2022-2023

Financial Report

THE GEORGE WASHINGTON UNIVERSITY

WASHINGTON, DC


GW
FOUNDED 1821

Message from Bruno Fernandes

Executive Vice President, Chief Financial Officer and Treasurer

On behalf of the George Washington University, I am pleased to present this year's Financial Report, showcasing our achievements and progress during the past fiscal year. These highlights underscore our university's continued commitment to academic excellence, the student experience, research and community engagement.

This year, we welcomed Ellen Granberg as the university's 19th president. Her extensive experience in academic leadership and her dedication to scholarship, student success and innovation will help guide GW to even greater accomplishments.

The university's inclusion in the distinguished Association of American Universities is a testament to the high quality of our research and education. Our faculty members and students are addressing pressing global issues, and we have invested significantly in endowed professorships to advance our academic medical enterprise.

Enhancing the student experience remains a top priority. The reopening of the now state-of-the-art Thurston Hall, our transformative dining plan, and the adoption of the Revolutionaries moniker reflect our commitment to fostering a vibrant and inclusive community for all.

To ensure access to a GW education for academically outstanding students regardless of their background or financial circumstances, the university launched the Third Century Scholarship Endowment Match: Unlocking Access to Undergraduate Education, an initiative that doubles gifts to need-based undergraduate scholarship endowments. And thanks to the remarkable support we received during Giving Day 2023, we are further investing in student aid, academic programs, and student life.

GW also continues to make a positive impact on both the Washington, D.C., community and the larger world through service, from the Cedar Hill Regional Medical Facility in Southeast D.C. to our Stephen Joel Trachtenberg Scholarships and our perennial recognition as a top producer of volunteers by the Peace Corps and Teach for America.

I encourage you to read more about the university's fiscal year highlights in the following pages.

Sincerely,
Bruno Fernandes

President Ellen M. Granberg addresses the GW community.

The George Washington University continues to raise high and embrace its role as a world-class teaching and research university in the heart of the nation's capital. The following pages offer highlights from the past fiscal year that illustrate our university's momentum, including its inception into the prestigious Association of American Universities; the welcome of a visionary new president; announcement of a new moniker, Revolutionaries, that broadly reflects our community; and implementation of initiatives that prioritize student success.

New Leadership

The university is embarking on its third century with a new leader at the helm.

Ellen M. Granberg, an exceptional academic and higher education pioneer, became the 19th president of the George Washington University in July.

Granberg was most recently the provost and senior vice president for academic affairs at Rochester Institute of Technology and previously an academic leader at Clemson University.

Throughout her distinguished career, she has focused on supporting student success; innovation; research and scholarship; staff and faculty excellence; diversity, equity and inclusion; academic reputation; and financial and operational management.

A nationally recognized scholar in the sociology of self, identity, and mental health, Granberg is also a widely published researcher who has served as principal or co-principal investigator for millions of dollars in grants and contracts and as an expert on various councils and associations.

The university also welcomed two new members to its senior leadership team: Bruno Fernandes as executive vice president, chief financial officer, and treasurer, and Jonathan Post as vice president for board relations and secretary of the university.

In addition, Susan Kelly-Weeder was named dean of the School of Nursing. An accomplished leader, educator and researcher, Kelly-Weeder joined GW from the Connell School of Nursing at Boston College.

Excellence in Scholarship

In June 2023, GW joined the Association of American Universities (AAU), a recognition of the university's research, education, and innovation.

Founded in 1900, the AAU comprises America's premier research universities working to address challenging problems through research while educating and training the next generation of leaders. Membership in the AAU is by invitation only.

AAU member universities are invited after a review of the breadth and quality of their research and education. Member universities "earn the majority of competitively awarded federal funding for research that improves public health, seeks to address national challenges and contributes significantly to our economic strength, while educating and training tomorrow's visionary leaders and innovators," according to the AAU.

GW's faculty members are addressing many of the world's most pressing issues, and the university is investing in them. In fall 2022, GW announced it will direct more than $50 million to fund 14 endowed professorships that advance the progress of its academic medical enterprise. The investment is one of the most significant single investments in GW history to support faculty.

Earlier this year, LaQuandra S. Nesbitt was formally installed in the first of these new endowed positions when she became the inaugural Bicentennial Endowed Professor of Medicine and Health Sciences. An expert in health equity, Nesbitt came to GW's School of Medicine and Health Sciences from DC Health, where she served as director and led the District's COVID-19 pandemic response.

The School of Medicine and Health Sciences (SMHS) installed three additional professors in endowed positions this year: Robert Sterling as the Dr. John P. Adams Research Professor in Orthopedic Surgery; Dominic Raj as the Bert B. Brooks Chair in the Medical School; and David Belyea, M.B.A. '08, as the inaugural Daniel P. Shepard, M.D., and Dennis D. Shepard, M.D., Professor in Ophthalmology.

From left: Robert Sterling, Dr. John P. Adams Research Professor in Orthopedic Surgery; Dominic Raj, Bert B. Brooks Chair in the Medical School; and David Belyea, Daniel P. Shepard, M.D., and Dennis D. Shepard, M.D., Professor in Ophthalmology.

SMHS Dean Barbara Bass, Professor LaQuandra S. Nesbitt and then President Mark Wrighton.

In addition, GW Law installed three endowed professors of intellectual property and technology law, marking a major academic investment in an increasingly fundamental legal arena. F. Scott Kieff was installed as the Stevenson Bernard Professor of Law; Dawn C. Nunziato was installed as the Theodore and James Pedas Family Professor of Intellectual Property and Technology Law; and Daniel J. Solove was installed as the Eugene L. and Barbara A. Bernard Professor of Intellectual Property and Technology Law.

Two George Washington University faculty members were elected to the 2022 class of American Association for the Advancement of Science (AAAS) Fellows, a distinguished group of scientists, engineers, and innovators recognized for their extraordinary achievements across disciplines.

Professor of Chemistry Akos Vertes, a co-inventor on 19 patents who is lauded for his work in creating new analytical techniques for fields such as laser ionization and mass spectrometry, and Professor of Anthropology Chet Sherwood, whose research into the brains of primates and other mammals has shaped the study of evolutionary neuroscience, joined the distinguished class.

Martha Finnemore, University Professor of Political Science and International Affairs, was awarded the Johan Skytte Prize in Political Science, widely regarded as the most esteemed honor in the field and often referred to as the "Nobel Prize of political science." Finnemore is a world-renowned expert on global governance, international organizations, cybersecurity, and constructivist social theory.

Among GW's distinguished new faculty members is Holden Thorp, a leading scientist and academic and a fellow of both the American Academy of Arts and Sciences and the AAAS. Thorp is also editor-in-chief of the "Science" family of journals and served as provost at Washington University and chancellor at the University of North Carolina at Chapel Hill.

Investing in Research

The university's research mission is to improve the world with discoveries and creative expressions of our faculty and our students. GW invests in scholarly and research areas where it can make a significant impact on society while fostering a robust research ecosystem that empowers our scholars to achieve their aspirations.

