter | | **21,280,000** |
| Total | $ | **47,200,000** |

The principal reductions related to bonds represent the contractual maturities of the bonds as of May 31, 2024.

The University's bonds payable are presented net of unamortized bond issuance costs totaling $348,406 and $413,533 as of May 31, 2024 and 2023, respectively. Total bond issuance costs for the 2021 Bonds were $538,728 with accumulated amortization of $190,322 and $125,195 for the years ended May 31, 2024 and 2023, respectively.

There are no financial covenants required for the 2021A and 2021B bonds.

## 11. Line of Credit and Notes Payable

At May 31, 2024 and 2023, the University had a line of credit, non-revolving construction loan and note payable outstanding. A summary of the terms of these loans and their outstanding balances are as follows:

| *May 31,* | 2024 | 2023 | Interest Rate |
|---|---|---|---|
| Line of credit | $ - | $ - | 2.60% above 30-Day Average SOFR |
| Note payable | **1,334,435** | 1,637,061 | Fixed at 3.00% |
| USDA loan | **58,422,262** | 59,455,539 | Fixed at 2.125% |
| Total gross balance | **$ 59,756,697** | $ 61,092,600 | |
| Unamortized debt discount | **(54,012)** | (67,515) | n/a |
| Unamortized debt issuance costs | **(390,721)** | (401,462) | n/a |
| Net total | **$ 59,311,964** | $ 60,623,623 | |

Interest expense related to the USDA loan and note payable was $1,378,421 and $1,408,328 for the years ended May 31, 2024 and 2023, respectively.

There are no financial covenants required for the line of credit or notes payable.

*Line of credit*

At May 31, 2021, the University had a line of credit for general use that permitted the University to borrow up to $10 million. This line was increased in July 2021 to $15 million. In February 2024, the line of credit was renewed at a variable rate equal to 2.6 percentage points above the 30-day average SOFR rate, but not more than 10% or less than 0% and the maturity date was extended to March 15, 2025. At May 31, 2024 and 2023, the University did not have any amounts outstanding on the line of credit. The line is unsecured.

*USDA Permanent Financing*

Campbell University Foundation entered into an agreement with the USDA Rural Division, to provide permanent financing upon completion of construction of the school of nursing building, the admissions and financial aid center and the student union. Upon substantial completion of the last of the three projects, the student union, the buildings were leased by the University to the Foundation with a sublease back to the University to provide debt service for the loan. These intercompany transactions have been eliminated in the accompanying consolidated financial statements.

The student union was completed as of May 31, 2020, and the University closed on the permanent financing from the USDA on October 14, 2020. The proceeds of the loan were used to repay the construction loans for the admissions and financial aid center and student union as well as the line of credit for construction of the nursing building.

The permanent financing from USDA for the projects is $61,458,000 and has a fixed interest rate of 2.125% for a 40-year term. A loan guarantee of $10,000,000 from First Citizens Bank was required by USDA to complete the funding. The University is also required to maintain a reserve account and make annual deposits to that account in amount equal to ten percent of the Rural Development annual payment. As of May 31, 2024 and 2023, the required reserve was $882,357 and $638,627, respectively. The University pledged certain buildings, including the nursing building and student union, as collateral for the USDA Permanent Financing.

*Note Payable*

In June 2018 the University purchased buildings and land contiguous to its main campus for a total of $4.5 million. A purchase money promissory note secured by a deed of trust for $3 million was negotiated with the seller at an interest rate of 3% per year.

The University makes monthly principal and interest payments on the note, and the note matures on June 3, 2028. The note had an outstanding balance of $1,334,435 and $1,637,061 at May 31, 2024 and 2023, respectively. In connection with the purchase, the University engaged a third party to perform the valuation of the real estate assets and liabilities. Based on the concluded market interest rate at the date of purchase, the University recorded a discount of $135,029 to be amortized over the 10-year term of the note.

