2021-2022

Financial Report

THE GEORGE WASHINGTON UNIVERSITY

WASHINGTON, DC


GW

Message from Bruno Fernandes

Vice President, Chief Financial Officer and Treasurer

This year the George Washington University embarks on its third century. At this milestone, the university remains financially strong.

While the past two years have posed unprecedented challenges for higher education, I am proud to say that thanks to prudent fiscal stewardship during the pandemic crisis, GW was able to safely and fully return students, faculty, and staff to campus for the fall 2021 semester.

At the same time, the university has invested significantly in its academic mission by continuing to prioritize the student experience and ensuring students have the resources necessary to succeed and thrive. This year, we completed a major renovation of Thurston Hall and welcomed first-year students this fall to the now state-of-the-art residence hall full of spaces for them to gather, study and relax. We also are pioneering a new comprehensive dining plan and have partnered with Metro to provide students with unlimited access to D.C.'s Metrorail and Metrobus for a nominal flat fee.

To increase access to a GW education for academically outstanding students regardless of their background or financial circumstances, the university launched Open Doors: The Centuries Initiative for Scholarships & Fellowships. In a single day, Giving Day in April 2022, the university raised more than $1.6 million to fund student aid and scholarships as well as university infrastructure and more, exceeding our goal by more than 60 percent.

GW also boasts the highest total of federal research and development expenditures of any university in Washington, D.C., with $210.1 million in total externally sponsored expenditures in fiscal year 2022. Faculty members are partnering with NASA to facilitate space exploration, leading international research on newborn and maternal health, pioneering new treatments for cancer, examining climate change in the Arctic, and much more.

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

Sincerely,
Bruno Fernandes

Last year the George Washington University celebrated its bicentennial, a landmark occasion that showcased the university's enduring growth and success, from its humble beginnings to a thriving, urban university with 10 schools and nearly 25,000 students from all 50 states and around the world.

At this key moment in its history, the university community is accelerating GW's progress as a top academic institution focused on our mission of teaching, research, patient care, and service. Our students, faculty, staff, and alumni are solving some of the world's most pressing problems and positively impacting society. The coming pages include some highlights from our past fiscal year that illustrate our progress and aspirations.

New Leadership

Mark S. Wrighton was named president in September 2021 and began his expected 18-month tenure in January 2022. A renowned chemist, Wrighton served as chancellor of Washington University for 24 years and, before that, as a faculty member, department chair, and provost at the Massachusetts Institute of Technology. In spring 2022, the university's Board of Trustees launched a national search for the 19th president of the George Washington University, a leader who will reinforce the university's commitment to academic excellence, enhance its reputation, and help it achieve aspirations for preeminence.

Christopher Alan Bracey was appointed provost in February 2022, after having served as interim provost. A longtime professor at GW Law, Bracey is an internationally recognized expert in the fields of U.S. race relations, individual rights, and criminal procedure.

GW schools also named new leaders this year. Liesel Riddle is the new dean of the College of Professional Studies. Riddle brings more than 20 years of experience at the GW School of Business, most recently as vice dean of strategy. An experienced teacher and researcher, Mei R. Fu, formerly senior associate dean for research at Rutgers School of Nursing-Camden, joined GW to serve as dean of the School of Nursing.

The university also welcomed three new members to its senior leadership team: Charles Barber as vice president and general counsel; Ellen Moran as vice president for communications and marketing; and Sharon Reich Paulsen as executive vice president and chief administration officer.

Improving the Student Experience

The university completed a two-year renovation of its largest residence hall for first-year students. The completely reimagined hall is focused on building community and student well-being. Lounges are located throughout the building, including an enclosed rooftop commons that offers a sweeping, only-at-GW view of the Washington Monument, Eisenhower Executive Office Building, and National Cathedral. At the center of it all is a wide-open courtyard filled with chairs, benches and other areas for students to congregate.

GW is also implementing a transformative dining experience. Starting in fall 2022, incoming students are being transitioned to an unlimited, all-you-care-to-eat meal plan in new campus dining halls. Based on feedback from the GW community, the university is creating a dining program that best supports students by focusing on community, choice and quality, accessibility, and affordability. And to further meet the health and well-being needs of students as well as the larger university community, GW is completing a renovation of Lerner Health and Wellness Center, the 189,000-square-foot Foggy Bottom campus gym.