In addition to its AAU membership, GW is an R1 institution, the designation given by the Carnegie Classification of Institution of Higher Education to the universities with the highest levels of research activity. GW has the highest research expenditures of colleges and universities in the national capital area.

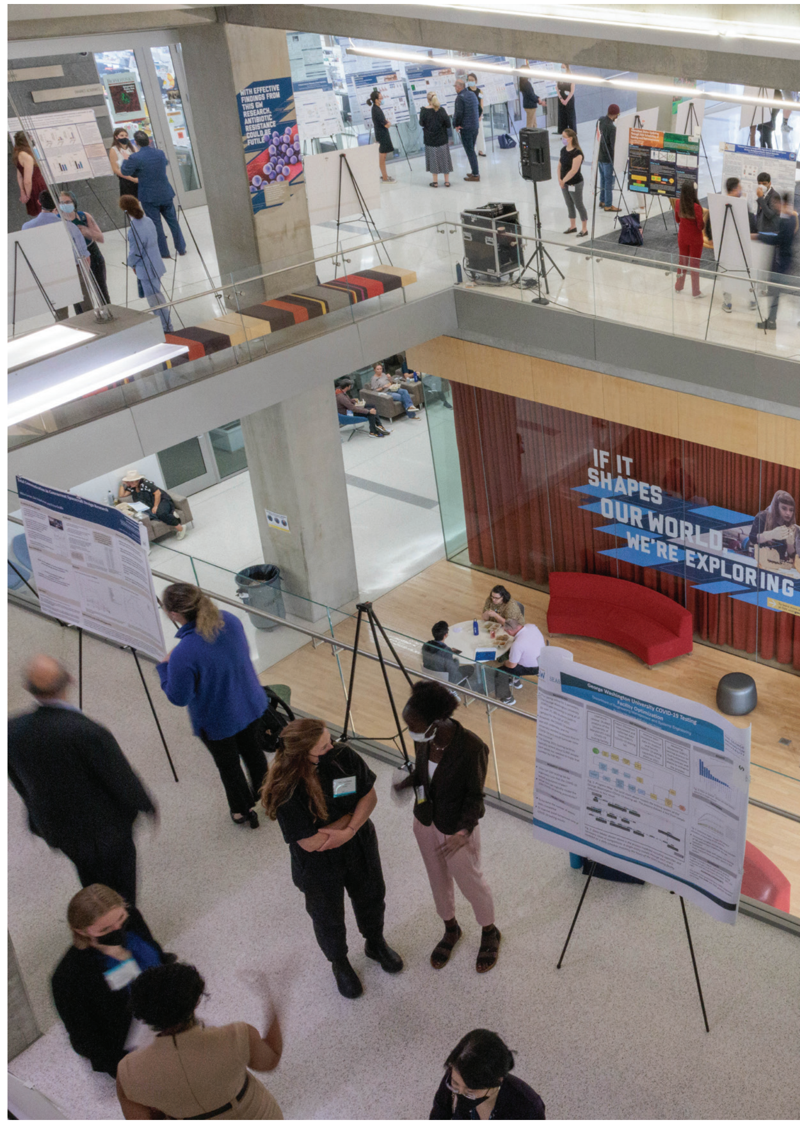
During the past fiscal year, GW welcomed new research institutes and partnerships, including ones that promise to revolutionize food policy and delivery, transform the use of artificial intelligence, and address racial and socioeconomic justice.

In May, GW and world-renowned chef, author and humanitarian José Andrés launched the Global Food Institute, a transformative and unprecedented collaboration that will be the world leader in food system solution delivery.

Driven by Andrés' vision of changing the world through the power of food, the Global Food Institute at GW will work to transform people's lives and the health of the planet, taking an interdisciplinary systems approach across three main pillars: policy, innovation, and humanity.

The institute will enable faculty and students, industry leaders, and policymakers to produce cutting-edge research to create and improve domestic and global food policies, incubate and engineer innovative technologies, and lead critical conversations about the impact of food on the human race.

Made possible by a founding gift from Andrés, the institute is also supported by the Nelson A. and Michele M. Carbonell Family Foundation and the Rockefeller Foundation.



Top: School of Engineering and Applied Science Research Day in the Science and Engineering Hall. Bottom, left: From left: Rajiv Shah (l) and Dana Bash (r) led a conversation with José Andrés at the launch of the Global Food Institute. Bottom, right: Student uses virtual reality equipment.

Professor and students work together on a robotic project.

GW is also co-leading a multi-institutional effort supported by the National Science Foundation (NSF) that will develop new artificial intelligence (AI) technologies designed to promote trust and mitigate risks while simultaneously empowering and educating the public.

The NSF Institute for Trustworthy AI in Law & Society (TRAILS) unites specialists in AI and machine learning with systems engineers, social scientists, legal scholars, educators, and public policy experts. The multidisciplinary team will work with impacted communities, private industry, and the federal government to determine how to evaluate trust in AI, how to develop trustworthy technical solutions and processes for AI, and which policy models best create and sustain trust.

Funded by a $20 million award from NSF, the new institute is expected to transfigure the practice of AI by encouraging new innovations that foreground ethics, human rights, and input from communities whose voices have previously been marginalized.

In addition, the university chartered the Equity Institute, opening a new collaborative, interdisciplinary chapter for GW researchers addressing questions of racial and socioeconomic justice.

The formal establishment of the institute is a marker of GW's commitment to justice, and raises the university's reputation as a resource to support scholars, governments, and communities in meaningful, data-driven policymaking.

The institute, which provided seed funding to 10 research projects in 2022, will support the development of new research collaborations, provide support for faculty submitting equity-related grant proposals and scholarship, expose students to the best practices of participatory-based research, and facilitate authentic community research partnerships.

Improving the Student Experience

The university is committed to fostering an inclusive community that supports learning, growth, and well-being.

GW reopened Thurston Hall to students in fall 2022. About a third of first-year students live in the historic residence hall, which underwent a two-year renovation that completely overhauled its interior.

The now state-of-the-art building features completely updated student rooms and bathrooms, 16 lounges, including an enclosed rooftop commons that offers a sweeping view of the city, a dining hall, and a large courtyard filled with chairs, benches and other areas for students to congregate.

In an effort to expand healthy, affordable food options for students, GW has implemented a transformative dining plan. New dining halls were opened in Thurston and Shenkman halls during the past fiscal year.

Through new all-you-care-to-eat meal plans, students can access a wide variety of healthy options, including vegetarian, vegan, and kosher meals. Future plans include a new Marketplace in District House, which will offer vegetables, fruits, eggs, and dairy products.

To foster community among not only students but also alumni, faculty and staff, the university introduced a new moniker this year: the Revolutionaries. The decision, made after a year-long process, was informed by 47,000 points of feedback and 8,000 moniker suggestions.

Throughout the extensive engagement efforts that included focus groups, random sample surveys and community-wide opportunities to rate moniker options and merchandise distribution, Revolutionaries was the top-ranked option in every round. The full adoption of the Revolutionaries moniker will be implemented during the 2023–24 academic year.

To provide students with low-cost access to all the Washington, D.C., area has to offer, the university partnered again with Metro's UPass this past academic year after a pilot program in spring 2022. For a $100 subsidized fee, students have unlimited access to use Metrorail and Metrobus, the main source of public transportation in the capital region.

