THE GEORGE WASHINGTON UNIVERSITY

CONSOLIDATED FINANCIAL STATEMENTS
For the years ended June 30, 2023 and 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
The George Washington University

Opinion
We have audited the consolidated financial statements of the George Washington University and its subsidiaries (the "University"), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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.

Grant Thornton LLP

Boston, Massachusetts
September 28, 2023

THE GEORGE WASHINGTON UNIVERSITY

WASHINGTON, DC

Consolidated Balance Sheets
As of June 30, 2023 and 2022
(in thousands)

	2023		2022	
ASSETS				
Cash and cash equivalents	$	56,024	$	123,102
Accounts receivable, net		140,334		121,056
Contributions receivable, net		34,389		40,146
Investments		2,829,896		2,748,456
Loans and notes receivable, net		10,067		12,475
Property, plant, and equipment, net		1,783,581		1,779,469
Operating lease right of use assets, net		88,479		103,299
Other assets		49,116		39,611
Total assets	$	4,991,886	$	4,967,614
LIABILITIES				
Accounts payable and accrued expenses	$	314,005	$	320,971
Deferred revenue and deposits		106,297		104,657
Operating lease liability		101,120		115,831
Debt, net		1,973,649		1,983,741
Funds advanced for student loans		10,517		14,976
Total liabilities		2,505,588		2,540,176
NET ASSETS				
Without donor restrictions		1,534,781		1,585,883
With donor restrictions		951,517		841,555
Total net assets		2,486,298		2,427,438
Total liabilities and net assets	$	4,991,886	$	4,967,614

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

THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC

Consolidated Statement of Activities
Year Ended June 30, 2023
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Student tuition and fees, net	$ 778,101	$ -	$ 778,101
Patient care, net	303,695	-	303,695
Grants and contracts including indirect cost recoveries	212,016	-	212,016
Auxiliary enterprises, net	118,886	-	118,886
Endowment income distributed for operations	94,204	-	94,204
Medical education agreements	71,836	-	71,836
Contributions	22,208	-	22,208
Investment income used in operations	12,455	-	12,455
Net assets released from restrictions	10,812	-	10,812
Other	50,054	-	50,054
Total operating revenue	1,674,267	-	1,674,267
OPERATING EXPENSES			
Salaries and benefits	1,006,055	-	1,006,055
Purchased services	299,412	-	299,412
Depreciation	97,193	-	97,193
Interest	84,867	-	84,867
Occupancy	78,078	-	78,078
Medical supplies	48,571	-	48,571
Scholarships and fellowships	19,126	-	19,126
Other	115,343	-	115,343
Total operating expenses	1,748,645	-	1,748,645
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(74,378)	-	(74,378)
NON-OPERATING ACTIVITIES			
Investment income, net	103,798	72,864	176,662
Net assets released from restriction	31,001	(41,813)	(10,812)
Contributions, net	-	65,653	65,653
Endowment income distributed for operations	(95,836)	1,632	(94,204)
Other	(15,687)	11,626	(4,061)
Total non-operating activities	23,276	109,962	133,238
CHANGE IN NET ASSETS	(51,102)	109,962	58,860
NET ASSETS AT THE BEGINNING OF THE YEAR	1,585,883	841,555	2,427,438
NET ASSETS AT THE END OF THE YEAR	$ 1,534,781	$ 951,517	$ 2,486,298

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

THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC

Consolidated Statement of Activities
Year Ended June 30, 2022
(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Student tuition and fees, net	$ 770,217	$ -	$ 770,217
Patient care, net	309,954	-	309,954
Grants and contracts including indirect cost recoveries	221,787	-	221,787
Auxiliary enterprises, net	99,251	-	99,251
Endowment income distributed for operations	91,461	-	91,461
Medical education agreements	60,960	-	60,960
Contributions	21,174	-	21,174
Investment income used in operations	1,951	-	1,951
Net assets released from restrictions	7,593	-	7,593
Other	45,823	-	45,823
Total operating revenue	1,630,171	-	1,630,171
OPERATING EXPENSES			
Salaries and benefits	972,302	-	972,302
Purchased services	293,405	-	293,405
Depreciation	92,723	-	92,723
Interest	79,489	-	79,489
Occupancy	78,512	-	78,512
Medical supplies	43,793	-	43,793
Scholarships and fellowships	30,061	-	30,061
Other	103,373	-	103,373
Total operating expenses	1,693,658	-	1,693,658
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(63,487)	-	(63,487)
NON-OPERATING ACTIVITIES			
Investment income, net	30,731	(52,707)	(21,976)
Net assets released from restriction	27,735	(35,328)	(7,593)
Contributions, net	-	49,914	49,914
Endowment income distributed for operations	(94,943)	3,482	(91,461)
Other	(7,682)	5,392	(2,290)
Total non-operating activities	(44,159)	(29,247)	(73,406)
CHANGE IN NET ASSETS	(107,646)	(29,247)	(136,893)
NET ASSETS AT THE BEGINNING OF THE YEAR	1,693,529	870,802	2,564,331
NET ASSETS AT THE END OF THE YEAR	$ 1,585,883	$ 841,555	$ 2,427,438

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

THE GEORGE WASHINGTON UNIVERSITY

WASHINGTON, DC

Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022
(in thousands)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 58,860	$ (136,893)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions restricted for long-term investment	(27,651)	(17,120)
Depreciation, amortization and accretion expenses	97,272	92,629
Net realized/unrealized (gain)/loss on investments	(142,160)	53,295
Other non-cash items	5,197	4,956
Changes in operating assets and liabilities:		
Accounts receivable	(26,338)	16,605
Contributions receivable	5,757	(8,764)
Operating lease right of use assets, net	14,820	(28,267)
Other assets	(7,956)	(404)
Accounts payable and accrued expenses	(9,827)	(25,589)
Deferred revenue and deposits	1,640	(11,769)
Operating lease liability	(14,711)	27,478
Net cash used in operating activities	(45,097)	(33,843)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(742,204)	(950,686)
Sales and maturity of investments	811,091	1,059,180
Purchases of property, plant, and equipment	(105,027)	(106,219)
Change in other loans and notes receivable	2,266	3,960
Net cash (used in) provided by investing activities	(33,874)	6,235
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investment	27,651	17,120
Payments on debt	(10,132)	(133,702)
Proceeds from borrowings	-	5,360
Net proceeds from (payments of) borrowings on lines of credit	4,708	(6,535)
Payments of finance lease obligations	(5,875)	(6,660)
Change in refundable government student loan funds	(4,459)	(5,020)
Net cash provided by (used in) financing activities	11,893	(129,437)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(67,078)	(157,045)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	123,102	280,147
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 56,024	$ 123,102
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Net interest paid	$ 84,381	$ 85,391
Income tax payments	2	-
Purchases of property, plant, and equipment in accounts payable and accrued expenses	12,954	15,170

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

Note 1 - Summary of Significant Accounting Policies

The University

The George Washington University (the University) is a private, not-for-profit institution of higher education based in Washington, D.C. The University provides education and training services, primarily for students at the undergraduate, graduate, and postdoctoral levels, and performs research, training, and other services under grants, contracts, and similar agreements with sponsoring organizations, primarily departments and agencies of the U.S. Government. The University's revenues are predominantly derived from student tuition, housing, fees, and patient service revenue. The University is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) and reporting practices prescribed for not-for-profit entities. The consolidated financial statements include the accounts of the George Washington University and its wholly owned subsidiaries which includes the Medical Faculty Associates, Inc. (MFA). All material intercompany transactions and balances have been eliminated.

