



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

Independent Auditors' Reports as Required by *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, *Rules of the Florida Auditor General* and  
Schedule of Expenditures of Federal Awards  
and State Projects

Year Ended June 30, 2025

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

**Table of Contents**

	<b>Page(s)</b>
Independent Auditors' Report	1–2
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4–5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7–34
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35–36
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	37–39
Schedule of Expenditures of Federal Awards	40–44
Independent Auditors' Report on Compliance for Each Major State Project; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Projects Required by Chapter 10.650, <i>Rules of the Florida Auditor General</i>	45–47
Schedule of Expenditures of State Projects	48
Notes to Schedules of Expenditures of Federal Awards and State Projects	49–52
Schedule of Findings and Questioned Costs	53–54
State of Florida Student Financial Assistance Programs – Schedule of Populations, Samples Tested, and Questioned Costs	55



KPMG LLP  
Suite 800  
500 W 5th St  
Winston-Salem, NC 27101

## Independent Auditors' Report

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

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of Embry-Riddle Aeronautical University, Inc. and Subsidiaries (the University), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, 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 consolidated financial position of the University as of June 30, 2025 and 2024, and the changes in its net assets 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) 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 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 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 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2025 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.

**KPMG LLP**

Winston-Salem, North Carolina  
October 24, 2025

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

Consolidated Statements of Financial Position

Fiscal year ended June 30, 2025 and 2024

(in thousands)

<b>Assets</b>	<b>2025</b>	<b>2024</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 223,563	268,422
Short-term investments (note 4)	304,048	248,665
Accounts and notes receivable, less allowance for doubtful accounts of \$2,198 and \$1,933, respectively	22,186	27,744
Student loans receivable, net, current portion (note 6)	547	798
Contributions receivable, net, current portion (note 7)	3,477	2,214
Inventories	6,101	6,271
Prepaid expenses and other current assets	14,462	11,671
Total current assets	574,384	565,785
<b>Noncurrent assets:</b>		
Deposits and investments held with trustees	12	45
Long-term accounts and notes receivable, net	514	720
Student loans receivable, less current portion and allowance for doubtful accounts of \$344 and \$425, respectively (note 6)	1,620	2,031
Contributions receivable, net, less current portion (note 7)	4,161	3,809
Other assets	859	328
Long-term investments (note 4)	364,618	316,722
Right-of-use lease assets (note 9)	36,720	38,002
Land, land improvements, buildings and equipment, net (note 8)	734,139	669,143
Total noncurrent assets	1,142,643	1,030,800
Total assets	\$ 1,717,027	1,596,585
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses, current portion	\$ 60,015	60,147
Advances for student loans and financial aid	8,947	7,742
Student deposits and advance payments	10,958	10,094
Deferred revenue, current portion	21,427	17,823
Right-of-use lease liability, current portion (note 9)	2,627	3,037
Long-term debt, current portion (note 10)	19,716	19,450
Total current liabilities	123,690	118,293
<b>Noncurrent liabilities:</b>		
Deferred revenue, less current portion	11,538	12,508
Right-of-use lease liability, less current portion (note 9)	35,073	35,727
Long-term debt, net, less current portion (note 10)	211,236	265,063
Other liabilities	93	124
Total noncurrent liabilities	257,940	313,422
Total liabilities	381,630	431,715
<b>Net assets (note 16):</b>		
Without donor restrictions	1,191,022	1,026,976
With donor restrictions:		
Time or purpose	65,612	65,508
Perpetual	78,763	72,386
Total net assets	1,335,397	1,164,870
Total liabilities and net assets	\$ 1,717,027	1,596,585

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Activities

Fiscal year ended June 30, 2025

(in thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
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	<u>663,504</u>	<u>2,692</u>	<u>666,196</u>
Net assets released from restrictions	16,407	(16,407)	—
Total operating revenue and other additions	<u>679,911</u>	<u>(13,715)</u>	<u>666,196</u>
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	<u>540,344</u>	<u>—</u>	<u>540,344</u>
Change in net assets from operating activities	<u>139,567</u>	<u>(13,715)</u>	<u>125,852</u>
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	<u>24,479</u>	<u>20,196</u>	<u>44,675</u>
Changes in net assets	<u>164,046</u>	<u>6,481</u>	<u>170,527</u>
Net assets, beginning of year	<u>1,026,976</u>	<u>137,894</u>	<u>1,164,870</u>
Net assets, end of year	\$ <u><u>1,191,022</u></u>	<u><u>144,375</u></u>	<u><u>1,335,397</u></u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Activities

Fiscal year ended June 30, 2024

(in thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating activities:			
Revenue and other additions:			
Tuition, net of institutionally funded scholarships of \$162,686	\$ 391,527	—	391,527
Flight fees	61,039	—	61,039
Other fees	27,595	—	27,595
Grants and contracts	64,645	—	64,645
Private gifts – cash and financial assets	349	—	349
Auxiliary enterprises	48,674	—	48,674
Investment income, net	19,834	—	19,834
Other revenue	18,356	—	18,356
Investment earnings distributed	3,066	2,661	5,727
Total operating revenue and other additions	<u>635,085</u>	<u>2,661</u>	<u>637,746</u>
Net assets released from restrictions	6,203	(6,203)	—
Total operating revenue and other additions	<u>641,288</u>	<u>(3,542)</u>	<u>637,746</u>
Expenses (note 15):			
Salaries and wages	241,306	—	241,306
Fringe benefits	71,390	—	71,390
Other operating expenses	119,083	—	119,083
Insurance	9,180	—	9,180
Utilities	10,070	—	10,070
Interest	9,581	—	9,581
Depreciation	41,487	—	41,487
Total operating expenses	<u>502,097</u>	<u>—</u>	<u>502,097</u>
Change in net assets from operating activities	<u>139,191</u>	<u>(3,542)</u>	<u>135,649</u>
Nonoperating activities:			
Private gifts	29	5,119	5,148
Investment return, net	25,637	10,193	35,830
Distribution of prior year investment earnings for spending	(3,066)	(2,661)	(5,727)
Grants to organizations	(6,000)	—	(6,000)
Other nonoperating activities	(227)	(26)	(253)
Total nonoperating activities	<u>16,373</u>	<u>12,625</u>	<u>28,998</u>
Changes in net assets	<u>155,564</u>	<u>9,083</u>	<u>164,647</u>
Net assets, beginning of year	<u>871,412</u>	<u>128,811</u>	<u>1,000,223</u>
Net assets, end of year	\$ <u><u>1,026,976</u></u>	<u><u>137,894</u></u>	<u><u>1,164,870</u></u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

Fiscal year ended June 30, 2025 and 2024

(in thousands)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Increase in net assets	\$ 170,527	164,647
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	46,360	41,487
Realized and unrealized gains on investments	(32,906)	(27,780)
Net amortization of bond premium and debt issuance costs	(1,250)	(1,283)
Gains on disposal of equipment	(1,367)	(8,716)
Gain on extinguishment of debt	(1,482)	—
Amortization of right-of-use lease assets	218	490
Contribution of nonfinancial assets	—	(22)
Contributions restricted for long-term investment	(6,574)	(521)
Changes in operating assets and liabilities:		
Accounts and notes receivable	5,764	(8,312)
Contributions receivable	(1,615)	13,052
Inventories	170	141
Prepaid expenses and other assets	(3,322)	5,459
Accounts payable and accrued expenses	64	16,302
Advances for student loans and financial aid	1,205	1,111
Deferred revenue	2,634	(5,578)
Other liabilities	(31)	8
Student deposits and advance payments	864	(4,633)
Net cash provided by operating activities	<u>179,259</u>	<u>185,852</u>
Cash flows from investing activities:		
Purchase of investments	(557,443)	(441,075)
Sale of investments	486,560	411,269
Principal received on student loan receivables	803	1,365
Loans made to students	(141)	(87)
Proceeds from sale of land, land improvements, buildings, and equipment	3,125	13,836
Capital expenditures	<u>(113,294)</u>	<u>(119,450)</u>
Net cash used in investing activities	<u>(180,390)</u>	<u>(134,142)</u>
Cash flows from financing activities:		
Proceeds on short-term note payable	32,813	—
Principal payment on short-term note payable	(32,813)	—
Principal payments on long-term debt	(50,845)	(17,670)
Decrease in deposits and investments with trustees	33	3,321
Proceeds from restricted contributions	6,574	521
Net cash used in financing activities	<u>(44,238)</u>	<u>(13,828)</u>
Change in cash, cash equivalents and restricted cash	(45,369)	37,882
Cash, cash equivalents and restricted cash, beginning of year	<u>272,476</u>	<u>234,594</u>
Cash, cash equivalents and restricted cash, end of year	\$ <u>227,107</u>	\$ <u>272,476</u>
Reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position:		
Cash and cash equivalents	\$ 223,563	268,422
Cash and cash equivalents, restricted	3,544	4,054
Total cash, cash equivalents and restricted cash	\$ <u>227,107</u>	\$ <u>272,476</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 10,828	11,191
Change in capital asset value under finance lease	16	—
Change in capital asset acquisitions in accounts payable	(196)	(2,122)

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(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 multi-modal 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.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(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 having original maturities at the time of purchase of three months or less or funds invested primarily in such instruments. The University has cash equivalents held for reinvestment that are highly liquid in nature and have original maturities at the time of purchase of three months or less. Cash equivalents include cash held in money market accounts and certificates of deposit for operating and reinvestment purposes held by short-term investment managers. Cash equivalents exclude deposits and investments held with trustees for capital projects.

**(f) Short-Term Investments**

Short-term investments include liquid securities and funds whose maturities and duration extend beyond those of cash and cash equivalents (three months) and may assume a degree of credit risk but are not considered long-term investments. Short-term investments are limited to a maximum average duration of 18 months with no individual fund investment having an average maturity of greater than 3 years and an average credit rating of AA-or higher. 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

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

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 using the lower of cost (determined on first in, first out (FIFO) method of inventory valuation) or estimated market value (specific identification or average cost method) based on the type of inventory item, and, in some cases, 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 their estimated fair values, which are based on quoted market prices or recognized pricing services. Alternative investments are stated at fair value as established by 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 their fair value (based upon quotations or appraisals) at 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 risks 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

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

assumptions about how market participants would value an asset based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels 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**

Land, land improvements, buildings and equipment are recorded at cost, or at estimated fair value at the date of donation, if contributed, less accumulated depreciation. Depreciation is computed on a straight-line method over the estimated useful lives of the respective assets, 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, the impairment loss recognized is the amount by which the asset's net carrying value exceeds its estimated fair value.