Principal reductions related to the note payable and USDA permanent financing for the next five years and thereafter as of May 31, 2024 are as follows:

| *Year ending May 31,* | | **Amount** |
|---|---|---|
| 2025 | $ | **1,367,066** |
| 2026 | | **1,398,974** |
| 2027 | | **1,431,648** |
| 2028 | | **1,465,105** |
| 2029 | | **1,176,177** |
| Thereafter | | **52,917,727** |
| Total | $ | **59,756,697** |

## 12. Internal Borrowings

The University also has internally borrowed from the restricted endowment in perpetuity and similar funds as follows:

| *May 31,* | | **2024** | | 2023 |
|---|---|---|---|---|
| Unsecured loan borrowed for construction of Keith Hills II, first 9 holes. Principal payable in annual installments of $120,000 and interest payable monthly at the monthly prime rate | **$** | **240,000** | $ | 360,000 |
| Unsecured loan up to $30,000,000 borrowed for construction of Levine Hall of Health Sciences. Principal payable in annual installments of $1,500,000 and interest payable monthly at the SOFAR rate plus 1% with a floor of 3% and a ceiling of 5% | | **7,500,000** | | 9,000,000 |
| **Total** | **$** | **7,740,000** | $ | 9,360,000 |

The internal borrowings are not reflected on the accompanying consolidated statements of financial position as they represent interfund receivables and payables that are eliminated in consolidation.

Interest rates on the internal borrowings as of May 31, 2024 were 8.5% and 5%, respectively. Principal reductions related to the internal borrowings for the next five years and thereafter as of May 31, 2024 are as follows:

| *Year ending May 31,* | | **Amount** |
|---|---|---|
| 2025 | **$** | **1,620,000** |
| 2026 | | **1,620,000** |
| 2027 | | **1,500,000** |
| 2028 | | **1,500,000** |
| 2029 | | **1,500,000** |
| Total | **$** | **7,740,000** |

## 13. Net Assets

The amounts included as net assets with donor restrictions consist of the following at:

| *May 31,* | **2024** | 2023 |
|---|---|---|
| **Perpetual net assets:** | | |
| Pledges receivable | **$ 351,716** | $ 167,290 |
| Annuities | **1,967,926** | 4,799,129 |
| Scholarships | **621,249** | 430,420 |
| Endowment funds | **133,162,037** | 127,967,335 |
| Total perpetual net assets | **$ 136,102,928** | $ 133,364,174 |
| Time and purpose restricted net assets in endowment | **$ 77,244,934** | $ 60,651,739 |
| Time and purpose restricted annuities | **4,104,105** | 3,153,536 |
| Time and purpose restricted net assets (including scholarships, institutional and other support) | **16,047,396** | 15,290,635 |
| Total net assets with donor restrictions | **$ 233,499,363** | $ 212,460,084 |

Earnings on net assets with donor restrictions are available for the University's scholarships and various programs. The University has no board-designated or other-designated net assets.

## 14. Net Asset Released from Restrictions

Net assets were released from restrictions by incurring expenses or acquiring assets satisfying the restricted purpose or by occurrence of other events specified by the donors as follows:

| *Year ended May 31,* | **2024** | 2023 |
|---|---|---|
| Program restrictions accomplished: | | |
| Scholarships | **$ 9,211,386** | $ 3,977,124 |
| Institutional support | **2,254,508** | 1,986,951 |
| Management fee | **1,587,094** | 2,147,583 |
| Expiration of time and purpose restrictions | **4,505,252** | 6,766,757 |
| **Net assets released from restrictions** | **$ 17,558,240** | $ 14,878,415 |

## 15. Endowment

The University's endowment consists of approximately 1,473 individual donor-restricted funds established for a variety of purposes. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The University's Board of Trustees interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classified as net assets with donor restrictions (in perpetuity) (1) the original value of gifts donated to the restricted in perpetuity endowment, (2) the original value of subsequent gifts to the restricted in perpetuity endowment, and (3) accumulations to the restricted in perpetuity endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions (in perpetuity) is characterized as net assets with donor restrictions (by time or purpose) until those amounts are appropriated for expenditure by the University in a manner consistent with the standard for expenditure prescribed by UPMIFA.

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

1) The duration and preservation of the fund;
2) The purposes of the University and the endowment fund;
3) General economic conditions;
4) The possible 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.