Medical Faculty Associates, Inc.

MFA is a 501(c)(3) corporation formed in February 2000 to operate exclusively for the benefit of the University in providing clinical, teaching, and research services. Clinical services include professional physician and related health care services to patients in the greater Washington, D.C. community. MFA maintains its accounts and prepares stand-alone financial statements in conformity with GAAP applicable to not-for-profit health care entities. MFA Physicians Insurance Company (MFA-PIC) is a wholly owned subsidiary of MFA and provides professional liability insurance for MFA and its employed physicians and providers. It is a separate entity for federal, state, and local income tax purposes. MFA-PIC is registered in the District of Columbia. There is presently no taxation imposed on the MFA-PIC.

Cash and Cash Equivalents

Financial instruments with original maturity term of three months or less are classified as cash equivalents and include U.S. Treasury securities and other short-term, highly liquid investments carried at fair value. Cash and cash equivalents held in the endowment fund and by investment managers are included in Investments. Purchases and sales of investment cash equivalents are netted for reporting on the Consolidated Statements of Cash Flows.

Aggregate cash and cash equivalent balances maintained at financial institutions exceed the amount guaranteed by federal agencies and therefore bear risk. The University has not experienced any loss due to this risk.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions received for capital projects, endowment funds, or student loans and contributions under split-interest agreements or perpetual trusts are reported as revenue with or without donor restrictions based on the terms of gift agreements. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Promises to give with payments to be received after one year from the date of the financial statements are discounted at a risk-adjusted rate approximating the market rates for unsecured borrowing. Allowance is made for uncollectible contributions based upon management's judgment after analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Investments and Investment Income

Investments include both endowment and non-endowment investments owned by the University and are further detailed in Note 5. Investment income (loss) is included in net asset categories based on the existence or absence of donor restrictions.

Investments known as split-interest agreements are unique to not-for-profit organizations. These are agreements where donors enter into trust or other arrangements under which the University receives benefits shared with other beneficiaries. The associated liabilities to beneficiaries in these arrangements are calculated based on various actuarial assumptions and are recorded in Accounts payable and accrued expenses (Note 10).

The University manages the following types of arrangements:

- Gift annuities consist of non-trust assets donated to the University in exchange for a fixed payment for the life of the beneficiary(s).

- Charitable remainder trusts consist of trust assets donated to the University in exchange for a percentage of fair value-based payment for the life of the beneficiary(s).

The University is a beneficiary of trusts held by third parties which include:

- Perpetual trusts where the University has an irrevocable right to income on trust assets in perpetuity, but never receives the assets held in trust. These beneficial interests are shown at fair value of the underlying assets, which approximates the discounted present value of the anticipated cash flows.

- Charitable remainder trusts similar to those described above, except that the University does not hold the assets as trustee. These beneficial interests are shown at present value which is calculated using the fair value of the trust assets at the measurement date, discounted based on various actuarial assumptions impacting the timing of cash flows to the University.

Accounts Receivable

Accounts receivable are reported at net realizable value. Accounts are written off against the allowance for doubtful accounts when determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based on the University's historical experience and periodic review of individual accounts. Patient receivables are recorded at net realizable value based on certain assumptions determined by each payor. The initial estimate of the balance is established by reducing the standard rate by any explicit and implicit price concessions. The University does not accrue interest on these accounts.

Loans Receivable and Refundable Advances

Loans receivable are primarily related to federal student financial aid programs and are carried at face value, less an allowance for doubtful accounts of $0.5 million and $0.4 million at June 30, 2023 and 2022, respectively. The allowance for doubtful accounts is estimated based on the University's historical experience and periodic review of individual accounts. The majority of the University's loans receivable represents amounts due under federally guaranteed programs; therefore no reserves are recorded for the federal portion. Generally, payment on loans receivable commences upon graduation and can extend up to 10 years. These loans carry interest rates ranging from 3% to 7%. Funds provided by the U.S. Government under the Federal

Perkins and Health Professions Student Loan Programs are loaned to qualified students. Health Profession funds may be loaned again after collection. The Perkins Loan program was not reauthorized by the federal government in September 2017, and therefore, collected funds will be returned to the U.S. Government and the University proportionate to their original funding. These federal loan programs have cash restricted as to their use of \$3.3 million and \$5.1 million as of June 30, 2023 and 2022, respectively.

Property, Plant, and Equipment

Land, buildings, furniture, and equipment are stated at cost or fair value at the date of donation. Buildings, furniture, and equipment are depreciated on a straight-line basis over the estimated useful lives ranging from 3 to 40 years. Interest cost incurred during construction is capitalized as part of the cost of capital projects. Property acquired on federally funded awards that meets the University's capitalization criteria is recorded as an asset of the University and depreciated in accordance with the University's depreciation policy. These assets are disposed of as prescribed by relevant federal requirements at the conclusion of the award.

Leases

The University determines if an arrangement is a lease at inception. All leases are recorded on the Consolidated Balance Sheets except for leases with an initial term less than 12 months for which the University made the short-term lease election.

Operating lease right-of-use assets (ROU) and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the University's incremental borrowing rate. Operating lease cost is recognized on a straight-line basis over the lease term as Occupancy expense in the Consolidated Statement of Activities. Lease agreements with lease and non-lease components are accounted for separately. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option. Finance lease ROU assets are included in Property, plant, and equipment, net, and the related liabilities are included in Debt, net in the Consolidated Balance Sheets.

Net Asset Classes

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of the University are classified and reported as follows:

- **Without donor restrictions** – Net assets that are not subject to donor-imposed stipulations and are available for operations or have been designated as quasi-endowment funds.

- **With donor restrictions** – Net assets with donor restrictions are subject to donor-imposed stipulations and may be restricted by time or purpose, or may be restricted in perpetuity. Those restricted by time or purpose contain stipulations that may be or will be met either by actions of the University and/or by the passage of time. Those restricted in perpetuity are subject to stipulations that the asset be maintained permanently by the University. Generally, the donors permit the University to use all or part of the income earned on related investments for general or specific purposes.

All revenues, gains, and expenses not restricted by donors are included in net assets without donor restrictions and are generally available for operations. Contributions are reported as increases in the appropriate category of net assets, except contributions with restrictions that are met in the same fiscal year they are received are included in revenues without donor restrictions. Expirations of restrictions recognized on net assets, i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as releases from net assets with donor restrictions to net assets without donor restrictions. Restrictions on gifts to acquire or construct long-lived assets are considered met in the period in which the assets are placed in service.

Non-operating Activities

Non-operating items include net investment returns that are available for future use, contributions with donor restrictions, net assets released from restrictions or for use in current year operations, changes in postretirement benefit obligations other than service costs, and significant non-recurring transactions not directly related to operations.

Tuition, Fees, and Scholarships

The University recognizes revenues from student tuition and fees within the fiscal year in which educational services are provided. Tuition discounts in the form of scholarships and grants-in-aid, including those funded by the endowment, research funds, and gifts, are reported as a reduction of tuition revenues and totaled $370 million and $353 million for the years ending June 30, 2023 and 2022, respectively. A tuition discount represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student. Cash payments to students, excluding compensation, are reported as Scholarships and fellowships expense in the Consolidated Statements of Activities.