To give students easy, affordable access to all the D.C. region has to offer, GW has partnered with the Washington Metropolitan Area Transit Authority (Metro) in the U-Pass program. For a $100 subsidized fee, eligible students have unlimited use of Metrorail and Metrobus, the main source of public transportation in the capital region. GW students took advantage of the membership in its first semester, spring 2022, taking more than 1 million rides, according to a Metro ridership survey.


GW


DINING HOURS

Furthering Excellence in Scholarship

The George Washington University has exceptional faculty who are working to solve today's most challenging issues, from addressing climate change to furthering space exploration, improving artificial intelligence, advancing knowledge of human evolution, and better treating disease.

To accelerate progress of the university's academic medical enterprise, the university announced in 2022 that it will direct more than $50 million to fund 14 endowed professorships, one of the largest single investments in university history to support faculty. The transformative investment into the endowment for the professorships is a result of the proceeds from the recent sale of the university's partnership interest in GW Hospital, which is owned by Universal Health Services, Inc. The new professorships will be established in schools across the university and support a broad range of disciplines, including medicine, public health, nursing, chemistry, biology, and biomedical engineering. During the fiscal year, generous donors created new endowed professorships in GW Law and the School of Medicine and Health Sciences. See page 14 for the End of Year Total Endowment Market Value and the Change in Endowment Market Value charts.

In addition, some of GW's top scholars were installed in endowed positions during the past year.

Barbara L. Bass, dean of the School of Medicine and Health Sciences, vice president for health affairs and CEO of the GW Medical Faculty Associates, was named the Walter A. Bloedorn Chair of Administrative Medicine. The endowed chair was established to honor alumnus Walter A. Bloedorn, who served as the director of the GW Hospital and as dean of GW's medical school.

At the School of Business, Joel Gehman was installed as the Thaddeus A. Lindner and Sergius Gambal Professor in Business Ethics. Established in 2004 with a gift from A. James Clark, the professorship honors two GW alumni who practiced ethics and integrity in their long and successful business careers.

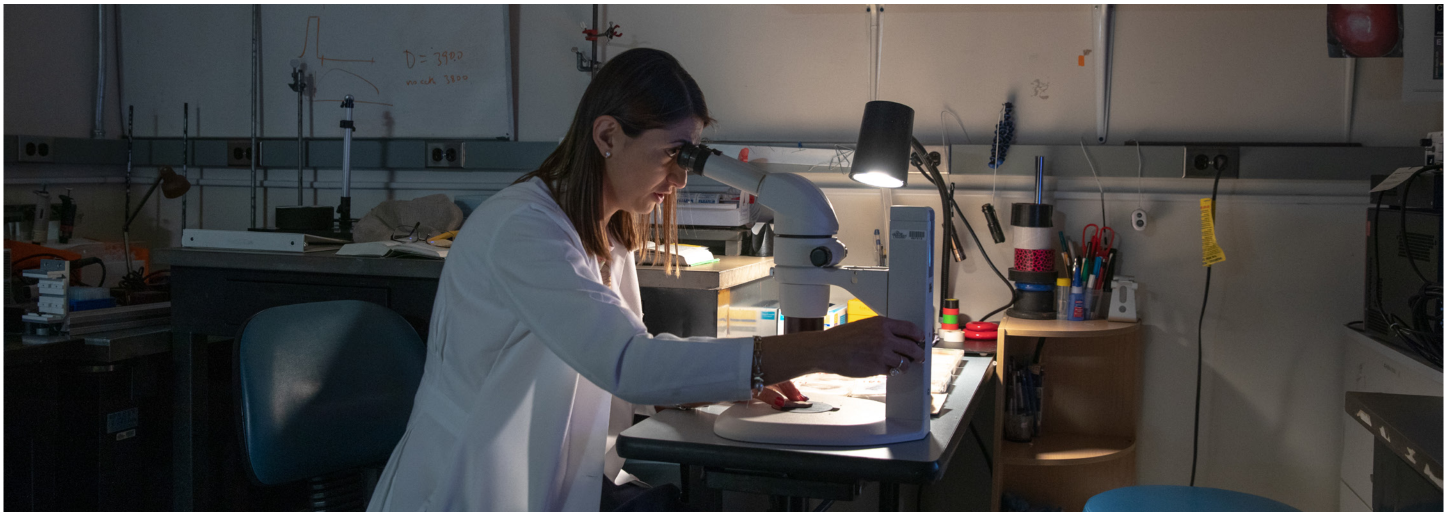
Joan Meier was installed as the inaugural holder of the GW Law National Family Violence Law Center Professorship. The endowed position supporting family violence survivors was funded by a $2.75 million gift from an anonymous donor.