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the University to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after newly restricted contributions were received. The value of any individual endowment fund deficiency is required to be reported in net assets with donor restrictions. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will also be classified as an increase in net assets with donor restrictions. Net restorations and reductions of endowment market values above or below the original gift value totaled $1,203,251 and ($167,015) for the years ended May 31, 2024 and 2023, respectively. Deficiencies of this nature exist in donor restricted endowment funds that have original gift values and restricted income in perpetuity of $7,803,776 and $20,368,257 and current fair values of $6,743,729 and $18,104,960, resulting in deficiencies of $1,060,047 and $2,263,297 as of May 31, 2024 and 2023, respectively.

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity.

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investments' returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The University's endowment funds are operated for the benefit of the University and its communities of interest, as determined by the Trustees. The rate of spending for the educational and general operating budget is a range of three to seven percent of the market value. A starting point of 4.5 percent for scholarship spend and 1.0 percent for management fees of the average market value from the trailing four years is used and reevaluated annually.

In establishing this policy, the University considered the long-term expected return on its endowment. This is consistent with the University objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment returns. The University's spending rate for the years ended May 31, 2024 and 2023 was 5.5%.

***Changes in Endowment Net Assets***

| ***Year ended May 31, 2024*** | **With Donor Restrictions Time or Purpose** | **With Donor Restrictions In Perpetuity** | **Total** |
|---|---|---|---|
| Endowment net assets, June 1, 2023 | $ 60,651,738 | $ 127,967,335 | $ 188,619,073 |
| Private gifts and grants | **-** | **3,178,144** | **3,178,144** |
| Transfers from annuity and special purpose funds | **-** | **2,004,582** | **2,004,582** |
| Investment gain allocated | **29,646,184** | **11,976** | **29,658,160** |
| Endowment management fee | **(1,587,094)** | **-** | **(1,587,094)** |
| Endowment spending to operating | **(11,465,894)** | **-** | **(11,465,894)** |
| **Endowment net assets, May 31, 2024** | **$ 77,244,934** | **$ 133,162,037** | **$ 210,406,971** |

| *Year ended May 31, 2023* | **With Donor Restrictions Time or Purpose** | **With Donor Restrictions In Perpetuity** | **Total** |
|---|---|---|---|
| Endowment net assets, June 1, 2022 | $ 47,628,250 | $ 143,369,813 | $ 190,998,063 |
| Private gifts and grants | - | 4,011,777 | 4,011,777 |
| Transfers from annuity and special purpose funds | - | 62,230 | 62,230 |
| Investment gain allocated | 1,658,388 | 273 | 1,658,661 |
| Endowment management fee | (1,970,449) | - | (1,970,449) |
| Endowment spending to operating | (6,141,209) | - | (6,141,209) |
| Reclassification from legal opinion obtained | 19,476,758 | (19,476,758) | - |
| **Endowment net assets, May 31, 2023** | $ 60,651,738 | $ 127,967,335 | $ 188,619,073 |

The University has no board-designated endowment funds as of May 31, 2024 and 2023. The University's net assets with donor restrictions (time and purpose) primarily consist of scholarship funds and funded Chairs.

In May 2023, the University reviewed all permanent restricted endowments with outside legal counsel. Upon receipt of a legal opinion, the University determined that amounts of investment income earned on certain endowments restricted in perpetuity should be treated as restricted for time and purpose. Under the direction of the legal opinion, the University reclassified $19,476,758 from permanently restricted endowments to temporarily restricted endowments during the year ended May 31, 2023.

## 16. Revenue Recognition

The University's students are analogous with *customers* as defined by ASC 606, *Revenue from Contracts with Customers* ("ASU 2014-09" or "ASC 606"). The University follows the guidance within ASC 606 as it pertains to the tuition and fees revenues from its students. Accordingly, the University recognizes tuition and fees revenues when control of the promised services is transferred to the students in an amount that reflects the consideration that the University expects to be entitled to in exchange for those services.

The University's student service contracts do not have any material significant financing components or contract costs associated with them. Accordingly, no applicable practical expedients elections were made for such items.

