

The George Washington University
Consolidated Financial Statements and Schedule of
Expenditures of Federal Awards and Reports in
Accordance with the OMB Uniform Guidance
For the year ended June 30, 2018
EIN 53-0196584

The George Washington University

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June 30, 2018

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Report of Independent Auditors

To the President and Board of Trustees of
The George Washington University

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The George Washington University and its subsidiaries (the University), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of unrestricted activities, consolidated statements of activities, and consolidated statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The George Washington University and its subsidiaries as of June 30, 2018 and 2017, 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.



Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2018 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 auditing standards generally accepted in the United States of America. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2018 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 for the year ended June 30, 2018. 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 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.

PricewaterhouseCoopers LLP

September 18, 2018
McLean, Virginia

Consolidated Statements of Financial Position

As of June 30, 2018 and 2017

(in thousands)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 122,808	\$ 243,149
Short-term investments	290,092	75,054
Accounts receivable, net	78,452	74,082
Pledges receivable, net	47,371	56,446
Investments	2,253,953	2,165,852
Loans and notes receivable, net	48,251	35,649
Property, plant, and equipment, net	1,708,079	1,712,115
Other assets	18,625	21,633
Total assets	<u>\$ 4,567,631</u>	<u>\$ 4,383,980</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 198,173	\$ 185,875
Deferred revenue:		
Tuition and other deposits	64,697	67,416
Grants and contracts payments	24,050	17,138
Bonds and notes payable, net	1,855,973	1,761,945
Funds advanced for student loans	29,621	29,761
Total liabilities	<u>2,172,514</u>	<u>2,062,135</u>
NET ASSETS		
Unrestricted net assets:		
Unrestricted operating (deficit)	(33,881)	(31,659)
Unrestricted capital and investing	1,714,570	1,609,371
Total unrestricted	<u>1,680,689</u>	<u>1,577,712</u>
Temporarily restricted	427,847	464,887
Permanently restricted	286,581	279,246
Total net assets	<u>2,395,117</u>	<u>2,321,845</u>
Total liabilities and net assets	<u>\$ 4,567,631</u>	<u>\$ 4,383,980</u>

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

Consolidated Statements of Unrestricted Activities
Years Ended June 30, 2018 and 2017
(in thousands)

	2018			2017		
	Operating	Capital and Investing	Total Unrestricted	Operating	Capital and Investing	Total Unrestricted
REVENUE						
Student tuition and fees	\$ 1,067,678	\$ -	\$ 1,067,678	\$ 1,019,581	\$ -	\$ 1,019,581
Less: University funded scholarships	(317,030)	-	(317,030)	(289,744)	-	(289,744)
Net student tuition and fees	750,648	-	750,648	729,837	-	729,837
Grants and contracts						
Program funds	170,326	-	170,326	161,924	-	161,924
Indirect cost recoveries	31,362	-	31,362	29,323	-	29,323
Investment income, net	18,454	19,286	37,740	15,866	81,384	97,250
Investment real property rents and appreciation	-	128,704	128,704	-	112,683	112,683
Change in value of split-interest agreements	-	2	2	-	6	6
Auxiliary enterprises	118,733	-	118,733	116,102	-	116,102
Contributions, net	20,160	901	21,061	16,350	2,139	18,489
Net assets released from restrictions	17,852	58,584	76,436	14,405	45,280	59,685
Medical education agreements	64,814	40	64,854	63,759	33	63,792
Other income	28,796	2,669	31,465	35,879	2,591	38,470
Total revenue	1,221,145	210,186	1,431,331	1,183,445	244,116	1,427,561
EXPENSES						
Salaries and wages	576,590	-	576,590	556,998	-	556,998
Fringe benefits	125,363	-	125,363	119,866	-	119,866
Purchased services	252,304	550	252,854	232,912	537	233,449
Supplies	15,522	88	15,610	14,235	110	14,345
Equipment	10,551	3,554	14,105	9,788	6,451	16,239
Bad debt	3,610	-	3,610	1,731	-	1,731
Occupancy	48,639	89,888	138,527	47,066	84,787	131,853
Investment real property expense	-	35,969	35,969	-	34,397	34,397
Scholarships and fellowships	16,941	-	16,941	16,311	-	16,311
Communications	4,064	-	4,064	4,312	-	4,312
Travel and training	26,918	2	26,920	25,856	-	25,856
Interest	-	62,329	62,329	-	60,147	60,147
Debt extinguishment costs	-	14,042	14,042	-	23,154	23,154
Other	38,362	2,661	41,023	35,133	3,107	38,240
Total expenses	1,118,864	209,083	1,327,947	1,064,208	212,690	1,276,898
OTHER INCREASES (DECREASES) IN NET ASSETS						
Debt service and mandatory purposes	(99,598)	99,598	-	(103,185)	103,185	-
Endowment support	76,861	(78,781)	(1,920)	75,129	(77,672)	(2,543)
Capital expenditures	(10,545)	10,545	-	(13,480)	13,480	-
Postretirement related changes	-	(1,704)	(1,704)	-	14,600	14,600
Support/investment	(71,221)	74,438	3,217	(79,534)	79,199	(335)
Total other changes in net assets	(104,503)	104,096	(407)	(121,070)	132,792	11,722
INCREASE (DECREASE) IN NET ASSETS	(2,222)	105,199	102,977	(1,833)	164,218	162,385
NET ASSETS (DEFICIT) AT THE BEGINNING OF THE YEAR	(31,659)	1,609,371	1,577,712	(29,826)	1,445,153	1,415,327
NET ASSETS (DEFICIT) AT THE END OF THE YEAR	\$ (33,881)	\$ 1,714,570	\$ 1,680,689	\$ (31,659)	\$ 1,609,371	\$ 1,577,712

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

Consolidated Statements of Activities
Years Ended June 30, 2018 and 2017
(in thousands)

	2018			2017				
	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE								
Student tuition and fees	\$ 1,067,678	\$ -	\$ -	\$ 1,067,678	\$ 1,019,581	\$ -	\$ -	\$ 1,019,581
Less: University funded scholarships	(317,030)	-	-	(317,030)	(289,744)	-	-	(289,744)
Net student tuition and fees	750,648	-	-	750,648	729,837	-	-	729,837
Grants and contracts								
Program funds	170,326	-	-	170,326	161,924	-	-	161,924
Indirect cost recoveries	31,362	-	-	31,362	29,323	-	-	29,323
Investment income, net	37,740	26,121	-	63,861	97,250	55,494	-	152,744
Investment real property rents and appreciation	128,704	-	-	128,704	112,683	-	-	112,683
Change in value of split-interest agreements	2	990	1,018	2,010	6	1,643	1,378	3,027
Auxiliary enterprises	118,733	-	-	118,733	116,102	-	-	116,102
Contributions, net	21,061	15,756	4,123	40,940	18,489	32,592	2,139	53,220
Net assets released from restrictions	76,436	(76,667)	231	-	59,685	(60,120)	435	-
Medical education agreements	64,854	-	-	64,854	63,792	-	-	63,792
Other income	31,465	-	20	31,485	38,470	-	24	38,494
Total revenue	1,431,331	(33,800)	5,392	1,402,923	1,427,561	29,609	3,976	1,461,146
EXPENSES								
Salaries and wages	576,590	-	-	576,590	556,998	-	-	556,998
Fringe benefits	125,363	-	-	125,363	119,866	-	-	119,866
Purchased services	252,854	-	-	252,854	233,449	-	-	233,449
Supplies	15,610	-	-	15,610	14,345	-	-	14,345
Equipment	14,105	-	-	14,105	16,239	-	-	16,239
Bad debt	3,610	-	-	3,610	1,731	-	-	1,731
Occupancy	138,527	-	-	138,527	131,853	-	-	131,853
Investment real property expense	35,969	-	-	35,969	34,397	-	-	34,397
Scholarships and fellowships	16,941	-	-	16,941	16,311	-	-	16,311
Communications	4,064	-	-	4,064	4,312	-	-	4,312
Travel and training	26,920	-	-	26,920	25,856	-	-	25,856
Interest	62,329	-	-	62,329	60,147	-	-	60,147
Debt extinguishment costs	14,042	-	-	14,042	23,154	-	-	23,154
Other	41,023	-	-	41,023	38,240	-	-	38,240
Total expenses	1,327,947	-	-	1,327,947	1,276,898	-	-	1,276,898
OTHER INCREASES (DECREASES) IN NET ASSETS								
Endowment support	(1,920)	882	1,038	-	(2,543)	75	2,468	-
Postretirement related changes	(1,704)	-	-	(1,704)	14,600	-	-	14,600
Support/investment	3,217	(4,122)	905	-	(335)	(1,512)	1,847	-
Total other changes in net assets	(407)	(3,240)	1,943	(1,704)	11,722	(1,437)	4,315	14,600
INCREASE (DECREASE) IN NET ASSETS	102,977	(37,040)	7,335	73,272	162,385	28,172	8,291	198,848
NET ASSETS AT THE BEGINNING OF THE YEAR	1,577,712	464,887	279,246	2,321,845	1,415,327	436,715	270,955	2,122,997
NET ASSETS AT THE END OF THE YEAR	\$ 1,680,689	\$ 427,847	\$ 286,581	\$ 2,395,117	\$ 1,577,712	\$ 464,887	\$ 279,246	\$ 2,321,845

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

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 73,272	\$ 198,848
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated assets	(1,803)	(4,204)
Depreciation, amortization and accretion expenses	86,546	81,972
Provision for bad debt	3,610	1,731
Change in value of split-interest agreements	(2,010)	(3,027)
Net realized/unrealized (gain) on investments	(114,641)	(171,652)
Net (gain) on sale of property	(4)	(15,210)
Debt extinguishment costs	14,042	23,153
(Increase) decrease in operating assets:		
Accounts receivable	(7,990)	(14,941)
Pledges receivable	9,075	18,127
Other assets	3,011	(3,935)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	6,521	(20,205)
Tuition and other deposits	(2,719)	17,634
Grants and contracts deferred revenue	6,912	2,492
Contributions restricted for long-term investment	(6,222)	(5,922)
Net cash provided by operating activities	<u>67,600</u>	<u>104,861</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(393,672)	(228,313)
Proceeds from sales and maturity of investments	425,818	256,662
Purchase of short-term investments	(454,112)	(324,402)
Proceeds from sales and maturity of short-term investments	239,074	334,710
Purchases and renovations of land and buildings	(63,456)	(57,338)
Additions of furniture and equipment	(12,780)	(14,239)
Net proceeds from sale of real property	388	37,246
(Increase) in other loans and notes receivable	(12,600)	(41)
Net cash provided by (used in) investing activities	<u>(271,340)</u>	<u>4,285</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from contributions restricted for long-term investment	6,222	5,922
Principal payments and refinancing of bonds and notes payable	(168,016)	(9,696)
Extinguishment of debt	(530,940)	(200,000)
Debt extinguishment costs	(14,042)	(23,153)
Proceeds from borrowings and refinancing of bonds	795,000	250,000
Payments of debt issuance costs	(3,888)	(1,400)
Principal payments on capital lease	(796)	(3,163)
Refundable advances from the U.S. Government	(141)	(127)
Net cash provided by financing activities	<u>83,399</u>	<u>18,383</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(120,341)	127,529
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	243,149	115,620
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 122,808</u>	<u>\$ 243,149</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest, net of amounts capitalized	\$ 70,530	\$ 71,858
Income tax payments	46	290
Assets and liabilities acquired under capital lease	625	610

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

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Note 1 - 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, room, and other fees. The University is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code.

