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## **Report of Independent Auditors**

The Board of Directors  
Lilly Endowment Inc.

### **Opinion**

We have audited the financial statements of Lilly Endowment Inc. (the Endowment), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Endowment at December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Endowment and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Endowment’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### **Auditor’s Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Endowment'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Endowment'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.

*Ernst + Young LLP*

March 20, 2025

## Statements of Financial Position

As of December 31	2024	2023
Assets		
Cash and cash equivalents . . . . .	\$ 262,225,461	\$ 113,907,514
Investments—at fair value:		
United States government and agency, bank, and corporate interest-bearing obligations . . . . .	2,078,136,151	1,542,329,653
Eli Lilly and Company common stock (cost—\$79,355,205 at December 31, 2024 and \$79,759,010 at December 31, 2023) . . . . .	74,800,607,016	58,157,234,725
Diversified equity investments . . . . .	2,764,912,268	2,366,374,672
Other assets . . . . .	486,804	113,321
	<u>\$ 79,906,367,700</u>	<u>\$ 62,179,959,885</u>
Liabilities		
Grants payable . . . . .	\$ 380,856,430	\$ 256,516,989
Deferred tax liability . . . . .	1,052,096,194	816,198,305
	<u>1,432,952,624</u>	<u>1,072,715,294</u>
Net assets without donor restrictions . . . . .	78,473,415,076	61,107,244,591
	<u>\$ 79,906,367,700</u>	<u>\$ 62,179,959,885</u>

See accompanying notes.

## Statements of Activities

Year Ended December 31	2024	2023
Income:		
Dividends . . . . .	\$ 562,206,122	\$ 505,545,116
Interest . . . . .	151,688,897	74,391,666
Total income . . . . .	713,895,019	579,936,782
Expenses:		
Program grants approved . . . . .	2,382,957,072	1,741,727,679
Program support . . . . .	13,249,992	13,537,541
Operational support . . . . .	9,298,779	9,867,123
Current federal excise tax . . . . .	42,793,438	28,489,001
Deferred federal excise tax . . . . .	235,897,889	290,233,210
Total expenses . . . . .	2,684,197,170	2,083,854,554
Investment return and other:		
Realized gain on sale of investments . . . . .	2,373,271,596	1,479,759,733
Unrealized gain on investments . . . . .	16,962,800,986	20,898,935,388
Other . . . . .	400,054	(2,424,335)
Total investment return and other . . . . .	19,336,472,636	22,376,270,786
Increase in net assets without donor restrictions . . . . .	17,366,170,485	20,872,353,014
Net assets without donor restrictions:		
Balance at beginning of year . . . . .	61,107,244,591	40,234,891,577
Balance at end of year . . . . .	\$ 78,473,415,076	\$ 61,107,244,591

See accompanying notes.

## Statements of Cash Flows

Year Ended December 31	2024	2023
Operating activities		
Increase in net assets . . . . .	\$ 17,366,170,485	\$ 20,872,353,014
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized gain on investments . . . . .	(16,962,800,986)	(20,898,935,388)
Realized gain on sale of investments . . . . .	(2,373,271,596)	(1,479,759,733)
Changes in assets and liabilities:		
Other assets . . . . .	(373,483)	2,896,434
Grants payable . . . . .	124,339,441	215,941,463
Deferred tax liability . . . . .	235,897,889	290,233,210
Net cash used in operating activities . . . . .	(1,610,038,250)	(997,271,000)
Investing activities		
Purchases of investments . . . . .	(4,466,762,248)	(2,632,027,680)
Proceeds from sale and maturity of investments . . . . .	6,225,118,445	3,632,476,793
Net cash provided by investing activities . . . . .	1,758,356,197	1,000,449,113
Net increase in cash and cash equivalents . . . . .	148,317,947	3,178,113
Cash and cash equivalents at beginning of year . . . . .	113,907,514	110,729,401
Cash and cash equivalents at end of year . . . . .	\$ 262,225,461	\$ 113,907,514

See accompanying notes.

# Notes to Financial Statements

December 31, 2024

## 1. Significant Accounting Policies

### Description of Organization

Lilly Endowment Inc. (the Endowment) is an Indianapolis based, private philanthropic foundation created in 1937 by J.K. Lilly Sr. and sons Eli and J.K. Jr. through gifts of stock in their pharmaceutical business, Eli Lilly and Company. The stock of Eli Lilly and Company continues to be the Endowment's most significant asset. The Endowment supports the causes of religion, education and community development. The Internal Revenue Service has determined that the Endowment is exempt from federal income tax under Section 501(a) of the Internal Revenue Code. It remains a private foundation subject to federal excise tax on net investment income.

### Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expense and related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates. Subsequent events have been evaluated through March 20, 2025, the date these financial statements were issued. There were no subsequent events that required recognition or disclosure in the financial statements.

### Cash and Cash Equivalents

Investments with original maturities of three months or less at the time of purchase are considered to be cash equivalents.

### Investments

Investments are stated at fair value in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not for Profit Entities*. Investments comprise equity and fixed income securities, which are recorded at fair value. Changes in fair value are recorded in the statements of activities.

Realized gains and losses from the sales of Eli Lilly and Company common stock are calculated using the first-in, first-out method of allocating cost.

### Grants

The Endowment primarily makes grants to organizations that qualify as public charities under the Internal Revenue Code (the Code). When distributions are made to organizations other than public charities, the Endowment assumes expenditure responsibility as required under applicable federal law. Grants are approved by the Board of Directors or its authorized representatives and are accrued when approved. Grants payable at December 31, 2024, are expected to be paid to grantees as follows: \$375,356,430 in 2025, \$3,100,000 in 2026 and \$2,400,000 in 2027.

### Functional Allocation of Expenses

The Endowment allocates expenses based on nature and function among its various programs and supporting services.

### Income Recognition

Income is recognized when amounts are realizable and earned. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

## 2. Required Distributions

The Code provides that the Endowment generally must distribute for charitable purposes 5% of the average market value of its investment assets. The Endowment must make additional qualifying distributions of approximately \$3.6 billion, before January 1, 2026, to meet the 2024 minimum distribution requirements.

### 3. Fair Value of Financial Instruments

The Endowment determines fair values based on the framework for measuring fair value under ASC Topic 820, *Fair Value Measurements*. The following table summarizes fair value information at December 31, 2024 and 2023.

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value (Carrying Value)
<b>December 31, 2024</b>				
Cash equivalents .....	\$ 214,676,243	\$ —	\$ —	\$ 214,676,243
Fixed income securities .....	—	2,078,136,151	—	2,078,136,151
Equity securities .....	77,565,519,284	—	—	77,565,519,284
	<u>\$ 77,780,195,527</u>	<u>\$ 2,078,136,151</u>	<u>\$ —</u>	<u>\$ 79,858,331,678</u>
<b>December 31, 2023</b>				
Cash equivalents .....	\$ 39,793,169	\$ —	\$ —	\$ 39,793,169
Fixed income securities .....	—	1,542,329,653	—	1,542,329,653
Equity securities .....	60,523,609,397	—	—	60,523,609,397
	<u>\$ 60,563,402,566</u>	<u>\$ 1,542,329,653</u>	<u>\$ —</u>	<u>\$ 62,105,732,219</u>

Transfers between levels, if any, are recorded at the beginning of the reporting period. There were no transfers between Levels 1, 2, and 3 during the years ended December 31, 2024 and 2023.

The fair value for equity securities is determined based on the regular trading session closing price on the exchange or market in which such securities are principally traded on the last business day of each period presented (Level 1).

Fixed income securities are not based on quoted prices in active markets (Level 2). The fair value is determined by pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Fair values for these fixed income securities are obtained primarily from third-party pricing services.

### 4. Liquidity and Availability

None of the financial assets as listed on the statements of financial position is subject to donor restrictions, board designations, or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. As part of the Endowment's liquidity management, the Endowment has policies to structure its financial assets to be available for its general expenditures (grant making activities and other expenses). The Endowment uses dividends, interest and sales of investments to cover these expenditures.

### 5. Federal Excise Taxes

During 2024 and 2023, the Endowment was subject to federal excise taxes imposed on private foundations at 1.39%. The excise tax is imposed on net investment income, as defined under federal law, which includes interest, dividends, and net realized gains on the sale of investments. Current federal excise tax expense on realized amounts was \$42,793,438 and \$28,489,001 for the years ended December 31, 2024 and 2023, respectively. The Endowment made estimated excise tax payments totaling \$42,800,000 and \$28,500,000 during 2024 and 2023, respectively. Due to estimated tax overpayments during 2024 and 2023, the Endowment recorded a receivable of \$6,562 and \$10,999 at December 31, 2024 and 2023, respectively, within other assets in the statements of financial position.

The deferred tax liability relates to deferred federal excise taxes with respect to unrealized gains on investments.

The Endowment is subject to routine audits by taxing jurisdictions. The Endowment believes it is no longer subject to income tax examinations for years prior to 2021 due to three-year statute of limitations.

If incurred, any interest and penalties would be recorded as a component of federal excise tax.