Top: The courtyard of Thurston Hall. Bottom, left: GW unveiled its new moniker, the Revolutionaries, earlier this year. Bottom, right: the new Multicultural Student Services Center space has gathering areas for community conversation and quiet corners for studying.

The new GW Campus Store

To bolster its resources for student physical and mental health, the university launched AcademicLiveCare, a telehealth service that offers additional counseling, nutrition, and psychiatry appointments. These services are a supplement to in-person, on-campus appointments and allow students to access help when convenient for them.

The Multicultural Student Center moved into a new and expanded space in the University Student Center. GW also opened a commuter student lounge in the University Student Center to provide these students with a dedicated space to study and relax between classes.

The Division of Student Affairs launched a new spring tradition, Buff & Bloom Week, a series of events celebrating the best thing D.C. offers in the spring: cherry blossoms. More than 3,000 students attended events during the inaugural run.

The university is also improving the student and campus experience by relocating the Campus Store to a new larger location at the corner of 21st and I streets. The new store, planned for a fall 2023 opening, will be the retail anchor tenant of a newly constructed building. At over 16,000 square feet, the space nearly doubles the size of the current bookstore.

Serving the D.C. Community and Beyond

The university and its community members work to improve lives, aid communities in need, and improve our world both in our backyard and across the globe.

Progress continues on the Cedar Hill Regional Medical Facility in Southeast Washington, D.C. The new $403-million hospital complex will bring a state-of-the-art 136-bed, full-service hospital to one of the city's most medically underserved communities.

Universal Health Services, Inc. which operates GW Hospital, will run the new facility, while the GW Medical Faculty Associates and the School of Medicine and Health Sciences will serve as the physician and academic arm of the new complex, with Children's National Hospital offering pediatric care.

GW will provide medical education, research, and technology to the new hospital and health services complex, creating an integrated, academic medical network. Cedar Hill will also expand opportunities for GW students and medical residents to provide care and to learn at this site.

When completed in early 2025, the 407,000-square-foot medical center will be the city's first new inpatient facility in more than 20 years.

The university also continued its long-standing tradition of providing full-ride scholarships to academically talented D.C. students through the Stephen Joel Trachtenberg Scholarships.

In March 2023, GW awarded 10 Stephen Joel Trachtenberg Scholarships to D.C. high school seniors. The program, founded in 1989, provides four-year scholarships, covering tuition,

Jasmine Evans learns she has received a full-ride scholarship to GW.

First-year students participate in the Welcome Day of Service.

A rendering of the Cedar Hill Regional Medical Facility in Southeast Washington.

Vice President Kamala Harris joins GW students for the MLK Day of Service.

room and board, books and fees at the university. GW also has partnerships with D.C. public high schools the School Without Walls and the Duke Ellington School of the Performing Arts.

GW was recognized in 2023 by the Peace Corps as one of the top producers of volunteers for the service over the past 20 years among colleges and universities of all sizes. The recognition follows three consecutive years in which GW produced more Peace Corps volunteers than any other medium-size college and university. The university is also a perennial top producer of Teach for America volunteers.

Individual university community members continued to serve in myriad ways. During the 2022–23 academic year, students, faculty and staff recorded 602,048 hours of service.

For the Welcome Day of Service, the university's 14th annual, first-year and transfer students fanned out across the region to volunteer at 61 sites, including helping to improve schools, playgrounds, parks, and retirement homes.

And for the 2023 Martin Luther King, Jr. Day of Service more than 800 GW community members served D.C. organizations. They were joined by Vice President Kamala Harris who also hosted a panel on the meaning of King Day with Secretary of Housing Marcia L. Fudge, Secretary of Education Miguel Cardona, Director of the Peace Corps Carol Spahn, and Chief Executive Officer of AmeriCorps Michael Smith.

Service also extends to the classroom. During the 2022–23 academic year, there were 73 community-engaged courses across the university in partnership with community organizations to enhance student learning and meet community-identified priorities.

Fundraising for a Stronger GW

At the start of National Scholarship Month last November, GW announced a major new initiative to dramatically accelerate investments in endowed scholarships to offer critical financial support to undergraduate students. The Third Century Scholarship Endowment Match: *Unlocking Access to Undergraduate Education* is the most significant fundraising match in GW's history and will double transformative new gifts to need-based, undergraduate scholarship endowments.

The match launched with a $12 million commitment from the university, which will double support from donors to yield a $24 million investment in need-based endowed scholarships for undergraduate students. Gifts matched by the university contribute to GW's endowment and benefit students in perpetuity.

School of Engineering and Applied Science alumnus Thomas J. Doherty, B.S. '89, was among the first to double his impact through the match by adding $500,000 to his existing scholarship fund for aspiring engineers. His gift will expand access to a GW Engineering degree in perpetuity with the goal of also facilitating more diverse representation in a male-dominated field.

The GW community also worked together to raise funds to support scholarships and programs on campus during Giving Day 2023, which resulted in the highest number of donations the university has ever received in a 24-hour period.

The focus of Giving Day 2023 was to encourage more members of the GW community to engage in philanthropy. The university exceeded its goal of 2,750 donors, receiving gifts from nearly 3,200 alumni, students, faculty, staff, families and friends, a more than 22% increase from Giving Day 2022.

The university received major gifts from alumni, families and friends during the past fiscal year:

World-renowned chef, author, and humanitarian José Andrés, HON '14, deepened his long-standing partnership with GW through the launch of the Global Food Institute (GFI). A founding gift from Andrés made GFI possible with additional financial support from the Rockefeller Foundation and Secretary of the Board of Trustees Ave Tucker, B.B.A. '77, and Dianne Bostick. A significant contribution from GW Board of Trustees Chair Emeritus Nelson Carbonell Jr., B.S. '85, HON '21, and his wife, Michele, will endow the inaugural executive director, who will bring the Global Food Institute to life.

GW Trustee Emeritus Henry “Ric” Duquès, B.B.A. ’65, M.B.A. ’69, and Dr. Dawn Brill Duquès, B.A. ’69, gave the university a $2.5 million gift to revitalize the School of Business infrastructure. Their generosity will enable game-changing technological upgrades and physical enhancements at the School of Business building bearing their name, Ric and Dawn Duquès Hall.

The estate of celebrated oncologist, philanthropist, alumnus and GW emeritus trustee Luther W. Brady, A.A. ’44, B.A. ’46, M.D. ’48, bequeathed more than 130 works of art to the gallery bearing his name at GW. The works are valued at more than $3.3 million and are on display at the Luther W. Brady Art Gallery starting fall 2023.

The American Board of Family Medicine Foundation endowed a health policy fellowship to perpetually support GW’s family medicine program at the School of Medicine and Health Sciences. This new fellowship will not only help attract top talent who are interested in both clinical care and health policy but also will help improve health equity throughout the District.