Note 2 - Summary of Significant Accounting Policies

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. Significant intercompany transactions and balances have been eliminated.

Cash and Cash Equivalents

Highly liquid financial instruments with original maturities at dates of purchase of three months or less are classified as cash equivalents and include U.S. Treasury securities, collateralized interest-bearing repurchase agreements carried at fair value, and other short-term, highly liquid investments carried at fair value. Cash and cash equivalents held by endowment fund 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 capital and investing unrestricted revenues, temporarily restricted revenues, or permanently restricted revenues according to donor-imposed restrictions. All other contributions are reported as operating revenues unless the donor has otherwise restricted the contributions. 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 as required by fair value measurement accounting standards. 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.

THE GEORGE WASHINGTON UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 unrestricted revenues, temporarily restricted revenues, or permanently restricted revenues depending on 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 assets associated with these arrangements are recorded at their fair value and are included in Investments (Note 5). Once liabilities to other beneficiaries are satisfied, the residual assets are transferred to the University.

The University manages the following types of arrangements. 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 9).

- Gift annuities consist of non-trust assets donated to the University in exchange for a fixed payment for the life of the beneficiary(s).
- Pooled life income funds are donated funds received by the University in which the donor receives or assigns a life income. The funds are pooled by the University and are assigned a specific number of units in the pool. The beneficiary(s) is paid the amount of income earned on the donor's assigned units.
- 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. 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 \$0.47 million at June 30, 2018 and 2017. 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

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

ranging from 3% to 7%. The carrying value of loans receivable approximates fair value. 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 \$3.1 million and \$2.8 million as of June 30, 2018 and 2017, 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 life of the assets. Interest cost incurred during construction is capitalized as part of the cost of capital projects. Equipment under capital leases is included in assets and liabilities at the value of future minimum lease payments discounted by the University's incremental borrowing rate. 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.

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:

Permanently restricted - Net assets subject to donor-imposed restrictions that stipulate they be maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes.

Temporarily restricted - Net assets subject to donor-imposed restrictions that may be or will be met either by actions of the University and/or by the passage of time.

Unrestricted - Net assets that are not subject to donor-imposed restrictions.

Revenues from sources other than contributions or investment income are reported as increases in unrestricted net assets. Contributions are reported as increases in the appropriate category of net assets, except contributions that impose restrictions that are met in the same fiscal year they are received are included in unrestricted revenues. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary 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 temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire or construct long-lived assets are considered met in the period in which the assets are acquired.

The University follows a practice of classifying its revenues and expenses within unrestricted net assets as capital and investing or operating. Items classified as capital and investing include accounts and transactions related to endowment funds and plant facilities, except for donor-restricted contributions to endowment principal and plant. Substantially all of the net assets classified as unrestricted in the Consolidated Statements of Financial Position have been invested in property and equipment, consolidated endowment pool, or are designated for specific uses.

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Other Increases (Decreases) In Net Assets

Debt service and mandatory purposes - Transfers from operating net assets to capital and investing net assets are for principal and interest payments.

Endowment support - Transfers of investment income provide support for operating activities based on the spending policy of the Board of Trustees.

Capital expenditures - Transfers from operating net assets to capital and investing net assets are for equipment purchases.

Postretirement related changes - Recognition in unrestricted net assets of changes in the actuarial liability for postretirement benefit plans other than net periodic benefit cost, as well as amortization of changes recognized in prior years from unrestricted net assets to expenses as a component of the net periodic benefit cost.

Support/investment - Other transfers among operating net assets, capital and investing net assets, and temporarily/permanently restricted net assets.

Tuition, Fees, and Scholarships

The University recognizes unrestricted revenues from student tuition and fees within the fiscal year in which the academic term is predominantly conducted. Deferred tuition and fees are included in Deferred revenue: Tuition and other deposits in the Consolidated Statements of Financial Position.

Tuition discounts in the form of scholarships and grants-in-aid, including those funded by the endowment, research funds, and gifts, have been reported as a reduction of tuition revenues. 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.

Grants and Contracts

The University recognizes grants and contracts sponsored research agreements revenue as it is earned in accordance with the agreement, generally when expenditures are incurred. Any funding received in advance of expenditure is recorded as deferred revenue on the Consolidated Statements of Financial Position.

Occupancy

The University uses the category of Occupancy to group costs associated with depreciation and maintenance of physical property. Occupancy expense includes depreciation, rent, utilities, insurance, taxes, repairs, and maintenance.

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.

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Recent Accounting Standards

ASU 2014-09, *Revenue from Contracts with Customers*, will be effective for the University on July 1, 2018. This standard requires entities to recognize revenue from customers when or as performance obligations of the contract are met. The adoption of this standard will increase deferred revenue liability and reduce opening net assets by approximately \$25 million.

ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, will be effective for the University on July 1, 2018. This update assists not-for-profit entities in evaluating whether transactions should be accounted for as contributions or as exchange transactions, and in determining whether a contribution is conditional. The adoption of this standard will not have a material effect on the University's financial statements.

ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, will be effective for the University on July 1, 2018. The main requirements of the guidance include (a) presenting only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) classifying underwater amounts of donor-restricted endowment funds as "net assets with donor restrictions", (c) use of placed-in-service approach for expiration of restrictions on capital gifts, (d) presentation of investment return net of expenses, and (e) disclosures of composition of net assets, liquidity, and expenses by both their natural and functional classification.

ASU 2016-02, *Leases*, will be effective for the University on July 1, 2019. This standard requires recognition of rights and obligations arising from lease contracts, including existing and new arrangements, as assets and liabilities on the balance sheet. The University is currently evaluating the effect of adoption on the financial statements.

Note 3 – Accounts Receivable

<i>(in thousands)</i>	June 30	
	2018	2017
Grants and contracts	\$ 37,072	\$ 35,218
Student tuition and fee accounts	24,882	23,641
Due from affiliation agreements	3,260	4,008
Due from hospital limited partnership	6,950	4,502
Other	9,423	9,392
Allowance for doubtful accounts	<u>(3,135)</u>	<u>(2,679)</u>
Total	<u>\$ 78,452</u>	<u>\$ 74,082</u>

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Note 4 – Pledges Receivable

<i>(in thousands)</i>	June 30	
	2018	2017
Unconditional promises expected to be collected in:		
Less than one year	\$ 42,823	\$ 38,985
One year to five years	11,847	32,400
Over five years	1,029	1,218
Subtotal	55,699	72,603
Allowance for uncollectible pledges	(6,910)	(12,910)
Unamortized discount to present value	(1,418)	(3,247)
Total	<u>\$ 47,371</u>	<u>\$ 56,446</u>

Pledges 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% - 4.59% with the discount amortized over the life of the pledge.

At June 30, 2018 and 2017, the University had received notification of outstanding bequest intentions and certain conditional promises to give of approximately \$206 million and \$178 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.

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Note 5 – Investments

<i>(in thousands)</i>	June 30	
	2018	2017
Cash and cash equivalents	\$ 93,332	\$ 42,191
Fixed income:		
Asset-backed securities	41,574	44,294
Corporate debt securities	32,269	43,403
Government debt securities	96,049	127,042
Other	7,233	4,419
Global equity	451,547	387,856
Hedge funds	193,321	146,508
Private equity	139,570	169,449
Real estate	1,032,753	1,027,487
Split-interest agreements:		
GW as trustee	13,679	13,851
Trusts held by others	48,409	46,633
Deferred compensation plan assets	50,399	44,790
Other	54,036	54,901
Net pending trades	-	13,092
Unrealized (loss) on open futures contracts	(219)	(64)
Total	<u>\$ 2,253,952</u>	<u>\$ 2,165,852</u>

<i>(in thousands)</i>	June 30	
	2018	2017
Investment income, net:		
Interest and dividends	\$ 15,343	\$ 10,854
Net gain on investments carried at fair value	37,145	127,780
Net gain on investment carried at other than fair value	16,899	18,501
Administrative expenses	(5,526)	(4,391)
Total	<u>\$ 63,861</u>	<u>\$ 152,744</u>

<i>(in thousands)</i>	June 30	
	2018	2017
Investment real property rents and appreciation:		
Real property rents	\$ 49,975	\$ 55,603
Net unrealized appreciation	78,729	57,080
	<u>\$ 128,704</u>	<u>\$ 112,683</u>

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, 2018 and 2017, 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 \$23.6 million and \$23.5 million as of June 30, 2018 and 2017, respectively. The University also holds a 20% interest in District

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Hospital Partners, L.P., accounted for under the equity method, which is included in Other investments, valued at \$41.0 million and \$42.1 million as of June 30, 2018 and 2017, respectively.

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 University has elected to apply fair value option to the endowment investments. 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)

	2018		
	Reported at fair value	Not subject to fair value reporting	Total
Cash and cash equivalents	\$ 116,010	\$ 6,799	\$ 122,809
Short-term investments	289,821	271	290,092
Investments	2,175,069	78,883	2,253,952
Total	<u>\$ 2,580,900</u>	<u>\$ 85,953</u>	<u>\$ 2,666,853</u>

(in thousands)

	2017		
	Reported at fair value	Not subject to fair value reporting	Total
Cash and cash equivalents	\$ 236,567	\$ 6,582	\$ 243,149
Short-term investments	74,784	270	75,054
Investments	2,073,140	92,712	2,165,852
Total	<u>\$ 2,384,491</u>	<u>\$ 99,564</u>	<u>\$ 2,484,055</u>

Assets not subject to fair value reporting include cash deposits, two limited partnership investments where the University’s interest exceeds 20% accounted for under the equity method of accounting, and intangible assets. For assets reported at fair value, the following table summarizes the valuation of financial instruments by pricing observability levels. Investments that use NAV as a practical expedient to measure fair value are excluded from the fair value hierarchy.