*Judgements*

The University earns revenue primarily through instruction. The University serves both domestic and international students on campuses in North Carolina as well as online at the undergraduate and graduate levels. As a result, the University's student enrollment and/or each student's ability to pay tuition and fees may be impacted by the economy and school competition (both private and public) in this geographic area. The University recognizes this revenue per day based on the start and end dates for each individual course. A portion of tuition and fees charged in the current fiscal year for the summer term is deferred and recognized in the following fiscal year due to summer sessions between May and July crossing fiscal years.

In addition to instruction, the University also earns revenue through auxiliary enterprises and other sources. These sources of revenue can be disaggregated by whether there is a contract with a student or non-student, or if there is no contract. The University recognizes non-student contracts based on the date of the event or when the service is provided.

The University recognizes revenue from contracts with students over the term during which their courses are offered. Each course has a set beginning and ending date. Revenue is recognized over time based on the number of days that have elapsed for each course.

Certain contracts with students may include variable consideration in the form of tuition discounts, scholarships or institutional aid. For any such contracts, the transaction price only includes tuition and fees net of the awarded tuition discounts, scholarships or institutional aid. Historically, the University has not experienced material withdrawals, refunds, or uncollectible amounts, which would represent other variable consideration under ASC 606.

*Performance Obligations*

A performance obligation is a promise in a contract to transfer a distinct good or service to a customer and is the unit of account under ASC 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The University does not capitalize contract costs.

The performance obligations related to contracts with students involves providing instruction, housing and dining (if applicable), and access to the University's facilities and services throughout the contract term. As a result, the performance obligation is satisfied over time ratably throughout each contract's applicable period. The University enters into contracts that include various combinations of services, which are generally capable of being distinct and are accounted for as separate performance obligations.

Revenue is recognized in an amount that reflects the consideration the University expects to receive in exchange for its services. Arrangements may include variable consideration in the form of tuition discounts, scholarships, or institutional aid. For any such arrangements, the transaction price includes tuition and fees net of the awarded discounts or institutional aid. Refunds and withdrawals have been deemed immaterial.

*Contract Payment Terms*

Before the beginning of each term, students are presented with the total amount due. Students are required to have satisfactory financial arrangements in place or have paid the balance in full by the University's published due date which is day five of instruction. As part of the check-in process, arrangements are reviewed by the bursar's office to ensure that the student has completed all necessary financial steps. No refunds are provided after the fifth day of classes.

The following table summarizes the University's revenues disaggregated by timing of transfer of goods and services:

| *Years ended May 31,* | **2024** | 2023 |
|---|---|---|
| Tuition and fee revenue recognized over time | | |
| Instruction – student | **$ 185,932,296** | $ 187,012,884 |
| Institutional aid scholarships - student | **(73,990,293)** | (69,366,923) |
| Total tuition and fees, net | **$ 111,942,003** | $ 117,645,961 |

| *Years ended May 31,* | **2024** | 2023 |
|---|---|---|
| Student housing - student | **$ 10,062,029** | $ 9,321,676 |
| Food services – student | **5,896,548** | 5,409,989 |
| Retail operations and other auxiliary services | **3,034,913** | 2,415,457 |
| Total sales and services of auxiliary enterprises | **$ 18,993,490** | $ 17,147,122 |

The following table summarizes the University's revenues disaggregated by material program for the years ended May 31:

| *2024* | Undergraduate | Graduate | Medical School | Law School | CPHS | Total |
|---|---|---|---|---|---|---|
| Tuition and fee revenue | **$ 88,005,700** | **$ 5,452,394** | **$ 38,476,520** | **$ 27,183,076** | **$ 26,814,606** | **$185,932,296** |
| Institutional aid | **(56,219,022)** | **(2,353,579)** | **(1,171,962)** | **(12,274,139)** | **(1,971,591)** | **(73,990,293)** |
| Tuition and fees, net | **$ 31,786,678** | **$ 3,098,815** | **$ 37,304,558** | **$ 14,908,937** | **$ 24,843,015** | **$111,942,003** |