Summer-term tuition revenue and cash deposits received for summer housing contracts which span across the fiscal year-end are recognized to the extent the University has met the performance obligations as of the end of the fiscal year and the remainder is deferred to the following fiscal year. As of June 30, 2023, $39.0 million of remaining performance obligations under open service contracts is reported as Deferred revenue and deposits on the Consolidated Balance Sheet. The University expects to recognize this entire amount in operating revenues during the fiscal year ending June 30, 2024. As of June 30, 2022, the University reported $36.8 million of remaining performance obligations under open service contracts as Deferred revenue and deposits, which was recognized as operating revenues during the fiscal year ending June 30, 2023. As of June 30, 2021, the University reported $41.5 million of remaining performance obligations under open service contracts as Deferred revenue and deposits, which was recognized as operating revenues during the fiscal year ending June 30, 2022.

Deferred revenue and deposits also includes tuition deposits received for future semesters of $17.2 million and $18.2 million as of June 30, 2023 and 2022, respectively. Tuition deposits primarily relate to the semester immediately following fiscal year end and the University recognizes revenue as the related performance obligations are met.

Auxiliary Enterprises

Auxiliary enterprises revenue is primarily composed of housing revenue. Revenue from housing is recognized as housing services are provided. Financial aid awarded specifically for housing is recorded as a reduction of auxiliary revenues and totaled $2.5 million and $2.4 million for the fiscal years ending June 30, 2023 and 2022, respectively.

Grants and Contracts

The University recognizes government and private sponsored agreements, grants and contracts as either contributions or exchange transactions. These grants and contracts are for various activities performed by the University, including but not limited to research and education programs. Most of the University’s sponsored agreements are conditional contributions.

Typically, grant and contract agreements contain a right of return or right of release from obligation provision on the part of the grantor and the University has limited discretion over how funds transferred should be spent. As such, the University recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome.

For grants and contracts treated as exchange transactions, the University recognizes revenue when the University has a right to consideration from the sponsoring organization, which is typically based on costs incurred or milestones reached.

Any funding received in advance of revenue recognition is recorded in Deferred revenue and deposits on the Consolidated Balance Sheets, and totaled $27.2 million and $25.7 million as of June 30, 2023 and 2022, respectively.

Patient Service Revenue

The University recognizes patient service revenue associated with services provided by MFA to patients who have third party payor coverage on the basis of contractual rates for services rendered. MFA has agreements with third party payors including Medicare, Medicaid, and Blue Shield, as well as other commercial and managed care insurance carriers. Contracts for payment for clinical services are negotiated with each of the carriers at an amount less than the established billing rate. For uninsured patients who do not qualify for charity care, MFA recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy), reduced by estimated implicit price concessions for patients who are unable or unwilling to pay based on historical experience with each class of patients/payors. Patient service revenue is reported as estimated net realizable amounts from patients, third-party payors, government programs and others and is recognized in the period in which services are rendered. Patient service revenue also includes contracts with Universal Health Services, Inc. and other area hospitals to provide patient care services at those facilities.

Tax Status

The University is an exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not required to pay federal income tax on income related to its exempt purposes. The University is subject to tax on unrelated business income. The University has concluded that there are no material uncertain tax positions as of June 30, 2023 and 2022.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements. Actual results could differ from these estimates.

Reclassifications of Prior Year Amounts

Certain prior year amounts have been reclassified to conform to the current year’s presentation.

Recent Accounting Standards

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses*, will be effective for the University on July 1, 2023. This ASU addresses measurement of credit losses on financial instruments and replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of information to inform credit loss estimates. The University is currently evaluating the ASU, but it is not expected to have a significant impact on the University’s consolidated financial statements.

Note 2 – Liquidity and Availability of Resources

The University regularly monitors liquidity required to meet its operating needs and commitments while striving to maximize the investment of available funds. In addition to financial assets available to meet general expenditures over the next twelve months, the University has liquidity resources in the form of available lines of credit (Note 11).

As of June 30, 2023 and 2022, the following assets could readily be made available within one year to meet general expenses:

	As of June 30, 2023		
(in thousands)	Financial Assets	Unavailable Within One Year	Available for General Expenditure Within One Year
Cash and cash equivalents	$ 56,024	$ 4,823	$ 51,201
Accounts receivable, net	140,334	8,964	131,370
Contributions receivable, net	34,389	34,062	327
Investments - pooled endowment	1,397,442	786,584	610,858
Investments - endowment real estate	1,125,000	1,125,000	-
Investments - other	307,454	209,107	98,347
Loans and notes receivable, net	10,067	10,067	-
	$ 3,070,710	$ 2,178,607	$ 892,103
Liquidity resources - available lines of credit			303,159
Financial assets available for general expenditure within one year			$ 1,195,262

	As of June 30, 2022		
(in thousands)	Financial Assets	Unavailable Within One Year	Available for General Expenditure Within One Year
Cash and cash equivalents	$ 123,102	$ 6,404	$ 116,698
Accounts receivable, net	121,056	15,112	105,944
Contributions receivable, net	40,146	39,760	386
Investments - pooled endowment	1,230,761	679,102	551,659
Investments - endowment real estate	1,109,600	1,109,600	-
Investments - other	408,095	240,023	168,072
Loans and notes receivable, net	12,475	12,475	-
	$ 3,045,235	$ 2,102,476	$ 942,759
Liquidity resources - available lines of credit			307,867
Financial assets available for general expenditure within one year			$ 1,250,626

Note 3 – Accounts Receivable

(in thousands)	June 30 2023	June 30 2022
Grants and contracts	$ 39,472	$ 33,712
Patient care	30,727	37,925
Student tuition and fee accounts	26,934	25,123
Due from affiliation agreements	40,103	4,988
Due from hospital limited partnership	-	12,870
Reinsurance	7,383	13,367
Other	8,271	9,269
	152,890	137,254
Patient care allowance for doubtful accounts	(7,654)	(13,108)
Other allowances for doubtful accounts	(4,902)	(3,090)
Total	$ 140,334	$ 121,056

Note 4 – Contributions Receivable

(in thousands)	June 30 2023	June 30 2022
Unconditional promises expected to be collected in:		
Less than one year	$ 19,403	$ 25,219
One year to five years	16,790	18,451
Over five years	2,092	69
Subtotal	38,285	43,739
Allowance for uncollectible pledges	(1,430)	(1,580)
Unamortized discount to present value	(2,466)	(2,013)
Total	$ 34,389	$ 40,146

Contributions receivable expected to be fulfilled more than one year from the date of the financial statements are recorded at fair value at the date of the gift, discounted at 3.95% - 4.26% with the discount amortized over the life of the receivable.

At June 30, 2023 and 2022, the University had received notification of outstanding bequest intentions and certain conditional promises to give of approximately $267 million and $253 million, respectively. These intentions and conditional promises are not recognized as assets and, if received, will generally be restricted for specific purposes stipulated by the donors, primarily endowments for faculty support, scholarships, or general operating support of a particular department or division of the University.

