

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, 2019
EIN 53-0196584

The George Washington University

Index

June 30, 2019

| | Page(s) |
|---|---------|
| Report of Independent Auditors..... | 1-3 |
| Consolidated Financial Statements for the years ended June 30, 2019 and 2018..... | 4-7 |
| Notes to the Consolidated Financial Statements for the years ended June 30, 2019 and 2018 | 8-32 |
| Supplementary Consolidating Information..... | 33-36 |
| Schedule of Expenditures of Federal Awards for the year ended June 30, 2019..... | 37-52 |
| Notes to Schedule of Expenditures of Federal Awards for the year ended June 30, 2019 | 53 |
| 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 <i>Government Auditing Standards</i> | 54-55 |
| 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 OMB Uniform Guidance | 56-58 |
| Schedule of Findings and Questioned Costs..... | 59-60 |
| Summary Schedule of Prior Year Audit Findings..... | 61-62 |



Report of Independent Auditors

To the 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, 2019 and June 30, 2018, and the related consolidated statements of activities and of cash flows for the years then ended, and the related notes to the consolidated 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 audits 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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the University and its subsidiaries as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of Matters

As discussed in Note 1 to the consolidated financial statements, the University changed the manner in which it presents net assets and reports certain aspects of its financial statements as a not-for-profit entity, the manner in which it accounts for revenues from contracts with customers and the manner in which it accounts for certain grants and contributions in fiscal year 2019. Our opinion is not modified with respect to this matter.

As discussed in Note 16 to the consolidated financial statements, on December 14, 2018 the University became the sole corporate member of Medical Faculty Associates, Inc. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information presented on pages 33 to 36 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 consolidating 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 consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies.

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, 2019 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. The 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 taken as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2019 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, 2019. 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

McLean, Virginia
October 3, 2019

Consolidated Statements of Financial Position
As of June 30, 2019 and 2018
(in thousands)

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 162,476 | \$ 122,808 |
| Short-term investments | 269,524 | 290,092 |
| Accounts receivable, net | 141,351 | 78,452 |
| Contributions receivable, net | 36,677 | 47,371 |
| Investments | 2,306,287 | 2,253,953 |
| Loans and notes receivable, net | 26,368 | 48,251 |
| Property, plant, and equipment, net | 1,780,440 | 1,708,079 |
| Other assets | 24,925 | 18,625 |
| Total assets | <u>\$ 4,748,048</u> | <u>\$ 4,567,631</u> |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 314,478 | \$ 198,173 |
| Deferred revenue: | | |
| Tuition and other deposits | 93,126 | 90,182 |
| Grants and contracts payments | 23,953 | 24,050 |
| Bonds and notes payable, net | 1,931,233 | 1,855,973 |
| Funds advanced for student loans | 29,612 | 29,621 |
| Total liabilities | <u>2,392,402</u> | <u>2,197,999</u> |
| NET ASSETS | | |
| Without donor restrictions | 1,668,158 | 1,663,543 |
| With donor restrictions | 687,488 | 706,089 |
| Total net assets | <u>2,355,646</u> | <u>2,369,632</u> |
| Total liabilities and net assets | <u>\$ 4,748,048</u> | <u>\$ 4,567,631</u> |

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

Consolidated Statements of Activities
Year Ended June 30, 2019
(in thousands)

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|---------------------|
| OPERATING REVENUE | | | |
| Student tuition and fees, net of \$333,821 university funded scholarships | \$ 774,143 | \$ - | \$ 774,143 |
| Patient care, net | 171,188 | - | 171,188 |
| Grants and contracts including indirect cost recoveries | 206,391 | - | 206,391 |
| Auxiliary enterprises, net | 119,752 | - | 119,752 |
| Endowment income distributed for operations | 86,575 | - | 86,575 |
| Medical education agreements | 65,391 | - | 65,391 |
| Contributions | 19,079 | - | 19,079 |
| Investment income used in operations | 25,671 | - | 25,671 |
| Net assets released from restrictions | 13,351 | - | 13,351 |
| Other | 64,625 | - | 64,625 |
| Total operating revenue | 1,546,166 | - | 1,546,166 |
| OPERATING EXPENSES | | | |
| Salaries and benefits | 891,934 | - | 891,934 |
| Purchased services | 250,860 | - | 250,860 |
| Depreciation | 90,372 | - | 90,372 |
| Interest | 70,593 | - | 70,593 |
| Scholarships and fellowships | 17,270 | - | 17,270 |
| Other | 208,509 | - | 208,509 |
| Total operating expenses | 1,529,538 | - | 1,529,538 |
| INCREASE in NET ASSETS FROM OPERATING ACTIVITIES | 16,628 | - | 16,628 |
| NON-OPERATING ACTIVITIES | | | |
| Investment income, net | 40,284 | (848) | 39,436 |
| Net assets released from restriction | 40,994 | (54,345) | (13,351) |
| Contributions, net | - | 34,069 | 34,069 |
| Endowment income distributed for operations | (88,697) | 2,122 | (86,575) |
| Other | (4,594) | 401 | (4,193) |
| Total non-operating activities | (12,013) | (18,601) | (30,614) |
| INCREASE (DECREASE) IN NET ASSETS | 4,615 | (18,601) | (13,986) |
| NET ASSETS AT THE BEGINNING OF THE YEAR | 1,663,543 | 706,089 | 2,369,632 |
| NET ASSETS AT THE END OF THE YEAR | \$ 1,668,158 | \$ 687,488 | \$ 2,355,646 |

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

Consolidated Statements of Activities
Year Ended June 30, 2018
(in thousands)

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---------------------------------------|------------------------------------|---------------------|
| OPERATING REVENUE | | | |
| Student tuition and fees, net of \$314,761 university funded scholarships | \$ 752,917 | \$ - | \$ 752,917 |
| Grants and contracts including indirect cost recoveries | 201,688 | - | 201,688 |
| Auxiliary enterprises, net | 116,464 | - | 116,464 |
| Endowment income distributed for operations | 76,861 | - | 76,861 |
| Medical education agreements | 64,854 | - | 64,854 |
| Contributions | 21,061 | - | 21,061 |
| Investment income used in operations | 18,454 | - | 18,454 |
| Net assets released from restrictions | 17,852 | - | 17,852 |
| Other | 31,465 | - | 31,465 |
| Total operating revenue | <u>1,301,616</u> | <u>-</u> | <u>1,301,616</u> |
| OPERATING EXPENSES | | | |
| Salaries and benefits | 701,953 | - | 701,953 |
| Purchased services | 252,855 | - | 252,855 |
| Depreciation | 84,594 | - | 84,594 |
| Interest | 62,329 | - | 62,329 |
| Scholarships and fellowships | 16,941 | - | 16,941 |
| Other | 160,968 | - | 160,968 |
| Total operating expenses | <u>1,279,640</u> | <u>-</u> | <u>1,279,640</u> |
| INCREASE in NET ASSETS FROM OPERATING ACTIVITIES | <u>21,976</u> | <u>-</u> | <u>21,976</u> |
| NON-OPERATING ACTIVITIES | | | |
| Investment income, net | 112,023 | 28,129 | 140,152 |
| Net assets released from restriction | 58,584 | (76,436) | (17,852) |
| Contributions, net | - | 19,879 | 19,879 |
| Endowment income distributed for operations | (78,781) | 1,920 | (76,861) |
| Debt extinguishment costs | (14,042) | - | (14,042) |
| Other | 3,217 | (3,197) | 20 |
| Total non-operating activities | <u>81,001</u> | <u>(29,705)</u> | <u>51,296</u> |
| INCREASE (DECREASE) IN NET ASSETS | 102,977 | (29,705) | 73,272 |
| NET ASSETS AT THE BEGINNING OF THE YEAR | <u>1,560,566</u> | <u>735,794</u> | <u>2,296,360</u> |
| NET ASSETS AT THE END OF THE YEAR | <u>\$ 1,663,543</u> | <u>\$ 706,089</u> | <u>\$ 2,369,632</u> |

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

Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018
(in thousands)

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (decrease) in net assets | \$ (13,986) | \$ 73,272 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Contribution - MFA business combination | (3,109) | - |
| Contributions restricted for long-term investment | (7,885) | (6,222) |
| Donated assets | (206) | (1,803) |
| Depreciation, amortization and accretion expenses | 90,434 | 86,546 |
| Net realized/unrealized (gain) on investments | (23,285) | (116,651) |
| Other non-cash items | 3,755 | 3,609 |
| Debt extinguishment costs | - | 14,042 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (2,696) | (7,990) |
| Pledges receivable | 10,694 | 9,075 |
| Other assets | 3,664 | 3,008 |
| Accounts payable and accrued expenses | 10,560 | 6,521 |
| Deferred revenue and deposits | (2,617) | 4,193 |
| Net cash provided by operating activities | <u>65,323</u> | <u>67,600</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of investments | (739,348) | (847,784) |
| Sales and maturity of investments | 777,396 | 664,892 |
| Purchases of property, plant, and equipment | (86,727) | (76,236) |
| Cash investment - MFA business combination | 11,774 | - |
| Net proceeds from sale of real property | - | 388 |
| Change in other loans and notes receivable | 4,404 | (12,600) |
| Net cash provided by (used in) investing activities | <u>(32,501)</u> | <u>(271,340)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contributions restricted for long-term investment | 7,885 | 6,222 |
| Payments of long-term debt | (474) | (168,016) |
| Extinguishment of debt, including related costs | - | (544,982) |
| Proceeds from borrowings | - | 795,000 |
| Proceeds from borrowings on lines of credit | 117,291 | - |
| Principal payments on lines of credit | (115,981) | - |
| Payments of debt issuance costs | 75 | (3,888) |
| Payments of capital lease obligations | (1,941) | (796) |
| Change in refundable government student loan funds | (9) | (141) |
| Net cash provided by financing activities | <u>6,846</u> | <u>83,399</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 39,668 | (120,341) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 122,808 | 243,149 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 162,476</u> | <u>\$ 122,808</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Net interest paid | \$ 80,151 | \$ 70,530 |
| Income tax payments | 1,274 | 46 |
| Assets and liabilities acquired under capital lease | 6,560 | 625 |

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

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

Note 1 - Summary of Significant Accounting Policies

The University

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

Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) and reporting practices prescribed for not-for-profit entities. The consolidated financial statements include the accounts of the George Washington University and its wholly owned subsidiaries which includes the Medical Faculty Associates, Inc. (MFA) as of December 14, 2018 following the business combination described in Note 16. All material intercompany transactions and balances have been eliminated.

Medical Faculty Associates, Inc.

MFA is a 501(c) (3) corporation formed in February 2000 to operate exclusively for the benefit of the University in providing clinical, teaching, and research services. Clinical services include professional physician and related health care services to patients in the greater Washington, DC community. MFA Physicians Insurance Company (MFA-PIC) is a wholly owned subsidiary of MFA and provides professional liability insurance for MFA and its employed physicians and providers. MFA maintains its accounts and prepares stand-alone financial statements in conformity with GAAP applicable to not-for-profit health care entities.

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 and other investment managers are included in Investments. Purchases and sales of investment cash equivalents are netted for reporting on the Consolidated Statements of Cash Flows.

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

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions received for capital projects, endowment funds, or student loans and contributions under split-interest agreements or perpetual trusts are reported as revenue with or without donor restrictions based the terms of gift agreements. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Promises to give with payments to be received after one year from the date of the

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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.

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 revenue categories based on the existence or absence of donor restrictions.

Investments known as split-interest agreements are unique to not-for-profit organizations. These are agreements where donors enter into trust or other arrangements under which the University receives benefits shared with other beneficiaries. The 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. Patient receivables are recorded at net realizable value based on certain assumptions determined by each payor. The initial estimate of the balance is established by reducing the standard rate by any explicit and implicit price concessions. The University does not accrue interest on these accounts.

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

Loans Receivable and Refundable Advances

Loans receivable are primarily related to federal student financial aid programs and are carried at face value, less an allowance for doubtful accounts of \$0.5 million at June 30, 2019 and 2018. The allowance for doubtful accounts is estimated based on the University's historical experience and periodic review of individual accounts. The majority of the University's loans receivable represents amounts due under federally guaranteed programs; therefore no reserves are recorded for the federal portion. Generally, payment on loans receivable commences upon graduation and can extend up to 10 years. These loans carry interest rates ranging from 3% to 7%. 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 \$7.4 million and \$3.1 million as of June 30, 2019 and 2018, 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. 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:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations and are available for operations or designated by board of trustees for specific purpose or quasi-endowment.

