

THE GEORGE WASHINGTON UNIVERSITY

CONSOLIDATED FINANCIAL STATEMENTS
For the years ended June 30, 2024 and 2023

GRANT THORNTON LLP

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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, 2024 and 2023, 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Grant Thornton LLP

Boston, Massachusetts
September 27, 2024

**THE GEORGE
WASHINGTON
UNIVERSITY**

WASHINGTON, DC

Consolidated Balance Sheets
As of June 30, 2024 and 2023
(in thousands)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 55,304	\$ 56,024
Accounts receivable, net	147,865	140,334
Contributions receivable, net	33,944	34,389
Investments	2,871,770	2,829,896
Loans and notes receivable, net	8,146	10,067
Property, plant, and equipment, net	1,806,139	1,783,581
Operating lease right of use assets, net	85,597	88,479
Other assets	49,946	49,116
Total assets	\$ 5,058,711	\$ 4,991,886
LIABILITIES		
Accounts payable and accrued expenses	\$ 379,013	\$ 314,005
Deferred revenue and deposits	99,266	106,297
Operating lease liability	98,106	101,120
Debt, net	2,120,696	1,973,649
Funds advanced for student loans	7,674	10,517
Total liabilities	2,704,755	2,505,588
NET ASSETS		
Without donor restrictions	1,300,070	1,534,781
With donor restrictions	1,053,886	951,517
Total net assets	2,353,956	2,486,298
Total liabilities and net assets	\$ 5,058,711	\$ 4,991,886

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

**Consolidated Statement of Activities
Year Ended June 30, 2024
(in thousands)**

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Student tuition and fees, net	\$ 813,085	\$ -	\$ 813,085
Patient care, net	313,066	-	313,066
Grants and contracts including indirect cost recoveries	243,398	-	243,398
Auxiliary enterprises, net	136,855	-	136,855
Endowment income distributed for operations	100,091	-	100,091
Medical education agreements	73,468	-	73,468
Contributions	17,913	-	17,913
Investment income used in operations	12,354	-	12,354
Net assets released from restrictions	10,319	-	10,319
Other	60,258	-	60,258
Total operating revenue	1,780,807	-	1,780,807
OPERATING EXPENSES			
Salaries and benefits	1,069,652	-	1,069,652
Purchased services	322,601	-	322,601
Depreciation	98,803	-	98,803
Interest	87,656	-	87,656
Occupancy	82,966	-	82,966
Medical supplies	65,219	-	65,219
Scholarships and fellowships	19,764	-	19,764
Other	131,245	-	131,245
Total operating expenses	1,877,906	-	1,877,906
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(97,099)	-	(97,099)
NON-OPERATING ACTIVITIES			
Investment (loss) income, net	(69,360)	113,024	43,664
Net assets released from restriction	35,453	(45,772)	(10,319)
Contributions, net	-	29,850	29,850
Endowment income distributed for operations	(101,902)	1,811	(100,091)
Other	(1,803)	3,456	1,653
Total non-operating activities	(137,612)	102,369	(35,243)
CHANGE IN NET ASSETS	(234,711)	102,369	(132,342)
NET ASSETS AT THE BEGINNING OF THE YEAR	1,534,781	951,517	2,486,298
NET ASSETS AT THE END OF THE YEAR	\$ 1,300,070	\$ 1,053,886	\$ 2,353,956

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Student tuition and fees, net	\$ 778,101	\$ -	\$ 778,101
Patient care, net	303,695	-	303,695
Grants and contracts including indirect cost recoveries	212,016	-	212,016
Auxiliary enterprises, net	118,886	-	118,886
Endowment income distributed for operations	94,204	-	94,204
Medical education agreements	71,836	-	71,836
Contributions	22,208	-	22,208
Investment income used in operations	12,455	-	12,455
Net assets released from restrictions	10,812	-	10,812
Other	50,054	-	50,054
Total operating revenue	<u>1,674,267</u>	<u>-</u>	<u>1,674,267</u>
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	<u>1,748,645</u>	<u>-</u>	<u>1,748,645</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>(74,378)</u>	<u>-</u>	<u>(74,378)</u>
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	<u>23,276</u>	<u>109,962</u>	<u>133,238</u>
CHANGE IN NET ASSETS	(51,102)	109,962	58,860
NET ASSETS AT THE BEGINNING OF THE YEAR	<u>1,585,883</u>	<u>841,555</u>	<u>2,427,438</u>
NET ASSETS AT THE END OF THE YEAR	<u>\$ 1,534,781</u>	<u>\$ 951,517</u>	<u>\$ 2,486,298</u>