Former GW faculty member Seema P. Kakar and her husband Sonny Kakar established the Seva Culinary Medicine Teaching Kitchen Fund to create the Seva Teaching Kitchen—a new hands-on culinary learning space. Their gift will advance culinary medicine at the School of Medicine and Health Sciences and offer cooking courses that reinforce how food and nutrition are critical to preventing chronic diseases and illnesses.

Top: Giving Day 2023 set new records.
Bottom, left, from left: Provost Christopher Alan Bracey; Rajiv Shah, president of the Rockefeller Foundation; Trustee Ave Tucker; José Andrés; Board of Trustees Chair Emeritus Nelson A. Carbonell Jr. and his wife, Michele Carbonell; and former President Wrighton.
Bottom, right: Brady in 2007 at the fifth anniversary celebration of the endowment of the Luther W. Brady Art Gallery, shown in front of a work by Sam Maitin, one of the artists included in the estate collection.

From left: Elliott School Dean Alyssa Ayres; Gina Abercrombie-Winstanley, B.A. '80; Dana Bash, B.A. '93; and Jenna Segal, B.A. '98.

Jenna Segal, B.A. '98 and her husband, Paul, established the Elliott School Fund for Scholars Affected by the War in Ukraine, extending a helping hand to Ukrainian scholars to continue their work during wartime as fellows at GW's Elliott School and abroad.

The McElhatten Foundation awarded a $1.54 million grant to GW Milken Institute School of Public Health Professor David Michaels. This three-year grant will support his research into developing a framework for government agencies and employers to improve workplace safety policies to reduce injuries and fatalities.

GW parents Ulvi Kasimov and Reykhan Kasimova gave $1 million to endow a fund to support graduate fellowships in the university's Art Therapy Program. The generous gift will support generations to come of art therapists, who have a profound impact on patients' lives.

GW parent Ulvi Kasimov with art therapy students. He and his wife, Reykhan Kasimova, gave $1 million to support graduate art therapy fellowships.

Management Discussion and Analysis of Financial Condition and Results of Operations – FY2023

The purpose of this discussion is to augment the financial statements by providing management's perspective on the university's financial health and the related impact on our mission and aspirations. We also describe in greater detail significant items that influenced the university's financial statements in FY23.

FY23 Results of Operations

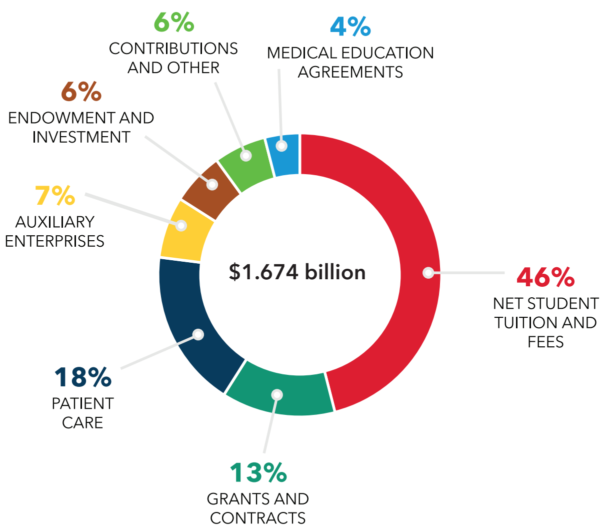
Our consolidated balance sheet remains strong with nearly $5 billion in total assets. Total assets increased $24 million, while total liabilities decreased $35 million. The increase in assets was driven by growth of endowment investments, due to both favorable market conditions and generous contributions from donors. This increase was offset by a decrease in Cash and cash equivalents which resulted from increased operational spending and continuing campus improvements. The decrease in liabilities resulted primarily from final payments of Federal Insurance Contributions Act (FICA) taxes that had been deferred under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, plus scheduled debt repayments.

Consolidated net assets increased by $59 million in FY23, with an increase of $138 million attributable to the university and a decrease of $79 million attributable to the clinical practice of GW faculty physicians, Medical Faculty Associates (MFA).

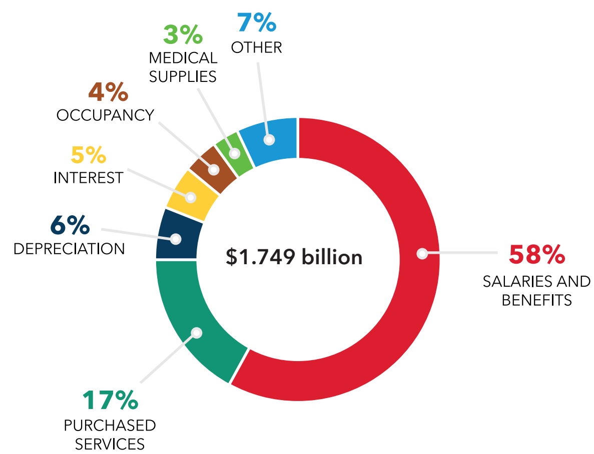
In terms of the university's stand-alone performance, operating revenue increased 4% over the prior year while operating expenses increased by 5%. Revenue from Auxiliary enterprises experienced the greatest increase, $19 million, due to higher housing occupancy, plus revenue from two new dining halls which opened on the Foggy Bottom campus during FY23. Operating expenses increased as staffing returned to pre-pandemic levels. Further, there were new costs associated with the enhanced dining program. The net result for the university was an operating surplus of $5 million. Non-operating activities, including investment income and donor-restricted contributions, provided an additional $133 million, which lead to the university's overall $138 million increase in net assets.

The MFA's financial performance continues to be impacted by changes spurred by the pandemic. Since the pandemic lows, MFA has seen increases in patient visits and medical procedures, however, volumes have not returned to pre-pandemic levels. A contributing factor is a decline in the number of people commuting to Washington, D.C., for work, which continues to hurt the payor mix. MFA's revenue and expenses both decreased 1% year-over-year.