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<u>As of June 30, 2018 (in thousands)</u>	NAV	Classified in Fair Value Hierarchy			Total Fair Value
		Level 1	Level 2	Level 3	
Cash equivalents at fair value	\$ -	\$ 116,010	\$ -	\$ -	\$ 116,010
Short-term investments at fair value	-	289,821	-	-	289,821
<u>Investments:</u>					
Cash and cash equivalents	-	93,331	1	-	93,332
Fixed income:					
Asset-backed securities	41,574	-	-	-	41,574
Corporate debt securities	16,849	-	15,420	-	32,269
Government debt securities	30,752	65,297	-	-	96,049
Other	3,924	2,798	511	-	7,233
Global equity	300,010	150,268	-	-	450,278
Hedge funds	193,321	-	-	-	193,321
Private equity	139,570	-	-	-	139,570
Real estate	-	98	-	1,009,077	1,009,175
Split-interest agreements:					
GW as trustee	-	13,679	-	-	13,679
Trusts held by others	-	-	-	48,409	48,409
Deferred compensation plan assets	-	33,212	10,036	7,151	50,399
Unrealized loss-open futures contracts	-	(219)	-	-	(219)
Total investments at fair value	726,000	358,464	25,968	1,064,637	2,175,069
Total assets at fair value	\$ 726,000	\$ 764,295	\$ 25,968	\$ 1,064,637	\$ 2,580,900
<u>As of June 30, 2017 (in thousands)</u>	NAV	Classified in Fair Value Hierarchy			Total Fair Value
		Level 1	Level 2	Level 3	
Cash equivalents at fair value	\$ -	\$ 236,567	\$ -	\$ -	\$ 236,567
Short-term investments at fair value	-	74,784	-	-	74,784
<u>Investments:</u>					
Cash and cash equivalents	-	42,190	1	-	42,191
Fixed income:					
Asset-backed securities	44,294	-	-	-	44,294
Corporate debt securities	17,229	-	26,174	-	43,403
Government debt securities	31,808	95,234	-	-	127,042
Other	1,656	2,334	429	-	4,419
Global equity	260,603	126,047	-	-	386,650
Hedge funds	146,508	-	-	-	146,508
Private equity	169,449	-	-	-	169,449
Real estate	-	-	-	1,003,974	1,003,974
Split-interest agreements:					
GW as trustee	-	13,851	-	-	13,851
Trusts held by others	-	-	-	46,633	46,633
Deferred compensation plan assets	-	28,354	10,133	6,303	44,790
Unrealized loss-open futures contracts	-	(64)	-	-	(64)
Total investments at fair value	671,547	307,946	36,737	1,056,910	2,073,140
Total assets at fair value	\$ 671,547	\$ 619,297	\$ 36,737	\$ 1,056,910	\$ 2,384,491

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

- Cash, cash equivalents, and short-term investments - These investments include cash deposits in investment funds and short-term U.S. Treasury securities, money market accounts, and other short-term, highly liquid investments which are actively traded. Cash equivalents also include a bank repurchase agreement valued at \$5.3 million at June 30, 2018 and \$5.2 million at June 30, 2017. The repurchase agreement is collateralized by bank-owned securities issued by the U.S. Government or agencies thereof. Cash equivalents are priced using independent market prices in the primary trading market and are classified as either Level 1 or Level 2.
- Fixed income investments - These investments generally include asset-backed securities, convertible bonds, corporate debt, investment funds with fixed income portfolios, and 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. Securities that are not publicly traded may be categorized as Level 1, 2 or 3 depending upon redemption terms. The fair value of investment funds not publicly traded has been estimated using the NAV of the funds which are calculated by the investment manager, and excluded from the fair value leveling table.
- Global equity investments - 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 the fair value leveling table.
- Hedge funds - These investments generally include funds that invest in long and short positions, pursuing a diverse range of investment strategies. These investments are typically funds structured in a fund of funds vehicle. The objective of the fund of funds is to generate long-term capital appreciation. The fair value of these investments has been estimated using the NAV of the funds which are calculated by the investment manager, and excluded from the fair value leveling table.
- 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 the fair value leveling table. The valuation policies adopted by the manager are reviewed for propriety, consistency, compliance, and completeness. Inputs used to determine fair value are based upon the best available information provided by the investment manager and may incorporate management judgments and best estimates after considering a variety of factors. 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.

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- Real estate - Real estate investment properties are valued based on results from an independent appraisal and a professional third-party market valuation and are included in Level 3. To determine fair value in cases where the two valuation methods yielded resulting values within 5%, the University adopted the average of the two values as the fair value. In cases where the variance between the two valuations was greater than 5%, the University considered the ranges of values provided by the valuation experts and made certain assumptions with respect to future property cash flow expectations and risk pricing in the form of income capitalization rates and discount rates. Valuation adjustments represent management's assumptions of how a market participant would view the properties, and are based on the range of future cash flows and risk pricing presented in the appraisals and professional valuations. 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.

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As of June 30, 2018

	Fair Value <i>(in thousands)</i>	Valuation Techniques	Unobservable Inputs	Range
Hotel	\$ 48,900	Discounted cash flow	Exit capitalization rate	7.00%
			Discount rate	9.00%
Office building	\$ 187,000	Income capitalization approach	Exit capitalization rate	5.50%
			Discount rate	6.75%
Ground leased real estate	\$ 772,300	Income capitalization approach	Capitalization rate	3.50%
			Discount rate	3.75 - 5.00%

As of June 30, 2017

	Fair Value <i>(in thousands)</i>	Valuation Techniques	Unobservable Inputs	Range
Hotel	\$ 49,000	Discounted cash flow	Exit capitalization rate	7.00%
			Discount rate	9.00%
Office buildings	\$ 342,472	Discounted cash flow	Exit capitalization rate	6.00 - 7.00%
			Discount rate	6.75 - 7.50%
Ground leased real estate	\$ 611,613	Direct capitalization	Capitalization rate	3.50 - 3.75%
			Discount rate	5.50 - 6.00%

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- Split-interest agreements - Assets received under split-interest agreements from donors where the University serves as trustee are categorized as Level 1 based on the observability of pricing inputs to the underlying investments held in those trusts. 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.
- Deferred compensation plan assets - Assets purchased under deferred compensation arrangements include mutual funds, insurance company pooled separate accounts, and variable annuities and are categorized as Level 1, Level 2, or Level 3 based on the observability of pricing inputs for the investment vehicles. Funds that are publicly traded are categorized as Level 1, while Level 2 assets include funds which are not publicly traded, but have established NAV or are based on quoted prices for similar assets. Level 3 assets include annuity contracts issued by an insurance company.

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:

<i>in thousands</i>	2018				2017
	Fair Value	Unfunded commitments	Redemption frequency	Redemption notice period	Fair Value
Fixed income - asset-backed securities	\$ 41,574	\$ -	Daily to quarterly	1-15 days	\$ 44,294
Fixed income - corporate debt	16,849	-	Quarterly	30-90 days	17,229
Fixed income - government debt	30,752	-	Daily to monthly	1-15 days	31,808
Fixed income - other	3,924	738	Redemption not permitted during life of fund	N/A	1,656
Global equity	300,010	-	Daily to quarterly	1 to 60 days	260,603
Hedge funds	193,321	-	Quarterly	90 days	146,508
Private equity	139,570	97,127	Redemption not permitted during life of fund	N/A	169,449
Total	<u>\$ 726,000</u>	<u>\$ 97,865</u>			<u>\$ 671,547</u>

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. There are no assets in liquidation as of June 30, 2018
- Private equity - These assets are primarily composed of long term lock-up funds to include private equity, venture capital, oil and gas, land, distressed debt, infrequently traded small-capitalization and micro-capitalization securities. Distributions from the majority of these investments are received through the liquidation of the underlying assets. It is estimated that approximately 80% of the underlying assets will be liquidated within 10 years.

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Changes in Level 3 Assets

(in thousands)

2018

	Beginning of year	Net realized/unrealized gains	Purchases/ additions	Sales	End of year	Total net gains included in earnings attributable to the change in net unrealized gains for assets still held at June 30, 2018
Real estate	\$ 1,003,974	\$ 75,555	\$ 657	\$ (71,109)	\$ 1,009,077	\$ 78,717
Split- interest agreements - trusts held by others	46,633	1,419	535	(178)	48,409	1,419
Deferred compensation	6,303	96	752		7,151	-
	<u>\$ 1,056,910</u>	<u>\$ 77,070</u>	<u>\$ 1,944</u>	<u>\$ (71,287)</u>	<u>\$ 1,064,637</u>	<u>\$ 80,136</u>

(in thousands)

2017

	Beginning of year	Net realized/unrealized gains	Purchases/ additions	Sales	End of year	Total net gains included in earnings attributable to the change in net unrealized gains for assets still held at June 30, 2017
Real estate	961,167	63,310	9,093	(29,596)	1,003,974	57,114
Split- interest agreements - trusts held by others	40,423	2,090	4,180	(60)	46,633	2,090
Deferred compensation	4,924	-	1,379	-	6,303	-
	<u>\$ 1,006,514</u>	<u>\$ 65,400</u>	<u>\$ 14,652</u>	<u>\$ (29,656)</u>	<u>\$ 1,056,910</u>	<u>\$ 59,204</u>

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 level transfers in the years ended June 30, 2018 and 2017.

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

(in thousands)

	2018		
	Investment income	Investment real property rents and appreciation	Change in value of split- interest agreements
Total net gains (losses) included in changes in net assets	\$ (3,174)	\$ 78,729	\$ 1,419
Change in net unrealized gains (losses) relating to assets still held at June 30	\$ (12)	\$ 78,729	\$ 1,419

(in thousands)

	2017		
	Investment income	Investment real property rents and appreciation	Change in value of split- interest agreements
Total net gains included in changes in net assets	\$ 6,230	\$ 57,080	\$ 2,090
Change in net unrealized gains relating to assets still held at June 30	\$ 34	\$ 57,080	\$ 2,090

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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 funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including Board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The University interprets the Uniform Prudent Management of Institutional Funds Act of 2007 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

The University classifies as permanently restricted net assets (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 temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. The classification of temporarily restricted net assets includes funds donated to the University under an agreement permitting the Board to expend below the original value of the gift in periods of deficient earnings.

In accordance with UPMIFA, 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

Endowment funds are categorized in the following net asset classes:

<i>(in thousands)</i>	June 30			
	2018		2017	
	Donor-restricted Endowment Funds	Board- designated Endowment Funds	Donor-restricted Endowment Funds	Board- designated Endowment Funds
Unrestricted	\$ (8,337)	\$ 1,253,818	\$ (6,944)	\$ 1,196,133
Temporarily restricted	312,779	-	304,531	-
Permanently restricted	240,550	-	235,427	-
Total endowment funds	<u>\$ 544,992</u>	<u>\$ 1,253,818</u>	<u>\$ 533,014</u>	<u>\$ 1,196,133</u>

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Changes in endowment funds by net asset classification are summarized as follows:

(in thousands)

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 1,189,189	\$ 304,531	\$ 235,427	\$ 1,729,147
Investment return:				
Investment income	17,338	5,030	-	22,368
Net appreciation (realized and unrealized)	82,322	24,114	-	106,436
Administrative expenses	(2,204)	(3,322)	-	(5,526)
Total investment return	<u>97,456</u>	<u>25,822</u>	<u>-</u>	<u>123,278</u>
Contributions	<u>5,575</u>	<u>7,962</u>	<u>4,086</u>	<u>17,623</u>
Appropriations for expenditure	<u>(50,873)</u>	<u>(31,854)</u>	<u>-</u>	<u>(82,727)</u>
Reinvestment of payout and internal transfers to endowments	4,134	6,318	1,037	11,489
Endowment net assets, end of year	<u>\$ 1,245,481</u>	<u>\$ 312,779</u>	<u>\$ 240,550</u>	<u>\$ 1,798,810</u>

(in thousands)

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 1,086,617	\$ 254,461	\$ 229,200	\$ 1,570,278
Investment return:				
Investment income	24,885	3,659	-	28,544
Net appreciation (realized and unrealized)	111,269	53,146	-	164,415
Administrative expenses	(2,175)	(2,216)	-	(4,391)
Total investment return	<u>133,979</u>	<u>54,589</u>	<u>-</u>	<u>188,568</u>
Contributions	<u>799</u>	<u>8,249</u>	<u>3,577</u>	<u>12,625</u>
Appropriations for expenditure	<u>(49,282)</u>	<u>(29,914)</u>	<u>-</u>	<u>(79,196)</u>
Reinvestment of payout and internal transfers to endowments	17,076	17,146	2,650	36,872
Endowment net assets, end of year	<u>\$ 1,189,189</u>	<u>\$ 304,531</u>	<u>\$ 235,427</u>	<u>\$ 1,729,147</u>

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 or UPMIFA requires the University to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$8.3 million and \$6.9 million as of June 30, 2018 and 2017, respectively.