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

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

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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

Tuition, Fees, and Scholarships

The University recognizes revenues from student tuition and fees within the fiscal year in which educational services are provided. Tuition discounts in the form of scholarships and grants-in-aid, including those funded by the endowment, research funds, and gifts, are reported as a reduction of tuition revenues. 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.

Auxiliary Enterprises

Auxiliary enterprises revenue is primarily composed of housing revenue. Revenue from housing is recognized over the period it is earned as housing services are provided. Financial aid awarded specifically for housing is recorded as a reduction of auxiliary revenues.

Deferred revenue: Tuition and other deposits

Summer term tuition revenue and cash deposits received for summer housing contracts which span across the fiscal year-end are recognized to the extent the University has met the performance obligations as of the end of the fiscal year and the remainder is deferred to the following fiscal year.

As of June 30, 2019, \$48.0 million of remaining performance obligations under open service contracts is reported as Deferred revenue on the Consolidated Statement of Financial Position. The University expects to recognize this entire amount in operating revenues during the fiscal year ending June 30, 2020. As of June 30, 2018, the University reported \$49.3 million of remaining performance obligations under open service contracts as Deferred revenue, which was recognized as operating revenues during the fiscal year ended June 30, 2019.

Grants and Contracts

The University recognizes grants and contracts sponsored research agreements revenue in accordance with the agreement, generally when expenditures are incurred. Any funding received in advance of expenditure is recorded in Deferred revenue: Grants and contract payments on the Consolidated Statements of Financial Position and discussed in Note 4.

Patient Service Revenue

The University recognizes patient service revenue associated with services provided by MFA to patients who have third party payor coverage on the basis of contractual rates for services rendered. MFA has agreements with third party payors including Medicare, Medicaid, Blue Shield, as well as other commercial and managed care insurance carriers. Contracts for payment for clinical services are negotiated with each of the carriers at an amount less than the established billing rate. For uninsured patients that do not qualify for charity care, MFA recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy), reduced by estimated implicit price concessions for patients who are unable or unwilling to pay based on historical experience with each class of patients/ payers. Net patient

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

service revenue is reported as estimated net realizable amounts from patients, third-party payors, government programs and others and is recognized in the period in which services are rendered.

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.

Recent Accounting Standards

The University adopted ASU 2014-09, *Revenue from Contracts with Customers* on July 1, 2017. This standard requires entities to recognize revenue from customers when or as performance obligations of the contract are met. This standard was adopted using the full retrospective method. The adoption increased deferred revenue liability and reduced opening net assets of fiscal year 2018 by \$25.5 million.

The University adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* effective on July 1, 2018 using the full prospective method. 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. Due to this adoption, the majority of the University's grant transactions are no longer considered exchange transactions and are now deemed contributions (mostly conditional contributions) where revenue recognized equals the expenses. The adoption of this standard did not have a material effect on the University's financial statements.

The University retrospectively adopted ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, to the opening net assets of fiscal year 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. The adoption of this standard increased net assets without donor restrictions and decreased net assets with donor restrictions by \$8.3 million related to underwater endowment funds.

ASU 2016-02, *Leases*, will be effective for the University in fiscal year 2020. 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.

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 2 – Liquidity

The University regularly monitors liquidity required to meet its operating needs and commitments while striving to maximize the investment of available funds. The University operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. In addition to financial assets available to meet general expenditures over the next twelve months, the University invests cash in excess of daily requirements in short-term investments, and has liquidity resources in the form of available lines of credit.

As of June 30, 2019, the following assets could readily be made available within one year to meet general expenses:

| <i>(in thousands)</i> | Financial Assets | Unavailable Within One Year | Available for General Expenditure within One Year |
|--|---------------------|-----------------------------------|---|
| Cash and cash equivalents | \$ 162,476 | \$ - | \$ 162,476 |
| Short-term investments | 269,524 | - | 269,524 |
| Accounts receivable | 141,351 | 9,586 | 131,765 |
| Contributions receivable | 36,677 | 35,850 | 827 |
| Investments - pooled endowment | 1,025,210 | 542,574 | 482,636 |
| Investments - endowment real estate | 1,040,700 | 1,040,700 | - |
| Investments - other | 240,377 | 240,377 | - |
| Loans and notes receivable, net | 26,368 | 26,368 | - |
| | <u>\$ 2,942,683</u> | <u>\$ 1,895,455</u> | \$ 1,047,228 |
| Liquidity resources - available lines of credit | | | <u>162,927</u> |
| Financial assets available for general expenditure within one year | | | <u>\$ 1,210,155</u> |

Note 3 – Accounts Receivable

| <i>(in thousands)</i> | June 30 | |
|---------------------------------------|-------------------|------------------|
| | <u>2019</u> | <u>2018</u> |
| Grants and contracts | \$ 35,264 | \$ 37,072 |
| Patient care, net | 38,759 | - |
| Student tuition and fee accounts | 24,701 | 24,882 |
| Due from affiliation agreements | 3,949 | 3,260 |
| Due from hospital limited partnership | 12,545 | 6,950 |
| Other | 28,358 | 9,423 |
| Allowance for doubtful accounts | (2,225) | (3,135) |
| Total | <u>\$ 141,351</u> | <u>\$ 78,452</u> |

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 4 – Contributions Receivable

| <i>(in thousands)</i> | June 30 | |
|---|----------------|-------------|
| | 2019 | 2018 |
| Unconditional promises expected to be collected in: | | |
| Less than one year | \$ 28,355 | \$ 42,823 |
| One year to five years | 13,793 | 11,847 |
| Over five years | 542 | 1,029 |
| Subtotal | 42,690 | 55,699 |
| Allowance for uncollectible pledges | (3,980) | (6,910) |
| Unamortized discount to present value | (2,033) | (1,418) |
| Total | \$ 36,677 | \$ 47,371 |

Contributions receivable expected to be fulfilled more than one year from the date of the financial statements are recorded at fair value at the date of the gift, discounted at 3.95% - 4.53% with the discount amortized over the life of the receivable.

At June 30, 2019 and 2018, the University had received notification of outstanding bequest intentions and certain conditional promises to give of approximately \$223 million and \$206 million, respectively. These intentions and conditional promises are not recognized as assets and, if received, will generally be restricted for specific purposes stipulated by the donors, primarily endowments for faculty support, scholarships, or general operating support of a particular department or division of the University.

In addition, at June 30, 2019, the University had remaining available award balances on federal and private conditional grants and contracts for sponsored projects of \$208 million. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 5 – Investments

| <i>(in thousands)</i> | June 30 | |
|--|---------------------|---------------------|
| | 2019 | 2018 |
| Cash and cash equivalents | \$ 54,437 | \$ 93,332 |
| Exchange traded funds | 9,478 | - |
| Fixed income: | | |
| Asset-backed securities | 23,521 | 41,574 |
| Corporate debt securities | 43,586 | 32,269 |
| Government debt securities | 99,566 | 96,049 |
| Other | 18,815 | 7,233 |
| Global equity | 475,939 | 451,547 |
| Hedge funds | 196,030 | 193,321 |
| Private equity | 99,974 | 139,570 |
| Real estate | 1,064,189 | 1,032,753 |
| Split-interest agreements: | | |
| GW as trustee | 15,046 | 13,679 |
| Trusts held by others | 44,096 | 48,409 |
| Deferred compensation plan assets | 61,120 | 50,399 |
| Other | 51,914 | 54,036 |
| Net pending trades | 21,561 | - |
| Fund units receivable | 25,000 | - |
| Unrealized gain (loss) on open futures contracts | 2,015 | (219) |
| Total | \$ 2,306,287 | \$ 2,253,952 |

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, 2019 and 2018, 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 \$23.0 million and \$23.6 million as of June 30, 2019 and 2018, respectively. The University also holds a 20% interest in District Hospital Partners, L.P., accounted for under the equity method, which is included in Other investments, valued at \$41.9 million and \$41.0 million as of June 30, 2019 and 2018, respectively.

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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)

| | 2019 | | |
|---------------------------|---------------------|-------------------|---------------------|
| | Reported at | Not subject to | |
| | fair value | fair value | Total |
| | <u> </u> | <u>reporting</u> | <u> </u> |
| Cash and cash equivalents | \$ 159,100 | \$ 3,376 | \$ 162,476 |
| Short-term investments | 269,424 | 100 | 269,524 |
| Investments | 2,180,649 | 125,638 | 2,306,287 |
| Total | <u>\$ 2,609,173</u> | <u>\$ 129,114</u> | <u>\$ 2,738,287</u> |

(in thousands)

| | 2018 | | |
|---------------------------|---------------------|------------------|---------------------|
| | Reported at | Not subject to | |
| | fair value | fair value | Total |
| | <u> </u> | <u>reporting</u> | <u> </u> |
| 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> |

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, pending trades, fund units receivable, 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 net asset value (NAV) as a practical expedient to estimate fair value are excluded from the fair value hierarchy.

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

| <u>As of June 30, 2019 (in thousands)</u> | Classified in Fair Value Hierarchy | | | | Total |
|--|---|----------------|----------------|----------------|-------------------|
| | NAV | Level 1 | Level 2 | Level 3 | Fair Value |
| Cash equivalents at fair value | \$ - | \$ 153,713 | \$ 5,387 | \$ - | \$ 159,100 |
| Short-term investments at fair value | - | 269,424 | - | - | 269,424 |
| <u>Investments:</u> | | | | | |
| Cash and cash equivalents | - | 54,437 | - | - | 54,437 |
| Exchange traded funds | - | 9,478 | - | - | 9,478 |
| <u>Fixed income:</u> | | | | | |
| Asset-backed securities | 23,521 | - | - | - | 23,521 |
| Corporate debt securities | 14,232 | - | 29,354 | - | 43,586 |
| Government debt securities | 29,259 | 67,680 | 2,627 | - | 99,566 |
| Other | 8,677 | 2,895 | 7,243 | - | 18,815 |
| Global equity | 350,085 | 121,712 | - | - | 471,797 |
| Hedge funds | 196,030 | - | - | - | 196,030 |
| Private equity | 99,974 | - | - | - | 99,974 |
| Real estate | - | 109 | - | 1,041,059 | 1,041,168 |
| <u>Split-interest agreements:</u> | | | | | |
| GW as trustee | - | 15,046 | - | - | 15,046 |
| Trusts held by others | - | - | - | 44,096 | 44,096 |
| Deferred compensation plan assets | - | 42,599 | 10,496 | 8,025 | 61,120 |
| Unrealized gain - open futures contracts | - | 2,015 | - | - | 2,015 |
| Total investments at fair value | 721,778 | 315,971 | 49,720 | 1,093,180 | 2,180,649 |
| Total assets at fair value | \$ 721,778 | \$ 739,108 | \$ 55,107 | \$ 1,093,180 | \$ 2,609,173 |
| | | | | | |
| <u>As of June 30, 2018 (in thousands)</u> | Classified in Fair Value Hierarchy | | | | Total |
| | NAV | Level 1 | Level 2 | Level 3 | Fair Value |
| Cash equivalents at fair value | \$ - | \$ 110,727 | \$ 5,283 | \$ - | \$ 116,010 |
| Short-term investments at fair value | - | 289,821 | - | - | 289,821 |
| <u>Investments:</u> | | | | | |
| Cash and cash equivalents | - | 93,332 | - | - | 93,332 |
| <u>Fixed income:</u> | | | | | |
| 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 |
| <u>Split-interest agreements:</u> | | | | | |
| 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 | 358,465 | 25,967 | 1,064,637 | 2,175,069 |
| Total assets at fair value | \$ 726,000 | \$ 759,013 | \$ 31,250 | \$ 1,064,637 | \$ 2,580,900 |

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

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

Cash, cash equivalents, short-term investments, and exchange traded funds - 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. Cash equivalents also include a bank repurchase agreement valued at \$5.4 million at June 30, 2019 and \$5.3 million at June 30, 2018 which is classified as Level 2. The repurchase agreement is collateralized by bank-owned securities issued by the U.S. Government or agencies thereof. All other cash equivalents are priced using independent market prices in the primary trading market and are classified as Level 1.