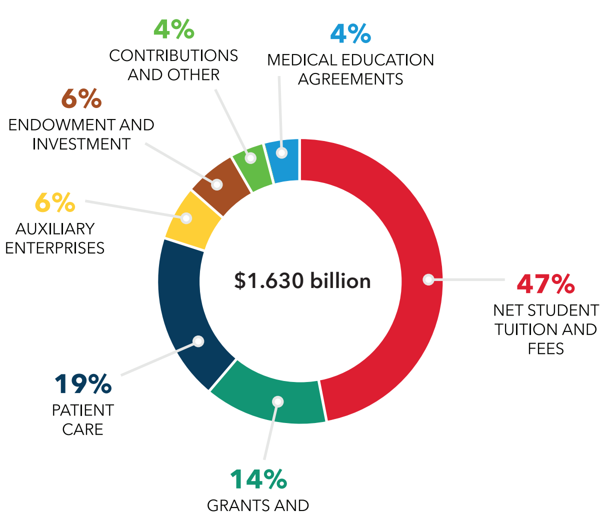
FY23 Operating Revenue



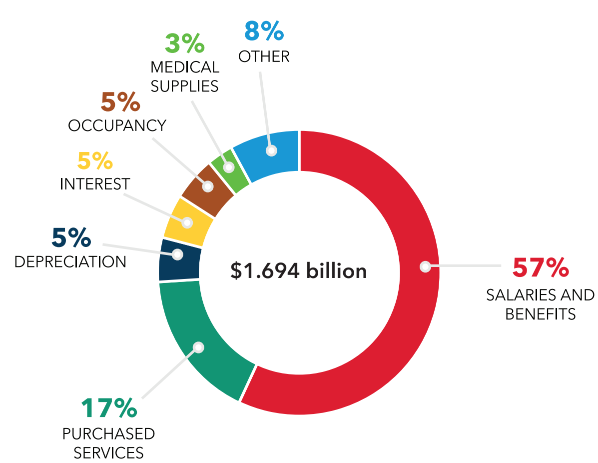
FY23 Operating Expenses



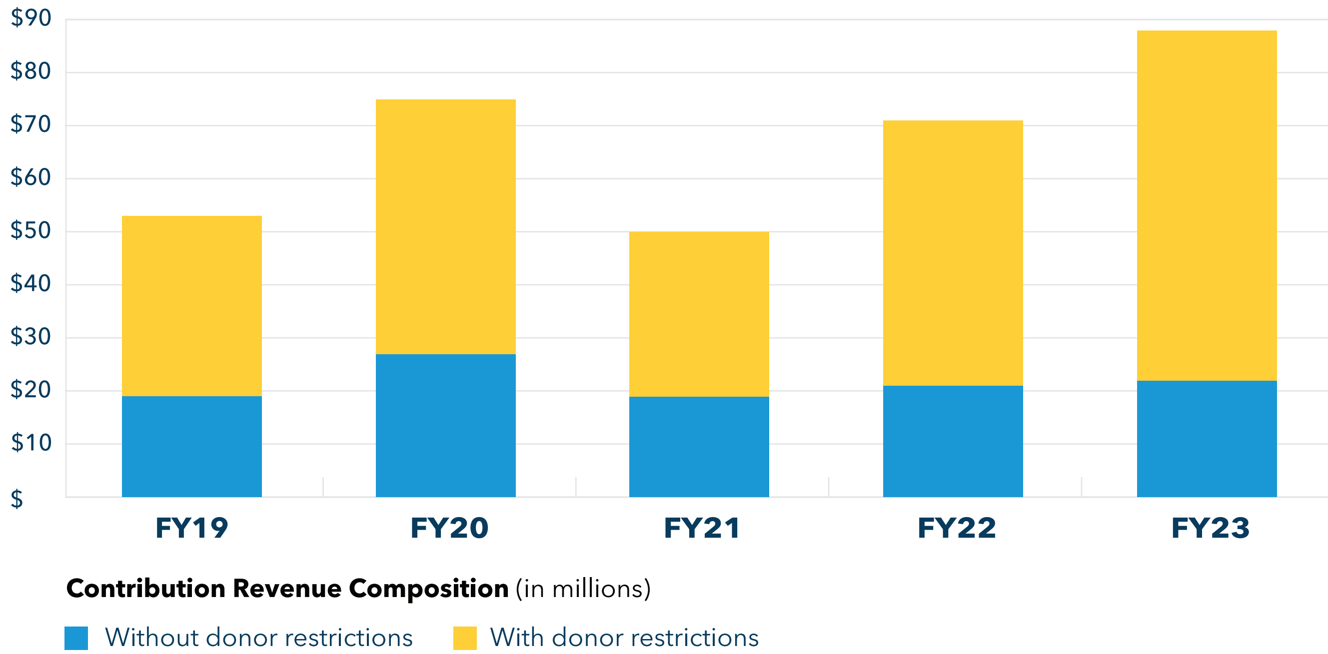
FY22 Operating Revenue



FY22 Operating Expenses

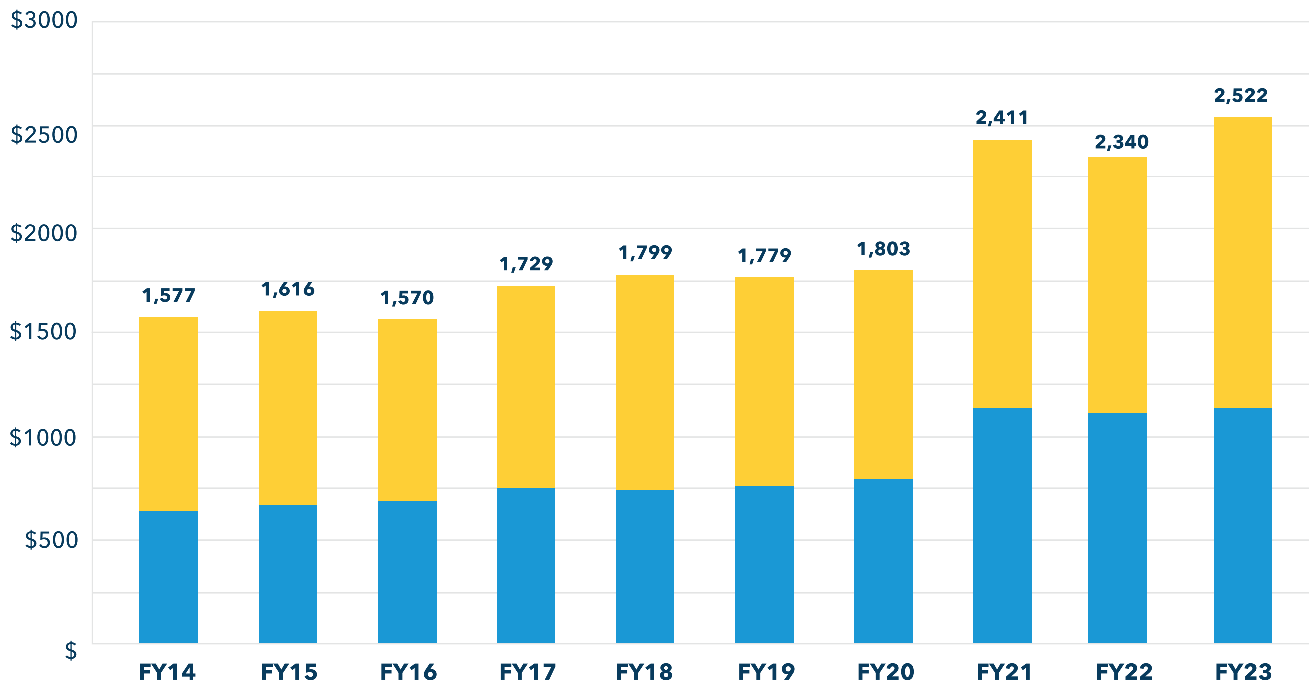


Contributions



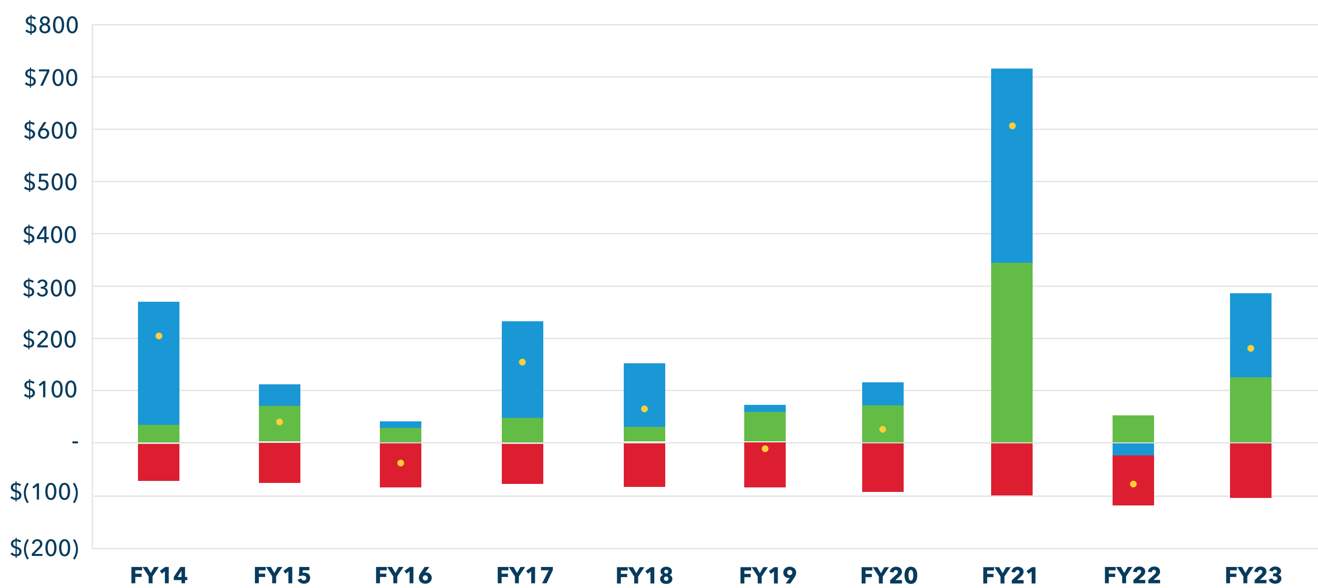
Contributions to the university provide vital funding for academic priorities, financial aid for students and help build a strong future by growing the university's endowment. The university's donors were especially generous in FY23, surpassing contributions made in each of the four previous fiscal years.

Endowment



End of Year Total Endowment Market Value (in millions)

Real Estate   Pooled Endowment



Change in Endowment Market Value (in millions)

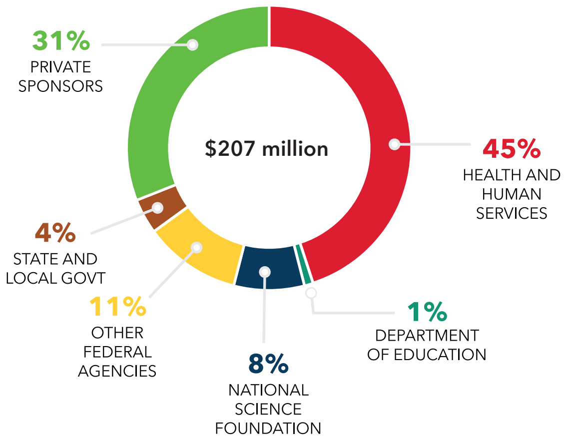
Gifts and Transfers   Investment Return, net

Endowment Distribution   Net Change in Market Value

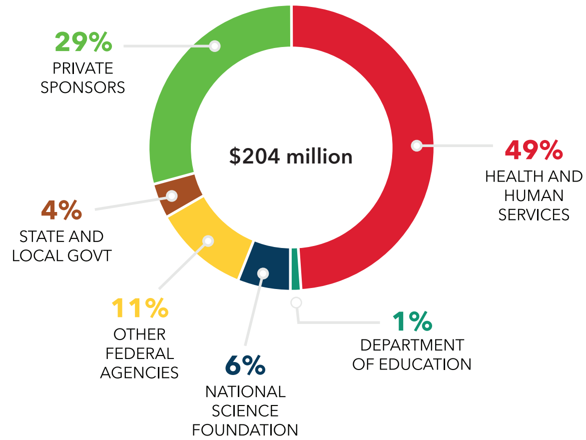
During the year ended June 30, 2021, the university reclassified internal debt previously allocated to the portfolio of real estate investment properties. The resulting increase in value is reflected as part of Gifts and Transfers.

Endowed funds are the cornerstone for philanthropy at GW. These funds yield enduring returns and perpetual impact, enabling us to strategically plan for the university's future. In FY23, the total endowment market value reached a record high of $2.522 billion, due to favorable market conditions plus gifts and transfers into the endowment. Endowment payout provided $103 million in support of university activities. The endowment assets in aggregate generated a one-year return of 6.9% and a five-year annualized investment return of 5.6%.

Research



FY23 Externally Funded Research



FY22 Externally Funded Research

Research revenue, included in Grants and contracts on the Consolidated Statement of Activities, remained consistent year-over-year with a slight change in the mix of federal projects and projects funded by private sponsors.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
The George Washington University

Opinion

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