| *2023* | Undergraduate | Graduate | Medical School | Law School | CPHS | Total |
|---|---|---|---|---|---|---|
| Tuition and fee revenue | $ 89,557,678 | $ 4,903,823 | $ 38,442,525 | $ 26,369,242 | $ 27,739,616 | $ 187,012,884 |
| Institutional aid | (53,960,500) | (1,660,218) | (1,211,568) | (11,047,764) | (1,486,873) | (69,366,923) |
| Tuition and fees, net | $ 35,597,178 | $ 3,243,605 | $ 37,230,957 | $ 15,321,478 | $ 26,252,743 | $ 117,645,961 |

## 17. Commitments and Contingencies

Certain claims and suits arising in the ordinary course of business have been alleged against the University. The University is unable to estimate the range or probability of possible losses related to these matters.

## 18. COVID-19

On March 11, 2021, the Higher Education Emergency Relief Fund III ("HEERF III") was authorized by the American Rescue Plan, Public Law 117-2. During the year ended May 31, 2021, the University was allocated $11.6 million under HEERF III, of which $5.9 million was used to support student emergency grants and $5.7 million used for institutional support. The institutional portion of HEERF III funds received in the years ended May 31, 2024 and 2023 totaled $0.1 million and $0.9 million, respectively, and were used for student debt discharge, HVAC replacements, and equipment for the medical school. Where appropriate, expenditures are included in institutional expense on the consolidated statement of activities.

## 19. Related Party Transactions

The University uses the services of a Board of Trustees member's construction companies for the construction and renovation of certain assets. The board member is excluded from voting related to bid construction projects. Total capitalized construction costs provided by Board member's companies were $431,058 and $451,216 for the years ended May 31, 2024 and 2023, respectively.

The University uses the services of Board of Trustees members companies for certain repairs and maintenance expenses. Total expenses incurred from Board members' companies were $237,437 and $294,257 for the years ended May 31, 2024 and 2023, respectively.

There were no other significant transactions with related parties, and there were no receivables or payables due to related parties as of May 31, 2024 and 2023.

## 20. Subsequent Events

The University has evaluated subsequent events and their potential effects on these financial statements from May 31, 2024 through October 22, 2024, the date the accompanying consolidated financial statements were available to be issued. No material recognizable events were identified.

# Supplementary Information

# Campbell University

## Title IV Strength Factor Score

## Year Ended May 31, 2024

| Reference | Primary Reserve Ratio | | Data | Strength Factor | Strength Factor Calculation | Strength Factor Weight | Weighted Strength Factor |
|---|---|---|---|---|---|---|---|
| Statement of Financial Position | Net assets without donor restrictions | + | $ 273,128,228 | | | | |
| Statement of Financial Position | Net assets with donor restrictions | + | 233,499,363 | | | | |
| Note 13. Net Assets | Net assets with donor restrictions: restricted in perpetuity | - | 136,102,928 | | | | |
| Note 13. Net Assets | Annuities, term endowment, and life income funds with donor restrictions | - | 4,104,105 | | | | |
| N/A | Intangible assets | - | - | | | | |
| Note A to this Schedule | Net property, plant and equipment (PPE) | - | 308,290,856 | | | | |
| N/A | Post-employment and defined benefit pension liabilities | + | - | | | | |
| Note B to this Schedule | Long-term debt | + | 118,130,697 | | | | |
| Note 18 | Unsecured related-party receivables | | - | | | | |
| | Numerator total | | $ 176,260,399 | | | | |
| Statement of Activities - Total Operating Expenses Plus Nonoperating Expenses | All expenses and losses without donor restrictions less any losses without donor restriction on investments, post-employment and defined benefit pensions, and annuities | | $ 163,369,928 | | | | |
| | Denominator total | | $ 163,369,928 | | | | |
| | *Primary Reserve Ratio:* | | 1.0789 | 10.00 | 3.00 | 0.40 | 1.20 |
| | **Equity Ratio** | | | | | | |
| Statement of Financial Position | Net assets without donor restrictions | + | $ 273,128,228 | | | | |
| Statement of Financial Position | Net assets with donor restrictions | + | 233,499,363 | | | | |
| N/A | Intangible assets | - | - | | | | |
| Note 18 | Unsecured related-party receivables | - | - | | | | |
| | Numerator total | | $ 506,627,591 | | | | |
| Statement of Financial Position | Total assets | + | $ 661,225,702 | | | | |
| N/A | Intangible assets | - | - | | | | |
| Note 18 | Unsecured related-party receivables | - | - | | | | |
| | Denominator total | | $ 661,225,702 | | | | |
| | *Equity Ratio:* | | 0.7662 | 6.00 | 3.00 | 0.40 | 1.20 |
| | **Net Income Ratio** | | | | | | |
| Statement of Activities | Change in net assets without donor restrictions | | $ 3,892,877 | | | | |
| | Numerator total | | $ 3,892,877 | | | | |
| Statement of Activities | Total revenues without donor restriction, including net assets released from restrictions and gains | | $ 167,262,805 | | | | |
| | Denominator total | | $ 167,262,805 | | | | |
| | *Net Income Ratio:* | | 0.0233 | 1 + (50x) | 2.16 | 0.20 | 0.43 |
| | | | | **Strength Factor Score** | | | **2.8** |