Fixed income - These investments generally include asset-backed securities, convertible bonds, corporate debt, investment funds with fixed income portfolios, federal and municipal bonds, and U.S. treasury notes. These assets are primarily valued using market prices, such as broker quotes, for the same or similar instruments. Securities in this category that trade in less active markets and are redeemable in the near term are typically categorized as Level 2. The fair value of 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 - 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 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.

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

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.

| As of June 30, 2019 | | | | |
|----------------------------|-------------------------------------|--------------------------------|--------------------------|--------------|
| | Fair Value <i>(in thousands)</i> | Valuation Techniques | Unobservable Inputs | Range |
| Hotel | \$ 44,000 | Discounted cash flow | Exit capitalization rate | 6.50% |
| | | | Discount rate | 9.00% |
| Office building | \$ 201,000 | Income capitalization approach | Exit capitalization rate | 5.25% |
| | | | Discount rate | 6.50% |
| Ground leased real estate | \$ 795,700 | Income capitalization approach | Capitalization rate | 3.50% |
| | | | Discount rate | 5.00 - 7.00% |
| 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 | 3.5% |
| | | | Discount rate | 3.75 - 5.00% |

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

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> Category of Investment | 2019 | | | | 2018 |
|---|-------------------|----------------------|--|--------------------------|-------------------|
| | Fair Value | Unfunded commitments | Redemption frequency | Redemption notice period | Fair Value |
| Fixed income - asset-backed securities | \$ 23,521 | \$ - | Quarterly | 15 days | \$ 41,574 |
| Fixed income - corporate debt | 14,232 | - | Quarterly | 90 days | 16,849 |
| Fixed income - government debt | 29,259 | - | Daily to monthly | 1-15 days | 30,752 |
| Fixed income - other | 8,677 | 14,025 | Redemption not permitted during life of fund | N/A | 3,924 |
| Global equity | 350,085 | - | Daily to quarterly | 1-60 days | 300,010 |
| Hedge funds | 196,030 | - | Quarterly | 90 days | 193,321 |
| Private equity | 99,974 | 123,583 | Redemption not permitted during life of fund | N/A | 139,570 |
| Total | <u>\$ 721,778</u> | <u>\$ 137,608</u> | | | <u>\$ 726,000</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, Italy, and North America. Approximately 2% of these funds are in liquidation as of June 30, 2019.

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, buyouts, growth equity, 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 87% of the underlying assets will be liquidated within 10 years.

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

Changes in Level 3 Assets

| | 2019 | | | | | |
|--|---------------------|-------------------------------|----------------------|-------------------|---------------------|--|
| | Beginning of year | Net realized/unrealized gains | Purchases/ additions | Sales/Transfers | End of year | Total net gains included in earnings attributable to the change in net unrealized gains for assets still held at June 30, 2019 |
| Real estate | \$ 1,009,077 | \$ 29,972 | \$ 2,593 | \$ (583) | \$ 1,041,059 | \$ 29,929 |
| Split- interest agreements - trusts held by others | 48,409 | 24 | 55 | (4,392) | 44,096 | 24 |
| Deferred compensation | 7,151 | 230 | 644 | - | 8,025 | - |
| | <u>\$ 1,064,637</u> | <u>\$ 30,226</u> | <u>\$ 3,292</u> | <u>\$ (4,975)</u> | <u>\$ 1,093,180</u> | <u>\$ 29,953</u> |

| | 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> |

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. In the fiscal year ending June 30, 2019, charitable remainder trusts totaling \$0.5 million transferred from a trust held by others (Level 3) to the University as trustee (Level 1). There were no level transfers in the year ending June 30, 2018.

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

| | 2019 | | 2018 | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Investment income, net | Investment income, net | Investment income, net | Investment income, net |
| Total net gains included in changes in net assets | \$ 29,996 | \$ 76,974 | \$ 29,953 | \$ 80,136 |
| Change in net unrealized gains relating to assets still held at June 30 | \$ 29,953 | \$ 80,136 | \$ 29,953 | \$ 80,136 |

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

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. Endowment funds without donor restrictions are board designated.

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

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

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

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

(in thousands)

| | June 30, 2019 | | |
|---|---------------------------------------|------------------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets, beginning of year | \$ 1,253,818 | \$ 544,992 | \$ 1,798,810 |
| Investment return, net | 14,008 | (2,085) | 11,923 |
| Contributions | 965 | 24,867 | 25,832 |
| Endowment payout | (55,710) | (33,093) | (88,803) |
| Reinvestment of payout and internal transfers | 22,904 | 7,893 | 30,797 |
| Endowment net assets, end of year | <u>\$ 1,235,985</u> | <u>\$ 542,574</u> | <u>\$ 1,778,559</u> |

(in thousands)

| | June 30, 2018 | | |
|---|---------------------------------------|------------------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets, beginning of year | \$ 1,197,526 | \$ 531,621 | \$ 1,729,147 |
| Investment return, net | 97,456 | 25,822 | 123,278 |
| Contributions | 5,575 | 12,048 | 17,623 |
| Endowment payout | (50,873) | (31,854) | (82,727) |
| Reinvestment of payout and internal transfers | 4,134 | 7,355 | 11,489 |
| Endowment net assets, end of year | <u>\$ 1,253,818</u> | <u>\$ 544,992</u> | <u>\$ 1,798,810</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. Endowment corpus that is to be maintained in perpetuity totaled \$249.3 million and \$240.6 million as of June 30, 2019 and 2018, respectively.

As of June 30, 2019, a deficiency of \$15.5 million exists on an original gift value of \$144.0 million and an \$8.3 million deficiency existed on an original gift value of \$96.6 million as of June 30, 2018. The University's policies permit spending from underwater endowment funds, unless otherwise precluded by donor intent or relevant laws and regulations.

Investment Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

Asset allocation policy is the cornerstone of a disciplined, consistent, and diversified approach to achieving the Endowment's investment objectives. The Endowment is broadly diversified across and within asset classes in order to minimize the impact of unexpected asset class- and security- specific adverse results

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

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

Note 8 - Property, plant, and equipment

(in thousands)

| | June 30 | |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| Land | \$ 198,523 | \$ 179,591 |
| Buildings | 2,294,245 | 2,180,765 |
| Construction in progress | 24,766 | 22,757 |
| Furniture and equipment | 182,891 | 175,433 |
| Library and historical research materials | 63,977 | 69,540 |
| Equipment under capital leases | 14,710 | 9,298 |
| | <u>2,779,112</u> | <u>2,637,384</u> |
| Accumulated depreciation | (998,672) | (929,305) |
| Total | <u>\$ 1,780,440</u> | <u>\$ 1,708,079</u> |

Depreciation expense

(in thousands)

| | June 30 | |
|--------------------------------|------------------|------------------|
| | 2019 | 2018 |
| Buildings | \$ 63,778 | \$ 59,926 |
| Furniture and equipment | 24,154 | 23,163 |
| Equipment under capital leases | 2,440 | 1,505 |
| Total | <u>\$ 90,372</u> | <u>\$ 84,594</u> |

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

Note 9 - Accounts Payable and Accrued Expenses

| <i>(in thousands)</i> | June 30 | |
|---|-------------------|-------------------|
| | 2019 | 2018 |
| Accrued building construction payable | \$ 19,384 | \$ 14,376 |
| Accrued interest payable | 23,410 | 21,681 |
| Accrued other liabilities | 77,580 | 31,039 |
| Accrued payroll and related liabilities | 102,134 | 89,089 |
| Accumulated postretirement liability | 6,851 | 4,327 |
| Split interest agreements | 7,282 | 6,358 |
| Self-insurance reserves | 35,461 | - |
| Trade payables | 27,087 | 17,487 |
| Other payables | 15,289 | 13,816 |
| Total | <u>\$ 314,478</u> | <u>\$ 198,173</u> |

Note 10 - Bonds and Notes Payable

| <i>(in thousands)</i> | Final Scheduled Maturities | June 30 | | |
|--|----------------------------------|-------------------------|-----------------------|-----------------------|
| | | 2019 | Amount Outstanding | 2018 |
| | | Ending Interest Rate | Amount Outstanding | Amount Outstanding |
| Taxable bonds: | | | | |
| 2013 Series General Obligation | 9/15/2043 | Fixed 4.363% | \$ 170,000 | \$ 170,000 |
| 2014 Series General Obligation | 9/15/2044 | Fixed 4.3% | 300,000 | 300,000 |
| 2015 Series General Obligation | 9/15/2045 | Fixed 4.868% | 350,000 | 350,000 |
| 2016 Series General Obligation | 9/15/2046 | Fixed 3.545% | 250,000 | 250,000 |
| 2018 Series General Obligation | 9/15/2048 | Fixed 4.126% | 795,000 | 795,000 |
| Notes payable | | | | |
| MFA term loan secured by real estate | 11/22/2023 | Fixed 4.40% | 35,352 | - |
| MFA unsecured subordinated loan | 7/1/2027 | LIBOR + 6.0% | 17,500 | - |
| MFA Revolving credit facility, \$35.0 million | 3/31/2021 | LIBOR + 1.45% | 22,073 | - |
| Unsecured notes payable | 5/1/2021 | Fixed 3% | 35 | 51 |
| | | | <u>1,939,960</u> | <u>1,865,051</u> |
| Less: debt issuance costs | | | (8,727) | (9,078) |
| Total | | | <u>\$ 1,931,233</u> | <u>\$ 1,855,973</u> |

As of June 30, 2019, 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 fiscal years 2020 and 2021. There were no amounts outstanding under lines of credit at June 30, 2019 or 2018. The University guarantees debt obligations incurred by MFA and these loans are included as liabilities in the consolidated financial statements.

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

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.

As of June 30, 2019, principal payments are due on bonds and note payable in accordance with the following schedule:

| <u>Fiscal Year Ending June 30</u> | <i>(in thousands)</i> |
|-----------------------------------|-----------------------|
| 2020 | \$ 25,284 |
| 2021 | 3,331 |
| 2022 | 3,358 |
| 2023 | 3,404 |
| 2024 | 3,449 |
| Thereafter | 1,901,134 |
| Total | <u>\$ 1,939,960</u> |

Interest expense is categorized as follows:

| <i>(in thousands)</i> | | June 30 | |
|-----------------------|-------------------------------------|------------------|------------------|
| <u>Interest type</u> | <u>Financial statement category</u> | <u>2019</u> | <u>2018</u> |
| Bonds/note payable | Interest expense | \$ 69,437 | \$ 62,267 |
| Rental property | Investment income, net | 11,608 | 10,985 |
| Capital leases | Interest expense | 1,156 | 63 |
| Total | | <u>\$ 82,201</u> | <u>\$ 73,315</u> |

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

Note 11 - Commitments and Contingencies

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

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

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

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

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 \$21.3 million and \$14.9 million for the years ended June 30, 2019 and 2018, respectively. The aggregate minimum lease payments under these operating leases are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>(in thousands)</u> |
|-----------------------------------|-----------------------|
| 2020 | \$ 21,224 |
| 2021 | 21,783 |
| 2022 | 19,642 |
| 2023 | 18,208 |
| 2024 | 17,491 |
| Thereafter | 43,751 |
| Total | <u>\$ 142,099</u> |

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

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:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations and are available for operations or designated by board of trustees for specific purpose or quasi-endowment.