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

Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023
(in thousands)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (132,342)	\$ 58,860
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions restricted for long-term investment	(6,227)	(27,651)
Depreciation, amortization and accretion expenses	98,881	97,272
Net realized/unrealized loss/(gain) on investments	28,170	(142,160)
Realized gain on sale of real property	(19,244)	-
Fire loss	(7,000)	-
Other non-cash items	5,075	5,197
Changes in operating assets and liabilities:		
Accounts receivable	(10,651)	(26,338)
Contributions receivable	445	5,757
Operating lease right of use assets, net	2,882	14,820
Other assets	(2,334)	(7,956)
Accounts payable and accrued expenses	36,703	(9,827)
Deferred revenue and deposits	(7,031)	1,640
Operating lease liability	(3,014)	(14,711)
Net cash used in operating activities	<u>(15,687)</u>	<u>(45,097)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(624,334)	(742,204)
Sales and maturity of investments	564,638	811,091
Purchases of property, plant, and equipment	(98,976)	(105,027)
Net proceeds from sale of real property	26,689	-
Insurance proceeds from fire loss	7,000	-
Change in other loans and notes receivable	1,909	2,266
Net cash used in investing activities	<u>(123,074)</u>	<u>(33,874)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investment	6,227	27,651
Payments on debt	(17,053)	(10,132)
Proceeds from borrowings	5,187	-
Net proceeds from borrowings on lines of credit	151,436	4,708
Payments of finance lease obligations	(4,913)	(5,875)
Change in refundable government student loan funds	(2,843)	(4,459)
Net cash provided by financing activities	<u>138,041</u>	<u>11,893</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(720)	(67,078)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	56,024	123,102
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 55,304</u>	<u>\$ 56,024</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 86,939	\$ 84,381
Income tax payments	324	2
Purchases of property, plant, and equipment in accounts payable and accrued expenses	29,325	12,954

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

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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

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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 credit losses when determined to be uncollectible based upon management's assessment of individual accounts. The allowance for credit losses is estimated based on the University's historical experience, periodic review of individual accounts and consideration of current economic conditions and reasonable and supportable forecasts. 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 credit losses of \$0.5 million at both June 30, 2024 and 2023. The allowance for credit losses is estimated based on the University's historical experience, periodic review of individual accounts and consideration of current economic conditions and reasonable and supportable forecasts. 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 8%. Funds

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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 \$2.9 million and \$3.3 million as of June 30, 2024 and 2023, 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

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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 \$397 million and \$370 million for the years ending June 30, 2024 and 2023, 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, 2024, \$32.2 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, 2025. As of June 30, 2023, the University reported \$39.0 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, 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.

Deferred revenue and deposits also includes tuition deposits received for future semesters of \$19.5 million and \$17.2 million as of June 30, 2024 and 2023, 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 \$2.4 million and \$2.5 million for the fiscal years ending June 30, 2024 and 2023, 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.

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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 \$25.0 million and \$27.2 million as of June 30, 2024 and 2023, 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, 2024 and 2023.

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.

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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, 2024 and 2023, the following assets could readily be made available within one year to meet general expenses:

	As of June 30, 2024		
	Financial Assets	Unavailable Within One Year	Available for General Expenditure Within One Year
<i>(in thousands)</i>			
Cash and cash equivalents	\$ 55,304	\$ 4,749	\$ 50,555
Accounts receivable, net	147,865	13,699	134,166
Contributions receivable, net	33,944	33,677	267
Investments - pooled endowment	1,587,806	893,444	694,362
Investments - endowment real estate	1,043,400	1,043,400	-
Investments - other	240,564	226,720	13,844
Loans and notes receivable, net	8,146	8,146	-
	<u>\$ 3,117,029</u>	<u>\$ 2,223,835</u>	<u>\$ 893,194</u>
Liquidity resources - available lines of credit			176,723
Financial assets available for general expenditure within one year			<u>\$ 1,069,917</u>
	As of June 30, 2023		
	Financial Assets	Unavailable Within One Year	Available for General Expenditure Within One Year
<i>(in thousands)</i>			
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	-
	<u>\$ 3,070,710</u>	<u>\$ 2,178,607</u>	<u>\$ 892,103</u>
Liquidity resources - available lines of credit			303,159
Financial assets available for general expenditure within one year			<u>\$ 1,195,262</u>

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Note 3 – Accounts Receivable

<i>(in thousands)</i>	June 30	
	2024	2023
Grants and contracts	\$ 39,368	\$ 39,472
Patient care	34,133	30,727
Student tuition and fee accounts	30,740	26,934
Due from affiliation agreements	38,287	40,103
Reinsurance	13,225	7,383
Other	6,144	8,271
	<u>161,897</u>	<u>152,890</u>
Patient care allowance for credit losses	(8,772)	(7,654)
Other allowances for credit losses	(5,260)	(4,902)
Total	<u>\$ 147,865</u>	<u>\$ 140,334</u>

Note 4 – Contributions Receivable

<i>(in thousands)</i>	June 30	
	2024	2023
Unconditional promises expected to be collected in:		
Less than one year	\$ 18,570	\$ 19,403
One year to five years	19,560	16,790
Over five years	892	2,092
Subtotal	<u>39,022</u>	<u>38,285</u>
Allowance for uncollectible pledges	(2,670)	(1,430)
Unamortized discount to present value	(2,408)	(2,466)
Total	<u>\$ 33,944</u>	<u>\$ 34,389</u>

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% - 4.34% with the discount amortized over the life of the receivable.

At June 30, 2024 and 2023, the University had received notification of outstanding bequest intentions and certain conditional promises to give of approximately \$277 million and \$267 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, 2024 and 2023, the University had remaining available award balances on federal and private conditional grants and contracts for sponsored projects of \$232 million and \$202 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.

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Note 5 – Investments

<i>(in thousands)</i>	June 30	
	2024	2023
Annuities	\$ 17,421	\$ 17,392
Balanced funds	21,864	19,658
Cash and cash equivalents	36,567	38,066
Fixed income:		
Asset-backed securities	20,062	51,081
Corporate debt securities	31,714	57,515
Government debt securities	112,799	88,862
Other	61,597	60,824
Global equity	919,660	772,682
Hedge funds	305,258	268,999
Private equity	207,756	191,709
Real estate	1,072,029	1,152,424
Split-interest agreements - Trusts held by others	46,838	45,282
Unrealized gain on open futures contracts and swaps	4,753	4,511
Other	5,216	3,891
Net pending trades	8,236	57,000
Total	<u>\$ 2,871,770</u>	<u>\$ 2,829,896</u>

The University enters into derivative transactions for market risk management purposes only. The University has not and will not enter into any derivative transaction for speculative or profit generating purposes. As of June 30, 2024 and 2023, 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 \$27.6 million and \$26.4 million as of June 30, 2024 and 2023, respectively.

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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)

	2024		
	Reported at fair value	Not subject to fair value reporting	Total
Cash and cash equivalents	\$ -	\$ 55,304	\$ 55,304
Investments	2,830,751	41,019	2,871,770
Total	<u>\$ 2,830,751</u>	<u>\$ 96,323</u>	<u>\$ 2,927,074</u>

(in thousands)

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

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.

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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.