Faculty members also received prestigious external honors.

Vanessa Northington Gamble, the first woman and African American to hold the position of university professor at GW, was confirmed by the U.S. Senate as a member of the National Council on the Humanities. Gamble was nominated to the council by President Joe Biden.

Two members of the GW faculty—Christopher Cahill, chair of the Columbian College of Arts and Sciences' Chemistry Department, and Nathan Smith, assistant professor of pediatrics and of pharmacology and physiology at the School of Medicine and Health Sciences—were elected to the 2021 class of the American Association for the Advancement of Science Fellows, among the most distinguished honors within the scientific community.

Four George Washington University faculty members were named to the 2022-23 class of Fulbright Scholars, joining a prestigious list of academics who conduct research and teach abroad.



Investing in Research

Advancing GW's research agenda has been one of GW's top priorities. The university has made great strides in externally funded research and the quality and impact of scholarship. GW ranks 86th in federal research expenditures, according to the latest figures from the National Science Foundation and has the largest federal research and development expenditures of any Washington, D.C., university. Total externally sponsored research expenditures for fiscal year 2022 totaled $210.1 million.

Among other research highlights from fiscal year 2022, GW's Milken Institute School of Public Health was tapped to lead a new $4.8 million project funded by the Bill & Melinda Gates Foundation. Led by Emily R. Smith, an assistant professor in the departments of global health and exercise and nutrition sciences, the project aims to capture and harmonize data to improve global understanding of key risk factors for adverse maternal and newborn health outcomes.

The GW School of Business also was recently awarded a four-year grant renewal totaling roughly $1.3 million from the U.S. Department of Education to continue programming with the Center for International Business Education and Research.

New partnerships and initiatives are furthering critical research into everything from outer space to the climate and health care. GW's Astrophysics Group has partnered with the NASA Goddard Space Flight Center to further space exploration research. A new cross-disciplinary Climate and Health Institute is conducting policy relevant and community-oriented research on climate change, health, and equity. And the university is participating in the first human trial of an MRNA-based vaccine for HIV.

GW's Institute for Data, Democracy and Politics, one of 35-plus chartered interdisciplinary institutes, is examining online disinformation and harassment, while another interdisciplinary initiative, the Global Women's Institute, conducts research on gender-based violence with the goal of bettering the lives of women and girls worldwide.

These investments have been reflected in GW's rise in two prestigious national rankings, Forbes and U.S. News & World Report, this year.

See page 15 for Externally Funded Research charts.

Serving the D.C. Community and Beyond

The university is committed to strengthening the invaluable partnerships it has across the District of Columbia.

In February 2022, GW, the District, and Universal Health Services broke ground on the Cedar Hill Regional Medical Center, GW Health, the city's first new hospital in 20 years. GW will provide patient care and community programming focused on health and wellness in Wards 7 and 8 in the new $375 million, 365,000-square-foot medical campus. The aim is to significantly improve access to high-quality, integrated care for District residents.