In addition, at June 30, 2023 and 2022, the University had remaining available award balances on federal and private conditional grants and contracts for sponsored projects of $202 million and $205 million, respectively. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

Note 5 – Investments

(in thousands)	June 30 2023	June 30 2022
Annuities	$ 17,392	$ 18,966
Balanced funds	19,658	17,769
Cash and cash equivalents	38,066	152,838
Fixed income:		
Asset-backed securities	51,081	47,899
Corporate debt securities	57,515	71,368
Government debt securities	88,862	108,301
Other	60,824	58,521
Global equity	772,682	615,913
Hedge funds	268,999	266,329
Private equity	191,709	162,507
Real estate	1,152,424	1,135,528
Split-interest agreements - Trusts held by others	45,282	45,095
Unrealized gain (loss) on open futures contracts and swaps	4,511	(783)
Other	3,891	48,205
Net pending trades	57,000	-
Total	$ 2,829,896	$ 2,748,456

The University enters into derivative transactions for market risk management purposes only. The University has not and will not enter into any derivative transaction for speculative or profit generating purposes. As of June 30, 2023 and 2022, the fair value of the derivatives was not material.

The University holds a 28.56% interest in the Columbia Plaza Limited Partnership, whose income and distributions are accounted for under the equity method, which is included in Real estate at $26.4 million and $25.0 million as of June 30, 2023 and 2022, respectively. The University also held a 20% interest in District Hospital Partners, L.P. (DHP), accounted for under the equity method, which was included in Other investments with a value of $38.1 million as of June 30, 2022. On August 22, 2022, Universal Health Services, Inc. purchased the University's interest in DHP for $54.0 million and the University no longer is a limited partner of DHP. The gain on sale of the partnership interest of $9.4 million is recorded in Investment income, net in the Non-Operating Activities section of the Consolidated Statement of Activities for the year ending June 30, 2023. See also Note 16.

Note 6 - Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. The fair value accounting standard provides a framework for measuring fair value and to categorize the inputs used in valuation techniques. The three levels of fair value established by the standard are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices in markets that are not active or other pricing inputs that are either directly or indirectly observable.
- Level 3 - Prices or valuation techniques in which one or more significant inputs or significant value drivers are unobservable. The determination of fair value for these financial instruments requires one or more inputs subject to significant management judgment or estimation.

Assets Measured at Fair Value on a Recurring Basis

(in thousands)	2023		
	Reported at fair value	Not subject to fair value reporting	Total
Cash and cash equivalents	$ 37,800	$ 18,224	$ 56,024
Investments	2,742,638	87,258	2,829,896
Total	$ 2,780,438	$ 105,482	$ 2,885,920

(in thousands)	2022		
	Reported at fair value	Not subject to fair value reporting	Total
Cash and cash equivalents	$ 58,794	$ 64,308	$ 123,102
Investments	2,675,248	73,208	2,748,456
Total	$ 2,734,042	$ 137,516	$ 2,871,558

Assets not subject to fair value reporting include cash deposits, a limited partnership investment where the University's interest exceeds 20% accounted for under the equity method of accounting, and pending trades.

For assets reported at fair value, the following table summarizes the valuation of financial instruments by pricing observability levels. Investments that use net asset value (NAV) as a practical expedient to estimate fair value are excluded from the fair value hierarchy.

		Classified in Fair Value Hierarchy			Total
As of June 30, 2023 ***(in thousands)***	**NAV**	**Level 1**	**Level 2**	**Level 3**	**Fair Value**
Cash equivalents at fair value	$ -	$ 37,800	$ -	$ -	$ 37,800
Investments:					
Annuities	-	-	9,355	8,037	17,392
Balanced funds	-	19,658	-	-	19,658
Cash and cash equivalents	-	38,066	-	-	38,066
Fixed income:					
Asset-backed securities	15,510	-	35,571	-	51,081
Corporate debt securities	8,991	-	48,524	-	57,515
Government debt securities	-	88,862	-	-	88,862
Other	44,241	13,318	3,265	-	60,824
Global equity	623,041	149,641	-	-	772,682
Hedge funds	268,999	-	-	-	268,999
Private equity	191,709	-	-	-	191,709
Real estate	-	271	-	1,125,786	1,126,057
Split-interest agreements - Trusts held by others	-	-	-	45,282	45,282
Unrealized gain (loss) - open futures contracts and swaps	-	(41)	4,552	-	4,511
Total investments at fair value	1,152,491	309,775	101,267	1,179,105	2,742,638
Total assets at fair value	$ 1,152,491	$ 347,575	$ 101,267	$ 1,179,105	$ 2,780,438

		Classified in Fair Value Hierarchy			Total
As of June 30, 2022 ***(in thousands)***	**NAV**	**Level 1**	**Level 2**	**Level 3**	**Fair Value**
Cash equivalents at fair value	$ -	$ 58,794	$ -	$ -	$ 58,794
Investments:					
Annuities	-	-	10,367	8,599	18,966
Balanced funds	-	17,769	-	-	17,769
Cash and cash equivalents	-	152,838	-	-	152,838
Fixed income:					
Asset-backed securities	14,980	-	32,919	-	47,899
Corporate debt securities	11,586	-	59,782	-	71,368
Government debt securities	-	105,737	2,564	-	108,301
Other	40,740	13,636	4,145	-	58,521
Global equity	493,719	122,194	-	-	615,913
Hedge funds	266,329	-	-	-	266,329
Private equity	162,507	-	-	-	162,507
Real estate	-	150	-	1,110,375	1,110,525
Split-interest agreements - Trusts held by others	-	-	-	45,095	45,095
Unrealized gain (loss) - open futures contracts and swaps	-	(3,970)	3,187	-	(783)
Total investments at fair value	989,861	408,354	112,964	1,164,069	2,675,248
Total assets at fair value	$ 989,861	$ 467,148	$ 112,964	$ 1,164,069	$ 2,734,042

The following estimates and assumptions were used to determine the fair value of each class of financial instruments listed above.

Cash and cash equivalents – These investments include cash deposits in investment funds, money market accounts, and other short-term, highly liquid investments. They are priced using independent market prices in the primary trading market and are classified as Level 1.

Annuities – These investments, associated with the University's deferred compensation plan, include both variable- and fixed-rate annuities. Level 2 assets are not publicly traded, but have established NAV or are based on quoted prices for similar assets. Level 3 assets are guaranteed fixed-annuity contracts issued by an insurance company.

Balanced Funds – These investments, associated with the University's deferred compensation plan, are mutual funds which hold a mix of equity and fixed income investments. These publicly-traded funds are categorized as Level 1.

Fixed income – These investments generally include asset-backed securities, convertible bonds, corporate debt, investment funds with fixed income portfolios, federal and municipal bonds, and U.S. Treasury notes. These assets are primarily valued using market prices, such as broker quotes, for the same or similar instruments. Securities in this category that trade in less active markets and are redeemable in the near term are typically categorized as Level 2. The fair value of fixed income investment funds not publicly traded has been estimated using the NAV of the funds which are calculated by the investment manager, and excluded from fair value leveling.

Global equity – These investments generally include separately held accounts, shares in commingled funds, and global equity holdings. Securities traded on an active exchange are priced using unadjusted market quotes for identical assets and are classified as Level 1. The fair value of commingled funds has been estimated using the NAV of the funds which are calculated by the investment manager, and excluded from fair value leveling.