**(n) Unamortized Bond Premium**

Bond premium associated with bond issuances are deferred and amortized using the effective interest method over the life 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 life of the respective bond issues. Unamortized balances are presented as a direct deduction from 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 terms and conditions of the contract. A lease exists when the contract identifies a specific asset and grants the University the right to control its use during the lease term.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

Operating lease right-of-use (ROU) assets are separately presented on the consolidated statements of financial position. The corresponding lease liabilities are also disclosed separately, classified into current and noncurrent portions. Operating lease ROU assets and liabilities are recognized at the lease commencement date, 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, while the related lease liabilities are reported within long-term debt, net, on the consolidated statements of financial position. Interest expense on finance lease liabilities is recognized separately, and the ROU asset is amortized over the lease term.

Lease agreements may include options to extend or terminate. When it is reasonably certain that the University will exercise such options, the lease term is adjusted accordingly in the measurement of ROU assets and liabilities. As most leases do not provide an implicit rate, the University uses its incremental borrowing rate at the lease commencement date to calculate the present value of lease payments.

Short-term leases (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 non-lease components separately for all asset classes. Payments for non-lease components are expensed in the period incurred.

Rental income earned by the University from operating leases, in its capacity as lessor, is included in other revenue in the consolidated statements of activities.

**(q) *Deferred Revenue***

As of June 30, 2025 and 2024, the University recorded deferred revenue of \$13,703 and \$15,714, 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 to enhance dining facilities, guaranteed commissions, and other concessions in exchange for granting exclusive rights to use University-owned facilities and equipment. These advances are refundable if the University terminates the agreements prior to their expiration. The refundable amount is proportionate to the unamortized portion of the terms. Accordingly, the University has recorded the unamortized portion of these advances as deferred revenue on the consolidated statements of financial position. See Note 2(t) for additional information on deferred revenue.

**(r) *Federal Income Taxes***

The University is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, except on income derived from unrelated business, is exempt from federal income taxes. Unrelated business income tax, if any, is immaterial. As of June 30, 2025 and 2024, the University had no uncertain tax positions that required recognition.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(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 and research programs. This includes endowment returns appropriated in accordance with the University's spending policy to support those programs. Nonoperating activities reflect transactions of a capital or long-term investment nature including contributions restricted by donors for scholarships and capital acquisitions such as facilities and equipment, investment returns in excess of amounts appropriated under the spending policy, nonrecurring transactions, and other activities not directly related to annual operations.

**(t) Tuition and Fees**

Student tuition and fees are recorded as revenue in the year during which the related academic services are provided. Amounts received in advance of the academic term are recorded as deferred revenue until the services are rendered.

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

Gifts, including unconditional pledges, are recognized in the appropriate net asset category in the period received. Contributions of non-cash assets are recorded at their estimated fair value on the date of the gift. Unconditional promises to give are stated at the estimated net present value, net of an allowance for uncollectible amounts. Conditional promises to give are not recognized until the conditions upon which they depend are met.

A portion of the University's revenue is derived from cost-reimbursable grants and contracts, which are contingent upon the fulfillment of performance obligations and/or the incurrence of allowable, qualifying expenditures. Revenue from government and private grants and contracts is recognized as expenditures are incurred in accordance with the terms of the respective agreements. Funds received in advance of related expenditures are recorded as deferred revenue on the consolidated statements of financial position. As of June 30, 2025 and 2024, deferred revenue includes \$821 and \$503, respectively, related to unexpended gift, grant and contract receipts.

Amounts received from state and federal agencies for the benefit of specified students are treated as agency transactions and are, therefore, not reflected as revenue or expense in the University's consolidated financial statements.

**(v) Use of Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas subject to such estimates and assumptions include 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.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(3) Financial Assets and Liquidity Resources**

The University actively monitors liquidity to ensure it can meet general expenditures as they become due. General expenditures include operating expenses, debt service obligations and internally funded capital projects.

As of June 30, 2025 and 2024, the University's financial assets available within one year of the consolidated statements of financial position for general expenditures are as follows:

	<b>2025</b>	<b>2024</b>
Total assets	\$ 1,717,027	1,596,585
Less nonfinancial assets:		
Land and land improvements, buildings and equipment, net	(734,139)	(669,143)
Right-of-use lease assets	(36,720)	(38,002)
Inventories	(6,101)	(6,271)
Prepaid expenses and other current assets	(14,462)	(11,671)
Other assets	(859)	(328)
Total financial assets	924,746	871,170
Less amounts not available for general expenditures within one year:		
Other long-term notes receivable	(514)	(720)
Restricted by donor with time or purpose restrictions	(18,806)	(28,753)
Board-designated endowment funds	(238,752)	(209,043)
Donor-restricted endowment funds	(120,495)	(105,128)
Other contractual restrictions	(9,670)	(8,476)
Total financial assets not available to meet general expenditures within one year	(388,237)	(352,120)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 536,509	519,050

In addition to its 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 has a policy of structuring its financial assets to ensure availability as general expenditures, liabilities and other obligations become due. As part of its liquidity management, the University invests cash in excess of average monthly requirements in various short-term investments.

Further, the University held Board-designated funds functioning as endowment, which could be made available for general expenditures upon approval by the Board of Trustees (Board). These funds amount to \$238,752 and \$209,043 as of June 30, 2025 and 2024, respectively.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(4) Investments**

Investments at June 30, 2025 and 2024 are comprised of the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents, restricted	\$ 3,544	4,054
U.S. equity	167,751	145,785
International equity	53,362	46,933
Fixed income	359,520	297,991
Real assets	9,540	8,885
Hedge funds	19,326	17,466
Real estate	17,111	15,735
Private equity	14,417	5,402
Private credit	24,095	23,136
Total investments	<u>\$ 668,666</u>	<u>565,387</u>
Short-term investments	\$ 304,048	248,665
Investments held for long-term purposes	364,618	316,722
Total investments	<u>\$ 668,666</u>	<u>565,387</u>

**(a) Fair Value Hierarchy of Investments**

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

	<u>Level 1</u>	<u>Net asset value</u>	<u>Total</u>
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	<u>\$ 593,717</u>	<u>74,949</u>	<u>668,666</u>

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

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

	<u>Daily</u>	<u>Monthly</u>	<u>Quarterly</u>	<u>Semi-annually</u>	<u>Nonredeemable</u>	<u>Total</u>
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
	<u>—</u>	<u>—</u>	<u>19,623</u>	<u>—</u>	<u>4,472</u>	<u>24,095</u>
Total investments at fair value	\$ 593,717	17,111	19,623	19,326	18,889	668,666

The fair value hierarchy of investments as of June 30, 2024 is as follows:

	<u>Level 1</u>	<u>Net asset value</u>	<u>Total</u>
Cash and cash equivalents, restricted	\$ 4,054	—	4,054
U.S. equity	145,785	—	145,785
International equity	46,933	—	46,933
Fixed income	297,991	—	297,991
Real asset	8,885	—	8,885
Hedge funds	—	17,466	17,466
Real estate	—	15,735	15,735
Private equity	—	5,402	5,402
Private credit	—	23,136	23,136
	<u>—</u>	<u>23,136</u>	<u>23,136</u>
Total investments at fair value	\$ 503,648	61,739	565,387

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

Liquidity: Investment liquidity is aggregated as follows, based on redemption or sale period, as of June 30, 2024:

	<u>Daily</u>	<u>Monthly</u>	<u>Quarterly</u>	<u>Semi-annually</u>	<u>Nonredeemable</u>	<u>Total</u>
Cash and cash equivalents, restricted	\$ 4,054	—	—	—	—	4,054
U.S. equity	145,785	—	—	—	—	145,785
International equity	46,933	—	—	—	—	46,933
Fixed income	297,991	—	—	—	—	297,991
Real asset	8,885	—	—	—	—	8,885
Hedge funds (a)	—	—	—	17,466	—	17,466
Real estate	—	15,735	—	—	—	15,735
Private equity	—	—	—	—	5,402	5,402
Private credit	—	—	17,976	—	5,160	23,136
	<u>—</u>	<u>—</u>	<u>17,976</u>	<u>—</u>	<u>5,160</u>	<u>23,136</u>
Total investments at fair value	\$ <u>503,648</u>	<u>15,735</u>	<u>17,976</u>	<u>17,466</u>	<u>10,562</u>	<u>565,387</u>

(a) Redemption notice period of 95 days; various initial lockup periods for each capital contribution, limits on redeemable proportion of outstanding balances and provisions allowing partial redemptions despite lockups.

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 beyond the initial term to facilitate the orderly liquidation of portfolio holdings and the return of capital to investors. However, the actual duration of a fund may vary from the original anticipated date 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 remains uncertain.

As of June 30, 2025 and 2024, the aggregate amount of unfunded commitments related to the University's private equity and private credit investments is \$29,387 and \$17,102, respectively.

The total investment return, net, is summarized as follows for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Income from interest and dividends	\$ 33,624	30,233
Net realized and unrealized gains	32,906	27,780
Investment fees	<u>(3,350)</u>	<u>(2,349)</u>
Total investment return, net	\$ <u>63,180</u>	<u>55,664</u>

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

Investment return, net, is included in the consolidated statements of activities as follows for the years ended June 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Operating	\$ 23,627	19,834
Nonoperating	39,553	35,830
Total investment return, net	\$ 63,180	55,664

**(5) Endowment**

The University's endowment comprises hundreds of individual funds established for a variety of purposes supporting University 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 these endowment funds, whether donor-restricted or Board designated, are classified and reported based on the presence 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 spending below the original gift value of donor-restricted endowment funds.