<u>As of June 30, 2024 (in thousands)</u>	NAV	Classified in Fair Value Hierarchy			Total Fair Value
		Level 1	Level 2	Level 3	
Cash equivalents at fair value	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Investments:</u>					
Annuities	-	-	9,499	7,922	17,421
Balanced funds	-	21,864	-	-	21,864
Cash and cash equivalents	-	36,567	-	-	36,567
Fixed income:					
Asset-backed securities	10,850	-	9,212	-	20,062
Corporate debt securities	15,620	-	16,094	-	31,714
Government debt securities	-	112,799	-	-	112,799
Other	46,666	14,531	400	-	61,597
Global equity	744,238	175,422	-	-	919,660
Hedge funds	305,258	-	-	-	305,258
Private equity	207,756	-	-	-	207,756
Real estate	-	288	-	1,044,174	1,044,462
Split-interest agreements - Trusts held by others	-	-	-	46,838	46,838
Unrealized gain - open futures contracts and swaps	-	1,170	3,583	-	4,753
Total investments at fair value	<u>1,330,388</u>	<u>362,641</u>	<u>38,788</u>	<u>1,098,934</u>	<u>2,830,751</u>
Total assets at fair value	<u>\$ 1,330,388</u>	<u>\$ 362,641</u>	<u>\$ 38,788</u>	<u>\$ 1,098,934</u>	<u>\$ 2,830,751</u>
<u>As of June 30, 2023 (in thousands)</u>	NAV	Classified in Fair Value Hierarchy			Total Fair Value
		Level 1	Level 2	Level 3	
Cash equivalents at fair value	\$ -	\$ 37,800	\$ -	\$ -	\$ 37,800
<u>Investments:</u>					
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	<u>1,152,491</u>	<u>309,775</u>	<u>101,267</u>	<u>1,179,105</u>	<u>2,742,638</u>
Total assets at fair value	<u>\$ 1,152,491</u>	<u>\$ 347,575</u>	<u>\$ 101,267</u>	<u>\$ 1,179,105</u>	<u>\$ 2,780,438</u>

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

Cash 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.

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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.

During the year ending June 30, 2024, the University paid \$141.5 million to purchase a mixed use multi-family property, which is held as an investment within the Endowment. The land on which the building sits previously had been leased to the seller of the building. The ground lease terminated as a result of the transaction.

As of June 30, 2024					
	Fair Value <i>(in thousands)</i>	Valuation Techniques	Unobservable Inputs	Rate	Weighted Average
Mixed use multi-family property	\$ 226,400	Income approach	Exit capitalization rate	6.00%	N/A
			Discount rate	7.50%	N/A
Office building	\$ 163,000	Income approach	Exit capitalization rate	8.25%	N/A
			Discount rate	9.75%	N/A
Ground leased real estate	\$ 654,000	Income approach	Capitalization rate	4.75 - 5.25%	4.91%
			Discount rate	6.25 - 6.50%	6.38%
As of June 30, 2023					
	Fair Value <i>(in thousands)</i>	Valuation Techniques	Unobservable Inputs	Rate	Weighted Average
Office building	\$ 214,000	Income approach	Exit capitalization rate	6.50%	N/A
			Discount rate	7.50%	N/A
Ground leased real estate	\$ 911,000	Income approach	Capitalization rate	3.50 - 4.25%	3.60%
			Discount rate	5.25 - 6.00%	5.50%

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.

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

<i>(in thousands)</i> Category of Investment	2024				2023
	Fair Value	Unfunded commitments	Redemption frequency	Redemption notice period	Fair Value
Fixed income - asset-backed securities	\$ 10,850	\$ -	Quarterly	15 days	\$ 15,510
Fixed income - corporate debt securities	15,620	-	Quarterly	60-90 days	8,991
Fixed income - other	46,666	14,032	Quarterly to redemption not permitted during life of fund	90 days to N/A	44,241
Global equity	744,238	-	Daily to quarterly	1-90 days	623,041
Hedge funds	305,258	-	Quarterly	90 days	268,999
Private equity	207,756	209,738	Redemption not permitted during life of fund	N/A	191,709
Total	<u>\$ 1,330,388</u>	<u>\$ 223,770</u>			<u>\$ 1,152,491</u>

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

Fixed income - other – These assets are primarily composed of credit instruments and equity securities in North America and Europe. There are no funds in liquidation as of June 30, 2024.

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.