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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 permanently restricted. 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 Subcommittee on Endowment 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 for current expenditure with the remainder reinvested to shield against inflation. The payout rate is approved annually by the Board of Trustees as part of the budget process. Currently, spending increases in the payout are capped by the change in the Consumer Price Index for the Washington, DC metro area, adjusted for new gifts received during the year. The annual payout is intended to approximate 5% of the average fair value of the endowment. 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 temporarily restricted net assets 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 a Net assets released from restriction, which reduces temporarily restricted net assets and increases unrestricted capital and investing net assets. Any excess of income earned over the approved spending amount is retained in unrestricted, temporarily restricted, or permanently restricted net assets depending on donor restrictions.

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Note 8 - Property, plant, and equipment

(in thousands)

	June 30	
	2018	2017
Land	\$ 179,591	\$ 179,975
Buildings	2,180,765	2,111,143
Construction in progress	22,757	26,250
Furniture and equipment	175,433	167,835
Library and historical research materials	69,540	74,230
Equipment under capital leases	9,298	9,917
	<u>2,637,384</u>	<u>2,569,350</u>
Accumulated depreciation	(929,305)	(857,235)
Total	<u>\$ 1,708,079</u>	<u>\$ 1,712,115</u>

The value of Construction in progress includes the addition of capitalized interest of approximately \$1.3 million for the year ended June 30, 2017. There was no capitalized interest for the year ended June 30, 2018.

Furniture and equipment expenditures

(in thousands)

	June 30	
	2018	2017
Capitalized	\$ 14,816	\$ 14,983
Expensed	14,105	16,240
Total	<u>\$ 28,921</u>	<u>\$ 31,223</u>

Depreciation expense

(in thousands)

	June 30	
	2018	2017
Buildings	\$ 59,926	\$ 56,002
Furniture and equipment	23,163	23,098
Equipment under capital leases	1,505	1,773
Total	<u>\$ 84,594</u>	<u>\$ 80,873</u>

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 9 - Accounts Payable and Accrued Expenses

<i>(in thousands)</i>	June 30	
	2018	2017
Accrued building construction payable	\$ 14,376	\$ 11,703
Accrued interest payable	21,681	20,769
Accrued other liabilities	31,039	29,650
Accrued payroll and related liabilities	89,089	84,323
Accumulated postretirement liability	4,327	5,028
Asset retirement obligation	1,221	1,203
Split interest agreements	6,358	6,528
Trade payables	17,487	14,825
Other payables	12,595	11,846
Total	\$ 198,173	\$ 185,875

Note 10 - Bonds and Notes Payable

<i>(in thousands)</i>	Final Scheduled Maturities	June 30		
		2018	2017	
		Ending Interest Rate	Amount Outstanding	Amount Outstanding
Taxable bonds:				
2010 Series General Obligation	9/15/2020	Fixed 4.812%	\$ -	\$ 80,940
2011 Series General Obligation	9/15/2021	Fixed 4.452%	-	100,000
2011A Series General Obligation	9/15/2021	Fixed 3.576%	-	50,000
2012 Series General Obligation	9/15/2022	Fixed 3.485%	-	300,000
2012A Series General Obligation	9/15/2017	Fixed 1.827%	-	168,000
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	-
Unsecured notes payable	5/1/2021	Fixed 3%	51	68
			1,865,051	1,769,008
Less: debt issuance costs			(9,078)	(7,063)
Total			\$ 1,855,973	\$ 1,761,945

As of June 30, 2018, the University has two renewable available lines of credit with a national bank totaling \$150 million. These lines of credit have variable interest rates and expire in 2019 and 2020. There were no amounts outstanding under lines of credit at June 30, 2018 or 2017.

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2018 bond issuance - In March 2018, the University issued \$795 million in Series 2018 taxable, fixed-rate bonds at 4.126% with a maturity date of September 15, 2048. The bond proceeds were used to repay Series 2010, 2011, 2011A, and 2012 fixed-rate bonds totaling \$521 million at average rate of 4.1%. The remaining portion of proceeds will be used for construction of student housing and to enhance the University's academic mission.

<u>Interest expense (in thousands)</u>	<u>Expense category</u>	<u>June 30</u>	
		<u>2018</u>	<u>2017</u>
Bonds/notes payable	Interest	\$ 62,267	\$ 60,032
Rental property	Investment real property	10,985	10,382
Capital leases	Interest	63	115
Total		<u>\$ 73,315</u>	<u>\$ 70,529</u>

As of June 30, 2018, principal payments are due on bonds and note payable in accordance with the following schedule:

<u>Fiscal Year Ending June 30</u>	<u>(in thousands)</u>
2019	\$ 17
2020	17
2021	17
2022	-
2023	-
Thereafter	<u>1,865,000</u>
Total	<u>\$ 1,865,051</u>

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Note 11 - Commitments and Contingencies

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

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 University leases certain office, academic, residential, and administrative facilities under non-cancelable operating leases expiring at various dates through 2028. Rent expense under operating leases totaled \$14.9 million and \$15.7 million for the years ended June 30, 2018 and 2017, respectively. The aggregate minimum lease payments under these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>(in thousands)</u>
2019	\$ 12,263
2020	10,910
2021	10,983
2022	9,465
2023	9,414
Thereafter	18,181
Total	<u>\$ 71,216</u>

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 12 - 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:

Permanently restricted - Net assets subject to donor-imposed restrictions that stipulate they be maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes.

Temporarily restricted - Net assets subject to donor-imposed restrictions that may be or will be met either by actions of the University and/or by the passage of time.

Temporarily and permanently restricted net assets consist of the following:

<i>(in thousands)</i>	June 30			
	2018		2017	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Building funds	\$ 2,173	\$ -	\$ 23,263	\$ -
Endowment funds:				
Instruction & academic support	194,673	141,731	193,229	140,189
Student aid	95,812	86,622	88,773	83,586
Building funds	847	632	871	632
Other endowments	21,447	11,565	21,658	11,020
	<u>312,779</u>	<u>240,550</u>	<u>304,531</u>	<u>235,427</u>
Loan funds	-	3,816	-	3,812
Pledges:				
Instruction & academic support	23,284	833	26,075	865
Student aid	12,252	391	14,129	383
Building funds	2,407	-	2,997	-
Other pledges	8,204	-	11,996	1
	<u>46,147</u>	<u>1,224</u>	<u>55,197</u>	<u>1,249</u>
Split-interest agreements	<u>28,239</u>	<u>27,799</u>	<u>27,720</u>	<u>26,903</u>
Other	<u>38,509</u>	<u>13,192</u>	<u>54,176</u>	<u>11,855</u>
Total	<u>\$ 427,847</u>	<u>\$ 286,581</u>	<u>\$ 464,887</u>	<u>\$ 279,246</u>

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Note 13 - Program and Supporting Activities Expense

<i>(in thousands)</i>	June 30	
	2018	2017
Instruction and academic support	\$ 746,025	\$ 706,209
Research	205,820	193,102
Auxiliary enterprises	93,663	94,290
Student services	106,244	104,123
Institutional support	122,320	127,020
Independent operations	36,632	35,055
Student aid	17,243	17,099
Total	<u>\$ 1,327,947</u>	<u>\$ 1,276,898</u>

Independent operations include expenses associated with the University's investment real estate operations.

Costs related to the maintenance and operation of physical plant of \$222.8 million and \$214.8 million for the years ended June 30, 2018 and 2017, respectively, include depreciation of plant assets and interest on plant debt. These costs are allocated among program and supporting activities based upon periodic inventories of facility square foot usage. Interest on plant debt is allocated based on the percentage of actual interest expense attributable to properties.

Technology costs of \$75.1 million and \$71.9 million for the years ended June 30, 2018 and 2017, respectively, are allocated to other functions based upon relative benefits provided to academic and administrative users of the services. Technology costs include expenses associated with the operation and maintenance of administrative systems, campus network and telecommunications systems, computing labs, and related support for students and faculty.

Note 14 - 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 \$39.2 million and \$38.3 million for the years ended June 30, 2018 and 2017, respectively.

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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. Effective June 1, 2017, the University updated its post retirement benefit plan to provide 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 plan change reduced the accumulated postretirement liability by approximately \$16 million. The University's policy is to fund postretirement benefits as payments are made. Accounts payable and accrued expenses include accumulated postretirement liability of \$4.3 million and \$5.0 million as of June 30, 2018 and 2017, respectively.

Note 15 - Related Parties

MEDICAL FACULTY ASSOCIATES, INC.

The University has an Academic Affiliation Agreement with Medical Faculty Associates, Inc. (MFA). Under the agreement, MFA provides clinical teaching, research, and administrative services to the University which totaled approximately \$34.6 million and \$31.7 million the years ended June 30, 2018 and 2017, respectively. In addition, MFA leases certain office space, uses operational services, and provides academic support. Medical education agreements and other revenue of approximately \$11.0 million and \$11.2 million was reported for the years ended June 30, 2018 and 2017, respectively. In January 2016, the University provided a \$20 million line of credit to the MFA.

Outstanding balances associated with the MFA are:

<i>(in thousands)</i>	June 30	
	2018	2017
Line of credit receivable	\$ 17,500	\$ 5,000
Trade receivable	702	822
Trade payable	<u>(1,842)</u>	<u>(2,693)</u>
Net receivable	<u>\$ 16,360</u>	<u>\$ 3,129</u>

DISTRICT HOSPITAL PARTNERS, L.P.

The University has 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 is recorded on the equity basis of accounting. The University's share of the partnership's profits for the years ended June 30, 2018 and 2017 was approximately \$14.7 million and \$16.0 million, respectively.

The University and DHP have executed several agreements, which reimburse or compensate the University for providing services or personnel to assist in the continued operations of the GW Hospital. Medical education agreements revenue of approximately \$36.7 million and \$34.8 million was reported for the years ended June 30, 2018 and 2017, respectively. The receivable from DHP for the unpaid balance of these services is \$6.9 million and \$4.5 million as of June 30, 2018 and 2017, respectively.

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Note 16 – Subsequent events

The University has performed an evaluation of subsequent events through September 18, 2018, which is the date the financial statements were issued, noting no other events which affect the financial statements as of June 30, 2018.