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

| <i>(in thousands)</i> | June 30, 2019 | | |
|--------------------------------------|---------------------------------------|------------------------------------|-----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total Net Assets |
| Nature of Specific Net Assets | | | |
| Donated building funds | \$ - | \$ 1,995 | \$ 1,995 |
| Board designated endowment funds | 1,235,985 | - | 1,235,985 |
| Donor restricted endowment funds | - | 542,574 | 542,574 |
| Net investment in plant | 366,119 | - | 366,119 |
| Loan funds | 3,427 | 3,777 | 7,204 |
| Contributions receivable | - | 36,677 | 36,677 |
| Split interest funds | 9,005 | 52,113 | 61,118 |
| Other | 53,622 | 50,352 | 103,974 |
| | \$ 1,668,158 | \$ 687,488 | \$ 2,355,646 |

| <i>(in thousands)</i> | June 30, 2018 | | |
|--------------------------------------|---------------------------------------|------------------------------------|-----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total Net Assets |
| Nature of Specific Net Assets | | | |
| Donated building funds | \$ - | \$ 2,173 | \$ 2,173 |
| Board designated endowment funds | 1,253,818 | - | 1,253,818 |
| Donor restricted endowment funds | - | 544,992 | 544,992 |
| Net investment in plant | 358,067 | - | 358,067 |
| Loan funds | 3,712 | 3,816 | 7,528 |
| Contributions receivable | - | 47,371 | 47,371 |
| Split interest funds | 8,125 | 56,038 | 64,163 |
| Other | 39,821 | 51,699 | 91,520 |
| | \$ 1,663,543 | \$ 706,089 | \$ 2,369,632 |

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018

Note 13 - Program and Supporting Activities Expense

| | June 30, 2019 | | | | | |
|------------------------------|---|---------------------|-------------------|--------------------------|-----------------------------|---------------------------|
| <i>(in thousands)</i> | Academic and student support | Patient care | Research | Total program | Support services | Total expenses |
| Salaries and benefits | \$ 503,559 | \$ 145,564 | \$ 98,503 | \$ 747,626 | \$ 144,308 | \$ 891,934 |
| Purchased services | 103,064 | 13,168 | 74,072 | 190,304 | 60,556 | 250,860 |
| Scholarships and fellowships | 17,270 | - | - | 17,270 | - | 17,270 |
| Other | 97,183 | 47,839 | 15,988 | 161,010 | 51,708 | 212,718 |
| Depreciation | 70,179 | 4,300 | 5,326 | 79,805 | 10,567 | 90,372 |
| Interest | 57,417 | 2,657 | 5,315 | 65,389 | 5,204 | 70,593 |
| Allocations | 130,112 | - | 11,469 | 141,581 | (141,581) | - |
| | <u>\$ 978,784</u> | <u>\$ 213,528</u> | <u>\$ 210,673</u> | <u>\$ 1,402,985</u> | <u>\$ 130,762</u> | <u>\$ 1,533,747</u> |
| June 30, 2018 | <u>\$ 964,449</u> | <u>\$ -</u> | <u>\$ 206,068</u> | <u>\$ 1,170,517</u> | <u>\$ 123,165</u> | <u>\$ 1,293,682</u> |

Allocations include costs for the maintenance and operation of physical plant and technology. Maintenance and operation of physical plant costs are allocated based upon periodic inventories of facility square foot usage and totaled \$78.3 million and \$77.8 million for the years ended June 30, 2019 and 2018, respectively. Depreciation expense is allocated based on facility square foot usage. Interest on plant debt is allocated based on the percentage of actual interest expense attributable to properties.

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. These costs are allocated based upon relative benefits provided to academic and administrative users of the services. Technology costs totaled \$77.5 million and \$75.1 million for the years ended June 30, 2019 and 2018, respectively.

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

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 \$40.1 million and \$39.2 million for the years ended June 30, 2019 and 2018, respectively.

The University provides health care and life insurance benefits to certain retired employees. These employees become eligible for benefits after meeting age and service requirements. 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 \$6.9 million and \$4.3 million as of June 30, 2019 and 2018, respectively.

Note 15 - Related Parties

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, 2019 and 2018 was approximately \$12.2 million and \$14.7 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 \$38.4 million and \$36.7 million was reported for the years ended June 30, 2019 and 2018, respectively. The receivable from DHP for the unpaid balance of these services is \$4.8 million and \$6.9 million as of June 30, 2019 and 2018, respectively. DHP has provided a \$30.0 million line of credit to the MFA which had an outstanding balance of \$17.5 million as of June 30, 2019. The MFA recorded contract revenue from DHP totaling \$4.1 million for the period following the business combination effective December 14, 2018.

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

Note 16 – Business Combination

Effective December 14, 2018, the University and Medical Faculty Associates, Inc. (MFA) restructured their relationship which resulted in the University becoming the sole corporate member of MFA. MFA retains its status as a separate 501(c)3 non-profit medical group, with the University exercising rights of coordination and control. This change in control was accounted for as a business combination. The new structure will bring more stability to the medical enterprise by consolidating the MFA with the University’s stronger balance sheet. It also creates greater strategic alignment between the University and the MFA, allowing the entities to speak with one voice as they work together to grow and strengthen the University’s medical enterprise. The University recorded \$3.1 million of contribution revenue in the consolidated statement of activities which represents MFA’s net assets at December 14, 2018 and the excess of the fair value of assets acquired over the fair value of liabilities assumed. There was no consideration exchanged between the University and MFA and all intercompany transactions have been eliminated from the date of the combination through June 30, 2019.

The fair value, in thousands, of MFA assets and liabilities as of December 14, 2018 recorded in the consolidated financial statements to affect the combination:

| | |
|---|------------------------|
| Cash | \$ 11,774 |
| Receivables, net | 63,584 |
| Restricted investments | 40,280 |
| Other assets | 6,460 |
| Land, buildings, and equipment | 68,920 |
| Accounts payable, accrued expenses, and self-insurance reserves | (90,917) |
| Notes payable | (91,527) |
| Deferred revenue | (5,465) |
| Net assets | <u><u>\$ 3,109</u></u> |

The following is a summary of the MFA activity included in the 2019 consolidated statement of activities:

| | |
|----------|-------------------|
| Revenue | <u>\$ 232,457</u> |
| Expenses | <u>\$ 240,264</u> |

Had the transaction occurred on July 1, 2017, the pro forma total consolidated revenue would have been \$1,711 million and \$1,765 million for the year ended June 30, 2019 and 2018, respectively. The consolidated net assets would have been \$2,361 million as of June 30, 2019 and \$2,373 million as of June 30, 2018.

Prior to the combination, MFA was considered a related party. In the six months prior to the combination, MFA provided \$13.9 million in services to the University and the University reported \$5.5 million in medical education agreement revenue associated with MFA. In fiscal year 2018, MFA provided approximately \$34.6 million in services to the University and the University reported \$11.0 million in medical education agreement revenue associated with MFA. In previous years, the University had provided a line of credit to MFA which had an outstanding balance of \$17.5 million as of June 30, 2018. Ninety percent of that outstanding balance, or \$15.8 million, was forgiven by the University in March 2019. The loan forgiveness and the remaining loan balance have been eliminated in the consolidated financial statements.

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

Note 17 – Subsequent events

The University has performed an evaluation of subsequent events through October 3, 2019, which is the date the financial statements were issued, noting no other events which affect the financial statements as of June 30, 2019.

Supplementary Consolidating Information

Supplemental Schedule to the Consolidated Financial Statements
Consolidating Balance Sheet
As of June 30, 2019
(in thousands)

| | <u>GWU</u> | <u>MFA</u> | <u>Elimination</u> | <u>Total</u> |
|---|---------------------|-------------------|--------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 157,526 | \$ 4,950 | \$ - | \$ 162,476 |
| Short-term investments | 269,524 | - | - | 269,524 |
| Accounts receivable, net | 75,181 | 68,969 | (2,799) | 141,351 |
| Contributions receivable, net | 36,677 | - | - | 36,677 |
| Investments | 2,261,947 | 47,449 | (3,109) | 2,306,287 |
| Loans and notes receivable, net | 28,118 | - | (1,750) | 26,368 |
| Property, plant, and equipment, net | 1,714,686 | 65,754 | - | 1,780,440 |
| Other assets | 19,424 | 5,501 | - | 24,925 |
| Total assets | <u>\$ 4,563,083</u> | <u>\$ 192,623</u> | <u>\$ (7,658)</u> | <u>\$ 4,748,048</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | \$ 217,481 | \$ 99,796 | \$ (2,799) | \$ 314,478 |
| Deferred revenue: | | | | |
| Tuition and other deposits | 88,854 | 4,272 | - | 93,126 |
| Grants and contracts payments | 23,953 | - | - | 23,953 |
| Bonds and notes payable, net | 1,856,308 | 76,675 | (1,750) | 1,931,233 |
| Funds advanced for student loans | 29,612 | - | - | 29,612 |
| Total liabilities | <u>2,216,208</u> | <u>180,743</u> | <u>(4,549)</u> | <u>2,392,402</u> |
| NET ASSETS | | | | |
| Without donor restrictions | 1,659,387 | 11,880 | (3,109) | 1,668,158 |
| With donor restrictions | 687,488 | - | - | 687,488 |
| Total net assets | <u>2,346,875</u> | <u>11,880</u> | <u>(3,109)</u> | <u>2,355,646</u> |
| Total liabilities and net assets | <u>\$ 4,563,083</u> | <u>\$ 192,623</u> | <u>\$ (7,658)</u> | <u>\$ 4,748,048</u> |

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

| | GWU | MFA | Elimination | Total |
|---|---------------------|------------------|-------------------|---------------------|
| OPERATING REVENUE | | | | |
| Student tuition and fees, net of \$333,821 university funded scholarships | \$ 774,143 | \$ - | \$ - | \$ 774,143 |
| Patient care, net | - | 171,188 | - | 171,188 |
| Grants and contracts including indirect cost recoveries | 204,847 | 3,239 | (1,695) | 206,391 |
| Auxiliary enterprises, net | 119,330 | 422 | - | 119,752 |
| Endowment income distributed for operations | 86,575 | - | - | 86,575 |
| Medical education agreements | 67,123 | 21,775 | (23,507) | 65,391 |
| Contributions | 19,079 | - | - | 19,079 |
| Investment income used in operations | 25,034 | 637 | - | 25,671 |
| Net assets released from restrictions | 13,351 | - | - | 13,351 |
| Other | 30,963 | 35,196 | (1,534) | 64,625 |
| Total operating revenue | <u>1,340,445</u> | <u>232,457</u> | <u>(26,736)</u> | <u>1,546,166</u> |
| OPERATING EXPENSES | | | | |
| Salaries and benefits | 725,712 | 166,222 | - | 891,934 |
| Purchased services | 258,350 | 13,168 | (20,658) | 250,860 |
| Depreciation | 86,073 | 4,299 | - | 90,372 |
| Interest | 67,936 | 2,657 | - | 70,593 |
| Scholarships and fellowships | 17,270 | - | - | 17,270 |
| Other | 160,669 | 53,918 | (6,078) | 208,509 |
| Total operating expenses | <u>1,316,010</u> | <u>240,264</u> | <u>(26,736)</u> | <u>1,529,538</u> |
| INCREASE (DECREASE) in NET ASSETS FROM OPERATING ACTIVITIES | <u>24,435</u> | <u>(7,807)</u> | <u>-</u> | <u>16,628</u> |
| NON-OPERATING ACTIVITIES | | | | |
| Investment income, net | 38,608 | 828 | - | 39,436 |
| Net assets released from restriction | (13,351) | - | - | (13,351) |
| Contributions, net | 34,069 | - | - | 34,069 |
| Endowment income distributed for operations | (86,575) | - | - | (86,575) |
| Other | (19,943) | 15,750 | - | (4,193) |
| Total non-operating activities | <u>(47,192)</u> | <u>16,578</u> | <u>-</u> | <u>(30,614)</u> |
| INCREASE (DECREASE) IN NET ASSETS | <u>(22,757)</u> | <u>8,771</u> | <u>-</u> | <u>(13,986)</u> |
| NET ASSETS AT THE BEGINNING OF THE YEAR | <u>2,369,632</u> | <u>3,109</u> | <u>(3,109)</u> | <u>2,369,632</u> |
| NET ASSETS AT THE END OF THE YEAR | <u>\$ 2,346,875</u> | <u>\$ 11,880</u> | <u>\$ (3,109)</u> | <u>\$ 2,355,646</u> |

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

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2019 and 2018**

Basis of Presentation – Supplementary Consolidating Information

The consolidating supplemental schedules as of and for the year ending June 30, 2019, are derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating supplemental schedules are presented for purposes of additional analysis of the consolidated financial statements and are not a required part of the consolidated financial statements. The individual components of the consolidating schedules are disclosed in Note 1 to the consolidated financial statements. The GWU component represents the full fiscal year 2019 activity, excluding the MFA. The MFA component represents activity from December 14, 2018 (the effective date of the business combination) through June 30, 2019.