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. Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted endowment funds that is available for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

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

	<b>2025</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
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	<u>19,709</u>	<u>10,050</u>	<u>29,759</u>
Other changes in endowment investments:			
Contributions	—	6,378	6,378
Transfers to create funds functioning as endowment	<u>10,000</u>	<u>—</u>	<u>10,000</u>
Total other changes in endowment investments	<u>10,000</u>	<u>6,378</u>	<u>16,378</u>
Endowment net assets, end of year	<u>\$ 238,752</u>	<u>125,569</u>	<u>364,321</u>

Changes in the fair value of the University's endowment net assets, by fund type, for the year ended June 30, 2024, are as follows

	<b>2024</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 181,601	99,960	281,561
Investment return, net	20,508	10,562	31,070
Appropriation for expenditure	(3,066)	(2,528)	(5,594)
Endowment return, net of appropriation	<u>17,442</u>	<u>8,034</u>	<u>25,476</u>
Other changes in endowment investments:			
Contributions	—	1,147	1,147
Transfers to create funds functioning as endowment	<u>10,000</u>	<u>—</u>	<u>10,000</u>
Total other changes in endowment investments	<u>10,000</u>	<u>1,147</u>	<u>11,147</u>
Endowment net assets, end of year	<u>\$ 209,043</u>	<u>109,141</u>	<u>318,184</u>

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

Endowment net assets as of June 30, 2025 and 2024 are classified as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
2025:			
Donor-restricted endowment funds	\$ —	125,569	125,569
Board-designated funds functioning as endowment funds	<u>238,752</u>	<u>—</u>	<u>238,752</u>
Total	<u>\$ 238,752</u>	<u>125,569</u>	<u>364,321</u>
2024:			
Donor-restricted endowment funds	\$ —	109,141	109,141
Board-designated funds functioning as endowment funds	<u>209,043</u>	<u>—</u>	<u>209,043</u>
Total	<u>\$ 209,043</u>	<u>109,141</u>	<u>318,184</u>

**(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. These deficiencies, referred to as underwater endowments, are reported within net assets with donor restrictions. There are no underwater endowments as of June 30, 2025 or June 30, 2024.

**(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 provided by capital gains. Conversely, if income exceeds the total return objective, the excess is reinvested into the endowment.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(6) Student Loans Receivable**

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

	<b>2025</b>	<b>2024</b>
Federal Perkins Loan Program	\$ 1,803	2,523
Other student loans	708	731
Less allowance for doubtful accounts	(344)	(425)
Total student loans receivable, net	\$ 2,167	2,829
Current portion	\$ 547	798
Long-term portion	1,620	2,031
Total student loans receivable, net	\$ 2,167	2,829

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, 2025 and 2024, the liability for refundable federal government loans is \$2,312 and \$3,192, 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.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(7) Contributions Receivable**

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

	<b>2025</b>	<b>2024</b>
Unconditional promises expected to be collected in:		
Less than one year	\$ 3,806	2,703
One year to five years	4,680	4,216
More than five years	30	147
	8,516	7,066
Less:		
Allowance for uncollectible pledges	448	605
Discount for present value (ranging from 3.49% and 4.46% at June 30, 2025 and 2024)	430	438
Contributions receivable, net	\$ 7,638	6,023

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

	<b>2025</b>	<b>2024</b>
Current portion	\$ 3,477	2,214
Long-term portion	4,161	3,809
Contributions receivable, net	\$ 7,638	6,023

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(8) Land, Land Improvements, Buildings and Equipment**

Components of land, land improvements, buildings and equipment at June 30, 2025 and 2024 are as follows:

	<b>2025</b>	<b>2024</b>
Land and land improvements	\$ 85,519	81,668
Buildings	796,563	703,707
Equipment	348,712	311,570
Construction in progress	66,065	91,964
Total	1,296,859	1,188,909
Less accumulated depreciation	(562,720)	(519,766)
Land, land improvements, buildings, and equipment, net	\$ 734,139	669,143

Depreciation expense for the years ended June 30, 2025 and 2024 is \$46,360 and \$41,487, respectively. At June 30, 2025, the University has commitments of approximately \$204,063 related to various capital projects.

**(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 1 to 43 years. For purposes of calculating operating ROU lease assets and liabilities, lease terms include extension options when the University is reasonably certain it will exercise the options.

Certain lease agreements include variable payments that depend on usage of the underlying asset or related costs. These variable payments, along with non-lease components, are excluded from the initial

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

measurement of ROU lease 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:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 5,904	5,536
Finance lease cost:		
Amortization of ROU assets	181	204
Interest on lease liabilities	<u>18</u>	<u>26</u>
Total finance lease cost	199	230
Short-term lease cost	1,094	554
Variable and nonlease cost	<u>1,200</u>	<u>1,383</u>
Total lease cost	<u>\$ 8,397</u>	<u>7,703</u>

**(b) Other Lease Information**

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

	<u>2025</u>	<u>2024</u>
Other lease information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 4,926	4,446
Operating cash flows from finance leases	18	26
Financing cash flows from finance leases	181	204
Noncash impacts:		
Noncash impacts on operating lease modifications	(326)	(929)
Noncash impacts on finance lease modifications	(16)	—
Noncash impacts of new operating leases initiated	(2,155)	(4,679)
Noncash impacts of operating lease amortization	—	65

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(c) Lease Position**

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

	<b>2025</b>	<b>2024</b>
Operating leases:		
Operating lease ROU assets	\$ 36,720	38,002
Operating lease liabilities:		
Current portion	\$ 2,627	3,037
Long-term portion	35,073	35,727
Total operating lease liabilities	\$ 37,700	38,764
Finance leases:		
Land, land improvements, buildings and equipment	\$ 1,475	1,459
Finance lease assets, net	\$ 1,475	1,459
Current portion	\$ 276	174
Long-term portion	—	266
Total finance lease liabilities	\$ 276	440

**(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:

	<b>2025</b>	<b>2024</b>
Weighted average remaining lease term (years):		
Operating leases	20.63	20.90
Finance leases	0.84	1.92
Discount rate:		
Operating leases (weighted average)	3.92 %	3.94 %
Finance leases	4.82	4.82

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(e) Maturities**

The maturities of lease liabilities at June 30, 2025 are as follows:

		<b>Operating leases</b>
2026	\$	4,476
2027		4,185
2028		4,092
2029		3,810
2030		3,528
Thereafter		<u>39,958</u>
Total future undiscounted lease payments		60,049
Less interest		<u>(22,349)</u>
Present value of lease liabilities	\$	<u><u>37,700</u></u>

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 \$2,111 and \$503 is included in other revenue in the consolidated statements of activities for the years ended June 30, 2025, and 2024, respectively.

Future minimum rental income under long-term operating leases as of June 30, 2025, is as follows:

2026	\$	1,620
2027		1,450
2028		1,297
2029		1,216
2030		6,904
Thereafter		<u>58,522</u>
Total future minimum rental income	\$	<u><u>71,009</u></u>

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(10) Long-Term Debt**

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

	<u>Interest %</u>	<u>Maturity</u>	<u>2025</u>	<u>2024</u>
Finance lease obligations				
Land – 501 S. Clyde Morris Blvd.	4.82%	2026	\$ 276	440
Total finance lease obligations			<u>276</u>	<u>440</u>
Notes payable				
Promissory note – PNC Bank	3.03%	2037	15,336	15,761
Promissory note – Truist Bank	1.68%	2028	18,000	23,800
Total notes payable			<u>33,336</u>	<u>39,561</u>
Bonds payable				
Volusia County educational facilities revenue bonds				
Series 2015A	2.91%	2031	22,145	25,480
Series 2015B	5.00%	2026	2,275	37,130
Series 2015C	2.28%	2027	5,770	8,565
Series 2017	5.00%	2048	45,560	45,965
Series 2020A	4.00% - 5.00%	2050	92,615	95,665
Series 2020B (taxable)	3.43%	2037	10,000	10,000
Total bonds payable – principal			<u>178,365</u>	<u>222,805</u>
Bond premium				
Series 2015B			70	2,156
Series 2017			5,310	5,687
Series 2020A			14,595	15,217
Total premium			<u>19,975</u>	<u>23,060</u>
Bond issuance costs				
Series 2015A			34	47
Series 2015B			12	285
Series 2015C			2	6
Series 2017			233	257
Series 2020A			610	637
Series 2020B (taxable)			46	51
Promissory note – PNC Bank			63	70
Total bond issuance costs			<u>1,000</u>	<u>1,353</u>
Total long-term debt, net			<u>\$ 230,952</u>	<u>284,513</u>
Current portion			\$ 19,716	19,450
Long-term portion			<u>211,236</u>	<u>265,063</u>
Total long-term debt, net			<u>\$ 230,952</u>	<u>284,513</u>

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(a) Finance Lease Obligations**

In March 2000, the University entered into a finance lease obligation with Volusia County for land leased in the amount of \$2,157. The lease was entered into as part of a multiparty real estate transaction whereby the University exchanged a building with a book value of approximately \$1,600 for a building located on the land under lease, along with the assumption of the land lease.

**(b) 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, serving 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 tuition revenues of the University.

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

Deposits with bond trustees consist of debt service funds and unexpended proceeds of certain debt. These funds will be used for capital projects, or payment of debt service on certain facilities. Deposits with trustees of \$12 and \$45 are included in deposits and investments held with trustees on the consolidated statements of financial position as of June 30, 2025 and 2024, respectively.

Series 2015A bond was 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 effective interest rate of the Series 2015A bond issue is 2.91%.

Series 2015B bonds were issued at a premium of \$7,079 to 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 was redeemed in February 2020, along with accrued interest. 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," supported by a legal opinion confirming the funds were not subject to voidable preference under bankruptcy law. Each transaction was accounted for as an extinguishment of debt. The effective interest rate of the Series 2015B bond issue is 3.74%.

Series 2015C bond was 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 effective interest rate of the Series 2015C bond issue is 2.28%.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

Series 2017 bonds were issued at a premium of \$7,981 to 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. The effective interest rate of the Series 2017 bond issue is 3.72%.