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

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

GrantThornton

Auditor's responsibilities for the audit of the financial statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Boston, Massachusetts
September 28, 2023

CONSOLIDATED BALANCE SHEETS

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

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

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

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2023
(in thousands)

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Student tuition and fees, net	$ 778,101	$ -	$ 778,101
Patient care, net	303,695	-	303,695
Grants and contracts including indirect cost recoveries	212,016	-	212,016
Auxiliary enterprises, net	118,886	-	118,886
Endowment income distributed for operations	94,204	-	94,204
Medical education agreements	71,836	-	71,836
Contributions	22,208	-	22,208
Investment income used in operations	12,455	-	12,455
Net assets released from restrictions	10,812	-	10,812
Other	50,054	-	50,054
Total operating revenue	1,674,267	-	1,674,267
OPERATING EXPENSES			
Salaries and benefits	1,006,055	-	1,006,055
Purchased services	299,412	-	299,412
Depreciation	97,193	-	97,193
Interest	84,867	-	84,867
Occupancy	78,078	-	78,078
Medical supplies	48,571	-	48,571
Scholarships and fellowships	19,126	-	19,126
Other	115,343	-	115,343
Total operating expenses	1,748,645	-	1,748,645
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(74,378)	-	(74,378)
NON-OPERATING ACTIVITIES			
Investment income, net	103,798	72,864	176,662
Net assets released from restriction	31,001	(41,813)	(10,812)
Contributions, net	-	65,653	65,653
Endowment income distributed for operations	(95,836)	1,632	(94,204)
Other	(15,687)	11,626	(4,061)
Total non-operating activities	23,276	109,962	133,238
CHANGE IN NET ASSETS	(51,102)	109,962	58,860
NET ASSETS AT THE BEGINNING OF THE YEAR	1,585,883	841,555	2,427,438
NET ASSETS AT THE END OF THE YEAR	$ 1,534,781	$ 951,517	$ 2,486,298

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

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2022
(in thousands)