**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, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|---|------------------------|------------------------------------|-------------------------------|------------------------------------|
| <u>STUDENT FINANCIAL ASSISTANCE CLUSTER</u> | | | | |
| DEPARTMENT OF EDUCATION | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | | \$ 1,913,813 | \$ - |
| Federal Work-Study Program | 84.033 | | 2,386,528 | - |
| Federal Perkins Loan Program | | | | |
| Outstanding Loans as of July 1, 2018 | 84.038 | | 29,268,071 | - |
| New Loans Issued during FY2019 | 84.038 | | - | - |
| | | | <u>29,268,071</u> | <u>-</u> |
| Federal Pell Grant Program | 84.063 | | 8,551,132 | - |
| Federal Direct Student Loans | 84.268 | | 281,777,574 | - |
| Teacher Education Assistance for College and Higher Education Grants | 84.379 | | 15,930 | - |
| DEPARTMENT OF EDUCATION TOTAL | | | <u>323,913,048</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, 2018 | 93.342 | | 1,002,900 | - |
| New Loans Issued during FY2019 | 93.342 | | 148,750 | - |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL | | | <u>1,151,650</u> | <u>-</u> |
| STUDENT FINANCIAL ASSISTANCE CLUSTER TOTAL | | | <u>\$ 325,064,698</u> | <u>\$ -</u> |
| <u>TRIO CLUSTER</u> | | | | |
| DEPARTMENT OF EDUCATION | | | | |
| TRIO-Upward Bound | 84.047 | | \$ 276,610 | \$ - |
| DEPARTMENT OF EDUCATION TOTAL | | | <u>276,610</u> | <u>-</u> |
| TRIO CLUSTER TOTAL | | | <u>\$ 276,610</u> | <u>\$ -</u> |
| <u>RESEARCH AND DEVELOPMENT CLUSTER</u> | | | | |
| DEPARTMENT OF AGRICULTURE | | | | |
| Agricultural Research Service | | | | |
| Agricultural Research Basic and Applied Research | 10.001 | | \$ 71,207 | \$ - |
| CRDF Global | 10.001 | 59-0210-6-004 | 15,247 | - |
| Agricultural Research Service Total | | | <u>86,454</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, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|---|------------------------|------------------------------------|-------------------------------|------------------------------------|
| National Institute of Food and Agriculture | | | | |
| The Washington Nationals Youth Baseball Academy | 10.225 | YBA-GWU 001 | \$ 15,842 | \$ - |
| Agriculture and Food Research Initiative | 10.310 | | 178,314 | - |
| Kansas State University | 10.310 | S18029 | 102,896 | - |
| University of Maryland | 10.310 | 61445-Z5062201 | 23,285 | - |
| Virginia Polytechnic Institute | 10.310 | 422632-19218 | 21,290 | - |
| National Institute of Food and Agriculture Total | | | <u>341,627</u> | <u>-</u> |
| Office of the Chief Economist | | | | |
| Agricultural Market and Economic Research | 10.290 | | 83,172 | - |
| Office of the Chief Economist Total | | | <u>83,172</u> | <u>-</u> |
| DEPARTMENT OF AGRICULTURE TOTAL | | | <u>511,253</u> | <u>-</u> |
| DEPARTMENT OF COMMERCE | | | | |
| National Oceanic and Atmospheric Administration | | | | |
| University of Maryland | 11.417 | SA75281450-M R/CR-5 | 48,421 | - |
| National Oceanic and Atmospheric Administration Total | | | <u>48,421</u> | <u>-</u> |
| National Institute of Standards and Technology | | | | |
| Measurement and Engineering Research and Standards | 11.609 | | 382,274 | 114,044 |
| Science, Technology, Business and/or Education Outreach | 11.620 | | 8,619 | - |
| National Institute of Standards and Technology Total | | | <u>390,893</u> | <u>114,044</u> |
| DEPARTMENT OF COMMERCE TOTAL | | | <u>439,314</u> | <u>114,044</u> |
| DEPARTMENT OF DEFENSE | | | | |
| Defense Advanced Research Projects Agency | | | | |
| Basic Scientific Research | 12.431 | | 1,876,251 | 1,058,159 |
| Columbia University | 12.910 | 1(GG012336-05) | 39,828 | - |
| Drexel University | 12.840020-GWU | 840020-GWU | 23,383 | - |
| DZYNE Technologies | 12.AIR005-001 | AIR005-001 | 34,005 | - |
| DZYNE Technologies | 12.DOI003-001 | DOI003-001 | 11,458 | - |
| Defense Advanced Research Projects Agency | 12.N6600118C4033 | | 253,785 | - |
| Defense Advanced Research Projects Agency Total | | | <u>2,238,710</u> | <u>1,058,159</u> |
| Defense Logistics Agency | | | | |
| University of Northern Iowa | 12.S6435A | S6435A | 113,438 | - |
| Defense Logistics Agency Total | | | <u>113,438</u> | <u>-</u> |

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The George Washington University
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|---|------------------------|------------------------------------|-------------------------------|------------------------------------|
| Department of the Air Force | | | | |
| Air Force Defense Research Sciences Program | 12.800 | | \$ 760,288 | \$ 169,918 |
| Georgia Institute of Technology | 12.800 | RH411-G1 | 168,305 | - |
| University of Miami | 12.800 | SPC-001046 | 24,194 | - |
| Booz Allen Hamilton Inc. | 12.S901487BAH | S901487BAH | 100,007 | - |
| Omega Optics, Inc. | 12.FA9550-19-C-0003 | FA9550-19-C-0003 | 17,694 | - |
| Department of the Air Force Total | | | <u>1,070,488</u> | <u>169,918</u> |
| Department of the Army | | | | |
| Military Medical Research and Development | 12.420 | | 278,260 | - |
| Chicago Association for Research and Education in Science | 12.420 | PAPE-0020S | 153,537 | - |
| Henry Jackson Foundation | 12.420 | 3218 | 78,761 | - |
| Icahn School of Medicine at Mount Sinai | 12.420 | 0258-1031-4609 | 30,582 | - |
| Basic Scientific Research | 12.431 | | 432,169 | 94,655 |
| US Army Medical Research Acquisition Activity | 12.W81XWH-17-1-0007 | | 5,595 | - |
| TConneX, Inc. | 12.W81XWH18C0152-1 | W81XWH18C0152-1 | 37,582 | - |
| Department of the Army Total | | | <u>1,016,486</u> | <u>94,655</u> |
| Department of the Navy, Office of the Chief of Naval Research | | | | |
| Basic and Applied Scientific Research | 12.300 | | 1,933,849 | 369,774 |
| Department of the Navy, Office of the Chief of Naval Research | 12.NRO00014-C-0335 | | 97,933 | - |
| Charles River Analytics | 12.SC1602801 | SC1602801 | 84,524 | - |
| Department of the Navy, Office of the Chief of Naval Research Total | | | <u>2,116,306</u> | <u>369,774</u> |
| Intelligence Advanced Research Projects Activity | | | | |
| GE Global Research | 12.2538611001 | 2538611001 | 499,073 | - |
| Intelligence Advanced Research Projects Activity Total | | | <u>499,073</u> | <u>-</u> |
| Office of the Secretary of Defense | | | | |
| George Mason University | 12.630 | E204072-1 | 148,066 | - |
| Office of the Secretary of Defense Total | | | <u>148,066</u> | <u>-</u> |
| Uniformed Services University of the Health Sciences | | | | |
| Henry Jackson Foundation | 12.750 | 3843 | 17,849 | - |
| Uniformed Services University of the Health Sciences Total | | | <u>17,849</u> | <u>-</u> |
| DEPARTMENT OF DEFENSE TOTAL | | | <u>7,220,416</u> | <u>1,692,506</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, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|--|------------------------|------------------------------------|-------------------------------|------------------------------------|
| DEPARTMENT OF THE INTERIOR | | | | |
| National Park Service | | | | |
| Cooperative Research and Training Programs – Resources of the National Park System | 15.945 | | \$ 62,914 | \$ - |
| National Park Service Total | | | <u>62,914</u> | <u>-</u> |
| | | | | |
| U.S. Geological Survey | | | | |
| University of District of Columbia | 15.805 | 2018DC201B | 663 | - |
| U.S. Geological Survey Total | | | <u>663</u> | <u>-</u> |
| | | | | |
| DEPARTMENT OF THE INTERIOR TOTAL | | | | |
| | | | <u>63,577</u> | <u>-</u> |
| | | | | |
| DEPARTMENT OF JUSTICE | | | | |
| National Institute of Justice | | | | |
| National Institute of Justice Research, Evaluation, and Development Project Grants | 16.560 | | 504,628 | 10,697 |
| National Institute of Justice Total | | | <u>504,628</u> | <u>10,697</u> |
| | | | | |
| DEPARTMENT OF JUSTICE TOTAL | | | | |
| | | | <u>504,628</u> | <u>10,697</u> |
| | | | | |
| DEPARTMENT OF LABOR | | | | |
| Abt Associates Incorporated | 17.44990 | 44990 | 4,502 | - |
| Abt Associates Incorporated | 17.47247 | 47247 | 2,548 | - |
| The Urban Institute | 17.101552-0001-GWU-01 | 101552-0001-GWU-01 | 6,175 | - |
| DEPARTMENT OF LABOR TOTAL | | | <u>13,225</u> | <u>-</u> |
| | | | | |
| DEPARTMENT OF STATE | | | | |
| Bureau of Population, Refugees and Migration | | | | |
| Overseas Refugee Assistance Programs for Strategic Global Priorities | 19.522 | | 725,363 | 34,536 |
| Bureau of Population, Refugees and Migration Total | | | <u>725,363</u> | <u>34,536</u> |
| | | | | |
| DEPARTMENT OF STATE TOTAL | | | | |
| | | | <u>725,363</u> | <u>34,536</u> |
| | | | | |
| DEPARTMENT OF TRANSPORTATION | | | | |
| Federal Highway Administration | | | | |
| National Academy of Sciences | 20.200 | HR 12-96 | 5,134 | - |
| Battelle Memorial Institute | 20.601753-1 | 601753-1 | 63,152 | - |
| Federal Highway Administration Total | | | <u>68,286</u> | <u>-</u> |
| | | | | |
| DEPARTMENT OF TRANSPORTATION TOTAL | | | | |
| | | | <u>68,286</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, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|--|------------------------|------------------------------------|-------------------------------|------------------------------------|
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | | |
| Science | 43.001 | | \$ 678,396 | \$ 3,048 |
| NASA Jet Propulsion Laboratory | 43.001 | 1622605 | 35,881 | - |
| Smithsonian Institution | 43.001 | AR8-19008X | 25,918 | - |
| Smithsonian Institution | 43.001 | AR8-19009B | 4,873 | - |
| Smithsonian Institution | 43.001 | GO8-19040X | 24,780 | - |
| Smithsonian Institution | 43.001 | GO8-19050C | 4,873 | - |
| Smithsonian Institution | 43.001 | GO8-19061X | 14,514 | - |
| Smithsonian Institution | 43.001 | GO8-19063X | 5,246 | - |
| Smithsonian Institution | 43.001 | TM8-19005B | 8,681 | - |
| University of Colorado | 43.001 | 1557291 | 96,681 | - |
| University of Maryland | 43.001 | 12093-01 | 8,100 | - |
| Exploration | 43.003 | | 98,920 | - |
| University of Maryland | 43.007 | 42645-Z6075001 | 30,134 | - |
| University of Alabama | 43.008 | SUB2014-027 | 210 | - |
| University of Alabama | 43.012 | 2018-236 | 10,000 | - |
| Space Telescope Science Institute | 43.HST-GO-14183.003-A | HST-GO-14183.003-A | 2,674 | - |
| Space Telescope Science Institute | 43.HST-GO-15348.002-A | HST-GO-15348.002-A | 13,837 | - |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION TOTAL | | | <u>1,063,718</u> | <u>3,048</u> |
| NATIONAL ENDOWMENT FOR THE HUMANITIES | | | | |
| Promotion of the Humanities Division of Preservation and Access | 45.149 | | 120,755 | 33,974 |
| The University of Nebraska - Lincoln | 45.161 | 25-1620-0040-004 | 8,956 | - |
| NATIONAL ENDOWMENT FOR THE HUMANITIES TOTAL | | | <u>129,711</u> | <u>33,974</u> |
| NATIONAL SCIENCE FOUNDATION | | | | |
| IPA - National Science Foundation | 47.IPA-NSF | | 659,588 | - |
| Engineering Grants | 47.041 | | 2,690,472 | 174,259 |
| University of Maryland | 47.041 | 41851-Z4754001 | 688,168 | - |
| Mathematical and Physical Sciences | 47.049 | | 1,654,374 | - |
| Associated Universities, Inc./National Radio Astronomy Observatory | 47.049 | 359696 | 1,418 | - |
| Associated Universities, Inc./National Radio Astronomy Observatory | 47.049 | 1519126 | 5,200 | - |
| Indiana University | 47.049 | BL-4848792-GWU | 3,560 | - |
| Yale University | 47.049 | GK000240 (CON-80000024) | 13,049 | - |
| Geosciences | 47.050 | | 546,219 | 119,511 |
| Lehigh University | 47.050 | 543851-78001 | 6,582 | - |
| University of New Mexico | 47.050 | 133660-8721 | 223,222 | - |
| Computer and Information Science and Engineering | 47.070 | | 2,669,551 | 115,876 |