Schedule of Expenditures of Federal Awards
Notes to Schedule of Expenditures of Federal Awards and
Reports under the OMB Uniform Guidance

The George Washington University
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Cluster Title	Federal CFDA	Pass-Through	Total Federal	Passed Through
<u>STUDENT FINANCIAL ASSISTANCE CLUSTER</u>				
DEPARTMENT OF EDUCATION				
Federal Supplemental Educational Opportunity Grants	84.007		\$ 1,524,986	\$ -
Federal Work-Study Program	84.033		2,521,258	-
Federal Perkins Loan Program				
Outstanding Loans as of July 1, 2017	84.038		29,019,939	-
New Loans Issued during FY2018	84.038		4,299,186	-
		Subtotal 84.038	33,319,125	-
Federal Pell Grant Program	84.063		7,684,502	-
Federal Direct Student Loans	84.268		288,081,890	-
Teacher Education Assistance for College and Higher Education Grants	84.379		9,340	-
DEPARTMENT OF EDUCATION TOTAL			<u>333,141,101</u>	<u>-</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students				
Outstanding Loans as of July 1, 2017	93.342		1,267,395	-
New Loans Issued during FY2018	93.342		34,667	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL			<u>1,302,062</u>	<u>-</u>
STUDENT FINANCIAL ASSISTANCE CLUSTER TOTAL			<u>\$ 334,443,163</u>	<u>\$ -</u>
<u>TRIO CLUSTER</u>				
DEPARTMENT OF EDUCATION				
TRIO-Upward Bound	84.047		\$ 284,136	\$ -
DEPARTMENT OF EDUCATION TOTAL			<u>284,136</u>	<u>-</u>
TRIO CLUSTER TOTAL			<u>\$ 284,136</u>	<u>\$ -</u>
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>				
DEPARTMENT OF AGRICULTURE				
National Institute of Food and Agriculture				
Agriculture and Food Research Initiative	10.310		\$ 134,993	\$ -
Kansas State University	10.310	S18029	76,956	-
Virginia Polytechnic Institute	10.310	422632-19218	502	-
National Institute of Food and Agriculture Total			<u>212,451</u>	<u>-</u>

The accompanying notes are an integral part of this Schedule

The George Washington University
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Cluster Title	Federal CFDA	Pass-Through	Total Federal	Passed Through
Office of the Chief Economist				
Agricultural Market and Economic Research	10.290		\$ 63,388	\$ -
Office of the Chief Economist Total			<u>63,388</u>	<u>-</u>
DEPARTMENT OF AGRICULTURE TOTAL			<u>275,839</u>	<u>-</u>
DEPARTMENT OF COMMERCE				
National Oceanic and Atmospheric Administration				
University of Maryland	11.417	SA75281450-M R/CR-5	37,180	-
National Oceanic and Atmospheric Administration Total			<u>37,180</u>	<u>-</u>
National Institute of Standards and Technology				
Measurement and Engineering Research and Standards	11.609		528,747	96,461
Science, Technology, Business and/or Education Outreach	11.620		91,439	-
National Institute of Standards and Technology Total			<u>620,186</u>	<u>96,461</u>
DEPARTMENT OF COMMERCE TOTAL			<u>657,366</u>	<u>96,461</u>
DEPARTMENT OF DEFENSE				
Defense Advanced Research Projects Agency				
Columbia University	12.300	3(GG007783)	120,213	-
Basic Scientific Research	12.431		3,078,930	1,864,102
Columbia University	12.910	1(GG012336)	9,159	-
Columbia University	12.910	1(GG012336-03)	22,242	-
Defense Advanced Research Projects Agency Total			<u>3,230,544</u>	<u>1,864,102</u>
Department of the Air Force, Materiel Command				
Air Force Defense Research Sciences Program	12.800		467,961	47,285
Georgia Institute of Technology	12.800	RH411-G1	64,562	-
Department of the Air Force, Materiel Command Total			<u>532,523</u>	<u>47,285</u>
Department of the Army				
Military Medical Research and Development	12.420		17,490	-
Chicago Association for Research and Education in Science	12.420	PAPE-0020S	104,914	-
Duke University	12.420	3130536	(204,692)	-
Henry Jackson Foundation	12.420	3218	89,868	-
Icahn School of Medicine at Mount Sinai	12.420	0258-1031-4609	17,318	-
Department of the Army Total			<u>24,898</u>	<u>-</u>
Department of the Navy, Office of the Chief of Naval Research				
Basic and Applied Scientific Research	12.300		1,985,653	120,926
Department of the Navy, Office of the Chief of Naval Research	12.NRO00014-C-0335		99,199	-
Charles River Analytics	12.SC1602801	SC1602801	141,294	-

The accompanying notes are an integral part of this Schedule

The George Washington University
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Cluster Title	Federal CFDA	Pass-Through	Total Federal	Passed Through
Strategic Analysis, Inc.	12.SA-GWU-NRL-P010	SA-GWU-NRL-P010	\$ 73,218	\$ -
TConneX, Inc.	12.W81XWH-17-C-0153 -1	W81XWH-17-C-0153 -1	49,712	-
Department of the Navy, Office of the Chief of Naval Research Total			<u>2,349,076</u>	<u>120,926</u>
Office of the Secretary of Defense				
George Mason University	12.630	E204072-1	124,481	-
Office of the Secretary of Defense Total			<u>124,481</u>	<u>-</u>
Uniformed Services University of the Health Sciences				
Henry Jackson Foundation	12.750	3843	11,890	-
Uniformed Services University of the Health Sciences Total			<u>11,890</u>	<u>-</u>
U.S. Army Materiel Command				
Basic Scientific Research	12.431		359,000	106,757
The University of Texas at Arlington	12.431	2604015261	3,609	-
U.S. Army Materiel Command Total			<u>362,609</u>	<u>106,757</u>
DEPARTMENT OF DEFENSE TOTAL			<u>6,636,021</u>	<u>2,139,070</u>
DEPARTMENT OF THE INTERIOR				
National Park Service				
Cooperative Research and Training Programs Resources of the National Park System	15.945		92,974	-
National Park Service Total			<u>92,974</u>	<u>-</u>
U.S. Geological Survey				
University of District of Columbia	15.805	2017DC192B	9,907	-
U.S. Geological Survey Total			<u>9,907</u>	<u>-</u>
DEPARTMENT OF THE INTERIOR TOTAL			<u>102,881</u>	<u>-</u>
DEPARTMENT OF JUSTICE				
National Institute of Justice				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		378,080	-
National Institute of Justice Total			<u>378,080</u>	<u>-</u>
DEPARTMENT OF JUSTICE TOTAL			<u>378,080</u>	<u>-</u>
DEPARTMENT OF LABOR				
Abt Associates Incorporated	17.44293	44293	6,209	-
Abt Associates Incorporated	17.44990	44990	32,901	-
Abt Associates Incorporated	17.47247	47247	2,165	-
Mathematica Policy Research	17.40262S03499	40262S03499	31,542	-

The accompanying notes are an integral part of this Schedule

The George Washington University
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Cluster Title	Federal CFDA	Pass-Through	Total Federal	Passed Through
The Urban Institute	17.101552-0001-GWU-01	101552-0001-GWU-01	\$ 4,330	\$ -
DEPARTMENT OF LABOR TOTAL			<u>77,147</u>	<u>-</u>
DEPARTMENT OF STATE				
Bureau of International Security and Nonproliferation				
Global Threat Reduction	19.033		25,315	25,315
Bureau of International Security and Nonproliferation Total			<u>25,315</u>	<u>25,315</u>
Bureau of Population, Refugees and Migration				
Overseas Refugee Assistance Programs for Strategic Global Priorities	19.522		179,869	-
Bureau of Population, Refugees and Migration Total			<u>179,869</u>	<u>-</u>
DEPARTMENT OF STATE TOTAL			<u>205,184</u>	<u>25,315</u>
DEPARTMENT OF TRANSPORTATION				
Federal Highway Administration				
National Academy of Sciences	20.200	HR 12-96	152,517	116,973
Battelle Memorial Institute	20.527248	527248	29,152	-
Battelle Memorial Institute	20.601753	601753	40,539	-
Federal Highway Administration Total			<u>222,208</u>	<u>116,973</u>
DEPARTMENT OF TRANSPORTATION TOTAL			<u>222,208</u>	<u>116,973</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Science	43.001		695,993	-
Smithsonian Institution	43.001	AR8-19008X	4,990	-
Smithsonian Institution	43.001	AR8-19009B	2,239	-
Smithsonian Institution	43.001	GO8-19061X	31,806	-
Smithsonian Institution	43.001	GO8-19063X	8,956	-
Smithsonian Institution	43.001	TM8-19005B	1,119	-
Exploration	43.003		93,535	-
University of Maryland	43.007	42645-Z6075001	96,135	-
The National Institute of Aerospace Associates	43.008	C16-2B64-GWU	38,499	-
University of Alabama	43.008	SUB2014-027	67,093	-
University of Illinois	43.012	088405-16579	14,341	-
Space Telescope Science Institute	43.HST-GO-14183.003-A	HST-GO-14183.003-A	4,665	-
Space Telescope Science Institute	43.HST-GO-14198.001-A	HST-GO-14198.001-A	24,565	-
Space Telescope Science Institute	43.HST-GO-14787.010-A	HST-GO-14787.010-A	33,989	-
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION TOTAL			<u>1,117,925</u>	<u>-</u>

The accompanying notes are an integral part of this Schedule

The George Washington University
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Cluster Title	Federal CFDA	Pass-Through	Total Federal	Passed Through
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Promotion of the Humanities Division of Preservation and Access	45.149		\$ 83,229	\$ -
University of Delaware	45.161	42307	2,494	-
NATIONAL ENDOWMENT FOR THE HUMANITIES TOTAL			<u>85,723</u>	<u>-</u>
NATIONAL SCIENCE FOUNDATION				
IPA - National Science Foundation	47.049		22,965	-
IPA - National Science Foundation	47.049		154,619	-
Engineering Grants	47.041		2,007,450	138,815
University of Colorado	47.041	CMMI1333610	869	-
University of Maryland	47.041	41851-24754001	348,544	-
University of Maryland	47.041	Z404201	106,323	-
University of Pennsylvania	47.041	567084	603	-
Mathematical and Physical Sciences	47.049		1,545,987	14,973
American Physical Society	47.049	CWC-017	10,449	-
Associated Universities, Inc./National Radio Astronomy Observatory	47.049	1519126	23,001	-
Indiana University	47.049	BL-4848792-GWU	17,513	-
Yale University	47.049	C14D11733(D01999)	49,612	-
Geosciences	47.050		493,172	139,307
University of New Mexico	47.050	133660-8721	217,853	-
University of Northern Iowa	47.050	S6180B	604	-
Computer and Information Science and Engineering	47.070		2,153,545	40,188
Biological Sciences	47.074		1,425,574	-
The Curators of the University of Missouri	47.074	C00057952-1	125,014	-
The Translational Genomics Research Institute	47.074	DEB-124115	18,739	-
The Translational Genomics Research Institute	47.074	P-14-02	12,048	-
University of North Carolina	47.074	5-37034	51,039	-
Social, Behavioral, and Economic Sciences	47.075		1,638,071	108,141
University of California, San Diego	47.075	68013339	19,353	-
Education and Human Resources	47.076		2,529,724	176,120
American Educational Research Association	47.076	DRL-1749275	7,929	-
Cary Institute of Ecosystem Studies	47.076	3355/200201907	41,140	-
Purdue University	47.076	4101-77569	10,568	-
SRI International	47.076	141-000009	2,696	-
University of Washington	47.076	745542	33,772	-
Wayne State University	47.076	WSU17105	24,124	-
Polar Programs	47.078		133,342	-
Office of International Science and Engineering	47.079		407,067	45,858
Office of Integrative Activities	47.083		114,881	76,225
NATIONAL SCIENCE FOUNDATION TOTAL			<u>13,748,190</u>	<u>739,627</u>
SMALL BUSINESS ADMINISTRATION				
Incumetrics, Inc.	59.2018-001	2018-001	2,475	-
SMALL BUSINESS ADMINISTRATION TOTAL			<u>2,475</u>	<u>-</u>