Hedge funds – This investment is structured as a fund of funds vehicle and employs a diverse range of investment strategies, including long and short equity, long and short credit, quantitative, event-driven, and global macro. The fair value has been estimated using the NAV of the funds which are calculated by the investment manager, and excluded from fair value leveling.

Private equity – These investments generally include limited partnerships that are not publicly traded and cannot be redeemed because the investments include restrictions that do not allow redemption through maturity. The fair values of these investments have been estimated using the NAV of the funds, which are calculated by the investment manager and are excluded from fair value leveling. The valuation policies adopted by the manager are reviewed for propriety, consistency, compliance, and completeness. For a small percentage of these investments, the manager reported NAV is prepared using non-U.S. GAAP, which may differ from fair value reported under U.S. GAAP. Where material differences are known to exist, management bases its measurements on fair value estimates obtained from the investment managers and/or third-party valuation advisors. Quantitative information about the significant unobservable inputs used in arriving at these fair value measurements is not readily available. Changes to these inputs may result in significant changes to the fair value measurement and such changes could be material to the consolidated financial statements.

Real estate – Real estate investment properties are valued based on results from professional independent appraisals and are included in Level 3. Different assumptions or changes in future market conditions could significantly affect the estimated fair value and such changes could be material to the consolidated financial statements.

As of June 30, 2023

	Fair Value *(in thousands)*	Valuation Techniques	Unobservable Inputs	Rate	Weighted Average
Office building	$ 214,000	Income approach	Exit capitalization rate	6.50%	N/A
			Discount rate	7.50%	N/A
Ground leased real estate	$ 911,000	Income approach	Capitalization rate	3.50 - 4.25%	3.60%
			Discount rate	5.25 - 6.00%	5.50%

As of June 30, 2022

	Fair Value *(in thousands)*	Valuation Techniques	Unobservable Inputs	Rate	Weighted Average
Office building	$ 248,000	Income approach	Exit capitalization rate	6.00%	N/A
			Discount rate	6.50%	N/A
Ground leased real estate	$ 861,600	Income approach	Capitalization rate	3.50%	N/A
			Discount rate	4.50 - 7.00%	4.92%

Split-interest agreements – Trusts held by others – The University's beneficial interests in perpetual trusts held by third parties are categorized as Level 3. These are valued using a discounted cash flow analysis based on the assumed timing and duration of those cash flows.

The University follows guidance that allows investment funds without a readily determinable fair value to report NAV or its equivalent as a practical expedient to estimate fair value if certain criteria are met. The fair values of the following investments have been estimated using reported NAV:

(in thousands)	**2023**				**2022**
Category of Investment	Fair Value	Unfunded commitments	Redemption frequency	Redemption notice period	Fair Value
Fixed income - asset-backed securities	$ 15,510	$ -	Quarterly	15 days	$ 14,980
Fixed income - corporate debt securities	8,991	-	Quarterly	60-90 days	11,586
Fixed income - other	44,241	16,463	Quarterly to redemption not permitted during life of fund	365 days to N/A	40,740
Global equity	623,041	-	Daily to quarterly	1-90 days	493,719
Hedge funds	268,999	-	Quarterly	90 days	266,329
Private equity	191,709	184,959	Redemption not permitted during life of fund	N/A	162,507
Total	$ 1,152,491	$ 201,422			$ 989,861

The following investments do not permit redemption during the life of the fund:

Fixed income - other – These assets are primarily composed of credit instruments and equity securities in Asia-Pacific, Italy, and North America. There are no funds in liquidation as of June 30, 2023.

Private equity – These assets are primarily composed of long term lock-up funds to include buyouts, growth equity, venture capital, distressed debt, and micro-capitalization securities. Distributions from the majority of these investments are received through the liquidation of the underlying assets. Timing of liquidation is unknown.

Changes in Level 3 Assets

(in thousands)	2023					
	Beginning of year	Net realized/ unrealized gains (losses)	Purchases/ additions	Sales/Transfers	End of year	Total net gains (losses) included in earnings attributable to the change in net unrealized gains (losses) for assets still held at June 30, 2023
Real estate	$ 1,110,375	$ (93)	$ 15,504	$ -	$ 1,125,786	$ (93)
Split-interest agreements - trusts held by others	45,095	330	-	(143)	45,282	338
Annuities	8,599	278	209	(1,049)	8,037	-
	$ 1,164,069	$ 515	$ 15,713	$ (1,192)	$ 1,179,105	$ 245

(in thousands)	2022					
	Beginning of year	Net realized/ unrealized gains (losses)	Purchases/ additions	Sales/Transfers	End of year	Total net gains (losses) included in earnings attributable to the change in net unrealized gains (losses) for assets still held at June 30, 2022
Real estate	$ 1,125,937	$ 31,445	$ 352	$ (47,359)	$ 1,110,375	$ 19,396
Split-interest agreements - trusts held by others	47,557	(2,402)	-	(60)	45,095	(2,108)
Annuities	8,433	260	247	(341)	8,599	-
	$ 1,181,927	$ 29,303	$ 599	$ (47,760)	$ 1,164,069	$ 17,288

Level transfers are accounted for at the beginning of the reporting period and are typically the result of a change in the observability of significant valuation inputs. There were no transfers in or out of Level 3 during the years ending June 30, 2023 or June 30, 2022.

Realized/unrealized gains on Level 3 assets included in changes in net assets are reported in the following revenue categories:

(in thousands)	**2023**	**2022**
	Investment income, net	**Investment income, net**
Total net gains included in changes in net assets	$ 237	$ 29,043
Change in net unrealized gains relating to assets still held at June 30	$ 245	$ 17,288

Note 7 - Endowment

The University's Endowment (Endowment) consists of the unitized investment pool, investment real estate, and separately managed funds. The Endowment provides stable financial support to a wide variety of programs and activities in perpetuity, playing a critical role in enabling the University to achieve its mission. Programs supported by the Endowment include scholarships, chairs and professorships, fellowships, research activities, and libraries. The Endowment includes both donor-restricted endowment funds and quasi-endowment funds. Net assets associated with endowment funds, including quasi-endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment funds without donor restrictions are quasi-endowments.

Interpretation of Relevant Law

The University has interpreted the Uniform Prudent Management of Institutional Funds Act of 2007 (UPMIFA), absent explicit donor stipulations to the contrary, to allow spending from donor-restricted endowments in good faith and with the care that an ordinary prudent person would exercise after considering multiple factors. The University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The preservation of the fund over time
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions including the possible effects of inflation and deflation
- The investment policies and expected total return from income and the appreciation of investments
- Other resources of the organization

As a result of this interpretation, the University classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Appreciation on the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA.

Summarized below are the changes in endowment funds by net asset classification.

(in thousands)	June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,661,259	$ 679,102	$ 2,340,361
Investment return, net	89,242	71,267	160,509
Contributions	6,219	53,653	59,872
Endowment payout	(71,882)	(31,402)	(103,284)
Reinvestment of payout and internal transfers	51,020	13,964	64,984
Endowment net assets, end of year	$ 1,735,858	$ 786,584	$ 2,522,442

(in thousands)	June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,684,213	$ 727,059	$ 2,411,272
Investment return, net	25,409	(48,794)	(23,385)
Contributions	5,275	26,253	31,528
Endowment payout	(69,948)	(29,014)	(98,962)
Reinvestment of payout and internal transfers	16,310	3,598	19,908
Endowment net assets, end of year	$ 1,661,259	$ 679,102	$ 2,340,361

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the University to retain as a fund of perpetual duration. Endowment corpus that is to be maintained in perpetuity totaled $299.0 million and $274.5 million as of June 30, 2023 and 2022, respectively.