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The George Washington University
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|--|------------------------|------------------------------------|-------------------------------|------------------------------------|
| University Corporation for Advanced Internet Development | 47.070 | 1042-D | \$ 17,560 | \$ - |
| Biological Sciences | 47.074 | | 1,488,180 | 67,356 |
| Mississippi State University | 47.074 | 031100.362134.01 | 28,173 | - |
| The Curators of the University of Missouri | 47.074 | C00057952-1 | 177,628 | - |
| University of Maryland | 47.074 | 63091-23199201 | 5,999 | - |
| University of North Carolina | 47.074 | 5-37034 | 8,753 | - |
| University of Virginia | 47.074 | GA11020 157020 | 20,097 | - |
| Social, Behavioral, and Economic Sciences | 47.075 | | 1,056,806 | 105,090 |
| Georgetown University | 47.075 | 413432_GR410666-GWU | 39,604 | - |
| The University of South Florida | 47.075 | 1263-1011-00-A | 41,062 | - |
| University of California, San Diego | 47.075 | 68013339 | 3,249 | - |
| University of Miami | 47.075 | SPC-000749 | 16,177 | - |
| Education and Human Resources | 47.076 | | 2,507,403 | 300,586 |
| American Educational Research Association | 47.076 | DRL-1749275 | 21,870 | - |
| Cary Institute of Ecosystem Studies | 47.076 | 3355/200201907 | 90,571 | - |
| Mathematica Policy Research | 47.076 | 50173505724 | 234,326 | - |
| Purdue University | 47.076 | 4101-77569 | 2,563 | - |
| Texas A&M University | 47.076 | M1801919 | 29,999 | - |
| Wayne State University | 47.076 | WSU17105 | 26,941 | - |
| Polar Programs | 47.078 | | 2,933 | - |
| Office of International Science and Engineering | 47.079 | | 649,850 | 211,573 |
| Office of Integrative Activities | 47.083 | | 21,925 | 14,377 |
| NATIONAL SCIENCE FOUNDATION TOTAL | | | <u>15,653,072</u> | <u>1,108,628</u> |
| SMALL BUSINESS ADMINISTRATION | | | | |
| Incumetrics, Inc. | 59.2018-001 | 2018-001 | 26,988 | - |
| SMALL BUSINESS ADMINISTRATION TOTAL | | | <u>26,988</u> | <u>-</u> |
| ENVIRONMENTAL PROTECTION AGENCY | | | | |
| Industrial Economics, Inc. | 66.8065-GWU | 8065-GWU | 27,205 | - |
| ENVIRONMENTAL PROTECTION AGENCY TOTAL | | | <u>27,205</u> | <u>-</u> |
| DEPARTMENT OF ENERGY | | | | |
| Office of Science Financial Assistance Program | 81.049 | | 1,212,288 | - |
| Carnegie Institution of Washington | 81.049 | 4-10114-11B | 223,404 | - |
| Mesa Photonics, LLC | 81.049 | DE-SC0019543 | 26,614 | - |
| MuPlus, Inc. | 81.049 | DE-SC0017831 | (1,268) | - |

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The George Washington University
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|---|------------------------|------------------------------------|-------------------------------|------------------------------------|
| Tech-X Corporation | 81.049 | 7358-003 | \$ 116,212 | \$ - |
| The Curators of the University of Missouri | 81.049 | C00049155-1 | 108,206 | - |
| Conservation Research and Development | 81.086 | | 95,076 | - |
| Stewardship Science Grant Program | 81.112 | | 1,110,566 | 191,474 |
| Carnegie Institution of Washington | 81.112 | 4-10469-29 | 110,543 | - |
| University of California, Berkeley | 81.113 | 9329 | 271,901 | - |
| Nuclear Energy Research, Development and Demonstration | 81.121 | | 114,256 | 35,284 |
| North Carolina State University | 81.121 | 2016-1536-02 | 158,242 | - |
| University of Michigan | 81.121 | SUBK00008925 | 24,058 | - |
| Advanced Research Projects Agency - Energy | 81.135 | | 825,091 | 326,918 |
| Donald Danforth Plant Science Center | 81.135 | 22815-G | 37,385 | - |
| Pennsylvania State University | 81.135 | 5801-GWU-EARPA-0626 | 262,132 | - |
| Wichita State University | 81.135 | CL15243 | 84,391 | - |
| Battelle Energy Alliance, LLC | 81.214817 | 214817 | 7,202 | - |
| DEPARTMENT OF ENERGY TOTAL | | | <u>4,786,299</u> | <u>553,676</u> |
| DEPARTMENT OF EDUCATION | | | | |
| Institute of Education Sciences | | | | |
| University of California, Santa Barbara | 84.305 | KK1946 | 11,442 | - |
| Institute of Education Sciences Total | | | <u>11,442</u> | <u>-</u> |
| Office of Elementary and Secondary Education | | | | |
| The Catholic University of America | 84.367 | 407258 SUB 1 | 5,122 | - |
| Office of Elementary and Secondary Education Total | | | <u>5,122</u> | <u>-</u> |
| DEPARTMENT OF EDUCATION TOTAL | | | <u>16,564</u> | <u>-</u> |
| NATIONAL ARCHIVES AND RECORDS ADMINISTRATION | | | | |
| National Historical Publications and Records Grants | 89.003 | | 170,899 | - |
| NATIONAL ARCHIVES AND RECORDS ADMINISTRATION TOTAL | | | <u>170,899</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 | | 239 | - |
| Pennsylvania Developmental Disabilities Council | 93.630 | 4100081244 | 63,770 | 37,098 |
| Administration for Community Living Total | | | <u>64,009</u> | <u>37,098</u> |

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The George Washington University
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|--|------------------------|------------------------------------|-------------------------------|------------------------------------|
| Agency for Healthcare Research and Quality | | | | |
| Research on Healthcare Costs, Quality and Outcomes | 93.226 | | \$ 68,337 | \$ - |
| Agency for Healthcare Research and Quality Total | | | <u>68,337</u> | <u>-</u> |
| Centers for Disease Control and Prevention | | | | |
| Occupational Safety and Health Program | 93.262 | | 100,225 | 18,126 |
| Boston University | 93.262 | 4500002932 | 27,584 | - |
| Centers for Disease Control and Prevention Investigations and Technical Assistance | 93.283 | | 226,520 | - |
| National Foundation for the Centers for Disease Control and Prevention, Inc. | 93.421 | 6 NU38OT000288-01-00 | 79,032 | - |
| Provision of Technical Assistance and Training Activities to Assure Comprehensive Cancer Control Outcomes | 93.427 | | 485,024 | - |
| Louisiana State University | 93.808 | PH-18-111-025 | 5,447 | - |
| Washington State Department of Health | 93.808 | N22423 | 5,920 | - |
| The District of Columbia Department of Health | 93.CW29654 | CW29654 | 934,724 | - |
| Centers for Disease Control and Prevention Total | | | <u>1,864,476</u> | <u>18,126</u> |
| Centers for Medicare and Medicaid Services | | | | |
| Truven Health Analytics LLC | 93.CMS-TEFT-GW | CMS-TEFT-GW | 104,923 | - |
| Centers for Medicare and Medicaid Services Total | | | <u>104,923</u> | <u>-</u> |
| Food and Drug Administration | | | | |
| Food and Drug Administration | 93.HHSF223201510117C | | (1,078) | - |
| Food and Drug Administration | 93.HHSF223201510129C | | 48,677 | - |
| Food and Drug Administration Total | | | <u>47,599</u> | <u>-</u> |
| Health Resources and Services Administration | | | | |
| School-Based Health Alliance | 93.110 | SBHA-GW 001 | 16,938 | - |
| University of Massachusetts | 93.110 | WA00583863/OSP2017206 | 348 | - |
| Technical and Non-Financial Assistance to Health Centers | 93.129 | | 414,655 | - |
| The Medical University of South Carolina | 93.236 | MUSC18-137-8D474 | 30,411 | - |
| National Center for Health Workforce Analysis | 93.300 | | 701,345 | - |
| Health Careers Opportunity Program | 93.822 | | 393,864 | - |
| Health Resources and Services Administration Total | | | <u>1,557,561</u> | <u>-</u> |
| Immediate Office of the Secretary of Health and Human Services | | | | |
| Medical Reserve Corps Small Grant Program | 93.088 | | 188,457 | 47,461 |
| Immediate Office of the Secretary of Health and Human Services Total | | | <u>188,457</u> | <u>47,461</u> |

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The George Washington University
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|--|------------------------|------------------------------------|-------------------------------|------------------------------------|
| National Institutes of Health | | | | |
| Environmental Health | 93.113 | | \$ 385,892 | \$ 61,139 |
| Oral Diseases and Disorders Research | 93.121 | | 320,789 | 100,732 |
| Research Related to Deafness and Communication Disorders | 93.173 | | 320,343 | 57,997 |
| Seehear LLC | 93.173 | SH_GWU_002 | 11,064 | - |
| Yale University | 93.213 | GR101634 (CON-80001053) | 9,076 | - |
| Yale University | 93.213 | GR104718 (CON-80001491) | 47,510 | - |
| University of Arizona | 93.233 | 217735 | 7,637 | - |
| University of Chicago | 93.233 | FP053428 | 27,229 | - |
| Mental Health Research Grants | 93.242 | | 2,589,921 | 1,391,529 |
| Northwestern University | 93.242 | 60050592 GWU | 47,237 | - |
| The Research Foundation for State University of New York | 93.242 | 83202/2/1150777 | 27,939 | - |
| University of Puerto Rico, Medical Sciences Campus | 93.242 | 1R21MH119664-01 | 13,896 | - |
| University of Virginia | 93.242 | GB10691.PO#2133375 | 6,713 | - |
| Alcohol Research Programs | 93.273 | | 483,938 | - |
| Drug Abuse and Addiction Research Programs | 93.279 | | 339,363 | 30,308 |
| Columbia University | 93.279 | 6(GG008261) | 31,866 | - |
| Emory University | 93.279 | T855314 | 60,589 | - |
| Truth Initiative Foundation | 93.279 | 7016-GWU | 24,868 | - |
| Discovery and Applied Research for Technological Innovations to Improve Human Health | 93.286 | | 845,720 | 253,896 |
| University of Maryland | 93.286 | 57821-Z0093202 | 47,772 | - |
| Minority Health and Health Disparities Research | 93.307 | | 998,842 | 92,147 |
| Benten Technologies, Inc. | 93.307 | 1R41MD012294-01 | 2,686 | - |
| Northwestern University | 93.307 | 60044820 GWASHU | 221,281 | - |
| University of Pennsylvania | 93.307 | 573518 | 34,176 | - |
| University of Pennsylvania | 93.307 | 576151 | 11,279 | - |
| Virginia Institute of Technology | 93.307 | 432098-19218 | 21,375 | - |
| Trans-NIH Research Support | 93.310 | | 551,091 | - |
| The Regents of the University of California | 93.310 | 1553 G WF670 | 52,926 | - |
| University of Georgia | 93.310 | SUB00001540 | 716,087 | - |
| University of Oregon | 93.310 | 281210B | 587,390 | - |
| Children's Research Institute | 93.350 | 30003443-01 | 1,685,794 | - |
| Children's Research Institute | 93.350 | 30003517 | 30,280 | - |
| University of Wisconsin | 93.353 | 769K613 | 13,277 | - |
| Nursing Research | 93.361 | | (54) | - |
| Cancer Cause and Prevention Research | 93.393 | | 2,232,566 | 493,154 |
| Georgetown University | 93.393 | 413047_GR412999-GW | 77,040 | - |
| Media Rez, LLC | 93.393 | R43CA232905 | 36,575 | - |
| University of California, San Francisco | 93.393 | 7850SC | 993,740 | - |
| University of Pennsylvania | 93.393 | 565706 | 17,693 | - |