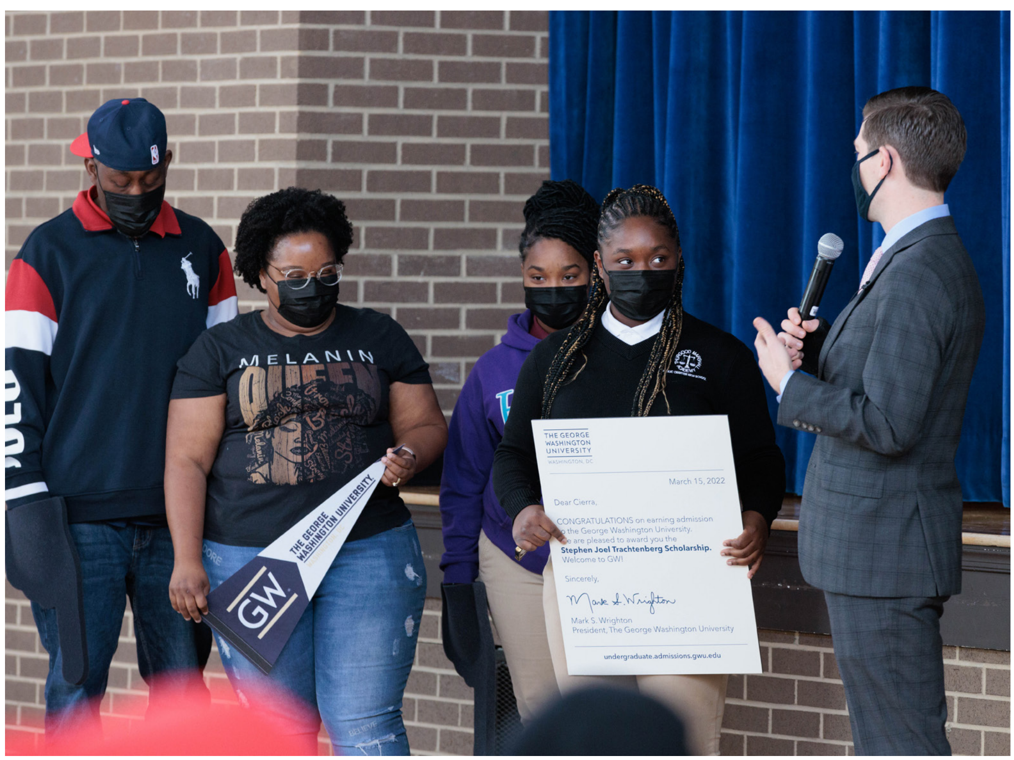
The new hospital is chief among myriad health initiatives GW undertakes to improve health care and outcomes in Washington, D.C. For example, George Washington University School of Nursing researcher Y. Tony Yang launched a $1 million initiative to connect minority communities with culturally relevant vaccination information and resources. Also, researchers from GW's Milken Institute School of Public Health utilize a mobile health van to deliver health care services to people who use opioids and are at higher risk for HIV.

In March 2022, GW awarded 10 Stephen Joel Trachtenberg Scholarships to D.C. high school seniors. The program, founded in 1989, provides academically talented D.C. students with four-year scholarships, covering tuition, room and board, books, and fees at the university. GW also has long-term partnerships with D.C. public schools, the School Without Walls and the Duke Ellington School of the Performing Arts.

Individual university community members also prize community engagement and public service. Over the 2021-22 academic year, students, faculty, and staff completed more than 650,000 volunteer hours in D.C. and around the globe. Led by the Honey W. Nashman Center for Civic Engagement and Public Service, student service opportunities include the Alternative Breaks Program, the September 11th National Day of Service and Remembrance, the Martin Luther King Jr. Day of Service and much more. The university is consistently recognized as a top Peace Corps producer and top contributor to Teach for America.


CEDAR HILL
REGIONAL MEDICAL CENTER
GW HEALTH | WASHINGTON, DC


E450


MELANIN
THE GEORGE WASHINGTON UNIVERSITY
GW
THE GEORGE WASHINGTON UNIVERSITY
March 15, 2022
Dear Cierra,
CONGRATULATIONS on earning admission to the George Washington University.
We are pleased to award you the Stephen Joel Trachtenberg Scholarship.
Welcome to GW!
Sincerely,
Mark S. Wrighton
President, The George Washington University
undergraduate.admissions.gwu.edu

Fundraising for a Stronger GW

In 2021, GW launched Open Doors: The Centuries Initiative for Scholarships & Fellowships, a university-wide effort to raise funds for undergraduate scholarships and graduate student fellowships and to spark conversations across the university community about the pressing need for greater financial support to attract and retain talented students.

The university also had its most successful Giving Day yet, raising $1.6 million from 2,485 donors on April 6, 2022, and surpassing its $1 million goal by more than 60 percent. Donations rolled in from alumni, students, faculty, staff, parents, and friends of GW in 46 states and 15 countries. The university's lead matching donation of $350,000 was from trustee Ave Tucker, B.B.A. '77.

This year several new endowed professorships were established, including the largest gift in GW Law history to support faculty as well as new professors installed in the School of Medicine and Health Sciences. The university also expanded on the interdisciplinary work of the Milken Institute School of Public Health through the creation of the Gill-Lebovic Center for Community Health in the Caribbean and Latin America. The gift from Professor James Lebovic and Holly Gill to establish the center was the largest ever from a GW faculty or staff member.

Other major gifts from the past fiscal year include:

Jonathan B. and Donna J. Perlin endowed the Seymour and Ruth Perlin Professorship in Psychiatry and Behavioral Sciences at GW's School of Medicine and Health Sciences (SMHS). The endowment honors Jonathan's parents and supports an up-and-coming faculty member in psychiatry who shares SMHS Professor Emeritus Seymour Perlin's passion for training residents in the field.