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Changes in Level 3 Assets

(in thousands)

	2024					
	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, 2024
Real estate	\$ 1,125,786	\$ (223,113)	\$ 141,501	\$ -	\$ 1,044,174	\$ (223,113)
Split-interest agreements - trusts held by others	45,282	1,951	-	(395)	46,838	1,828
Annuities	8,037	286	152	(553)	7,922	-
	<u>\$ 1,179,105</u>	<u>\$ (220,876)</u>	<u>\$ 141,653</u>	<u>\$ (948)</u>	<u>\$ 1,098,934</u>	<u>\$ (221,285)</u>

(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	-
	<u>\$ 1,164,069</u>	<u>\$ 515</u>	<u>\$ 15,713</u>	<u>\$ (1,192)</u>	<u>\$ 1,179,105</u>	<u>\$ 245</u>

Level transfers are accounted for at the beginning of the reporting period and are typically the result of a change in the observability of significant valuation inputs. There were no transfers in or out of Level 3 during the years ending June 30, 2024 or June 30, 2023.

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

(in thousands)

	<u>2024</u>	<u>2023</u>
	Investment income, net	Investment income, net
Total net gains (losses) included in changes in net assets	\$ (221,162)	\$ 237
Change in net unrealized gains (losses) relating to assets still held at June 30	\$ (221,285)	\$ 245

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Note 7 - Endowment

The University's Endowment (Endowment) consists of the unitized investment pool, investment real estate, and separately managed funds. The Endowment provides stable financial support to a wide variety of programs and activities in perpetuity, playing a critical role in enabling the University to achieve its mission. Programs supported by the Endowment include scholarships, chairs and professorships, fellowships, research activities, and libraries. The Endowment includes both donor-restricted endowment funds and 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.

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

(in thousands)

	June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,735,858	\$ 786,584	\$ 2,522,442
Investment return, net	(93,449)	109,094	15,645
Contributions	1,978	28,126	30,104
Endowment payout	(74,303)	(36,114)	(110,417)
Reinvestment of payout and internal transfers	176,180	5,754	181,934
Endowment net assets, end of year	<u>\$ 1,746,264</u>	<u>\$ 893,444</u>	<u>\$ 2,639,708</u>

(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	<u>\$ 1,735,858</u>	<u>\$ 786,584</u>	<u>\$ 2,522,442</u>

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the University to retain as a fund of perpetual duration. Endowment corpus that is to be maintained in perpetuity totaled \$310.4 million and \$299.0 million as of June 30, 2024 and 2023, respectively.

As of June 30, 2024, a deficiency of \$1.3 million existed on an original gift value of \$14.5 million. As of June 30, 2023, a deficiency of \$5.2 million existed on an original gift value of \$84.6 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

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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	
	2024	2023
Land	\$ 194,315	\$ 197,641
Buildings	2,556,983	2,521,913
Construction in progress	86,180	40,982
Furniture and equipment	238,241	226,386
Library and historical research materials	44,029	42,413
Equipment under finance leases	25,108	26,389
	<u>3,144,856</u>	<u>3,055,724</u>
Accumulated depreciation	(1,338,717)	(1,272,143)
Total	<u>\$ 1,806,139</u>	<u>\$ 1,783,581</u>

Depreciation expense was \$98.8 million and \$97.2 million for the fiscal years ending June 30, 2024 and 2023, respectively.

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Note 9 - Leases

The University leases office space for academic, administrative, and medical practice purposes under operating leases expiring at various dates through 2043.

(in thousands)

Components of lease cost:

	June 30	
	2024	2023
Operating lease cost	\$ 18,599	\$ 18,546
Finance lease cost:		
Amortization of right-of-use assets	4,800	5,614
Interest on lease liabilities	513	241
Total finance lease cost	5,313	5,855
Total lease cost	\$ 23,912	\$ 24,401

(in thousands)

Supplemental cash flow information related to leases:

	June 30	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 18,642	\$ 18,494
Operating cash flows from finance leases	\$ 513	\$ 241
Financing cash flows from finance leases	\$ 4,913	\$ 5,875
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 12,893	\$ -
Finance leases	\$ 11,371	\$ 2,710

(in thousands)

Supplemental balance sheet information related to leases:

	June 30, 2024		June 30, 2023	
	Operating	Finance	Operating	Finance
Right-of-use assets	\$ 146,021	\$ 25,108	\$ 136,689	\$ 26,389
Accumulated amortization	(60,424)	(10,041)	(48,210)	(17,808)
	\$ 85,597	\$ 15,067	\$ 88,479	\$ 8,581
Lease liabilities	\$ 98,106	\$ 14,410	\$ 101,120	\$ 7,363
Weighted Average Remaining Lease Term (years):	7.66	4.04	6.79	3.98
Weighted Average Discount Rate:	3.93%	4.60%	3.81%	2.57%

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(in thousands)

Lease maturity table:

Fiscal Year Ending June 30:	Operating	Finance
2025	\$ 19,589	\$ 4,867
2026	17,592	4,169
2027	16,688	3,128
2028	13,938	2,794
2029	12,757	412
Thereafter	34,548	260
	<u>115,112</u>	<u>15,630</u>
Less effects of discounting	<u>(17,006)</u>	<u>(1,220)</u>
Total	<u>\$ 98,106</u>	<u>\$ 14,410</u>

Note 10 - Accounts Payable and Accrued Expenses

<i>(in thousands)</i>	June 30	
	<u>2024</u>	<u>2023</u>
Accrued building construction payable	\$ 27,914	\$ 10,177
Accrued interest payable	19,755	19,755
Accrued other liabilities	48,059	42,902
Accrued payroll and related liabilities	151,609	134,673
Accumulated postretirement liability	6,101	6,240
Split-interest agreements	8,129	8,220
Self-insurance reserves	80,694	65,956
Trade payables	26,191	15,459
Other payables	10,561	10,623
Total	<u>\$ 379,013</u>	<u>\$ 314,005</u>

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Note 11 – Debt

<i>(in thousands)</i>	Final Scheduled Maturities	June 30		
		2024		2023
		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:				
GWU revolving credit facility, \$300.0 million	6/16/2027	BSBY + 0.45%	130,000	-
MFA revolving credit facility, \$75.0 million	7/31/2025	SOFR + a variable %	68,277	46,841
MFA unsecured subordinated loan	N/A	N/A	-	9,333
MFA term loan with a vendor	7/31/2024	Fixed 3.5%	927	2,097
MFA term loan with a national bank	4/5/2027	SOFR + a variable %	14,744	19,617
MFA term loan secured by real estate	4/5/2028	SOFR + a variable %	30,960	31,832
MFA term loans with a national bank	5/31/2029	Fixed 3.152 to 8.14%	4,383	-
			2,114,291	1,974,720
Less: Debt issuance costs			(8,005)	(8,434)
Plus: Finance lease liability			14,410	7,363
Total			\$ 2,120,696	\$ 1,973,649

Subsequent to June 30, 2024, the University repaid \$130.0 million on its revolving credit facility, with the final payment made on September 5, 2024.

MFA has swap agreements associated with a 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. During the year ending June 30, 2024, MFA increased the revolving credit facility from \$50.0 million to \$75.0 million, extended the term of the revolving credit facility to July 31, 2025, and converted all variable interest rates previously based on LIBOR to use SOFR plus a percentage that varies based on the deposit balance held at the bank. Further, MFA entered into new term loans with a national bank, with final maturities at various dates through May 31, 2029, and fixed interest rates on the various tranches ranging from 3.152% to 8.14%. 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, 2024, principal payments are due on bonds and note payable in accordance with the following schedule:

<u>Fiscal Year Ending June 30</u>	<i>(in thousands)</i>
2025	\$ 7,936
2026	75,553
2027	136,599
2028	28,874
2029	329
Thereafter	1,865,000
Total	\$ 2,114,291

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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.

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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.

June 30, 2024				
<i>(in thousands)</i>				
Nature of Specific Net Assets	Without Donor Restrictions	With Donor Restrictions	Total Net Assets	Required to be Held in Perpetuity
Donated building funds	\$ -	\$ 1,438	\$ 1,438	\$ -
Quasi-endowment funds	1,746,264	-	1,746,264	-
Donor restricted endowment funds	-	893,444	893,444	310,355
Loan funds	778	4,620	5,398	4,620
Contributions receivable	-	33,944	33,944	500
Split-interest funds	12,701	54,577	67,278	30,021
Patient care	(347,197)	-	(347,197)	-
Net investment in plant and other	(112,476)	65,863	(46,613)	13,702
	<u>\$ 1,300,070</u>	<u>\$ 1,053,886</u>	<u>\$ 2,353,956</u>	<u>\$ 359,198</u>

During the year ending June 30, 2024, the University drew on its revolving credit facility to purchase a mixed use multi-family property, which is part of the University's quasi-endowment funds. This created the deficit balance in Net investment in plant and other, Without donor restrictions.