The accompanying notes are an integral part of this Schedule

The George Washington University
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Cluster Title	Federal CFDA	Pass-Through	Total Federal	Passed Through
VETERANS AFFAIRS MEDICAL CENTER				
IPA - Department of Veteran Affairs	64.IPA-VA		\$ 36,415	\$ -
VETERANS AFFAIRS MEDICAL CENTER TOTAL			<u>36,415</u>	<u>-</u>
ENVIRONMENTAL PROTECTION AGENCY				
Industrial Economics, Inc.	66.8065-GWU	8065-GWU	9,291	-
ENVIRONMENTAL PROTECTION AGENCY TOTAL			<u>9,291</u>	<u>-</u>
DEPARTMENT OF ENERGY				
Office of Science Financial Assistance Program	81.049		886,853	-
Carnegie Institution of Washington	81.049	4-10114-11B	360,163	-
MuPlus, Inc.	81.049	DE-SC0017831	40,803	-
Tech-X Corporation	81.049	7358-003	27,640	-
The Curators of The University of Missouri	81.049	C00049155-1	347,289	-
University of Notre Dame	81.049	202373GWU	9,071	-
Conservation Research and Development	81.086		221,773	-
University of California, Berkeley	81.113	9329	290,273	-
Nuclear Energy Research, Development and Demonstration	81.121		3,057	(796)
North Carolina State University	81.121	2016-1536-02	235,739	-
Ohio State University	81.121	60046086	52,682	-
University of Michigan	81.121	3003302284	11,503	-
Advanced Research Projects Agency - Energy	81.135		215,332	-
Donald Danforth Plant Science Center	81.135	22815-G	111,380	-
Semprius, Inc.	81.135	DE-AR0000624	(2,021)	-
Wichita State University	81.135	CL15243	148,586	-
Battelle Energy Alliance, LLC	81.186604	186604	9,921	-
Jefferson Science Associates LLC	81.14-C0252300	14-C0252300	31,765	-
Jefferson Science Associates LLC	81.14-C0252400	14-C0252400	1,616	-
The Trustees of Princeton University	81.S013871-U	S013871-U	30,852	-
The Trustees of Princeton University	81.S015107-F	S015107-F	10,397	-
UT-Battelle LLC	81.4000145175	4000145175	15,620	-
DEPARTMENT OF ENERGY TOTAL			<u>3,060,294</u>	<u>(796)</u>
DEPARTMENT OF EDUCATION				
Office of Elementary and Secondary Education				
The Catholic University of America	84.367	407258 SUB 1	9,690	-
Office of Elementary and Secondary Education Total			<u>9,690</u>	<u>-</u>
Office of Innovation and Improvement				
Fund for the Improvement of Education	84.215		22,776	-
Office of Innovation and Improvement Total			<u>22,776</u>	<u>-</u>
DEPARTMENT OF EDUCATION TOTAL			<u>32,466</u>	<u>-</u>

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NATIONAL ARCHIVES AND RECORDS ADMINISTRATION				
National Archives and Records Administration				
National Historical Publications And Records Grants	89.003		\$ 221,430	\$ -
National Archives and Records Administration Total			<u>221,430</u>	<u>-</u>
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION TOTAL			<u>221,430</u>	<u>-</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Administration for Community Living				
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433		7,483	-
Temple University	93.630	253896-GW	5,512	-
Administration for Community Living Total			<u>12,995</u>	<u>-</u>
Agency for Healthcare Research and Quality				
Research on Healthcare Costs, Quality and Outcomes	93.226		126,699	70,801
Agency for Healthcare Research and Quality Total			<u>126,699</u>	<u>70,801</u>
Centers for Disease Control and Prevention				
Occupational Safety and Health Program	93.262		385,298	71,641
Investigations and Technical Assistance	93.283		504,300	-
Louisiana State University	93.808	PH-17-111-024	11,218	-
Washington State Department of Health	93.808	N22423	159,105	-
The District of Columbia Department of Health	93.CW29654	CW29654	835,044	-
Centers for Disease Control and Prevention Total			<u>1,894,965</u>	<u>71,641</u>
Centers for Medicare and Medicaid Services				
Health Care Innovation Awards	93.610		(35,491)	(5,060)
Truven Health Analytics Inc.	93.CMS-TEFT-GW	CMS-TEFT-GW	443,114	-
Centers for Medicare and Medicaid Services Total			<u>407,623</u>	<u>(5,060)</u>
Food and Drug Administration				
Food and Drug Administration	93.HHSF223201510117C		95,568	-
Food and Drug Administration	93.HHSF223201510129C		142,411	-
Food and Drug Administration Total			<u>237,979</u>	<u>-</u>
Health Resources and Services Administration				
University of Massachusetts	93.110	WA00583863/OSP2017206	20,547	-
Technical and Non-Financial Assistance to Health Centers	93.129		378,274	-
National Center for Health Workforce Analysis	93.300		575,922	-
Health Resources and Services Administration	93.HSHS250200646025I		332,169	-
Health Resources and Services Administration Total			<u>1,306,912</u>	<u>-</u>

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National Institutes of Health				
Pennsylvania State University	93.077	GWU DA036107	\$ 178,438	\$ -
Environmental Health	93.113		128,595	-
Public Health Institute	93.113	1019956	3,957	-
Oral Diseases and Disorders Research	93.121		75,322	67,434
Research Related to Deafness and Communication Disorders	93.173		8,155	-
SeeHear LLC	93.173	SH_GWU_001	27,788	-
Research and Training in Complementary and Integrative Health	93.213		12,194	-
Yale University	93.213	GR101634 (CON-80001053)	14,057	-
University of Arizona	93.233	217735	26,676	-
University of Chicago	93.233	FP053428	10,239	-
Mental Health Research Grants	93.242		3,550,461	1,541,737
University of California, San Diego	93.242	41943778	103,275	-
University of California, San Francisco	93.242	9705SC	15,130	-
Yale University	93.242	M16A12423 (A09329)	1,708	-
Alcohol Research Programs	93.273		477,108	-
Drug Abuse and Addiction Research Programs	93.279		88,780	-
Emory University	93.279	T855314	37,932	-
The Miriam Hospital	93.279	7109834	9,907	-
Truth Initiative Foundation	93.279	7016-GWU	51,357	-
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		665,797	61,815
University of Connecticut	93.286	48206	26,285	-
Minority Health and Health Disparities Research	93.307		544,383	8,218
Benten Technologies, Inc.	93.307	1R41MD012294-01	41,459	-
Northwestern University	93.307	60044820 GWASHU	369,432	-
Seattle Children's Research Institute	93.307	11272SUB	(10,536)	-
University of Pennsylvania	93.307	571099	22,058	-
Trans-NIH Research Support	93.310		481,438	15,379
Children's Research Institute	93.310	30003467-01	77,629	-
University of Georgia	93.310	RR549-600/S001540	384,178	-
University of Oregon	93.310	281210B	532,559	-
Children's Research Institute	93.350	30003443-01	191,568	-
Children's Research Institute	93.350	30003444-01	91,806	-
Children's Research Institute	93.350	30003459-01	107,979	-
Children's Research Institute	93.350	30003460-01	67,560	-
Children's Research Institute	93.350	30003461-01	459,960	-
Children's Research Institute	93.350	30003463-01	56,464	-
Children's Research Institute	93.350	30003464-01	99,645	-
Children's Research Institute	93.350	30003465-01	43,244	-
Children's Research Institute	93.350	30003466-01	18,537	-
Children's Research Institute	93.350	30003468-01	22,372	-
Children's Research Institute	93.350	30003469-01	202,095	-
Children's Research Institute	93.350	30003517-01	93,145	-
Children's Research Institute	93.350	5UL1TR001876-03	7,094	-
Research Infrastructure Programs	93.351		(75)	-

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University of Wisconsin	93.353	769K613	\$ 19,474	\$ -
Nursing Research	93.361		162,713	-
Cancer Cause and Prevention Research	93.393		1,840,314	631,234
University of California, San Francisco	93.393	7850SC	982,618	-
University of Pennsylvania	93.393	565706	9,531	-
Yale University	93.393	GK000215 (CON-0000564)	30,026	-
Yale University	93.393	M17A12511 (A10723)	1,524	-
Cancer Detection and Diagnosis Research	93.394		258,877	92,802
Georgetown University	93.394	411283_GR409546-GWU	(160)	-
Cancer Treatment Research	93.395		1,070,523	53,255
ImmunoBlue, LLC	93.395	2018	9,523	-
Cancer Biology Research	93.396		1,778,182	473,866
University of Maryland	93.396	61391-Z0121201	17,020	-
H. Lee Moffitt Cancer Center and Research Institute	93.397	10-17469-04-06.G2	10,740	-
H. Lee Moffitt Cancer Center and Research Institute	93.397	10-17469-04-16.G2	8,521	-
H. Lee Moffitt Cancer Center and Research Institute	93.397	10-17469-05-06.G2	235,970	-
Mayo Clinic Rochester	93.397	THE-172888	17,824	-
Cardiovascular Diseases Research	93.837		3,193,327	395,319
Georgetown University	93.837	412513_GR409546-GWU	277,418	-
Johns Hopkins University	93.837	2002843557	165,651	-
Johns Hopkins University	93.837	2003286657	30,860	-
Nocturnal Product Development, LLC	93.837	2R42HL120511-03	483,721	-
University of Virginia	93.837	GB10332 153331	27,774	-
University of Virginia	93.837	GB10332 155744	719,596	-
University of Virginia	93.837	GB10332 158826	4,801	-
Washington University	93.837	WU-16-300	3,325	-
Lung Diseases Research	93.838		1,326,255	557,385
Children's Research Institute	93.839	30004447-01	9,408	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		46,622,643	33,174,599
Beckman Research Institute of the City of Hope	93.847	51990.2001413.669201	12,319	-
Case Western Reserve University	93.847	RES508522	69,325	-
Case Western Reserve University	93.847	RES508602	64,348	-
Case Western Reserve University	93.847	RES509456	88,578	-
Case Western Reserve University	93.847	RES510572	35,856	-
Case Western Reserve University	93.847	RES511775	985	-
Case Western Reserve University	93.847	RES512885	132,970	-
Massachusetts General Hospital	93.847	225209	69,781	-
NYU Winthrop Hospital	93.847	3500-07429(GWU)	31,869	-
Seattle Institute for Biomedical and Clinical Research	93.847	KS141-GWU-6	12,094	-
Seattle Institute for Biomedical and Clinical Research	93.847	KS141-GWU-7	235,856	-
Seattle Institute for Biomedical and Clinical Research	93.847	KS141-S1-GWU-6	4,091	-
Seattle Institute for Biomedical and Clinical Research	93.847	KS141-S2-GWU-6	357	-
Seattle Institute for Biomedical and Clinical Research	93.847	PJ115-GWU-1	5,300	-
The Research Foundation for State University of New York	93.847	1138946-77867	5,187	-
University of Connecticut	93.847	182459	7,487	-