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The George Washington University
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|--|---------------------|---------------------------------|----------------------------|---------------------------------|
| Virginia Polytechnic Institute | 93.393 | 432006-19218 | \$ 12,765 | \$ - |
| Yale University | 93.393 | GK000215 (CON-0000564) | 31,214 | - |
| Cancer Detection and Diagnosis Research | 93.394 | | 981,361 | 430,312 |
| Tufts University | 93.394 | 102758-00001/NIH072 | 6,432 | - |
| Cancer Treatment Research | 93.395 | | 691,799 | 58,567 |
| Cornell University | 93.395 | 183827-01 | 61,466 | - |
| ImmunoBlue, LLC | 93.395 | DCACTIVE-22438570.1 | 90,471 | - |
| University of California, Los Angeles | 93.395 | 1568 G WA553 | 32,631 | - |
| Cancer Biology Research | 93.396 | | 2,172,819 | 355,091 |
| University of Maryland | 93.396 | 61391-Z0121201 | 18,774 | - |
| H. Lee Moffitt Cancer Center and Research Institute | 93.397 | 10-17469-05-06.G2 | 52,593 | - |
| Cancer Research Manpower | 93.398 | | 4,136 | - |
| Cardiovascular Diseases Research | 93.837 | | 3,809,778 | 404,482 |
| Georgetown University | 93.837 | 412513_GR409546-GWU | 141,147 | - |
| InvivoSciences, Inc. | 93.837 | IR44HL13924801A1 | 96,703 | - |
| Johns Hopkins University | 93.837 | 2002843557 | 124,384 | - |
| Johns Hopkins University | 93.837 | 2003286657 | 85,085 | - |
| Johns Hopkins University | 93.837 | 2004026448 | 72,205 | - |
| Nocturnal Product Development, LLC | 93.837 | 2R42HL120511-03 | 259,300 | - |
| The University of Minnesota | 93.837 | N006187405 | 5,731 | - |
| The University of Minnesota | 93.837 | N006187437 | 12,269 | - |
| University of Virginia | 93.837 | GB10332 155744 | 22,281 | - |
| University of Virginia | 93.837 | GB10332 158826 | 666,638 | - |
| University of Virginia | 93.837 | GB10332 2151222 | 42,563 | - |
| Washington University in St. Louis | 93.837 | WU-16-300 | 11,506 | - |
| Lung Diseases Research | 93.838 | | 1,715,563 | 1,223,949 |
| Children's Research Institute | 93.839 | 30004447-01 | 30,358 | - |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93.847 | | 43,458,517 | 30,240,400 |
| Beckman Research Institute of the City of Hope | 93.847 | 51990.2001413.669201 | 8,139 | - |
| Case Western Reserve University | 93.847 | RES508522 | 406 | - |
| Case Western Reserve University | 93.847 | RES509456 | 104,199 | - |
| Case Western Reserve University | 93.847 | RES510572 | 102,853 | - |
| Case Western Reserve University | 93.847 | RES512885 | 1,791 | - |
| Case Western Reserve University | 93.847 | RES514026 | 108,689 | - |
| Massachusetts General Hospital | 93.847 | 225209 | 64,092 | - |
| NYU Winthrop Hospital | 93.847 | 3500-07429(GWU) | 44,799 | - |
| Seattle Institute for Biomedical and Clinical Research | 93.847 | KS141-GWU-7 | 2,500 | - |
| Seattle Institute for Biomedical and Clinical Research | 93.847 | KS141-GWU-8 | 270,956 | - |
| Seattle Institute for Biomedical and Clinical Research | 93.847 | PJ115-GWU-1 | 15,430 | - |
| The Research Foundation for State University of New York | 93.847 | 1138946-77867 | 5,103 | - |

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, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|--|------------------------|------------------------------------|-------------------------------|------------------------------------|
| University of Connecticut | 93.847 | 182459 | \$ 12,923 | \$ - |
| University of Washington | 93.847 | UWSC9246 | 24,283 | - |
| Wake Forest University | 93.847 | WFUHS 113617 | 29,869 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | | 1,408,854 | 120,129 |
| Case Western Reserve University | 93.853 | RES510437 | 80,286 | - |
| Yale University | 93.853 | GK000561 (CON-80000624) | 21,099 | - |
| Allergy and Infectious Diseases Research | 93.855 | | 13,241,429 | 4,299,192 |
| Antigen Discovery, Inc. | 93.855 | ADI-GWU 2018-001 | 77,006 | - |
| Brigham and Women's Hospital | 93.855 | 109930 | 124,328 | - |
| Brigham and Women's Hospital | 93.855 | 117360 | 3,112 | - |
| Children's Research Institute | 93.855 | 30004046 | 15,040 | - |
| Cornell University | 93.855 | 183723-05 | 440,494 | - |
| Duke University | 93.855 | 203-7719 | 494,482 | - |
| Duke University | 93.855 | A039053 | 748,443 | - |
| Emory University | 93.855 | T842377 | 74,557 | - |
| Emory University | 93.855 | T886653 | 134,739 | - |
| Family Health International | 93.855 | 15001681 | 880,476 | - |
| Family Health International | 93.855 | HPTN-MGA-GWU-1 | 418,158 | - |
| Family Health International | 93.855 | PO17001872 | 386,975 | - |
| Family Health International | 93.855 | PO17001882 | 870,275 | 870,275 |
| Johns Hopkins University | 93.855 | 2003368362 | 138,451 | - |
| Johns Hopkins University | 93.855 | 2003933944 | 5,070 | - |
| Kaiser Foundation Hospitals | 93.855 | OOS030194-01 | 235,941 | - |
| Massachusetts General Hospital | 93.855 | 229712 | 39,656 | - |
| Massachusetts General Hospital | 93.855 | 231767 | 45,039 | - |
| Massachusetts General Hospital | 93.855 | 232069 | 155,989 | - |
| Massachusetts Institute of Technology | 93.855 | 5710004110 | 15,156 | - |
| New York University | 93.855 | F0504-03 | 8,700 | - |
| Stellenbosch University | 93.855 | S0005603 | 32,875 | - |
| The University of Iowa | 93.855 | S00434-01 | 26,538 | - |
| The University of Iowa | 93.855 | W000834342 | 181,594 | - |
| University of California, San Diego | 93.855 | 91560036 | 62,805 | - |
| University of Pittsburgh | 93.855 | 0054948 (129999-1) | 13,532 | - |
| Virginia Institute of Technology | 93.855 | 432057-19218 | 34,557 | - |
| Washington University in St. Louis | 93.855 | WU-16-161 | 43,949 | - |
| Biomedical Research and Research Training | 93.859 | | 820,430 | 368,481 |
| Columbia University | 93.859 | 1(GG011515-01) | 49,327 | - |
| North Dakota State University | 93.859 | FAR0025511 | 96,615 | - |
| University of Maryland | 93.859 | 63309-Z0138201 | 18,628 | - |
| University of Pittsburgh | 93.859 | 0045462 (128908-3) | 4,785 | - |