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Student tuition and fees, net	$ 770,217	$ -	$ 770,217
Patient care, net	309,954	-	309,954
Grants and contracts including indirect cost recoveries	221,787	-	221,787
Auxiliary enterprises, net	99,251	-	99,251
Endowment income distributed for operations	91,461	-	91,461
Medical education agreements	60,960	-	60,960
Contributions	21,174	-	21,174
Investment income used in operations	1,951	-	1,951
Net assets released from restrictions	7,593	-	7,593
Other	45,823	-	45,823
Total operating revenue	1,630,171	-	1,630,171
OPERATING EXPENSES			
Salaries and benefits	972,302	-	972,302
Purchased services	293,405	-	293,405
Depreciation	92,723	-	92,723
Interest	79,489	-	79,489
Occupancy	78,512	-	78,512
Medical supplies	43,793	-	43,793
Scholarships and fellowships	30,061	-	30,061
Other	103,373	-	103,373
Total operating expenses	1,693,658	-	1,693,658
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(63,487)	-	(63,487)
NON-OPERATING ACTIVITIES			
Investment income, net	30,731	(52,707)	(21,976)
Net assets released from restriction	27,735	(35,328)	(7,593)
Contributions, net	-	49,914	49,914
Endowment income distributed for operations	(94,943)	3,482	(91,461)
Other	(7,682)	5,392	(2,290)
Total non-operating activities	(44,159)	(29,247)	(73,406)
CHANGE IN NET ASSETS	(107,646)	(29,247)	(136,893)
NET ASSETS AT THE BEGINNING OF THE YEAR	1,693,529	870,802	2,564,331
NET ASSETS AT THE END OF THE YEAR	$ 1,585,883	$ 841,555	$ 2,427,438

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022
(in thousands)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University

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

Basis of Presentation and Principles of Consolidation

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

Medical Faculty Associates, Inc.

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

Cash and Cash Equivalents

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

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

Contributions

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

Investments and Investment Income

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

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

The University manages the following types of arrangements:

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

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

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

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

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

Accounts Receivable

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

Loans Receivable and Refundable Advances

Loans receivable are primarily related to federal student financial aid programs and are carried at face value, less an allowance for doubtful accounts of $0.5 million and $0.4 million at June 30, 2023 and 2022, respectively. The allowance for doubtful accounts is estimated based on the University's historical experience and periodic review of individual accounts. The majority of the University's loans receivable represents amounts due under federally guaranteed programs; therefore no reserves are recorded for the federal portion. Generally, payment on loans receivable commences upon graduation and can extend up to 10 years. These loans carry interest rates ranging from 3% to 7%. Funds provided by the U.S. Government under the Federal Perkins and Health Professions Student Loan Programs are loaned to qualified students. Health Profession funds may be loaned again after collection. The Perkins Loan program was not reauthorized by the federal government in September 2017, and therefore, collected funds will be returned to the U.S. Government and the University proportionate to their original funding. These federal loan programs have cash restricted as to their use of $3.3 million and $5.1 million as of June 30, 2023 and 2022, respectively.

Property, Plant, and Equipment

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

Leases

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

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

Net Asset Classes

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

- **Without donor restrictions** – Net assets that are not subject to donor-imposed stipulations and are available for operations or have been designated as quasi-endowment funds.
- **With donor restrictions** – Net assets with donor restrictions are subject to donor-imposed stipulations and may be restricted by time or purpose, or may be restricted in perpetuity. Those restricted by time or purpose contain stipulations that may be or will be met either by actions of the University and/or by the passage of time. Those restricted in perpetuity are subject to stipulations that the asset be maintained permanently by the University. Generally, the donors permit the University to use all or part of the income earned on related investments for general or specific purposes.

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

Non-operating Activities

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

Tuition, Fees, and Scholarships

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

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

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

Auxiliary Enterprises

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

Grants and Contracts

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

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

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

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

Patient Service Revenue

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

Tax Status

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

Use of Estimates

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

Reclassifications of Prior Year Amounts

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

Recent Accounting Standards

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

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

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

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

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

NOTE 3 – ACCOUNTS RECEIVABLE

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

NOTE 4 – CONTRIBUTIONS RECEIVABLE

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

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

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

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

NOTE 5 – INVESTMENTS

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

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

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

NOTE 6 - FAIR VALUE

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

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

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

(in thousands)	2023			2022		
	Reported at fair value	Not subject to fair value reporting	Total	Reported at fair value	Not subject to fair value reporting	Total
Cash and cash equivalents	$ 37,800	$ 18,224	$ 56,024	$ 58,794	$ 64,308	$ 123,102
Investments	2,742,638	87,258	2,829,896	2,675,248	73,208	2,748,456
Total	$ 2,780,438	$ 105,482	$ 2,885,920	$ 2,734,042	$ 137,516	$ 2,871,558

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

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

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

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

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

- **Cash and cash equivalents** – These investments include cash deposits in investment funds, money market accounts, and other short-term, highly liquid investments. They are priced using independent market prices in the primary trading market and are classified as Level 1.
- **Annuities** – These investments, associated with the University's deferred compensation plan, include both variable- and fixed-rate annuities. Level 2 assets are not publicly traded, but have established NAV or are based on quoted prices for similar assets. Level 3 assets are guaranteed fixed-annuity contracts issued by an insurance company.
- **Balanced Funds** – These investments, associated with the University's deferred compensation plan, are mutual funds which hold a mix of equity and fixed income investments. These publicly-traded funds are categorized as Level 1.
- **Fixed income** – These investments generally include asset-backed securities, convertible bonds, corporate debt, investment funds with fixed income portfolios, federal and municipal bonds, and U.S. Treasury notes. These assets are primarily valued using market prices, such as broker quotes, for the same or similar instruments. Securities in this category that trade in less active markets and are redeemable in the near term are typically categorized as Level 2. The fair value of fixed income investment funds not publicly traded has been estimated using the NAV of the funds which are calculated by the investment manager, and excluded from fair value leveling.
- **Global equity** – These investments generally include separately held accounts, shares in commingled funds, and global equity holdings. Securities traded on an active exchange are priced using unadjusted market quotes for identical assets and are classified as Level 1. The fair value of commingled funds has been estimated using the NAV of the funds which are calculated by the investment manager, and excluded from fair value leveling.
- **Hedge funds** – This investment is structured as a fund of funds vehicle and employs a diverse range of investment strategies, including long and short equity, long and short credit, quantitative, event-driven, and global macro. The fair value has been estimated using the NAV of the funds which are calculated by the investment manager, and excluded from fair value leveling.
- **Private equity** – These investments generally include limited partnerships that are not publicly traded and cannot be redeemed because the investments include restrictions that do not allow redemption through maturity. The fair values of these investments have been estimated using the NAV of the funds, which are calculated by the investment manager and are excluded from fair value leveling. The valuation policies adopted by the manager are reviewed for propriety, consistency, compliance, and completeness. For a small percentage of these investments, the manager reported NAV is prepared using non-U.S. GAAP, which may differ from fair value reported under U.S. GAAP. Where material differences are known to exist, management bases its measurements on fair value estimates obtained from the investment managers and/or third-party valuation advisors. Quantitative information about the significant unobservable inputs used in arriving at these fair value measurements is not readily available. Changes to these inputs may result in significant changes to the fair value measurement and such changes could be material to the consolidated financial statements.