A portion of the proceeds from the Series 2017 bonds (\$11,982), along with additional funds from other sources (\$22,236), was placed into an irrevocable escrow account to provide for debt service payments and the redemption of the refunded Series 2011 bonds as of 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.

Series 2020A bonds were issued in January 2020 at a premium of \$17,953 to the original principal amount of \$100,135 to fund various capital projects at the Daytona Beach and Prescott campuses and to current refund outstanding Series 2013 bonds, and to fund \$10,060 of the outstanding principal of the Series 2015B bonds. The effective interest rate of the Series 2020A bond issue is 3.51%.

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 the outstanding principal of the Series 2015B bonds as of the call date as of the call date on April 15, 2020. As a result, the refunded portion of the Series 2015B bonds was legally defeased.

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 effective interest rate of the Series 2020B bond issue is 3.50%.

**(c) 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 effective interest rate on the promissory note is 3.10%. 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 as of the call date on 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 promissory note agreement with Truist Bank in the amount of \$40,000 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 under the Master Indenture. The effective interest rate on the promissory note is 1.68%.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(d) Annual Debt Service**

The University's debt service, including principal and interest payments made during the fiscal years ended June 30, 2025 and 2024, amounts to \$29,024 and \$28,861, respectively.

Maturities of long-term debt in each of the next five years, and thereafter at June 30, 2025, are as follows:

Year ending June 30:			
2026	\$		18,751
2027			16,725
2028			15,595
2029			9,720
2030			8,500
Thereafter			142,686
Unamortized bond premium			19,975
Unamortized bond issue costs			<u>(1,000)</u>
Total long-term debt, net	\$		<u>230,952</u>

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

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

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 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. For residential campuses during the fall and spring terms, students who withdraw after the add/drop deadline may receive a pro rata refund based on their official last day of attendance, in accordance with 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 are generally subject to restrictions and conditions that must be met before the University is entitled to the funding. Accordingly, advances from granting agencies are typically considered refundable in the unlikely event that the specified services are not performed. Revenue from these grants is recognized as expenditures are incurred, since spending in accordance with award terms typically results in the simultaneous release of grantor-imposed restrictions. 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 upon a predetermined, negotiated rate 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:

	<b>2025</b>	<b>2024</b>
Federal	\$ 35,770	32,796
State	12,586	29,143
Private	1,592	1,723
Other	664	983
Total grants and contracts revenue	\$ 50,612	64,645

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(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, 2025 and 2024 are \$20,786 and \$18,953, respectively.

**(14) Commitments and Contingencies**

**(a) Unionized Labor Force**

The University employs, on average, approximately 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 been providing medical (including pharmacy), dental, and vision insurance benefits for its employees. Currently, the University has both fully insured and self-insured medical and pharmacy plans. The vision and dental plans are fully insured. To assist with administering the self-insured plan, the University uses a Third-Party Administrator (TPA) under an Administrative Services Only (ASO) Agreement. Blue Cross Blue Shield (BCBS) is the administrator of medical benefits. The University contracts directly with BCBS, the ASO Administrator, to access the nationwide network of medical providers for the self-insured medical plan. The University also contracts with RxBenefits, a Group Purchasing Organization (GPO), to assist in procuring more advantageous contract terms, pricing, and/or service based on the greater number of member lives that the GPO represents with several of the larger Pharmacy Benefit Managers (PBMs) and Express Scripts, Inc. (ESI). ESI is the pharmacy administrator for the self-insured plan.

The University is responsible for all financial and legal aspects of its self-insured employee benefits plan. 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 to the aggregate claims for the entire plan.

Self-insurance reserves are based on estimates of historical claims experience, and while management believes the reserves are adequate, aggregate liabilities may be more or less than the amounts provided. As of June 30, 2025 and 2024, self-insurance reserves amount to approximately \$2,452 and \$1,891, respectively, which are included in accounts payable and accrued expenses in the consolidated statements of financial position.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(15) Functional Classification of Expenses**

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

	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	<u>\$ 238,539</u>	<u>38,362</u>	<u>34,780</u>	<u>80,516</u>	<u>108,206</u>	<u>4,014</u>	<u>35,927</u>	<u>540,344</u>

  

	2024							
	Academic instruction	Research	Academic support	Student services	Institutional support	Scholarships	Auxiliary	Total
Salaries and wages	\$ 131,567	11,614	18,544	33,742	41,873	194	3,772	241,306
Fringe benefits	32,203	1,694	4,754	9,181	22,672	—	886	71,390
Other operating expenses	34,179	15,366	7,731	20,761	29,710	3,820	7,516	119,083
Insurance	2,933	13	—	198	4,937	—	1,099	9,180
Utilities	1,222	414	443	902	1,179	—	5,910	10,070
Interest	1,381	45	189	1,960	1,228	—	4,778	9,581
Depreciation	14,687	3,899	1,029	7,267	3,052	—	11,553	41,487
Total	<u>\$ 218,172</u>	<u>33,045</u>	<u>32,690</u>	<u>74,011</u>	<u>104,651</u>	<u>4,014</u>	<u>35,514</u>	<u>502,097</u>

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.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(16) Net Assets**

Net assets consisted of the following at June 30:

	<b>2025</b>	<b>2024</b>
Without donor restrictions:		
Board-designated endowment funds	\$ 238,752	209,043
Net investment in plant	503,198	384,436
Undesignated	449,072	433,497
Total net assets without donor restriction	1,191,022	1,026,976
With donor restrictions:		
Time or purpose restricted	63,082	63,599
Time or purpose restricted pledges	2,195	1,640
Split-interest agreements	335	269
Donor-restricted endowment funds	73,689	68,373
Donor-restricted endowment funds pledges	5,074	4,013
Total net assets with donor restrictions	144,375	137,894
Total net assets	\$ 1,335,397	1,164,870

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:

	<b>2025</b>	<b>2024</b>
Donations restricted for capital asset construction or acquisition	\$ 11,503	21
Donations restricted for scholarships	3,705	3,980
Donations restricted for noncapital programs or acquisitions	1,199	2,202
Net assets released from restrictions	\$ 16,407	6,203

**(17) Related Party Transactions**

All members of the Board and University officers are required to disclose annually any potential conflicts of interests, including relationships involving family members or organizations in which they or their immediate family hold a significant ownership interest. During the fiscal years ended, June 30, 2025 and 2024, payments to organizations in which a related party held a 35% or greater ownership interest totaled \$927 and \$884, respectively. Certain gifts and pledges from Board members are received annually; however, these amounts are not material to the financial statements. All related-party transactions are conducted in accordance with the University's standard business practices and conflict-of-interest policies.

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

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

**(18) Subsequent Events**

Management of the University has reviewed subsequent events from June 30, 2025, through October 24, 2025 (the date the accompanying consolidated financial statements were issued).

In July 2025, at the request of the University, the Volusia County Educational Facilities Authority issued \$184,420 in tax-exempt revenue bonds (Series 2025) to fund capital projects at the University's residential campuses and cover issuance costs. The bonds were sold at a premium, generating total project proceeds of \$200,000. They carry a fixed interest rate, mature serially through 2040, and include a 9-year optional call provision.

On the closing date, the University applied approximately \$71,826 from the project fund as reimbursement for prior capital expenditures, which was deposited into the University's operating account. As a result, cash and cash equivalents totaled approximately \$269,299 as of July 31, 2025 (unaudited), based on internal records.

In connection with the issuance, the University approved amendments to the Master Trust Indenture removing certain financial covenants. Investors purchasing the Series 2025 Bonds irrevocably consented to these amendments upon purchase. The amendments become effective upon receiving additional consents representing 51% of outstanding Master Indenture Obligations and consent from all bank loan lenders.



KPMG LLP  
Suite 800  
500 W 5th St  
Winston-Salem, NC 27101

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Embry-Riddle Aeronautical University, Inc. and Subsidiaries (the University), which comprise the University's consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 24, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Winston-Salem, North Carolina  
October 24, 2025



KPMG LLP  
Suite 800  
500 W 5th St  
Winston-Salem, NC 27101

**Independent Auditors' Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on Schedule of  
Expenditures of Federal Awards Required by the Uniform Guidance**

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

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited Embry-Riddle Aeronautical University, Inc. and Subsidiaries (the University) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2025. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

*Auditors' Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. 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,



*Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2025, and have issued our report thereon dated October 24, 2025, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*KPMG LLP*