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University of Michigan	93.847	3002760366	\$ 5,753	\$ -
University of Washington	93.847	UWSC9246	6,862	-
Wake Forest University	93.847	WVUHS 113617	14,615	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		1,116,301	246,549
Case Western Reserve University	93.853	RES510437	112,542	-
Case Western Reserve University	93.853	RES511380	1,790	-
University of Alabama	93.853	000377209-054	30,358	-
Yale University	93.853	M17A12628 (A10847)	62,454	-
Allergy and Infectious Diseases Research	93.855		19,339,980	8,924,283
Antigen Discovery, Inc.	93.855	ADI-GWU 2017-001	39,464	-
Antigen Discovery, Inc.	93.855	ADI-GWU 2018-001	845	-
Brigham and Women's Hospital	93.855	117360	34,563	-
Centro De Pesquisas Rene Rachou	93.855	01/2012	236	-
Children's Research Institute	93.855	30004046	17,886	-
Duke University	93.855	203-7719	123,916	-
EDJ Associates, Inc.	93.855	5UM1AI126617-02	7,605	-
Emory University	93.855	T760417	24,086	-
Emory University	93.855	T842377	57,021	-
Emory University	93.855	T886653	47,711	-
Family Health International	93.855	HPTN-MGA-GWU-1	690,711	66,644
Johns Hopkins University	93.855	2003368362	38,083	-
Kaiser Foundation Hospitals	93.855	OOS030194-01	248,730	-
Khon Kaen University	93.855	P50 AI098639	6,107	-
Massachusetts Institute of Technology	93.855	5710004110	381,730	-
New York University	93.855	F0504-03	17,281	-
The Translational Genomics Research Institute	93.855	R01-AI101371	8,280	-
The University of Iowa	93.855	W000834342	122,660	-
University of California, San Diego	93.855	91560036	57,120	-
University of California, San Francisco	93.855	10270SC	33,610	-
University of Pittsburgh	93.855	0054948 (129999-1)	59,813	-
Washington University	93.855	WU-16-161	29,691	-
Washington University	93.856	WU-16-342	60,483	-
Biomedical Research and Research Training	93.859		958,098	297,775
Columbia University	93.859	1(GG011515-01)	49,382	-
North Dakota State University	93.859	FAR0025511	36,457	-
Child Health and Human Development Extramural Research	93.865		14,172,191	6,342,899
Boston University	93.865	4500000971	13,085	-
Children's Research Institute	93.865	30003597-01	38,646	-
Children's Research Institute	93.865	30003930-01	22,991	-
Children's Research Institute	93.865	30004197-01	25,175	-
Columbia University	93.865	1(GG011042-01)	105,658	-
Depaul University	93.865	500900SG106	24,545	-
Florida Atlantic University	93.865	GR-K22	88,582	-
The Regents of the University of California	93.865	9646	11,412	-
Trustees of Boston College	93.865	5104821-1	21,531	-

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Federal Grantor/Pass-Through Grantor/Cluster Title	Federal CFDA	Pass-Through	Total Federal	Passed Through
Tufts University	93.865	100447-00001	\$ 23,750	\$ -
University of Maryland	93.865	1701118A	39,539	-
University of Michigan	93.865	3004152691	9,981	-
Yale University	93.865	M16A12585 (A10715)	36,772	-
Zansors, LLC	93.865	1R41HD088142-01	24,571	-
Aging Research	93.866		661,040	172,557
Boston University	93.866	4500001984	19,948	-
Brigham Young University	93.866	14-0397	15,798	-
Vision Research	93.867		962,572	-
Thomas Jefferson University	93.867	080-01000-S04802	132,180	-
University of Illinois	93.867	7916	5,391	-
Medical Library Assistance	93.879		65,478	-
Baylor College of Medicine	93.7000000056	7000000056	142,864	-
Duke University	93.2036113	2036113	31,724	-
Duke University	93.2036628	2036628	50,988	-
Impaq International, LLC	93.2498	2498	83,448	-
National Institutes of Health Total			<u>110,183,641</u>	<u>53,123,750</u>
Office of Population Affairs				
National Family Planning and Reproductive Health Association	93.974	1FPRPA006059-01-00	555	-
Office of Population Affairs Total			<u>555</u>	<u>-</u>
Office of the Secretary				
Advancing System Improvements for Key Issues in Women's Health	93.088		181,050	43,459
Office of the Secretary Total			<u>181,050</u>	<u>43,459</u>
Program Support Center				
Program Support Center	93.HHSP23320095635WC		79,009	-
LTG Associates, Inc.	93.HHSP233201500058IGWU	HHSP233201500058IGWU	6,516	-
Mission Analytics Group, Inc.	93.HHSP233201500060I-A	HHSP233201500060I-A	49,346	-
Program Support Center Total			<u>134,871</u>	<u>-</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL			<u>114,487,290</u>	<u>53,304,591</u>
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT				
USAID Foreign Assistance for Programs Overseas	98.001		89,657	28,750
Elizabeth Glaser Pediatric Aids Foundation	98.001	AID-OAA-A-14-00060	68,820	-
Elizabeth Glaser Pediatric Aids Foundation	98.001	APS-OAA-11-000002	20,962	-
Massachusetts Institute of Technology	98.001	5710004082	94,623	-
Texas Tech University	98.001	212057-01	29,173	-
The Regents of the University of California	98.001	20112145407	43,409	-
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT TOTAL			<u>346,644</u>	<u>28,750</u>

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UNITED STATES POSTAL SERVICE United States Postal Service	99.2BFAAS-17-B-0018		\$ 91,751	\$ -
UNITED STATES POSTAL SERVICE TOTAL			<u>91,751</u>	<u>-</u>
RESEARCH AND DEVELOPMENT CLUSTER TOTAL			<u>\$ 141,794,620</u>	<u>\$ 56,449,991</u>
<u>ALL OTHER FEDERAL AWARDS</u>				
DEPARTMENT OF AGRICULTURE Wholesale Farmers and Alternative Market Development	10.164		\$ 38,400	\$ -
DEPARTMENT OF AGRICULTURE TOTAL			<u>38,400</u>	<u>-</u>
DEPARTMENT OF COMMERCE IPA - Department of Commerce	11.IPA-Commerce		125,597	-
DEPARTMENT OF COMMERCE TOTAL			<u>125,597</u>	<u>-</u>
DEPARTMENT OF DEFENSE IPA - Department of Defense	12.IPA-DOD		166,454	-
IPA - Department of the Navy	12.IPA-DOD		212,503	-
Chicago Association for Research and Education in Science	12.420	PAPE-0024	11,343	-
Chicago Association for Research and Education in Science	12.420	PAPE-CDMRP II	6,123	-
		Subtotal 12.420	<u>17,466</u>	<u>-</u>
Basic Scientific Research	12.431		6,660	-
Institute of International Education	12.579	2603-GWU-30	627,291	-
Information Security Grants	12.902		70,594	-
GenCyber Grants Program	12.903		63,982	-
CyberSecurity Core Curriculum	12.905		99,966	-
DEPARTMENT OF DEFENSE TOTAL			<u>1,264,916</u>	<u>-</u>
DEPARTMENT OF THE INTERIOR Cooperative Research and Training Programs Resources of the National Park System	15.945		30,816	-
DEPARTMENT OF THE INTERIOR TOTAL			<u>30,816</u>	<u>-</u>
DEPARTMENT OF JUSTICE RTI International	16.560	8-321-0215513-52955L	33,887	-
DEPARTMENT OF JUSTICE TOTAL			<u>33,887</u>	<u>-</u>

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DEPARTMENT OF LABOR				
The Viscardi Center	17.720	1151888	\$ 97,950	\$ -
The Viscardi Center	17.720	4019658	<u>162,872</u>	<u>-</u>
DEPARTMENT OF LABOR TOTAL			<u>260,822</u>	<u>-</u>
DEPARTMENT OF STATE				
Institute of International Education	19.400	3216_GWU_1.18.17	14,845	-
Public Diplomacy Programs for Afghanistan and Pakistan	19.501		(21,723)	-
Overseas Refugee Assistance Programs for Strategic Global Priorities	19.522		<u>149,744</u>	<u>-</u>
DEPARTMENT OF STATE TOTAL			<u>142,866</u>	<u>-</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
American University	43.008	31377-GWU-16	40,399	-
ASRC Federal Technical Services, Inc.	43.AST2-00004	AST2-00004	<u>19,822</u>	<u>-</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION TOTAL			<u>60,221</u>	<u>-</u>
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Promotion of the Humanities Division of Preservation and Access	45.149		72,015	-
Promotion of the Humanities Research	45.161		7,291	-
Promotion of the Humanities Public Programs	45.164		<u>4,959</u>	<u>-</u>
NATIONAL ENDOWMENT FOR THE HUMANITIES TOTAL			<u>84,265</u>	<u>-</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Museums for America	45.301		<u>125,356</u>	<u>-</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES TOTAL			<u>125,356</u>	<u>-</u>
DEPARTMENT OF VETERANS AFFAIRS				
IPA - Department of Veterans Affairs	64.IPA-VA		<u>261,821</u>	<u>-</u>
DEPARTMENT OF VETERANS AFFAIRS TOTAL			<u>261,821</u>	<u>-</u>
DEPARTMENT OF ENERGY				
Renewable Energy Research and Development	81.087		183,626	35,499
Carnegie Institution of Washington	81.112	4-10469-29	261,941	-
Battelle Memorial Institute	81.315389	315389	<u>10,061</u>	<u>-</u>
DEPARTMENT OF ENERGY TOTAL			<u>455,628</u>	<u>35,499</u>

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DEPARTMENT OF EDUCATION				
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	84.015		\$ 818,588	\$ -
Rehabilitation Long-Term Training	84.129		546,857	-
Centers for International Business Education	84.220		221,076	-
The Virginia Department for Aging and Rehabilitative Services	84.235	16-176	74,183	-
San Diego State University Research Foundation	84.264	SA0000491	952,672	324,519
Southern University and A&M College	84.264	OSP-02-8300-2016-0015	97,185	-
Southern University and A&M College	84.264	OSP-02-8300-2017-0018	220,288	-
		Subtotal 84.264	1,270,145	324,519
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325		372,903	-
Georgetown University	84.325	412691_GR412618-GWU	23,758	-
		Subtotal 84.325	396,661	-
English Language Acquisition State Grants	84.365		660,372	-
Prince George's County Public Schools	84.365	T365Z110202	24,961	-
		Subtotal 84.365	685,333	-
DC Office of the State Superintendent of Education	84.370	84.370C	5,667	-
DEPARTMENT OF EDUCATION TOTAL			4,018,510	324,519
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION				
National Historical Publications and Records Grants	89.003		8,787	-
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION TOTAL			8,787	-
JAPAN U.S. FRIENDSHIP COMMISSION				
Japan U.S. Friendship Commission Grants	90.300		19,415	-
JAPAN U.S. FRIENDSHIP COMMISSION TOTAL			19,415	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
IPA - Center for Disease Control and Prevention	93.IPA-DHHS		31,287	-
IPA - Office of the National Coordination for Health Information Technology	93.IPA-DHHS		49,215	-
District of Columbia Government	93.071	GWU13C-18	4,334	-
District of Columbia Government	93.071	GWU13E MIPPA-17	14,427	-
		Subtotal 93.071	18,761	-
American Psychiatric Association	93.243	SM060562-05	12,695	-
Advanced Nursing Education Workforce Grant Program	93.247		92,970	-