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

AS OF JUNE 30, 2023						
	Fair Value *(in thousands)*		Valuation Techniques	Unobservable Inputs	Rate	Weighted Average
Office building	$	214,000	Income approach	Exit capitalization rate Discount rate	6.50% 7.50%	N/A N/A
Ground leased real estate	$	911,000	Income approach	Capitalization rate Discount rate	3.50 - 4.25% 5.25 - 6.00%	3.60% 5.50%

AS OF JUNE 30, 2022						
	Fair Value *(in thousands)*		Valuation Techniques	Unobservable Inputs	Rate	Weighted Average
Office building	$	248,000	Income approach	Exit capitalization rate Discount rate	6.00% 6.50%	N/A N/A
Ground leased real estate	$	861,600	Income approach	Capitalization rate Discount rate	3.50% 4.50 - 7.00%	N/A 4.92%

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

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

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

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

- **Fixed income - other** – These assets are primarily composed of credit instruments and equity securities in Asia-Pacific, Italy, and North America. There are no funds in liquidation as of June 30, 2023.
- **Private equity** – These assets are primarily composed of long term lock-up funds to include buyouts, growth equity, venture capital, distressed debt, and micro-capitalization securities. Distributions from the majority of these investments are received through the liquidation of the underlying assets. Timing of liquidation is unknown.

Changes in Level 3 Assets

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

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

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

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

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

NOTE 7 - ENDOWMENT

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

Interpretation of Relevant Law

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

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

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

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

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

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

Underwater Endowment Funds

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

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

Investment Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

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

NOTE 8 - PROPERTY, PLANT, AND EQUIPMENT

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

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

NOTE 9 - LEASES

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

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

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

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

(in thousands)	JUNE 30, 2023	
Lease maturity table:	Operating	Finance
Fiscal Year Ending June 30:		
2024	$ 19,134	$ 2,419
2025	19,071	2,334
2026	16,759	1,636
2027	15,603	594
2028	12,842	260
Thereafter	32,082	501
Subtotal	115,491	7,744
Less effects of discounting	(14,371)	(381)
Total	$ 101,120	$ 7,363

NOTE 10 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

NOTE 11 – DEBT

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

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

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

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

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

NOTE 12 - COMMITMENTS AND CONTINGENCIES

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

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

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

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

NOTE 13 - NET ASSETS

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

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

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

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

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

NOTE 14 - PROGRAM AND SUPPORTING ACTIVITIES EXPENSE

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

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

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

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

NOTE 15 - RETIREMENT PLANS AND POSTRETIREMENT BENEFITS

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

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

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

NOTE 16 - RELATED PARTIES

DISTRICT HOSPITAL PARTNERS, L.P.

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

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

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

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

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

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

NOTE 17 – IMPACT OF THE COVID-19 PANDEMIC

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

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

NOTE 18 – SUBSEQUENT EVENTS

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

SUPPLEMENTARY CONSOLIDATING INFORMATION

SUPPLEMENTAL SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS CONSOLIDATING BALANCE SHEET

As of June 30, 2023
(in thousands)

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

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

SUPPLEMENTAL SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

(in thousands)

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

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

NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS

BASIS OF PRESENTATION – SUPPLEMENTARY CONSOLIDATING INFORMATION

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

University Officials

EFFECTIVE AUGUST 2023

OFFICE OF THE PRESIDENT

Ellen M. Granberg
President

Jonathan E. Post
Vice President for Board Relations and Secretary of the University

UNIVERSITY ADMINISTRATORS

Neena Ali
Associate Vice President and University Controller

Donna Arbide
Vice President for Development and Alumni Relations

Charles Barber
Vice President and General Counsel

Barbara L. Bass
Vice President for Health Affairs and Chief Executive Officer, The GW Medical Faculty Associates

Christopher Alan Bracey
Provost and Executive Vice President for Academic Affairs

Bruno Fernandes
Executive Vice President, Chief Financial Officer and Treasurer

Sabrina Minor
Vice President for Human Resource Management and Development and Chief People Officer

Ellen Moran
Vice President for Communications and Marketing

Sharon Reich Paulsen
Executive Vice President and Chief Administration Officer

Dorinda Tucker
Associate Vice President for Ethics, Compliance and Risk and Data Privacy Officer

Tanya Vogel
Director of Athletics

DEANS

Alyssa Ayres
Elliott School of International Affairs

Barbara L. Bass
School of Medicine and Health Sciences

Michael J. Feuer
Graduate School of Education and Human Development

Lynn R. Goldman
Milken Institute School of Public Health

Geneva Henry
Libraries and Academic Innovation

Susan Kelly-Weeder
School of Nursing

John Lach
School of Engineering and Applied Science

Dayna Bowen Matthew
GW Law

Anuj Mehrotra
School of Business

Liesl Riddle
College of Professional Studies

Paul J. Wahlbeck
Columbian College of Arts and Sciences

Summary of Financial Results

FINANCIAL RESULTS	YEAR END	
(in thousands)	2023	2022
Assets	$ 4,991,886	$ 4,967,614
Net assets	$ 2,486,298	$ 2,427,438
Increase (decrease) in net assets	$ 58,860	$ (136,893)
Investments	$ 2,829,896	$ 2,748,456
Debt, net	$ 1,973,649	$ 1,983,741
Operating revenues	$ 1,674,267	$ 1,630,171
Operating expenses	$ 1,748,645	$ 1,693,658
Non-operating activities	$ 133,238	$ (73,406)
Capital expenditures	$ 105,027	$ 106,219

ENROLLMENT	ACADEMIC YEAR END				
	2023	2022	2021	2020	2019
STUDENTS-FTE					
Undergraduate	10,497	10,553	10,589	11,459	11,649
Graduate	8,679	9,065	9,128	9,428	9,725
Law (J.D.)	1,640	1,658	1,710	1,532	1,498
Medical (M.D.)	742	725	722	715	701
Non-degree	210	210	149	241	215
Total fall enrollment	21,768	22,211	22,298	23,375	23,788
UNDERGRADUATE ADMISSIONS					
Applications	27,266	27,236	26,405	26,978	26,512
Selectivity Ratio	49%	50%	43%	41%	42%
Matriculation Ratio	22%	19%	17%	24%	26%
GRADUATE ADMISSIONS					
Applications	24,142	25,943	27,365	25,473	25,620
Selectivity ratio	54%	58%	51%	50%	50%
Matriculation ratio	30%	30%	32%	36%	37%
LAW (J.D.)					
Applications	9,234	10,826	8,146	8,019	7,942
Selectivity ratio	26%	22%	35%	31%	34%
Matriculation ratio	21%	21%	19%	20%	21%
MEDICINE (M.D.)					
Applications	12,107	12,917	11,772	12,057	11,107
Selectivity ratio	2%	2%	3%	3%	3%
Matriculation ratio	63%	61%	57%	54%	53%
DEGREES CONFERRED					
Baccalaureate	2,707	2,936	3,020	3,005	3,021
Master's	4,471	4,127	4,602	4,780	4,597
First professional	736	735	729	581	668
Doctoral	358	348	357	330	406


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