As of June 30, 2023, a deficiency of $5.2 million existed on an original gift value of $84.6 million. As of June 30, 2022, a deficiency of $11.2 million existed on an original gift value of $128.5 million. The University's policies permit spending from underwater endowment funds, unless otherwise precluded by donor intent or relevant laws and regulations.

Investment Objectives and Risk Parameters

The objective of the Endowment is to preserve and enhance the corpus of the endowment over time while also supporting the spending needs of the University. While it is the University's goal to maintain purchasing power in practice, it is not the University's accounting policy to accommodate purchasing power adjustments by classifying any additional portion of net appreciation as funds to be maintained in perpetuity. The level of risk is measured by the annualized standard deviation of quarterly portfolio returns and is expected to be that incurred by university endowments of similar size with similar return objectives over a complete market cycle.

Strategies Employed for Achieving Objectives

Asset allocation policy is the cornerstone of a disciplined, consistent, and diversified approach to achieving the Endowment's investment objectives. The Endowment is broadly diversified across and within asset classes in order to minimize the impact of unexpected asset class and security specific adverse results and avoid excessive portfolio volatility. The Endowment's long-term target asset allocation is approved by the Committee on Finance and Investments of the Board of Trustees.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The University's Board of Trustees establishes a spending policy that determines how endowment distributions are made. The spending policy is designed to balance current and future spending requirements by ensuring that a portion of investment return is distributed to operations in the form of payout for current expenditure with the remainder reinvested to shield against inflation. Currently, payout is calculated as 4.5% of the rolling 12-quarter average market value, adjusted for new gifts received during the year. In establishing this policy, the University considered the long-term expected return on its endowment.

Accumulated appreciation in endowment funds with donor-restricted corpus is classified as net assets with donor restrictions until appropriated for spending under the spending policy. At the time of appropriation, the amount of investment income necessary to satisfy the spending policy for the endowment fund and related purpose restrictions, if applicable, is reflected as Net assets released from restriction, which reduces net assets with donor restrictions and increases net assets without donor restrictions. Any excess of income earned over the approved spending amount is retained in net assets with donor restrictions.

Note 8 - Property, plant, and equipment

(in thousands)	June 30	
	2023	**2022**
Land	$ 197,641	$ 198,750
Buildings	2,521,913	2,365,735
Construction in progress	40,982	130,367
Furniture and equipment	226,386	213,452
Library and historical research materials	42,413	69,338
Equipment under finance leases	26,389	29,987
	3,055,724	3,007,629
Accumulated depreciation	(1,272,143)	(1,228,160)
Total	$ 1,783,581	$ 1,779,469

Depreciation expense was $97.2 million and $92.7 million for the fiscal years ending June 30, 2023 and 2022, respectively.

Note 9 - Leases

The University leases office space for academic, administrative, and medical practice purposes under operating leases expiring at various dates through 2041.

(in thousands)	June 30	
Components of lease cost:	**2023**	**2022**
Operating lease cost	$ 18,546	$ 14,912
Finance lease cost:		
Amortization of right-of-use assets	5,614	6,144
Interest on lease liabilities	241	418
Total finance lease cost	5,855	6,562
Total lease cost	$ 24,401	$ 21,474

(in thousands)	June 30	
Supplemental cash flow information related to leases:	**2023**	**2022**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 18,494	$ 15,625
Operating cash flows from finance leases	$ 241	$ 418
Financing cash flows from finance leases	$ 5,875	$ 6,660
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ -	$ 39,413
Finance leases	$ 2,710	$ 6,064

(in thousands)
Supplemental balance sheet information related to leases:

	June 30, 2023		June 30, 2022	
	Operating	**Finance**	**Operating**	**Finance**
Right-of-use assets	$ 136,689	$ 26,389	$ 139,302	$ 29,987
Accumulated amortization	(48,210)	(17,808)	(36,003)	(15,740)
	$ 88,479	$ 8,581	$ 103,299	$ 14,247
Lease liabilities	$ 101,120	$ 7,363	$ 115,831	$ 12,517
Weighted Average Remaining Lease Term (years):	6.79	3.98	7.56	3.39
Weighted Average Discount Rate:	3.81%	2.57%	3.79%	3.50%

(in thousands)

Lease maturity table:

Fiscal Year Ending June 30:	Operating	Finance
2024	$ 19,134	$ 2,419
2025	19,071	2,334
2026	16,759	1,636
2027	15,603	594
2028	12,842	260
Thereafter	32,082	501
	115,491	7,744
Less effects of discounting	(14,371)	(381)
Total	$ 101,120	$ 7,363

Note 10 - Accounts Payable and Accrued Expenses

	June 30	
(in thousands)	**2023**	**2022**
Accrued building construction payable	$ 10,177	$ 14,632
Accrued interest payable	19,755	19,755
Accrued other liabilities	42,902	44,175
Accrued payroll and related liabilities	134,673	140,085
Accumulated postretirement liability	6,240	6,608
Split-interest agreements	8,220	8,316
Self-insurance reserves	65,956	63,897
Trade payables	15,459	12,999
Other payables	10,623	10,504
Total	$ 314,005	$ 320,971

Note 11 – Debt

(in thousands)		June 30		
		2023		2022
	Final Scheduled Maturities	Ending Interest Rate	Amount Outstanding	Amount Outstanding
Taxable bonds:				
2013 Series General Obligation	9/15/2043	Fixed 4.363%	$ 170,000	$ 170,000
2014 Series General Obligation	9/15/2044	Fixed 4.3%	300,000	300,000
2015 Series General Obligation	9/15/2045	Fixed 4.868%	350,000	350,000
2016 Series General Obligation	9/15/2046	Fixed 3.545%	250,000	250,000
2018 Series General Obligation	9/15/2048	Fixed 4.126%	795,000	795,000
Notes payable:				
MFA revolving credit facility, $50.0 million	10/31/2023	LIBOR + 1.45%	46,841	42,133
MFA term loan with a vendor	6/30/2024	Fixed 3.5%	2,097	4,347
MFA term loan with a national bank	4/5/2027	LIBOR + 2.375%	19,617	24,325
MFA unsecured subordinated loan	7/1/2027	LIBOR + 6.0%	9,333	11,667
MFA term loan secured by real estate	4/5/2028	LIBOR + 2.375%	31,832	32,672
			1,974,720	1,980,144
Less: Debt issuance costs			(8,434)	(8,920)
Plus: Finance lease liability			7,363	12,517
Total			$ 1,973,649	$ 1,983,741

The University maintains a credit agreement with a national bank, including a $300 million revolving credit facility with a variable interest rate of BSBY + 0.45%. The agreement is effective through June 16, 2027.

MFA has swap agreements associated with the term loan with a national bank and the term loan secured by real estate, to convert the variable interest rates to fixed rates of 3.43% and 3.96%, respectively. Subsequent to June 30, 2023, MFA extended the term of the revolving credit facility to October 31, 2023. The University guarantees certain debt obligations incurred by MFA and these loans are included as liabilities in the consolidated financial statements.