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District of Columbia Government	93.324	GWU13C-18	\$ 115,645	\$ -
District of Columbia Government	93.324	GWU13C3-17	25,952	-
		Subtotal 93.324	<u>141,597</u>	<u>-</u>
Nurse Education, Practice Quality and Retention Grants	93.359		400,451	-
American Lung Association, National Office	93.424	NU38OT000224-04	3,480	-
American Lung Association, National Office	93.424	NU38OT000224-05	9,948	-
		Subtotal 93.424	<u>13,428</u>	<u>-</u>
The University of Richmond	93.433	27285 T	159,827	-
PPHF: Racial and Ethnic Approaches to Community Health Program Financed Solely by Public Prevention and Health Funds	93.738		432,680	-
Breathe DC	93.758	NB01OT009095-01-01	22,474	-
Impaq International, LLC	93.2803	2803	136,390	-
Impaq International, LLC	93.2804	2804	34,331	-
National Institutes of Health	93.HHSN272201500003I		11,149	-
A+ Government Solutions, LLC	93.776-01280-000-77	776-01280-000-77	7,382	-
BLH Technologies, Inc.	93.OFA TANF TTA/5058-005	OFA TANF TTA/5058-005	212,972	-
Vignet, Inc.	93.HHSN261201400053C	HHSN261201400053C	31,811	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL			<u>1,809,420</u>	<u>-</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Jumpstart National	94.006	800200	146,168	-
Volunteers in Service to America	94.013		25,672	-
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL			<u>171,840</u>	<u>-</u>
DEPARTMENT OF HOMELAND SECURITY				
State and Local Homeland Security National Training Program	97.005		333,667	-
DEPARTMENT OF HOMELAND SECURITY TOTAL			<u>333,667</u>	<u>-</u>
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT				
IPA - US Agency for International Development	98.IPA-USAID		131,519	-
Catholic Relief Services	98.001	SO.15.SUBAGR.8262.000P1372.05.00	126,701	118,323
Makerere University	98.MAKSPH-001-15/16	MAKSPH-001-15/16	240,184	-
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT TOTAL			<u>498,404</u>	<u>118,323</u>
ALL OTHER FEDERAL AWARDS TOTAL			<u>\$ 9,744,638</u>	<u>\$ 478,341</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 486,266,557</u>	<u>\$ 56,928,332</u>

The accompanying notes are an integral part of this Schedule

The George Washington University
Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

Note 1 – Basis of Presentation and Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant, contract and cooperative agreement activity of The George Washington University (the University or GW) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with 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). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements. Negative numbers in the Schedule represent adjustments to amounts previously reported in the normal course of business. Full CFDA and pass-through numbers are included in the Schedule when available. Expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in the Uniform Guidance. Under these cost principles and administrative requirements, certain types of expenditures are not allowable or are limited to reimbursement.

Note 2 – Indirect Cost Rate

The University has a negotiated indirect cost rate agreement with Department of Health and Human Services as our cognizant agency for indirect costs. As such, the University is not eligible to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Federal Student Loan Programs

The University originates loans to eligible students under federal student loan programs.

Campus-based loan programs (Federal Perkins and Health Professions Student Loans, including Primary Care Loans and Loans for Disadvantaged Students) are administered directly by the University. Balances and transactions relating to these programs are included in the basic consolidated financial statements of the University. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at June 30, 2018 are summarized below:

Campus-Based Loan Programs:	
Federal Perkins (CFDA No. 84.038)	\$ 29,268,071
Health Professions Student Loans (CFDA No. 93.342)	<u>1,002,900</u>
Total	<u>\$ 30,270,971</u>

The University is responsible only for the performance of certain administrative duties with respect to federal loans disbursed by the Department of Education to or on behalf of University students under the Federal Direct Student Loans program (Federal Stafford, Federal Parents Loans for Undergraduate and Graduate Students, and Unsubsidized Federal Stafford Loans, collectively CFDA No. 84.268). Loan disbursements under the Federal Direct Student Loans program are included in the federal expenditures presented in the Schedule. It is not practical to determine the balance of loans outstanding to students and former students of the University under these federally guaranteed loan programs at June 30, 2018.



Report of Independent Auditors 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*

To the President and Board of Trustees of
The George Washington University

We have audited, in accordance with 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 The George Washington University and its subsidiaries (“the University”), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statement of unrestricted activities, consolidated statement of activities, and the consolidated statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University’s 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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

September 18, 2018
McLean, Virginia



**Report of Independent Auditors on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on Internal
Control Over Compliance in Accordance with the Uniform Guidance**

To the President and Board of Trustees of
The George Washington University

Report on Compliance for Each Major Federal Program

We have audited The George Washington University and its subsidiaries' ("the University's") compliance with the types of compliance requirements described 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, 2018. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of 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, 2018.



Other Matters

The results of our auditing procedures disclosed two instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002. Our opinion on each major federal program is not modified with respect to this matter.

The University's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

PricewaterhouseCoopers LLP

October 15, 2018
McLean, Virginia

Schedule of Findings

The George Washington University
Schedule of Findings
For the year ended June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? yes no

Identification of major federal programs:

CFDA Number(s):	Name of Federal Program or Cluster:
Various	Student Financial Assistance Cluster
Various	Research and Development Cluster
84.264	Rehabilitation Training Continuing Education

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? yes no

**The George Washington University
Schedule of Findings
For the year ended June 30, 2018**

Section II – Financial Statement Findings

There are no matters to be reported.

Section III – Federal Award Findings and Questioned Costs

Finding 2018-001: Special Tests and Provisions: Student Verification

Federal Agency: Department of Education
Program: Student Financial Aid
CFDA#: Various
Award Number(s): Various
Award Year(s): July 1, 2017 – June 30, 2018

Criteria

34 CFR sections 668.51 through 668.61, which sets forth standards for verifying financial aid applicant information.

Condition

During our testing of compliance with special tests and provisions, specifically with regard to verification of key information submitted by financial aid applicants, we noted an exception related to the incorrect input of income tax information by the University into the student information system. This was not a new issue identified in the current year and therefore represents a repeat finding.

Cause

The employee who was manually transferring the information from the tax return to the University's student system incorrectly transcribed the income tax information.

Effect

No over- or under-awards resulted from the incorrect input of income tax information.

Questioned Costs

There are no questioned costs associated with this finding, as no over- or under-awards resulted from the incorrect input of the data.

Recommendation

We recommend the University implement enhanced training for employees responsible for the manual input of student information into the system. Additionally, we recommend that a secondary review be implemented to ensure someone independent of the person who manually inputs the data reviews for accuracy and completeness. This should include ensuring reviewers have the appropriate experience and training to identify errors in the manual entry process.

The George Washington University
Schedule of Findings
For the year ended June 30, 2018

Management's Views and Corrective Action Plan

The University acknowledges and agrees with the finding. Office of Student Financial Assistance (OSFA) will continue to require annual training on the Free Application for Federal Student Aid process for all who review student records. OSFA will enhance the trainings and reinforce prior to the beginning of review for early decision students.

Finding 2018-002: Special Tests and Provisions: Return of Title IV Funds

Federal Agency: Department of Education
Program: Student Financial Aid
CFDA#: Various
Award Number(s): Various
Award Year(s): July 1, 2017 – June 30, 2018

Criteria

34 CFR section 668.22, which addresses the treatment of Title IV funds when a student withdraws.

Condition

During our testing of compliance with special tests and provisions, specifically with regard to the return of Title IV Funds when a student withdraws, we noted that for 1 out of 25 students, the University returned more than the unearned portion of the student's unsubsidized loans. This was a new issue identified during the current year.

Cause

The manual nature of the Return of Title IV funds calculation performed and lack of secondary review led to the occurrence of transcription errors, which in turn resulted in the conditions noted.

Effect

The University returned \$73 more than it should have based upon the unearned portion of Title IV funds.

Questioned Costs

There are no questioned costs associated with this finding, as the University's refund exceeded the unearned portion of the student's Title IV funds. An adjustment was subsequently made by the University to correct the student's account.

Recommendation

We recommend that a secondary review be implemented to ensure someone independent of the person who performed the Return of Title IV Funds calculations reviews the information for accuracy and completeness. This should include ensuring reviewers have the appropriate experience and training to identify errors.

The George Washington University
Schedule of Findings
For the year ended June 30, 2018

Management's Views and Corrective Action Plan

The University acknowledges and agrees with the finding. As noted above, the University made an adjustment to correct the student's account. OSFA recently upgraded the Return of Title IV form to simplify the process. During the year, OSFA is planning to restructure the department. This will allow a different tier system that will allow for an initial review and a secondary review by a supervisor for the Return of Title IV. GW is in the process of exploring a new system for the Return of Title IV calculations.

Summary Schedule of Prior Year Audit Findings

The George Washington University
Summary Schedule of Prior Year Audit Findings
For the year ended June 30, 2018

2017-001 – Special Tests and Provisions: Student Verification

Program

Student Financial Aid

Condition

During PwC testing of compliance with special tests and provisions, specifically with regards to verification of key information submitted by financial aid applicants, PwC noted incorrect income tax information was input by the University into the student information system for 1 of 25 students of our sample selected for testing (representing an \$800 over award out of a total sample amount of \$380,911).

Current Year Status

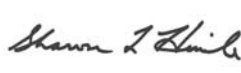
During fiscal year 2017, OSFA held required trainings on the Free Application for Federal Student Aid (FAFSA) process for all who review student records. Additional training sessions were held to review the data elements required on the FAFSA. This finding was not fully remediated as of June 30, 2018 and is part of finding 2018-001.

October 15, 2018

Summary of Corrective Action Plan

Page	Finding	Contact	Estimated Completion Date	Corrective Action
54	2018-001	Michelle Arcieri, Director, Student Financial Assistance	<ol style="list-style-type: none"> November 2018 and Ongoing Ongoing 	<ol style="list-style-type: none"> The Office of Student Financial Assistance (OSFA) will continue to require annual training on the Free Application for Federal Student Aid (FAFSA) process for all who review student records. Training will start prior to the beginning of review for early decision students. OSFA management will enhance the frequency and quality of smaller training sessions to ensure that reviewers have a clear understanding of all data elements required on the FAFSA. We will be especially mindful of the education credit as that can result in a small decrease in the Pell if it is missed.
55	2018-002	Michelle Arcieri, Director, Student Financial Assistance	<ol style="list-style-type: none"> April 2018 Ongoing Ongoing 	<ol style="list-style-type: none"> OSFA upgraded the Return of Title IV form to simplify the process. OSFA is undergoing restructuring in the upcoming year. We plan on having a different tier system that will allow for an initial review and a secondary review by a supervisor for the Return of Title IV. GW is exploring a new system for the Return of Title IV calculations.

Respectfully submitted,

 Digitally signed by Sharon L. Heinle
DN: cn=Sharon L. Heinle, o=George Washington University,
ou=Office of the Comptroller, email=sheinle@gwu.edu, c=US
Date: 2018.10.15 09:32:49 -04'00'

Sharon L. Heinle
Associate Vice President & Comptroller