June 30, 2023				
<i>(in thousands)</i>				
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
	<u>\$ 1,534,781</u>	<u>\$ 951,517</u>	<u>\$ 2,486,298</u>	<u>\$ 350,087</u>

THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Note 14 - Program and Supporting Activities Expense

	June 30, 2024					
<i>(in thousands)</i>	Academic and student support	Patient care	Research	Total program	Support services	Total expenses
Salaries and benefits	\$ 587,928	\$ 254,058	\$ 129,994	\$ 971,980	\$ 97,672	\$ 1,069,652
Purchased services	163,251	58,584	75,862	297,697	24,904	322,601
Depreciation	78,730	6,622	5,576	90,928	7,875	98,803
Interest	71,309	7,386	4,624	83,319	4,337	87,656
Occupancy	58,663	13,510	6,057	78,230	4,736	82,966
Medical supplies	378	64,809	32	65,219	-	65,219
Scholarships and fellowships	19,764	-	-	19,764	-	19,764
Other	71,561	28,987	13,022	113,570	17,675	131,245
Total operating expenses	\$ 1,051,584	\$ 433,956	\$ 235,167	\$ 1,720,707	\$ 157,199	\$ 1,877,906
Other components of net periodic benefit cost	(245)	-	(57)	(302)	(38)	(340)
Total	\$ 1,051,339	\$ 433,956	\$ 235,110	\$ 1,720,405	\$ 157,161	\$ 1,877,566

	June 30, 2023					
<i>(in thousands)</i>	Academic and student support	Patient care	Research	Total program	Support services	Total expenses
Salaries and benefits	\$ 555,393	\$ 234,446	\$ 117,711	\$ 907,550	\$ 98,505	\$ 1,006,055
Purchased services	143,208	66,287	69,883	279,378	20,034	299,412
Depreciation	77,219	6,795	5,753	89,767	7,426	97,193
Interest	63,738	6,274	4,189	74,201	10,666	84,867
Occupancy	55,194	12,496	6,133	73,823	4,255	78,078
Medical supplies	284	48,257	30	48,571	-	48,571
Scholarships and fellowships	19,126	-	-	19,126	-	19,126
Other	65,487	25,818	9,916	101,221	14,122	115,343
Total operating expenses	\$ 979,649	\$ 400,373	\$ 213,615	\$ 1,593,637	\$ 155,008	\$ 1,748,645
Other components of net periodic benefit cost	(425)	-	(96)	(521)	(66)	(587)
Total	\$ 979,224	\$ 400,373	\$ 213,519	\$ 1,593,116	\$ 154,942	\$ 1,748,058

Depreciation, interest, technology, and operation and maintenance of plant expenses are allocated across program and support functions. The University uses a variety of cost allocation methods to allocate expenses, such as square footage utilized and users of technology services.

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 \$42.8 million and \$41.2 million for the years ending June 30, 2024 and 2023, respectively.

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

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 \$6.1 million and \$6.2 million as of June 30, 2024 and 2023, respectively.

Note 16 – Subsequent Events

The University has performed an evaluation of subsequent events through September 27, 2024, which is the date the financial statements were issued, noting no events which affect the financial statements as of June 30, 2024, other than as disclosed in note 11.