Winston-Salem, North Carolina  
January 9, 2026

**EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC.**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2025

Federal grantor/pass-through grantor/program or cluster title	Federal ALN	Prime Award # – Contract or pass-through entity identifying number	Expenditures	Provided to subrecipients
<b>Department of Education:</b>				
Student Financial Assistance Cluster:				
Office of Student Education Assistance Programs:				
Federal Direct Student Loans	84.268		\$ 106,191,129	—
Federal Pell Grant Program	84.063		31,595,864	—
Federal Perkins Loan	84.038		2,523,551	—
Federal Supplemental Educational Opportunity Grants	84.007		1,198,999	—
Federal Work-Study Program	84.033		1,556,785	—
<b>Total Student Financial Assistance Cluster</b>			<u>143,066,328</u>	<u>—</u>
Office of Post-Secondary Education:				
TRIO Upward Bound:				
TRIO Upward Bound	84.047A	P047A170602	(5,491)	—
TRIO Upward Bound	84.047A	P047A221492	267,283	—
Subtotal ALN 84.047A TRIO Upward Bound			<u>261,792</u>	<u>—</u>
Graduate Assistance in Areas of National Need:				
Graduate Assistance in Areas of National Need	84.200A	P200A210078	224,762	—
Subtotal ALN 84.200A Graduate Assistance in Areas of National Need			<u>224,762</u>	<u>—</u>
Total Office of Post-Secondary Education			<u>486,554</u>	<u>—</u>
<b>Total Department of Education</b>			<u>143,552,882</u>	<u>—</u>
<b>Research and Development Cluster:</b>				
Department of Agriculture:				
Agricultural and Food Research Initiative (AFRI)				
Total Department of Agriculture	10.310	2019-67022-29929	24,319	23,444
			<u>24,319</u>	<u>23,444</u>
Department of Commerce:				
National Oceanic and Atmospheric Administration:				
Weather and Air Quality Research:				
Weather and Air Quality Research	11.459	NA22OAR4590185	37,850	—
Subtotal ALN 11.459 Weather and Air Quality Research			<u>37,850</u>	<u>—</u>
Science, Technology, Business and/or Education Outreach	11.620	70NANB23H240	74,566	—
Pass-Through University of Georgia Research Foundation, Inc:				
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	NA23NOS4780278	82,704	—
Pass-Through North Carolina State University:				
Climate and Atmospheric Research	11.431	NA22OAR4310136	23,166	—
Subtotal National Oceanic and Atmospheric Administration			<u>218,286</u>	<u>—</u>
Pass-Through Stetson University:				
Sea Grant Support	11.417	NA22OAR4170091	5,389	—
Total Department of Commerce			<u>223,675</u>	<u>—</u>
Department of Defense:				
Basic and Applied Scientific Research:				
Basic and Applied Scientific Research	12.300	N00014-17-1-2492	13,834	—
Basic and Applied Scientific Research	12.300	N00014-20-1-2683	1,183	1,183
Basic and Applied Scientific Research	12.300	N00014-21-1-2102	31,415	5,685
Basic and Applied Scientific Research	12.300	N00174-22-1-0012	119,710	—
Basic and Applied Scientific Research	12.300	N00014-22-1-2704	13,024	—
Basic and Applied Scientific Research	12.300	N00014-25-1-2199	8,903	—
Pass-Through Florida International University:				
Basic and Applied Scientific Research	12.300	N00014-24-1-2369	21,616	—
Pass-Through University of Wisconsin-Madison:				
Basic and Applied Scientific Research	12.300	N00014-23-1-2554	40,808	—
Subtotal ALN 12.300 Basic and Applied Scientific Research			<u>250,493</u>	<u>6,868</u>
Basic Scientific Research:				
Basic Scientific Research	12.431	W911NF2210253	98,731	—
Subtotal ALN 12.431 Basic Scientific Research			<u>98,731</u>	<u>—</u>
Centers for Academic Excellence:				
Pass-Through Regents of the University System of Georgia by and on behalf of Georgia Institute of Technology:				
Centers for Academic Excellence	12.598	AWD-002983-G1	178,770	—
Subtotal ALN 12.598 Center for Academic Excellence			<u>178,770</u>	<u>—</u>
Basic, Applied, and Advanced Research in Science and Engineering:				
Basic, Applied, and Advanced Research in Science and Engineering	12.630	FA8651-21-1-0004	5,564	—
Basic, Applied, and Advanced Research in Science and Engineering	12.630	FA8651-24-1-0003	146,954	—
Subtotal ALN 12.630 Basic, Applied, and Advanced Research in Science and Engineering			<u>152,518</u>	<u>—</u>
Air Force Defense Research Sciences Program:				
Air Force Defense Research Sciences Program	12.800	FA9453-21-2-0039	23,222	—
Air Force Defense Research Sciences Program	12.800	FA9550-22-1-0104	77,633	—
Air Force Defense Research Sciences Program	12.800	FA9550-23-1-0553	76,739	—
Air Force Defense Research Sciences Program	12.800	FA9550-23-1-0689	97,878	—
Pass-Through Boston University:				
Air Force Defense Research Sciences Program	12.800	FA9550-22-1-0021	23,877	—
Pass-Through Regents of the University of Florida:				
Air Force Defense Research Sciences Program	12.800	FA9550-20-1-0200	(7,734)	—
Subtotal ALN 12.800 Air Force Defense Research Sciences Program			<u>291,615</u>	<u>—</u>
Information Security Grants:				
Information Security Grants	12.902	HQ0034-24-1-0045	303,772	—
Subtotal ALN 12.902 Information Security Grants			<u>303,772</u>	<u>—</u>
CyberSecurity Core Curriculum:				
CyberSecurity Core Curriculum	12.905	H98230-23-1-0183	21,594	—
Subtotal ALN 12.905 CyberSecurity Core Curriculum			<u>21,594</u>	<u>—</u>

EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2025

Federal grantor/pass-through grantor/program or cluster title	Federal ALN	Prime Award # – Contract or pass-through entity identifying number	Expenditures	Provided to subrecipients
Research and Technology Development:				
Research and Technology Development	12.910	HR0011-21-20003	\$ 340,776	216,677
Research and Technology Development	12.910	HR0011-23-20043	1,002,014	384,715
Subtotal ALN 12.910 Research and Technology Development			1,342,790	601,392
Total Department of Defense			2,640,283	608,260
Department of Transportation:				
Federal Aviation Administration:				
Aviation Research Grants	20.108	692M152440005	288,817	—
Subtotal ALN 20.108 Federal Aviation Administration			288,817	—
Air Transportation Centers of Excellence	20.109	15-C-UAS-ERAU-026	277,349	38,907
Air Transportation Centers of Excellence	20.109	15-C-UAS-ERAU-028	(1,027)	—
Air Transportation Centers of Excellence	20.109	15-C-UAS-ERAU-029	52,422	—
Air Transportation Centers of Excellence	20.109	15-C-UAS-ERAU-031	18,408	—
Air Transportation Centers of Excellence	20.109	15-C-UAS-ERAU-037	110,450	—
Air Transportation Centers of Excellence	20.109	15-C-UAS-ERAU-049	168,331	—
Air Transportation Centers of Excellence	20.109	15-C-UAS-ERAU-052	152,836	—
Air Transportation Centers of Excellence	20.109	15-C-UAS-ERAU-054	40,566	—
Air Transportation Centers of Excellence	20.109	15-C-UAS-ERAU-055	277,732	28,435
Air Transportation Centers of Excellence	20.109	15-C-UAS-ERAU-056	113,822	—
Air Transportation Centers of Excellence	20.109	15-C-UAS-ERAU-057	116,606	—
Air Transportation Centers of Excellence	20.109	16-C-TTHP-ERAU-050	18,014	—
Air Transportation Centers of Excellence	20.109	16-C-TTHP-ERAU-061	29,159	—
Subtotal ALN 20.109 Federal Aviation Administration			1,374,668	67,342
Federal Highway Administration:				
Highway Training and Education	20.215	693JJ32445048	(258)	—
Highway Training and Education	20.215	693JJ32445081	766	—
Highway Training and Education	20.215	693JJ32545009	27,042	—
Highway Training and Education	20.215	693JJ32545017	10,000	—
Highway Training and Education	20.215	693JJ32545018	10,000	—
Highway Training and Education	20.215	693JJ32545058	5,000	—
Highway Training and Education	20.215	693JJ32545059	5,000	—
Subtotal ALN 20.215 Federal Highway Administration			57,550	—
Office of the Secretary:				
Pass-Through North Carolina Agricultural & Technical State University:				
University Transportation Centers Program	20.701	69A3551747125	(19,731)	—
Pass-Through The Board of Supervisors of Louisiana State University and A&M College:				
University Transportation Centers Program	20.701	69A3551747130	3	—
Pass-Through University of Houston:				
University Transportation Centers Program	20.701	69A3552348332	278,371	—
Subtotal ALN 20.701 Office of the Secretary			258,643	—
Total Department of Transportation			1,979,678	67,342
National Aeronautics and Space Administration:				
Science:				
Science	43.001	80NSSC19K0773	594,075	227,568
Science	43.001	80NSSC21K0291	78,350	—
Science	43.001	80NSSC21K1354	310,979	254,880
Science	43.001	80NSSC22K0310	145,136	61,483
Science	43.001	80NSSC22K0507	128,822	100,371
Science	43.001	80NSSC22K0622	174,862	—
Science	43.001	80NSSC22K1022	145,471	12,836
Science	43.001	80NSSC22K1289	78,426	—
Science	43.001	80NSSC23K0698	121,362	—
Science	43.001	80NSSC23K0838	36,005	—
Science	43.001	80NSSC23K1049	20,698	—
Science	43.001	80NSSC24K0126	341,229	129,289
Science	43.001	80NSSC24K0229	19,618	—
Science	43.001	80NSSC24K0265	93,034	—
Science	43.001	80NSSC24K0494	13,039	—
Science	43.001	80NSSC24K0672	227,549	62,373
Science	43.001	80NSSC24K0800	10,789	—
Science	43.001	80NSSC24K0840	172,605	—
Science	43.001	80NSSC24K1208	4,378	—
Science	43.001	80NSSC24K1480	27,082	—
Science	43.001	80NSSC25K7090	5,602	—
Science	43.001	80NSSC25K7091	5,262	—
Science	43.001	80NSSC25K7232	86,424	—
Pass-Through Regents of the University of Colorado:				
Science	43.001	80NSSC20K1278	893	—
Science	43.001	80NSSC21K1921	65,261	—
Pass-Through Andrews University:				
Science	43.001	80NSSC22K0515	(402)	—
Pass-Through University of New Hampshire:				
Science	43.001	80NSSC21K0972	(296)	—
Pass-Through Dartmouth College:				
Science	43.001	80NSSC24M0028	42,448	—
Pass-Through The Catholic University of America:				
Science	43.001	80NSSC22K1388	(2)	—
Pass-Through University of Florida:				
Science	43.001	80NSSC22K0288	30,155	—
Pass-Through Global Atmospheric Technologies & Sciences:				
Science	43.001	80NSSC24K0124	20,487	—
Pass-Through University of Alaska, Fairbanks:				
Science	43.001	80NSSC20K1279	7,646	—
Pass-Through Smithsonian Astrophysical Observatory (SAO):				
Science	43.001	NAS8-03060	74,995	—
Pass-Through Virginia Tech Applied Research Corporation:				
Science	43.001	80NSSC24K1026	37,181	—
Pass-Through National Space Grant Foundation:				
Science	43.001	80NSSC22M0003	73	—
Subtotal ALN 43.001 Science			3,119,236	848,800

EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2025

Federal grantor/pass-through grantor/program or cluster title	Federal ALN	Prime Award # – Contract or pass-through entity identifying number	Expenditures	Provided to subrecipients
Aeronautics:				
Aeronautics	43.002	80NSSC23M0157	\$ 277,716	—
Pass-Through Boston University:				
Aeronautics	43.002	80NSSC23M0057	418,682	—
Subtotal ALN 43.002 Aeronautics			<u>696,398</u>	<u>—</u>
Education:				
Office of Stem Engagement (OSTEM)	43.008	80NSSC23K0899	65,539	25,453
Office of Stem Engagement (OSTEM)	43.008	80NSSC23K0952	279	—
Pass-Through University of Arizona:				
Office of STEM Engagement (OSTEM)	43.008	80NSSC20M0041	80,548	—
Pass-Through Florida Space Grant Consortium:				
Office of STEM Engagement (OSTEM)	43.008	80NSSC20M0093	156,273	—
Subtotal ALN 43.008 Education			<u>302,639</u>	<u>25,453</u>
Space Technology				
Space Technology	43.012	80NSSC24K1368	70,872	—
Space Technology	43.012	80NSSC23K1200	109,660	—
Subtotal ALN 43.012 Technology			<u>180,532</u>	<u>—</u>
Cross Agency Support:				
Pass-Through The Regents of the University of California, Berkeley:				
NASA	43.RD	80MSFC19C0041	12,519	—
Pass-Through Space Dynamics Laboratory:				
NASA	43.RD	80GSFC18C0007	134,776	—
Pass-Through The Johns Hopkins University Applied Physics Laboratory:				
NASA	43.RD	80MSFC20D0004	130,912	—
Subtotal ALN 43.RD Cross Agency Support			<u>278,207</u>	<u>—</u>
Total National Aeronautics and Space Administration			<u>4,577,012</u>	<u>874,253</u>
National Science Foundation:				
Engineering Grants:				
Engineering	47.041	CBET-2224849	77,779	—
Engineering	47.041	CBET-2414527	68,152	—
Engineering	47.041	CMMI-1847133	118,772	—
Engineering	47.041	CMMI-2001038	56,429	—
Engineering	47.041	CMMI-2238359	161,398	—
Engineering	47.041	CMMI-2238859	138,169	—
Engineering	47.041	CMMI-2346916	126,926	—
Engineering	47.041	CMMI-2349931	37,077	—
Engineering	47.041	CMMI-2431268	72,408	—
Engineering	47.041	CMMI-2438062	125,517	27,972
Engineering	47.041	ECCS-1944599	101,314	—
Engineering	47.041	EEC-2050887	91,133	—
Engineering	47.041	EEC-2325525	15,380	—
Engineering	47.041	EEC-2334705	166,696	—
Engineering	47.041	EEC-2413189	14,150	—
Engineering	47.041	EEC-2438225	218,181	—
Engineering	47.041	IIP-2205797	(1,518)	—
Subtotal ALN 47.041 Engineering Grants			<u>1,587,963</u>	<u>27,972</u>
Mathematical and Physical Sciences Grants:				
Mathematical and Physical Sciences	47.049	AST-1910396	25,975	—
Mathematical and Physical Sciences	47.049	AST-2009276	185,623	—
Mathematical and Physical Sciences	47.049	AST-2108975	101,897	—
Mathematical and Physical Sciences	47.049	DMS-2247587	32,046	—
Mathematical and Physical Sciences	47.049	DMS-2410676	13,856	—
Mathematical and Physical Sciences	47.049	PHY-2110555	21,387	—
Mathematical and Physical Sciences	47.049	PHY-2110598	(387)	—
Mathematical and Physical Sciences	47.049	PHY-2308602	3,024	—
Mathematical and Physical Sciences	47.049	PHY-2308853	226,915	88,433
Mathematical and Physical Sciences	47.049	PHY-2309295	14,755	—
Mathematical and Physical Sciences	47.049	PHY-2405227	42,173	—
Mathematical and Physical Sciences	47.049	PHY-2409602	33,443	—
Subtotal ALN 47.049 Mathematical and Physical Sciences Grants			<u>700,707</u>	<u>88,433</u>
Goesciences:				
Goesciences	47.050	AGS-1759471	298,755	—
Goesciences	47.050	AGS-1828589	27,994	—
Goesciences	47.050	AGS-1848207	92,545	—
Goesciences	47.050	AGS-2017339	30,995	—
Goesciences	47.050	AGS-2027308	(1,670)	—
Goesciences	47.050	AGS-2050077	32,074	—
Goesciences	47.050	AGS-2149696	11,523	—
Goesciences	47.050	AGS-2307203	25,488	27,061
Goesciences	47.050	AGS-2313689	4,160	—
Goesciences	47.050	AGS-2324754	145,455	—
Goesciences	47.050	AGS-2327914	268,157	24,370
Goesciences	47.050	AGS-2407240	37,971	—
Goesciences	47.050	AGS-2409475	79,551	—
Goesciences	47.050	AGS-2431689	5,769	—
Goesciences	47.050	AGS-2431692	18,506	—
Goesciences	47.050	AGS-2432699	50,440	—
Goesciences	47.050	AGS-2452540	20,553	—
Goesciences	47.050	AGS-2512183	13,916	—
Subtotal ALN 47.050 Goesciences			<u>1,162,182</u>	<u>51,431</u>
Computer and Information Science and Engineering:				
Computer and Information Science and Engineering	47.070	CNS-2231629	3,158	—
Computer and Information Science and Engineering	47.070	CNS-2244515	128,463	—
Computer and Information Science and Engineering	47.070	CNS-2426426	19,279	—
Computer and Information Science and Engineering	47.070	ECCS-2229155	194,817	74,953
Computer and Information Science and Engineering	47.070	ECCS-2229473	140,424	61,811
Computer and Information Science and Engineering	47.070	OAC-1931483	229	—

EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2025

Federal grantor/pass-through grantor/program or cluster title	Federal ALN	Prime Award # – Contract or pass-through entity identifying number	Expenditures	Provided to subrecipients
Pass-Through Stetson University: Computer and Information Science and Engineering	47.070	CNS-2321162	\$ 10,394	—
Subtotal ALN 47.070 Computer and Information Science Engineering			496,764	136,764
STEM Education (formerly Education and Human Resources):				
STEM Education (formerly Education and Human Resources)	47.076	CNS-2150213	39,729	—
STEM Education (formerly Education and Human Resources)	47.076	DGC-2445056	52,750	—
STEM Education (formerly Education and Human Resources)	47.076	DGE-2146462	820,210	—
STEM Education (formerly Education and Human Resources)	47.076	DUE-1920780	572,302	—
STEM Education (formerly Education and Human Resources)	47.076	DUE-2044302	(2,698)	—
STEM Education (formerly Education and Human Resources)	47.076	DUE-2120807	26,415	—
STEM Education (formerly Education and Human Resources)	47.076	DUE-2142514	184,932	38,635
STEM Education (formerly Education and Human Resources)	47.076	DUE-2216325	110,161	—
STEM Education (formerly Education and Human Resources)	47.076	DUE-2221602	285,005	—
STEM Education (formerly Education and Human Resources)	47.076	DUE-2315560	52,009	—
STEM Education (formerly Education and Human Resources)	47.076	DUE-2315646	86,867	53,777
STEM Education (formerly Education and Human Resources)	47.076	DUE-2336942	12,120	—
STEM Education (formerly Education and Human Resources)	47.076	DUE-2419998	162,507	—
Pass-Through Oklahoma State University: STEM Education (formerly Education and Human Resources)	47.076	DUE-2055590	32,656	—
Pass-Through Virginia Polytechnic Institute and State University: STEM Education (formerly Education and Human Resources)	47.076	HRD-2015286	6,455	—
Subtotal ALN 47.076 STEM Education (formerly Education and Human Resources)			2,441,420	92,412
NSF Technology, Innovation, and Partnerships:				
NSF Technology, Innovation, and Partnerships	47.084	ITE-2347094	92,396	—
NSF Technology, Innovation, and Partnerships	47.084	ITE-2448571	143,663	—
Subtotal ALN 47.084 NSF Technology, Innovation, and Partnerships			236,059	—
Office of International Science and Engineering: Office of International Science and Engineering	47.079	OISE-2328656	55,906	—
Subtotal ALN 47.079 International Science and Engineering			55,906	—
Total National Science Foundation			6,681,001	397,012
Department of Energy:				
Office of Science Financial Assistance Program	81.049	DE-SC0022952	204,100	—
Subtotal ALN 81.049 Office of Science Financial Assistance Program			204,100	—
Pass-Through University of Central Florida Board of Trustees: Fossil Energy Research and Development	81.089	DE-FE0032072	17,691	—
Subtotal ALN 81.089 Fossil Energy Research and Development			17,691	—
Total Department of Energy			221,791	—
Department of Education:				
Office of Postsecondary Education: International Research and Studies	84.017A	P017A230017	44,885	10,458
Total Department of Education			44,885	10,458
Department of Health and Human Services:				
Development and Coordination of Rural Health Services: Development and Coordination of Rural Health Services	93.223	1R43HL164225-01A1	65	—
Subtotal ALN 93.223 Development and Coordination of Rural Health Services			65	—
Substance Abuse and Mental Health Services Projects of Regional and National Significance: Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SM086280-01	84,066	—
Subtotal ALN 93.243 Substance Abuse and Mental Health Services Projects of Regional and National Significance			84,066	—
Occupational Safety and Health Program: Pass-Through The University of South Florida Board of Trustees: Occupational Safety and Health Program	93.262	2 T42OH008438-20-00	193,676	—
Occupational Safety and Health Program	93.262	5 T42OH008438-19-00	(1,761)	—
Subtotal ALN 93.262 Occupational Safety and Health Program			191,915	—
Pass-Through Childrens Heart Foundation: Rare Disorders: Research, Surveillance, Health Promotion, and Education	93.315	CHF 12-2020	84,222	27,789
Subtotal ALN 93.315 Rare Disorders: Research, Surveillance, Health Promotion, and Education			84,222	27,789
Total Department of Health and Human Services			360,268	27,789
Environmental Protection Agency: P3 Award: National Student Design Competition for Sustainability	66.516	84040701	(102)	—
Total Environmental Protection Agency			(102)	—
National Institutes of Health: Medical Library Assistance: Medical Library Assistance	93.879	1R15LM013382-01A1	23,644	17,980
Total National Institutes of Health			23,644	17,980
Total Research and Development Cluster			16,776,454	2,026,538
Department of Defense – Other Projects: Pass-Through Institute of International Education: ROTC Language and Culture Training Grants	12.357	H9821023C0010	346,360	—
Total Department of Defense – Other Projects			346,360	—
Department of Homeland Security: State and Local Homeland Security National Training Program: Pass-Through Mississippi State University: State and Local Homeland Security National Training Program	97.005	EMW-2024-CA-05108	33,418	—
Subtotal ALN 97.132 Financial Assistance for Targeted Violence and Terrorism Prevention			33,418	—
Assistance to Firefighters Grant: Assistance to Firefighters Grant	97.044	EMW-2022-FP-00464	147,034	—
Subtotal ALN 97.044 Assistance to Firefighters Grant			147,034	—

**EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC.**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2025

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Federal ALN</u>	<u>Prime Award # – Contract or pass-through entity identifying number</u>	<u>Expenditures</u>	<u>Provided to subrecipients</u>
DR 4673 Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
Pass-Through Florida Division of Emergency Management (FDEM)				
Federal Emergency Management Agency (FEMA)	97.036	Z3498	\$ 10,677	—
Federal Emergency Management Agency (FEMA)	97.036	Z1712	56,103	—
Federal Emergency Management Agency (FEMA)	97.036	Z5123	158,607	—
Subtotal ALN 97.036 DR 4673 Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>225,387</u>	<u>—</u>
Total Department of Homeland Security			<u>405,839</u>	<u>—</u>
Total Expenditures of Federal Awards			<u>\$ 161,081,535</u>	<u>2,026,538</u>

See accompanying notes to schedules of expenditures of federal awards and state projects.



KPMG LLP  
Suite 800  
500 W 5th St  
Winston-Salem, NC 27101

**Independent Auditors' Report on Compliance for Each Major State Project; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of State Projects Required by Chapter 10.650, Rules of the Florida Auditor General**

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

**Report on Compliance for Each Major State Project**

*Opinion on Each Major State Project*

We have audited Embry-Riddle Aeronautical University, Inc. and Subsidiaries (the University) compliance with the types of compliance requirements identified as subject to audit in the *Florida Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the University's major state projects for the year ended June 30, 2025. The University's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2025.

*Basis for Opinion on Each Major State Project*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Florida Auditor General* (Chapter 10.650). Our responsibilities under those standards and Chapter 10.650 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state project. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

*Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's state projects.

*Auditors' Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. 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, *Government Auditing Standards*, and Chapter 10.650 will always detect material noncompliance when it exists.



The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650. Accordingly, this report is not suitable for any other purpose.



**Report on Schedule of Expenditures of State Projects Required by Chapter 10.650, Rules of the Florida Auditor General**

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2025, and have issued our report thereon dated October 24, 2025, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of state projects is presented for purposes of additional analysis as required by Chapter 10.650 and is 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. The 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 schedule of expenditures of state projects is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*KPMG LLP*

Winston-Salem, North Carolina  
January 9, 2026

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

Schedule of Expenditures of State Projects

Year ended June 30, 2025

<u>State/grantor/pass-through grantor/program or cluster title</u>	<u>CSFA number</u>	<u>Expenditures</u>	<u>Provided to subrecipients</u>
Florida Department of Education:			
Office of Student Financial Assistance:			
Florida Resident Access Grant	48.064	\$ 5,328,400	—
Florida Student Assistance Grant (FSAG)	48.054	664,568	—
Scholarships for Children and Spouses of Deceased or Disabled Veterans and Servicemembers	48.055	419,468	—
Florida Bright Futures Scholarship Program			
Florida Academic Scholars Award	48.059	2,921,520	—
Florida Medallion Scholars Award	48.059	1,716,352	—
Florida Academic Top Scholars Award	48.059	1,144	—
Total Florida Bright Futures Scholarship Program		4,639,016	—
Benacquisto Scholarship	48.114	301,338	—
Total Office of Student Financial Assistance		11,352,790	—
Florida Department of Education – Other:			
Embry-Riddle	48.109	2,896,482	—
Local Governments and Nonstate Entities-Facility Repairs, Maintenance and Construction-Fixed Capital Outlay-Private Colleges and Universities	48.203	7,009,943	—
Private Colleges and Universities-Grants and Aids	48.206	888,659	—
Total Florida Department of Education – Other		10,795,084	—
Florida Department of Highway Safety and Motor Vehicles:			
Embry-Riddle Aeronautical College License Plate Project	76.045	49,594	—
Total Florida Department of Highway Safety and Motor Vehicles		49,594	—
Total expenditures of state projects		\$ 22,197,468	—

See accompanying notes to schedules of expenditures of federal awards and state projects.

## EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC.

Notes to Schedules of Expenditures of Federal Awards and State Projects

Year ended June 30, 2025

### (1) Basis of Presentation

The accompanying schedules of expenditures of federal awards and state projects (the Schedules) include the federal award and state project activity of Embry-Riddle Aeronautical University, Inc. (the University) under programs of the federal government and state of Florida for the year ended June 30, 2025. The information in the Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) and Chapter 10.650, *Rules of the Florida Auditor General*. Because the Schedules present only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

The reimbursement of costs reflected in the accompanying financial statements as grants and contracts revenue is subject to final approval by federal and state grantors and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustment will not be material to the University's financial position or change in net assets.

### (2) Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### (3) Federal Perkins Loan Program

The University administers the Federal Perkins Loan Program. The amount included in the Schedules includes the outstanding balance as of June 30, 2024, of \$2,523,551. The outstanding balance of loans receivable under this program was \$1,803,177 on June 30, 2025, which includes cancellations of \$12,803, assignments of \$107,883 and collections on principal of \$599,688.

The amount shown on the Schedules as expenditures for the Perkins Loan Program is equal to the balance of loans outstanding on June 30, 2024. Under federal law, the Perkins Loan Program ended on September 30, 2017, and final disbursements under the program were permitted through June 30, 2018.

### (4) Federal Direct Student Loans Program

The University participated in the Federal Direct Student Loans Program beginning in May 2010 (which includes subsidized Stafford loans, unsubsidized Stafford loans and Plus loans). Such programs are considered a component of the Student Financial Assistance Cluster. New loans processed for students during the year ended June 30, 2025 were \$106,191,129 consisting of Federal Direct Subsidized Loans of \$17,027,462, Federal Direct Unsubsidized Loans of \$30,407,148, Federal Direct Parent PLUS Loans of \$57,512,427, and Federal Direct Graduate PLUS Loans of \$1,244,092.

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

Notes to Schedules of Expenditures of Federal Awards and State Projects

Year ended June 30, 2025

**(5) Federal Matching**

Under the Federal Work-Study Program, the University matched \$316,141 in total compensation for the year ended June 30, 2025, in addition to the federal share of expenditures included in the accompanying Schedules. Under the Federal Supplemental Educational Opportunity Grant Program, the University matched \$529,201 in funds awarded to students for the year ended June 30, 2025, in addition to the federal share of expenditures included in the accompanying Schedules.

**(6) Administrative Cost Allowance**

The University claimed an administrative cost allowance of \$162,755 for the year ended June 30, 2025. This amount is included in the accompanying Schedules as federal expenditures under the Federal Work-Study Program.

**(7) Subrecipients**

The following awards were received directly by the University and passed through to subrecipients during the year ended June 30, 2025:

Program	Reference	Number	Expenditures
Department of Agriculture			
The Regents of the University of Michigan	(1)	2019-67022-29929	\$ 23,444
Department of Defense			
The University of Texas at Austin	(2)	N00014-20-1-2683	1,183
Tuskegee University	(3)	N00014-21-1-2102	5,685
Boise State University	(4)	HR0011-21-20003	13,890
Trustees of Boston University	(4)	HR0011-21-20003	39,457
National Aeronautics and Space Administration	(4)	HR0011-21-20003	(13,800)
Rheinische Friedrich Wilhelms Universitat Bonn	(4)	HR0011-21-20003	177,130
Boise State University	(5)	HR0011-23-20043	78,051
Trustees of Boston University	(5)	HR0011-23-20043	78,060
Duke University	(5)	HR0011-23-20043	140,405
Rheinische Friedrich Wilhelms Universitat Bonn	(5)	HR0011-23-20043	44,769
Computational Physics, Inc.	(5)	HR0011-23-20043	43,430
Department of Education			
Northern Virginia Community College	(6)	P017A230017	10,458
Department of Health and Human Services			
The University of Central Florida Board of Trustees	(7)	CHF 12-2020	27,789
Department of Transportation			
URSA, Inc.	(8)	15-C-UAS-ERAU-026	38,907
URSA, Inc.	(9)	15-C-UAS-ERAU-055	28,435
National Aeronautics and Space Administration			
Trustees of Boston College	(10)	80NSSC19K0773	22,867
Clemson University	(10)	80NSSC19K0773	22,012
Trustees of Dartmouth College	(10)	80NSSC19K0773	95,699
Massachusetts Institute of Technology	(10)	80NSSC19K0773	56,184
The Johns Hopkins University Applied Physics Laboratory, LLC	(10)	80NSSC19K0773	30,806