As of June 30, 2023, principal payments are due on bonds and note payable in accordance with the following schedule:

Fiscal Year Ending June 30	*(in thousands)*
2024	$ 57,015
2025	8,290
2026	8,505
2027	7,795
2028	28,115
Thereafter	1,865,000
Total	$ 1,974,720

Note 12 - Commitments and Contingencies

The University is a defendant in certain pending lawsuits. Based upon information currently available, management believes that any liability resulting therefrom will not materially affect the consolidated financial position or changes in net assets of the University.

Estimated medical malpractice claims include estimates of the ultimate costs for both reported claims and claims incurred but not yet reported. Insurance reserves at year-end are management's best estimate of the University's liability under its insurance policies.

Amounts received and expended by the University under various federal and state programs are subject to audit by government agencies. Management believes that adjustments, if any, which might result from such audits would not have a significant impact upon the consolidated financial position or changes in net assets of the University.

The federal government and many states have aggressively increased enforcement under Medicare and Medicaid anti-fraud and abuse litigation. Receipts from the Medicare and Medicaid programs account for a significant portion of net patient service revenue. MFA has implemented a program to monitor compliance with applicable laws and regulations, but the possibility of future government review and interpretation exists. MFA's management believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing or noncompliance with laws and regulations.

Note 13 - Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the University are classified and reported as follows:

- **Without donor restrictions** – Net assets that are not subject to donor-imposed stipulations and are available for operations or have been designated as quasi-endowment funds.

- **With donor restrictions** – Net assets with donor restrictions are subject to donor-imposed stipulations and may be restricted by time or purpose, or may be restricted in perpetuity. Those restricted by time or purpose contain stipulations that may be or will be met either by actions of the University and/or by the passage of time. Those restricted in perpetuity are subject to stipulations that the asset be maintained permanently by the University. Generally, the donors permit the University to use all or part of the income earned on related investments for general or specific purposes.

(in thousands)	June 30, 2023			
Nature of Specific Net Assets	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**	**Required to be Held in Perpetuity**
Donated building funds	$ -	$ 3,918	$ 3,918	$ -
Quasi-endowment funds	1,735,858	-	1,735,858	-
Donor restricted endowment funds	-	786,584	786,584	299,032
Loan funds	838	4,116	4,954	4,116
Contributions receivable	-	34,389	34,389	730
Split-interest funds	12,035	51,876	63,911	28,407
Patient care	(239,841)	-	(239,841)	-
Net investment in plant and other	25,891	70,634	96,525	17,802
	$ 1,534,781	$ 951,517	$ 2,486,298	$ 350,087

(in thousands)	June 30, 2022			
Nature of Specific Net Assets	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**	**Required to be Held in Perpetuity**
Donated building funds	$ -	$ 3,511	$ 3,511	$ -
Quasi-endowment funds	1,661,259	-	1,661,259	-
Donor restricted endowment funds	-	679,102	679,102	274,503
Loan funds	913	4,095	5,008	4,095
Contributions receivable	-	40,146	40,146	424
Split-interest funds	10,889	51,305	62,194	28,110
Patient care	(161,000)	-	(161,000)	-
Net investment in plant and other	73,822	63,396	137,218	14,525
	$ 1,585,883	$ 841,555	$ 2,427,438	$ 321,657

Note 14 - Program and Supporting Activities Expense

	June 30, 2023					
(in thousands)	Academic and student support	Patient care	Research	Total program	Support services	Total expenses
Salaries and benefits	$ 509,064	$ 234,446	$ 112,350	$ 855,860	$ 150,195	$ 1,006,055
Purchased services	103,418	66,287	65,421	235,126	64,286	299,412
Depreciation	71,969	6,795	5,119	83,883	13,310	97,193
Interest	63,195	6,274	4,123	73,592	11,275	84,867
Occupancy	14,877	12,496	1,735	29,108	48,970	78,078
Medical supplies	284	48,257	30	48,571	-	48,571
Scholarships and fellowships	19,126	-	-	19,126	-	19,126
Other	77,307	25,818	11,174	114,299	457	114,756
Allocations	119,984	-	13,567	133,551	(133,551)	-
	$ 979,224	$ 400,373	$ 213,519	$ 1,593,116	$ 154,942	$ 1,748,058
Add: Functionalized non-operating postretirement change						587
Total operating expenses						$ 1,748,645

	June 30, 2022					
(in thousands)	Academic and student support	Patient care	Research	Total program	Support services	Total expenses
Salaries and benefits	$ 479,017	$ 237,884	$ 110,528	$ 827,429	$ 144,873	$ 972,302
Purchased services	88,118	79,038	61,785	228,941	64,464	293,405
Depreciation	68,528	6,723	5,227	80,478	12,245	92,723
Interest	61,714	4,812	4,011	70,537	8,952	79,489
Occupancy	17,726	12,497	2,032	32,255	46,257	78,512
Medical supplies	349	42,898	546	43,793	-	43,793
Scholarships and fellowships	30,061	-	-	30,061	-	30,061
Other	67,352	23,576	6,761	97,689	4,060	101,749
Allocations	116,857	-	12,908	129,765	(129,765)	-
	$ 929,722	$ 407,428	$ 203,798	$ 1,540,948	$ 151,086	$ 1,692,034
Add: Functionalized non-operating postretirement change						1,624
Total operating expenses						$ 1,693,658

Allocations include costs for the maintenance and operation of physical plant and technology. Maintenance and operation of physical plant costs are allocated based upon periodic inventories of facility square foot usage and totaled $89.4 million and $87.4 million for the years ended June 30, 2023 and 2022, respectively. Depreciation expense is allocated based on facility square foot usage. Interest on plant debt is allocated based on the percentage of interest expense attributable to properties.

Technology costs include expenses to support students, faculty, and staff with the operation and maintenance of campus networks, telecommunications systems, research and computing labs, and administrative systems. These costs are allocated based upon relative benefits provided to academic and administrative users of the services. Technology costs totaled $73.7 million and $69.0 million for the years ended June 30, 2023 and 2022, respectively.

Note 15 - Retirement Plans and Postretirement Benefits

Full-time and regular part-time faculty and staff are eligible for participation in the University's defined contribution retirement program. The program is administered by the University. Independent vendors receive contributions for the plan for investment purposes and process distributions from the plan. Any present or future employee who completes two years of service becomes eligible to participate in the program.

The plan consists of both a noncontributory and a matching component. All eligible participants receive a contribution equal to 4% of their base salary. In addition, for those employees electing to participate in the matching portion of the program, the University contributes an additional amount equal to 1½% for each 1% of eligible compensation contributed by the employee, but not to exceed an amount equal to 6% of the participant's eligible compensation. Participants are immediately fully vested in both types of the University's contributions. Eligible participants direct the investment of contributions made on their behalf. For eligible participants who do not provide investment direction for contributions, the University contributions are invested in a Qualified Default Investment Alternative based on the expected year of retirement. University contributions to the retirement plan amounted to $41.2 million and $40.1 million for the years ended June 30, 2023 and 2022, respectively.

The University provides health care and life insurance benefits to certain retired employees. These employees become eligible for benefits after meeting age and service requirements. The University's postretirement benefit plan provides a Medicare health insurance exchange for retirees and long-term disability participants who are age 65 or older. A Retiree Health Savings Plan is provided for retirees who are under age 65 or are not Medicare eligible. The University's policy is to fund postretirement benefits as payments are made. Accounts payable and accrued expenses include accumulated postretirement liability of $6.2 million and $6.6 million as of June 30, 2023 and 2022, respectively.