Supplementary Consolidating Information

Supplemental Schedule to the Consolidated Financial Statements
Consolidating Balance Sheet
As of June 30, 2024
(in thousands)

	<u>GWU</u>	<u>MFA</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 45,359	\$ 9,945	\$ -	\$ 55,304
Accounts receivable, net	118,896	62,681	(33,712)	147,865
Contributions receivable, net	33,944	-	-	33,944
Investments	2,827,342	47,537	(3,109)	2,871,770
Loans and notes receivable, net	8,146	-	-	8,146
Loans to MFA	272,107	-	(272,107)	-
Property, plant, and equipment, net	1,736,619	69,520	-	1,806,139
Operating lease right of use assets, net	52,216	67,060	(33,679)	85,597
Other assets	42,578	8,134	(766)	49,946
Total assets	\$ 5,137,207	\$ 264,877	\$ (343,373)	\$ 5,058,711
LIABILITIES				
Accounts payable and accrued expenses	\$ 268,868	\$ 143,841	\$ (33,696)	\$ 379,013
Deferred revenue and deposits	98,846	1,186	(766)	99,266
Operating lease liability	60,139	71,662	(33,695)	98,106
Debt, net	2,000,527	120,169	-	2,120,696
Loans from GWU	-	272,107	(272,107)	-
Funds advanced for student loans	7,674	-	-	7,674
Total liabilities	2,436,054	608,965	(340,264)	2,704,755
NET ASSETS				
Without donor restrictions	1,647,267	(344,088)	(3,109)	1,300,070
With donor restrictions	1,053,886	-	-	1,053,886
Total net assets	2,701,153	(344,088)	(3,109)	2,353,956
Total liabilities and net assets	\$ 5,137,207	\$ 264,877	\$ (343,373)	\$ 5,058,711

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, 2024
(in thousands)**

	<u>GWU</u>	<u>MFA</u>	<u>Eliminations</u>	<u>Total</u>
OPERATING REVENUE				
Student tuition and fees, net	\$ 813,218	\$ -	\$ (133)	\$ 813,085
Patient care, net	-	313,066	-	313,066
Grants and contracts including indirect cost recoveries	240,168	3,230	-	243,398
Auxiliary enterprises, net	135,499	1,362	(6)	136,855
Endowment income distributed for operations	100,091	-	-	100,091
Medical education agreements	83,947	22,570	(33,049)	73,468
Contributions	17,913	-	-	17,913
Investment income used in operations	19,993	1,868	(9,507)	12,354
Net assets released from restrictions	10,319	-	-	10,319
Other	55,448	35,058	(30,248)	60,258
Total operating revenue	<u>1,476,596</u>	<u>377,154</u>	<u>(72,943)</u>	<u>1,780,807</u>
OPERATING EXPENSES				
Salaries and benefits	799,556	270,233	(137)	1,069,652
Purchased services	301,225	67,633	(46,257)	322,601
Depreciation	92,181	6,622	-	98,803
Interest	80,269	16,894	(9,507)	87,656
Occupancy	69,523	22,690	(9,247)	82,966
Medical supplies	379	64,840	-	65,219
Scholarships and fellowships	19,719	45	-	19,764
Other	102,554	36,486	(7,795)	131,245
Total operating expenses	<u>1,465,406</u>	<u>485,443</u>	<u>(72,943)</u>	<u>1,877,906</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>11,190</u>	<u>(108,289)</u>	<u>-</u>	<u>(97,099)</u>
NON-OPERATING ACTIVITIES				
Investment income, net	43,664	-	-	43,664
Net assets released from restriction	(10,319)	-	-	(10,319)
Contributions, net	29,850	-	-	29,850
Endowment income distributed for operations	(100,091)	-	-	(100,091)
Other	720	933	-	1,653
Total non-operating activities	<u>(36,176)</u>	<u>933</u>	<u>-</u>	<u>(35,243)</u>
CHANGE IN NET ASSETS	<u>(24,986)</u>	<u>(107,356)</u>	<u>-</u>	<u>(132,342)</u>
NET ASSETS AT THE BEGINNING OF THE YEAR	<u>2,726,139</u>	<u>(236,732)</u>	<u>(3,109)</u>	<u>2,486,298</u>
NET ASSETS AT THE END OF THE YEAR	<u>\$ 2,701,153</u>	<u>\$ (344,088)</u>	<u>\$ (3,109)</u>	<u>\$ 2,353,956</u>

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

**THE GEORGE WASHINGTON UNIVERSITY
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
JUNE 30, 2024 and 2023**

Basis of Presentation – Supplementary Consolidating Information

The consolidating supplemental schedules as of and for the year ending June 30, 2024, 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.