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

Notes to Schedules of Expenditures of Federal Awards and State Projects

Year ended June 30, 2025

Program	Reference	Number	Expenditures
Illinois Institute of Technology	(11)	80NSSC21K1354	\$ 60,711
SRI International	(11)	80NSSC21K1354	137,948
University of Alaska Fairbanks	(11)	80NSSC21K1354	56,221
The Johns Hopkins University Applied Physics Laboratory, LLC	(12)	80NSSC22K0310	24,850
University of Alaska Fairbanks	(12)	80NSSC22K0310	36,633
The Regents of the University of California	(13)	80NSSC22K0507	59,657
Computational Physics, Inc.	(13)	80NSSC22K0507	40,714
Computational Physics, Inc.	(14)	80NSSC22K1022	12,836
Andrews University	(15)	80NSSC23K0899	4,331
The Johns Hopkins University Applied Physics Laboratory, LLC	(15)	80NSSC23K0899	21,122
Trustees of Boston University	(16)	80NSSC24K0126	43,184
Boise State University	(16)	80NSSC24K0126	43,571
Trustees of Dartmouth College	(16)	80NSSC24K0126	33,906
Computational Physics, Inc.	(16)	80NSSC24K0126	8,628
University of Maryland, College Park	(17)	80NSSC24K0672	62,373
National Institute of Health			
Arizona State University	(18)	1R15LM013382-01A1	2,455
Arizona State University	(18)	1R15LM013382-01A1	15,525
National Science Foundation			
Cal State LA University Auxiliary Services, Inc.	(19)	DUE-2142514	21,924
Simmons University	(19)	DUE-2142514	16,711
University of Maryland Baltimore County	(20)	ECCS-2229155	74,953
University of Maryland Baltimore County	(21)	ECCS-2229473	61,811
The Board of Regents of the University of Wisconsin System	(22)	PHY-2308853	88,433
University of New Hamps hire	(23)	AGS-2307203	17,847
The Regents of the University of New Mexico	(23)	AGS-2307203	9,214
Purdue University	(24)	DUE-2315646	53,777
Utah State University	(25)	AGS-2327914	24,370
University of Massachusetts Dartmouth	(26)	CMMI-2438062	27,972
Total federal awards			\$ <u>2,026,538</u>

- (1) FACT: Fusing Satellite and Drone Data with GIS to Create New Analytical Decision Support Tools for Varying Farm Types
- (2) Topology and Morphology Optimization of 3D Printed Continuous Fiber Composites
- (3) Active Control of Jet Noise via Bi-modal Excitation
- (4) AIRWaveS: Atmosphere-Ionosphere Responses to Wave Signals
- (5) AtmoSense/AIRWaveS: Atmosphere-Ionosphere Responses to Wave Signals, Phase II
- (6) Interactive Website for Cyber Chinese
- (7) Investigation of an Injection-Jet Self-Powered Fontan Circulation: A Novel Bridge and Destination Therapy for the Failing Fontan
- (8) A50 sUAS Traffic Analysis
- (9) Analyze Drone Traffic - A83
- (10) Sporadic-E ElectroDynamics (SEED)
- (11) Modeling and observation of the production of auroral ions pheric density structures and L-band scintillation

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

Notes to Schedules of Expenditures of Federal Awards and State Projects

Year ended June 30, 2025

- (12) Plasma Radial Transport Processes in Saturn's Magnetosphere
- (13) Inferring the source processes of earthquakes from their acoustic-gravity wave impacts on the atmosphere
- (14) Ionospheric responses to thunderstorm-generated acoustic and gravity waves over the continental US
- (15) Role of Solar Wind Fluctuations on Solar Wind- Magnetosphere - Ionosphere Coupling Processes and Magnetotail Energetics
- (16) High-resolution Modeling Of Mesoscale Auroral Ionosphere-Thermosphere Coupling Processes
- (17) Development and testing of a multi-Needle Langmuir Probe for the detection of extremely small spatial structures in low earth orbit
- (18) A data analytics framework for the application of pedestrian dynamics to public health
- (19) Distributed Learning for Undergraduate Programs in Data Science at Diverse Universities
- (20) FMSG: Cyber: Perceptual and Cognitive Additive Manufacturing (PCAM)
- (21) Collaborative Research: SWIFT: AI-based Sensing for Improved Resiliency via Spectral Adaptation with Lifelong Learning
- (22) Suprathermal Energization of Particles in the Vicinity of Cusp-like Field Configurations
- (23) Dipole Tilt Effect on Kelvin-Helmholtz Instability and its Associated Ionospheric and Geomagnetic Signatures
- (24) Augmented Reality (SSTAR) in Engineering
- (25) Collaborative Research: Observations and Modeling of Primary and Secondary Gravity Waves at all Altitudes over the Andes
- (26) Integrated Multiscale Computational and Experimental Investigations on Fracture of Additively Manufactured Polymer Composites

**(8) License Plate Project**

The University entered into an agreement with the State of Florida's Department of Highway Safety and Motor Vehicles to issue University specialty license plates through the Embry-Riddle Aeronautical College License Plate Project (CSFA No. 76.045). Revenue generated by this project is remitted to the University by the State and is placed into an endowed scholarship fund. The earnings from this fund are used to award scholarships to deserving students.

Accumulated unspent earnings at July 1, 2024 amounted to \$900,340. During the fiscal year ended June 30, 2025, the University received \$39,657 in additional funds from the State of Florida, recorded interest of \$30,020, a net gain of \$85,495, and management fees of \$7,511 and awarded \$49,594 in scholarships. The balance of the funds remaining in the endowment fund from the project at June 30, 2025, is \$998,407.

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

**(1) Summary of Auditors' Results**

*Financial statements*

- (a) Type of report issued on whether the consolidated financial statements audited were prepared in accordance with U.S. generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
  - Material weaknesses **No**
  - Significant deficiencies identified **None reported**
- (c) Noncompliance material to the financial statements **No**

*Federal Awards*

- (d) Internal control deficiencies over major programs disclosed by the audit:
  - Material weaknesses **No**
  - Significant deficiencies **None reported**
- (e) Type of report issued on compliance for major program: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a) **None reported**
- (g) Major Federal Programs

<b>Federal programs</b>	<b>Federal ALN</b>
Research and Development Cluster	Various
Student Financial Assistance Cluster	84.007, 84.033, 84.038, 84.063, 84.268

- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- (i) Auditee qualified as low-risk auditee? **Yes**

*State Projects*

- (j) Internal control deficiencies over major programs disclosed by the audit:
  - Material weaknesses **No**
  - Significant deficiencies **None reported**
- (k) Type of report issued on compliance for major program: **Unmodified**

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

- (l) Audit findings that are required to be reported in accordance with Chapter 10.650, *Rules of the Florida Auditor General* **None reported**

(m) Major State Projects

<u>State projects</u>	<u>CSFA number</u>
Florida Bright Futures Scholarship Program*	48.059
Florida Resident Access Grant	48.064
Florida Student Assistance Grant (FSAG)	48.054
Scholarship for Children of Deceased or Disabled Veterans and Servicemembers	48.055
Benacquisto Scholarship	48.114

\* (Medallion Scholars Award, Academic Scholars Award and Academic Top Scholars Award)

- (n) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

None

**(3) Findings and Questioned Costs Relating to Federal Awards**

None

**(4) Findings and Questioned Costs Relating to State Projects**

None

There are no items related to state financial assistance to be reported in a management letter pursuant to Chapter 10.650, Rules of the Auditor General.

**EMBRY-RIDDLE AERONAUTICAL UNIVERSITY, INC.**  
 State of Florida Student Financial Assistance Programs  
 Schedule of Populations, Samples Tested, and Questioned Costs  
 Year ended June 30, 2025

	<u>Award population</u>		<u>Award sample</u>			<u>Questioned costs</u>				
	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>	<u>% of population amount</u>	<u>Recipients</u>	<u>% of population recipients</u>	<u>Amount</u>	<u>% of sample amount</u>	<u>Recipients</u>	<u>% of sample recipients</u>
Florida Resident Access Grant	\$ 5,328,400	1,694	\$ 162,200	3	50	3 %	\$ —	— %	—	— %
Florida Medallion Scholars Award	1,716,352	382	198,432	12	50	13	—	—	—	—
Florida Academic Scholars Award	2,921,520	501	301,676	10	50	10	—	—	—	—
Florida Academic Top Scholar	1,144	1	1,144	100	1	100	—	—	—	—
Benacquisto Scholarship	301,338	11	240,095	80	10	91	—	—	—	—
Florida Student Assistance Grant (FSAG)	664,568	240	138,784	21	50	21	—	—	—	—
Scholarships for Children and Spouses of Deceased or Disabled Veterans and Servicemembers	419,468	73	104,023	25	19	26	—	—	—	—
Total	<u>\$ 11,352,790</u>	<u>2,902</u>	<u>\$ 1,146,354</u>		<u>230</u>		<u>\$ —</u>		<u>—</u>	

This schedule is presented in accordance with Rule 6A-20.0021 of the Florida Administrative Code and is derived from the schedule of expenditures of federal awards and state projects.

See accompanying independent auditors' report.

Embry-Riddle Aeronautical University  
Summary Status of Prior Year Findings  
Single Audit - Fiscal Year Ending 2024

Finding: 2024-001 Enrollment Reporting  
Federal Program: Federal Direct Student Loans (ALN 84.268)  
Federal Pell Grant Program (ALN 84.063)

Summary of Finding:

Of the 40 students selected for enrollment reporting testing, 3 students who had graduated from the University did not have the proper Graduation (G) status submitted to the National Student Loan Data System (NSLDS). This finding was identified in the prior year and management implemented a process as part of their corrective action plan from the fiscal year 2023 audit to remediate this condition. This implementation was completed in May 2024. All three 3 students identified above were included in the period prior to the implementation. No conditions were found subsequent to May 2024.

Corrective Action Plan Outcomes:

- Action #1 – Institute periodic internal reviews to ensure that the enrollment and graduation reporting process meet required standards.
  - To ensure the timely and accurate reporting of enrollment and graduation data to the NSLDS, periodic internal reviews have been implemented. These reviews involve selecting representative campus samples of enrollment (including withdrawals) and graduation records, which are evaluated using the same methodology employed during Single Audit procedures.
- Action #2 – Operationalize a duplicative review process for Worldwide enrollment and graduation report submissions.
  - A structured, multi-tiered review process has been formalized for the submission of enrollment and graduation records for the Worldwide campus. This process engages multiple levels of staff to enhance the accuracy and integrity of data collection, validation, and correction. Staff members are responsible for the initial processing of reports, including the identification and resolution of any data discrepancies. Following this, the Assistant Registrar for the Worldwide campus—who oversees reporting for Worldwide students—conducts a secondary review of all error reports to confirm the accuracy and completeness of staff corrections. Additionally, the Assistant Registrar meets regularly with the Worldwide Registrar to review each submission, evaluate report outcomes, address anomalies or unresolved issues, and determine appropriate escalation steps when necessary.