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, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|--|------------------------|------------------------------------|-------------------------------|------------------------------------|
| Child Health and Human Development Extramural Research | 93.865 | | \$ 15,400,087 | \$ 6,995,959 |
| Children's Research Institute | 93.865 | 30003597 | 36,625 | - |
| Children's Research Institute | 93.865 | 30003930 | 9,348 | - |
| Children's Research Institute | 93.865 | 30003930-01 | 27,085 | - |
| Children's Research Institute | 93.865 | 30004197-01 | 11,418 | - |
| Children's Research Institute | 93.865 | 30004874 | 8,378 | - |
| Columbia University | 93.865 | 1(GG011042-01) | 68,221 | - |
| Columbia University | 93.865 | 1(GG014633-01) | 228,610 | - |
| Florida Atlantic University | 93.865 | GR-K22 | 10,687 | - |
| Johns Hopkins University | 93.865 | 2004058862 | 13,934 | - |
| Sharp Healthcare | 93.865 | M-RO12018 GWU | 3,637 | - |
| The Regents of the University of California | 93.865 | 9646 | 38,286 | - |
| Trustees of Boston College | 93.865 | 5104821-1 | 24,235 | - |
| Tufts University | 93.865 | 100447-00001 | 66,729 | - |
| University of Maryland | 93.865 | 1701118A | 3,390 | - |
| University of Michigan | 93.865 | 3004152691 | 10,010 | - |
| Yale University | 93.865 | M16A12585 (A10715) | 9,347 | - |
| Aging Research | 93.866 | | 484,929 | 80,224 |
| Boston University | 93.866 | 4500001984 | 144 | - |
| Seattle Institute for Biomedical and Clinical Research | 93.866 | TD120-GWU-1 | 28,648 | - |
| The University of Utah | 93.866 | 10042502-02 | 23,780 | - |
| University of California, San Francisco | 93.866 | 11175SC | 116,790 | - |
| University of Wisconsin | 93.866 | 859K493 | 26,222 | - |
| Vision Research | 93.867 | | 997,614 | - |
| Thomas Jefferson University | 93.867 | 080-01000-S04802 | 34,870 | - |
| Thomas Jefferson University | 93.867 | 080-01000-S04803 | 136,810 | - |
| University of Illinois | 93.867 | 7916 | 19,408 | - |
| Medical Library Assistance | 93.879 | | 562 | - |
| Johns Hopkins University | 93.989 | 2004133810 | 10,043 | - |
| Johns Hopkins University | 93.989 | 2004133982 | 8,841 | - |
| AI Biosciences, Inc. | 93.HHSN272201700083C | HHSN272201700083C | 18,974 | - |
| Baylor College of Medicine | 93.7000000056 | 7000000056 | 245,707 | - |
| Duke University | 93.2036628 | 2036628 | 27,121 | - |
| Duke University | 93.A030553 | A030553 | 57,119 | - |
| University of Mississippi Medical Center | 93.66111340819-03 | 66111340819-03 | 12,318 | - |
| National Institutes of Health Total | | | <u>109,109,244</u> | <u>47,927,963</u> |
| Office of Aids Research | | | | |
| Mission Analytics Group, Inc. | 93.HHSP233201500060I | HHSP233201500060I | 68,358 | - |
| Office of Aids Research Total | | | <u>68,358</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, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|--|------------------------|------------------------------------|-------------------------------|------------------------------------|
| Program Support Center | | | | |
| Program Support Center | 93.HHSP23320095635WC | | \$ 116,726 | \$ - |
| Program Support Center Total | | | <u>116,726</u> | <u>-</u> |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL | | | <u>113,189,690</u> | <u>48,030,648</u> |
| | | | | |
| UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT | | | | |
| USAID Foreign Assistance for Programs Overseas | 98.001 | | 303,973 | 167,884 |
| Elizabeth Glaser Pediatric Aids Foundation | 98.001 | AID-OAA-A-14-00060 | 68,910 | - |
| Massachusetts Institute of Technology | 98.001 | 5710004082 | 107,760 | - |
| Texas Tech University | 98.001 | 212057-01 | 34,537 | - |
| The Regents of the University of California | 98.001 | 20112145407 | 2,637 | - |
| Arizona State University | 98.012 | ASUB00000195 | 17,153 | - |
| UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT TOTAL | | | <u>534,970</u> | <u>167,884</u> |
| | | | | |
| UNITED STATES POSTAL SERVICE | | | | |
| United States Postal Service | 99.2BFAAS-17-B-0018 | | 100,259 | - |
| UNITED STATES POSTAL SERVICE TOTAL | | | <u>100,259</u> | <u>-</u> |
| RESEARCH AND DEVELOPMENT CLUSTER TOTAL | | | <u>\$ 145,245,437</u> | <u>\$ 51,749,641</u> |
| | | | | |
| <u>ALL OTHER FEDERAL AWARDS</u> | | | | |
| DEPARTMENT OF AGRICULTURE | | | | |
| Agricultural Market and Economic Research | 10.290 | | \$ 85,340 | \$ - |
| DEPARTMENT OF AGRICULTURE TOTAL | | | <u>85,340</u> | <u>-</u> |
| | | | | |
| DEPARTMENT OF COMMERCE | | | | |
| IPA - Department of Commerce | 11.IPA-Commerce | | 33,338 | - |
| DEPARTMENT OF COMMERCE TOTAL | | | <u>33,338</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, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|--|------------------------|------------------------------------|-------------------------------|------------------------------------|
| DEPARTMENT OF DEFENSE | | | | |
| IPA - Department of Defense | 12.IPA-DOD | | \$ 129,721 | \$ - |
| IPA - Department of the Navy | 12.IPA-DOD | | 261,703 | - |
| Basic and Applied Scientific Research | 12.300 | | 8,684 | - |
| Institute of International Education | 12.357 | 1801-GWU-08 | 626,671 | - |
| Chicago Association for Research and Education in Science | 12.420 | PAPE-0024 | 6,293 | - |
| Institute of International Education | 12.579 | 2603-GWU-30 | 232,847 | - |
| Information Security Grants | 12.902 | | 34,664 | - |
| GenCyber Grants Program | 12.903 | | 76,167 | - |
| CyberSecurity Core Curriculum | 12.905 | | 3,557 | - |
| DEPARTMENT OF DEFENSE TOTAL | | | <u>1,380,307</u> | <u>-</u> |
| DEPARTMENT OF THE INTERIOR | | | | |
| Cooperative Research and Training Programs – Resources of the National Park System | 15.945 | | 41,239 | - |
| DEPARTMENT OF THE INTERIOR TOTAL | | | <u>41,239</u> | <u>-</u> |
| DEPARTMENT OF LABOR | | | | |
| The Viscardi Center | 17.720 | 4019658 | 52,053 | - |
| The Viscardi Center | 17.720 | 4156885 | 156,729 | - |
| DEPARTMENT OF LABOR TOTAL | | | <u>208,782</u> | <u>-</u> |
| DEPARTMENT OF STATE | | | | |
| Public Diplomacy Programs | 19.040 | | 1,390 | - |
| DEPARTMENT OF STATE TOTAL | | | <u>1,390</u> | <u>-</u> |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | | |
| American University | 43.008 | 31377-GWU-16 | 37,154 | - |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION TOTAL | | | <u>37,154</u> | <u>-</u> |
| NATIONAL ENDOWMENT FOR THE HUMANITIES | | | | |
| Promotion of the Humanities Division of Preservation and Access | 45.149 | | 22,825 | - |
| NATIONAL ENDOWMENT FOR THE HUMANITIES TOTAL | | | <u>22,825</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, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|---|------------------------|------------------------------------|-------------------------------|------------------------------------|
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES | | | | |
| Museums for America | 45.301 | | \$ 48,124 | \$ - |
| Virginia Institute of Technology | 45.313 | 545262-19218 | 9,497 | - |
| INSTITUTE OF MUSEUM AND LIBRARY SERVICES TOTAL | | | <u>57,621</u> | <u>-</u> |
| DEPARTMENT OF VETERANS AFFAIRS | | | | |
| IPA - Department of Veteran Affairs | 64.IPA-VA | | 508,995 | - |
| DEPARTMENT OF VETERANS AFFAIRS TOTAL | | | <u>508,995</u> | <u>-</u> |
| DEPARTMENT OF ENERGY | | | | |
| Renewable Energy Research and Development | 81.087 | | (9,791) | 7,911 |
| Battelle Memorial Institute | 81.315389 | 315389 | 17,624 | - |
| DEPARTMENT OF ENERGY TOTAL | | | <u>7,833</u> | <u>7,911</u> |
| 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 | | 256,977 | - |
| Rehabilitation Long-Term Training | 84.129 | | 516,506 | - |
| Centers for International Business Education | 84.220 | | 387,063 | - |
| VA Department for Aging and Rehabilitative Services | 84.235 | 16-176 | 72,442 | - |
| San Diego State University Research Foundation | 84.264 | SA0000491 | 555,099 | - |
| Southern University and A&M College | 84.264 | OSP-02-8300-2017-0018 | 121,876 | - |
| Southern University and A&M College | 84.264 | OSP-02-8300-2018-0016 | 219,122 | - |
| | | Subtotal 84.264 | 896,097 | - |
| Special Education - Personnel Development to Improve Services and Results for Children with Disabilities | 84.325 | | 308,156 | - |
| Georgetown University | 84.325 | 412691_GR412618-GWU | 32,045 | - |
| | | Subtotal 84.325 | 340,201 | - |
| English Language Acquisition State Grants | 84.365 | | 632,524 | - |
| DEPARTMENT OF EDUCATION TOTAL | | | <u>3,101,810</u> | <u>-</u> |
| JAPAN U.S. FRIENDSHIP COMMISSION | | | | |
| Japan-U.S. Friendship Commission Grants | 90.300 | | 31,132 | - |
| JAPAN U.S. FRIENDSHIP COMMISSION TOTAL | | | <u>31,132</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, 2019

| Federal Grantor/Pass-Through Grantor/Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|---|------------------------|------------------------------------|-------------------------------|------------------------------------|
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| IPA - Center for Disease Control and Prevention | 93.IPA-DHHS | | \$ 2,747 | \$ - |
| District of Columbia Government | 93.071 | GWU13C-18 | 4,594 | - |
| American Psychiatric Association | 93.243 | SM060562-05 | 3,211 | - |
| Advanced Nursing Education Workforce Grant Program | 93.247 | | 918 | - |
| District of Columbia Government | 93.324 | GWU13C-18 | 846 | - |
| Nurse Education, Practice Quality and Retention Grants | 93.359 | | 44,297 | - |
| National Association of Chronic Disease Directors | 93.421 | 1782019 | 102,345 | - |
| The University of Richmond | 93.433 | 27285T | 166,579 | - |
| PPHF: Racial and Ethnic Approaches to Community Health Program Financed Solely by Public Prevention and Health Funds | 93.738 | | 106,099 | - |
| Breathe DC | 93.758 | NB01OT009095-01-01 | 23,065 | - |
| Impaq International, LLC | 93.2804 | 2804 | 112,642 | - |
| Impaq International, LLC | 93.2805 | 2805 | 80,631 | - |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL | | | <u>647,974</u> | <u>-</u> |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | | | |
| Jumpstart National | 94.006 | 80200 | 137,812 | - |
| Volunteers in Service to America | 94.013 | | 18,229 | - |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL | | | <u>156,041</u> | <u>-</u> |
| DEPARTMENT OF HOMELAND SECURITY | | | | |
| State and Local Homeland Security National Training Program | 97.005 | | 639,665 | - |
| DEPARTMENT OF HOMELAND SECURITY TOTAL | | | <u>639,665</u> | <u>-</u> |
| UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT | | | | |
| IPA - US Agency for International Development | 98.IPA-USAID | | 81,302 | - |
| UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT TOTAL | | | <u>81,302</u> | <u>-</u> |
| ALL OTHER FEDERAL AWARDS TOTAL | | | <u>\$ 7,042,748</u> | <u>\$ 7,911</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 477,629,493</u> | <u>\$ 51,757,552</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, 2019

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) and its subsidiaries 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 the OMB Uniform Guidance, or the cost principles contained in the OMB Circular A-21, *Cost Principles for Educational Institutions*. 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 the 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, 2019 are summarized below:

| | |
|--|----------------------|
| Campus-Based Loan Programs: | |
| Federal Perkins (CFDA No. 84.038) | \$ 24,600,003 |
| Health Professions Student Loans (CFDA No. 93.342) | <u>1,026,091</u> |
| Total | <u>\$ 25,626,094</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, 2019.



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 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, 2019, and the related consolidated statements of activities and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 3, 2019, which includes emphasis of matter paragraphs as the University changed the manner in which it presents net assets and reports certain aspects of its financial statements as a not-for-profit entity, the manner in which it accounts for revenues from contracts with customers, the manner in which it accounts for certain grants and contributions and on December 14, 2018, the University became the sole corporate member of Medical Faculty Associates, Inc. Our opinion is not modified with respect to these matters.

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

McLean, Virginia
October 3, 2019



**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 Board of Trustees of
The George Washington University

Report on Compliance for Each Major Federal Program

We have audited The George Washington University's ("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, 2019. 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, 2019.



Other Matters

As indicated in Part I to the accompanying Schedule of Findings and Questioned Costs, we have audited the Student Financial Assistance cluster as a major program. Also, as indicated in the first paragraph of this report, we performed our audit of compliance using the compliance requirements contained in the OMB Compliance Supplement, including those contained in Part V 5.3, Compliance Requirement N, Special Tests and Provisions, Section 10 "Gramm-Leach-Bliley Act-Student Information Security." This section includes three suggested audit procedures with respect to verification that the institution (1) designated an individual to coordinate the information security program, (2) performed a risk assessment that addresses the three required areas in 16 CFR 314.4(b), and (3) documented a safeguard for each risk identified. Our procedures in relation to these three items were limited to inquiry of and obtaining written representation from management and obtaining and reading management's documentation related to these three items. Our procedures did not include an analysis of the adequacy or completeness of the risk assessment performed or the safeguards for each risk identified by management.

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

McLean, Virginia
December 5, 2019

Schedule of Findings and Questioned Costs

The George Washington University
Schedule of Findings and Questioned Costs
For the year ended June 30, 2019

Part 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 x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes x 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 x no

Identification of major federal programs:
CFDA Number(s):

Name of Federal Program or Cluster:

Various

Student Financial Assistance Cluster

84.264

Rehabilitation Training Technical Assistance Centers (San Diego State University Research Foundation, Southern University and A&M College)

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

Auditee qualified as low-risk auditee? x yes _____ no

**The George Washington University
Schedule of Findings and Questioned Costs
For the year ended June 30, 2019**

Part II- Financial Statement Findings

There are no matters to be reported.

Part III- Federal Award Findings and Questioned Costs

There are no matters to be reported.

Summary Schedule of Prior Audit Findings

The George Washington University
Summary Schedule of Prior Year Audit Findings
For the year ended June 30, 2019

Part II- Financial Statement Findings

There were no matters reported.

Part III- Federal Award Findings and Questioned Costs

Finding 2018-01: 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

Condition

During PwC's testing of compliance with special tests and provisions, specifically with regard to verification of key information submitted by financial aid applicants, PwC noted an exception related to the incorrect input of income tax information by the University into the student information system for 1 out of 25 students selected for testing. No over or under awards resulted from this incorrect input of income tax information and thus no questioned costs were associated with this finding. This was a repeat of finding 2017-001 due to similar issues in the prior year.

Current Year Status

During fiscal year 2019, the Office of Student Financial Assistance (OFSA) 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.

Management considers this finding fully remediated. There was no similar finding in fiscal year 2019.

Finding 2018-02: 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

Condition

During PwC's testing of compliance with special tests and provisions, specifically with regard to the return of Title IV Funds when a student withdraws, PwC noted that for 1 out of 25 students, the University returned more than the unearned portion of the student's unsubsidized loans. The University returned \$73 more than it should have based upon the unearned portion of Title IV funds out of a total return amount subject to testing of \$70,615. There were no questioned costs associated with this finding, as the University's refund exceeded the unearned portion of the student's Title IV funds.

The George Washington University
Summary Schedule of Prior Year Audit Findings and Questioned Costs
For the year ended June 30, 2019

Current Year Status

The University made an adjustment to correct the student's account. OSFA also upgraded the Return of Title IV form to simplify the process. During fiscal year 2019, OSFA restructured the department to allow for a different tier system that will allow for an initial review and a secondary review by a supervisor for the Return of Title IV.

Management considers this finding fully remediated. There was no similar finding in fiscal year 2019.