*See accompanying notes to Title IV Strength Factor Score.*

# Campbell University

## Notes to Title IV Strength Factor Score

## May 31, 2024

### Note A. Property, plant and equipment, net

The following table summarizes property, plant and equipment, net, as presented on the accompanying Title IV Strength Factor Score schedule as of:

| May 31, | 2024 |
|---|---|
| Net property, plant and equipment as presented in the consolidated statements of financial position: | |
| Pre-implementation: | |
| Property, plant and equipment, net | $ 269,683,721 |
| Post-implementation: | |
| Property, plant and equipment, net with outstanding debt for original purchase | - |
| Property, plant and equipment, net without outstanding debt for original purchase | 38,563,250 |
| Construction in process | 43,885 |
| Total property and equipment, net* | $ 308,290,856 |

* Total property plant and equipment, net, agrees to the statement of financial position as of May 31, 2023 and includes right-of-use assets from financing lease agreements.

### Note B. Long-term debt for long-term purposes

The following table summarizes long-term debt for long-term purposes as presented on the accompanying Title IV Strength Factor Score schedule as of:

| May 31, | 2024 |
|---|---|
| Long-term debt, net: | |
| Pre-implementation** | $ 115,909,251 |
| Post-implementation | - |
| Finance lease liabilities*** | 2,221,446 |
| Total long-term debt for long-term purposes | $ 118,130,697 |

** Long-term debt, net (bonds payable, net and notes payable) agrees to the consolidated statement of financial position as of May 31, 2024. Long-term debt, net exceeds twelve months and was used to fund capitalized assets (i.e., property, plant and equipment or capitalized expenditures per Generally Accepted Accounting Principles ("GAAP")).

*** Finance lease liabilities are included in other liabilities on the consolidated statement of finanical position and agree to Note 9 to the financial statements as of May 31, 2024.

# Campbell University

## Schedule of Net Assets Without Donor Restrictions, Exclusive of Plant and Plant-Related Debt

| *May 31,* | **2024** | 2023 |
| --- | --- | --- |
| **Net Assets Without Donor Restrictions** | **$ 273,128,228** | $ 269,235,351 |
| Less property and equipment | **(308,290,856)** | (317,103,342) |
| Add plant-related debt | | |
| Bonds payable | **47,200,000** | 55,840,000 |
| USDA Permanent Financing | **58,422,262** | 59,455,539 |
| Note payable | **1,334,435** | 1,637,061 |
| Endowment fund borrowings | **7,740,000** | 9,360,000 |
| Unamortized premiums on bonds payable | **9,745,693** | 11,721,285 |
| Unamortized debt issuance costs and discounts | **(793,139)** | (882,510) |
| Total plant-related debt additions | **123,649,251** | 137,131,375 |
| **Net Assets Without Donor Restrictions, Exclusive of Plant and Plant Related Debt** | **$ 88,486,623** | $ 89,263,384 |