Note 16 - Related Parties

DISTRICT HOSPITAL PARTNERS, L.P.

The University had a 20% limited partnership interest in District Hospital Partners, L.P. (DHP), which owns and operates the GW Hospital and provides support to the University in developing and maintaining the medical academic and research programs. The University's investment in DHP was recorded on the equity basis of accounting. On May 28, 2022, the University, DHP, Universal Health Services, Inc. (UHS), and related UHS entities executed a new operating and academic affiliation agreement, which restructured their relationship. On August 22, 2022, UHS purchased the University's interest in DHP for $54.0 million and the University no longer is a limited partner of DHP.

While the University was a limited partner, the University and DHP executed several agreements, which reimbursed or compensated the University for providing services or personnel to assist in the continued operations of the GW Hospital.

Summarized below are the amounts resulting from this relationship included in the Consolidated Financial Statements.

(in thousands)	As of August 22, 2022	As of June 30, 2022
Consolidated Balance Sheet		
Receivable from DHP for medical education services	$ 7,838	$ 5,156
DHP loan to the MFA	$ 11,472	$ 11,667

(in thousands)	Partial year through August 22, 2022	Year ended June 30, 2022
Consolidated Statement of Activities		
Equity investment share of partnership profits	$ 833	$ 4,360
Medical education agreements revenue	$ 7,176	$ 41,976

Although it sold its interest in DHP, the University continues to partner with UHS, as an external party, in furtherance of the University's educational, scientific research and healthcare charitable purposes.

Note 17 – Impact of the COVID-19 Pandemic

During the year ended June 30, 2022, the University received assistance through distributions from the Higher Education Emergency Relief Fund (HEERF). The University recorded $12.6 million of HEERF receipts as revenue within Grants and contracts including indirect cost recoveries. The full $12.6 million was distributed to students and was expensed within Scholarships and fellowships on the Consolidated Statement of Activities.

MFA received a federal Coronavirus Aid, Relief and Economic Security Act (CARES Act) grant of $15.6 million for the year ended June 30, 2022. During the year ended June 30, 2022, $9.9 million in grants from the Washington, D.C. government to help mitigate the adverse financial impacts of COVID-19 were reserved for repayment and were included in Accounts payable and accrued expenses in the Consolidated Balance Sheet. During the year ended June 30, 2023, the Washington, D.C. government indicated repayment was not required, and the $9.9 million was recognized as Other operating revenue in the Consolidated Statement of Activities.

Note 18 – Subsequent Events

The University has performed an evaluation of subsequent events through September 28, 2023, which is the date the financial statements were issued, noting no events which affect the financial statements as of June 30, 2023, other than as disclosed in note 11.

Supplementary Consolidating Information

THE GEORGE WASHINGTON UNIVERSITY

WASHINGTON, DC

Supplemental Schedule to the Consolidated Financial Statements
Consolidating Balance Sheet
As of June 30, 2023
(in thousands)

	GWU	MFA	Eliminations	Total
ASSETS				
Cash and cash equivalents	$ 54,515	$ 1,509	$ -	$ 56,024
Accounts receivable, net	108,416	49,218	(17,300)	140,334
Contributions receivable, net	34,389	-	-	34,389
Investments	2,786,310	46,695	(3,109)	2,829,896
Loans and notes receivable, net	10,067	-	-	10,067
Loans to MFA	191,525	-	(191,525)	-
Property, plant, and equipment, net	1,711,494	72,087	-	1,783,581
Operating lease right of use assets, net	48,539	49,309	(9,369)	88,479
Other assets	39,294	10,588	(766)	49,116
Total assets	$ 4,984,549	$ 229,406	$ (222,069)	$ 4,991,886
LIABILITIES				
Accounts payable and accrued expenses	$ 221,849	$ 109,405	$ (17,249)	$ 314,005
Deferred revenue and deposits	106,077	986	(766)	106,297
Operating lease liability	56,480	54,060	(9,420)	101,120
Debt, net	1,863,487	110,162	-	1,973,649
Loans from GWU	-	191,525	(191,525)	-
Funds advanced for student loans	10,517	-	-	10,517
Total liabilities	2,258,410	466,138	(218,960)	2,505,588
NET ASSETS				
Without donor restrictions	1,774,622	(236,732)	(3,109)	1,534,781
With donor restrictions	951,517	-	-	951,517
Total net assets	2,726,139	(236,732)	(3,109)	2,486,298
Total liabilities and net assets	$ 4,984,549	$ 229,406	$ (222,069)	$ 4,991,886

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

THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC

Supplemental Schedule to the Consolidated Financial Statements
Consolidating Statement of Activities
Year Ended June 30, 2023
(in thousands)

	GWU	MFA	Eliminations	Total
OPERATING REVENUE				
Student tuition and fees, net	$ 778,263	$ -	$ (162)	$ 778,101
Patient care, net	-	303,695	-	303,695
Grants and contracts including indirect cost recoveries	208,866	3,150	-	212,016
Auxiliary enterprises, net	117,577	1,361	(52)	118,886
Endowment income distributed for operations	94,204	-	-	94,204
Medical education agreements	80,632	22,096	(30,892)	71,836
Contributions	22,208	-	-	22,208
Investment income used in operations	15,727	3,067	(6,339)	12,455
Net assets released from restrictions	10,812	-	-	10,812
Other	45,862	36,751	(32,559)	50,054
Total operating revenue	1,374,151	370,120	(70,004)	1,674,267
OPERATING EXPENSES				
Salaries and benefits	755,711	250,509	(165)	1,006,055
Purchased services	270,583	77,044	(48,215)	299,412
Depreciation	90,398	6,795	-	97,193
Interest	78,593	12,613	(6,339)	84,867
Occupancy	65,650	21,309	(8,881)	78,078
Medical supplies	314	48,257	-	48,571
Scholarships and fellowships	19,110	16	-	19,126
Other	89,329	32,418	(6,404)	115,343
Total operating expenses	1,369,688	448,961	(70,004)	1,748,645
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	4,463	(78,841)	-	(74,378)
NON-OPERATING ACTIVITIES				
Investment income, net	176,662	-	-	176,662
Net assets released from restriction	(10,812)	-	-	(10,812)
Contributions, net	65,653	-	-	65,653
Endowment income distributed for operations	(94,204)	-	-	(94,204)
Other	(4,061)	-	-	(4,061)
Total non-operating activities	133,238	-	-	133,238
CHANGE IN NET ASSETS	137,701	(78,841)	-	58,860
NET ASSETS AT THE BEGINNING OF THE YEAR	2,588,438	(157,891)	(3,109)	2,427,438
NET ASSETS AT THE END OF THE YEAR	$ 2,726,139	$ (236,732)	$ (3,109)	$ 2,486,298

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

Basis of Presentation – Supplementary Consolidating Information

The consolidating supplemental schedules as of and for the year ending June 30, 2023, are derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating supplemental schedules are presented for purposes of additional analysis of the consolidated financial statements and are not a required part of the consolidated financial statements. The individual components of the consolidating schedules are disclosed in Note 1 to the consolidated financial statements.