A gift from the Lavan/Harris family in memory of the late Larry D. Harris, J.D. '75, a founder of the GW Black Law Student Association, established the Larry D. Harris Memorial Law Scholarship, an endowment that provides for a yearly full tuition scholarship at GW Law in perpetuity.

GW Law alumnus Bobby R. Burchfield, J.D. '79, and the Burchfield Family Charitable Foundation made a landmark gift to GW Law to create a new endowed professorship and recruit a nationally recognized scholar to teach about free speech and First Amendment law.

See page 13 for the Contribution Revenue Composition.

Management Discussion and Analysis of Financial Condition and Results of Operations – FY2022

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 FY22.

FY22 Results of Operations

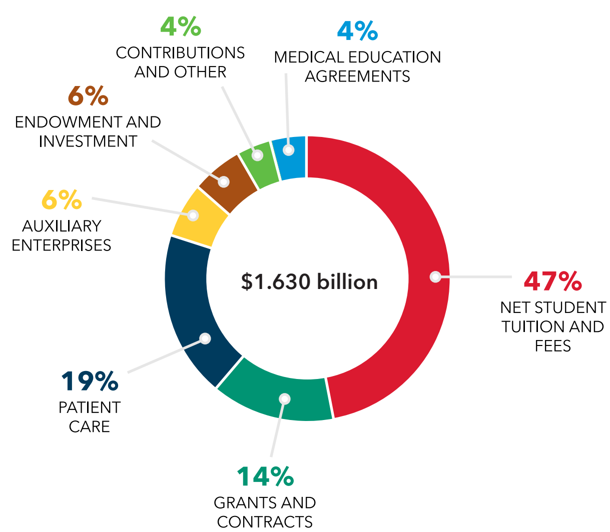
Our consolidated balance sheet remains strong with nearly \$5 billion in total assets. Total assets decreased \$283 million, while total liabilities decreased \$146 million. These decreases were largely driven by using cash to retire debt. The additional decrease in assets relates to investments, which declined in value due to unfavorable market conditions.

Consolidated net assets decreased by \$137 million in FY22, with a decrease of \$58 million attributable to the university and a decrease of \$79 million attributable to the clinical practice of GW faculty physicians, Medical Faculty Associates (MFA).

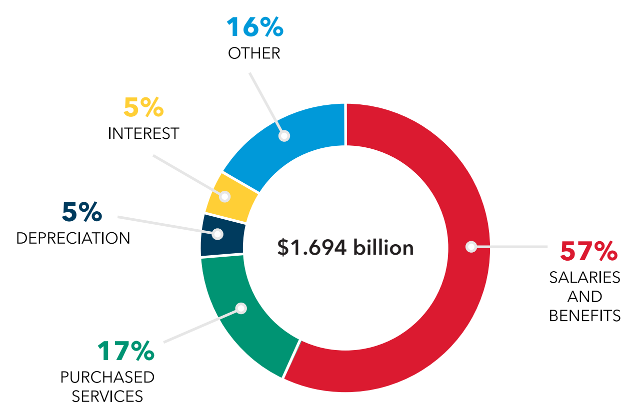
In terms of the university's stand-alone performance, both operating revenue and operating expenses increased by 9% over the prior year. These increases were driven by university activities returning to normal after COVID-19-related disruptions experienced in FY21. Revenue from Auxiliary enterprises experienced the greatest increase, \$83 million, as students, faculty, and staff returned to campus. This was followed by revenue from Student tuition and fees, which increased \$47 million. Operating expenses followed suit, with increases from resumption of normal activities plus incremental expenses incurred to keep the university community safe amid the pandemic, such as testing, contact tracing, isolation housing, and masks. The net result for the university was an operating surplus of \$15 million. This operating surplus was offset by declines in investment values, which lead to the university's overall \$58 million decrease in net assets.

The MFA's financial performance continues to be significantly impacted by the pandemic. MFA's revenue decreased 12% year-over-year, while expenses decreased 4%. MFA saw a \$36 million (10%) year-over-year decrease in Patient care revenue due to unwinding certain service areas in FY22. Expenses also decreased as a result of unwinding these service areas, but the decreases were partially offset by costs incurred toward implementation of a new electronic medical records system.

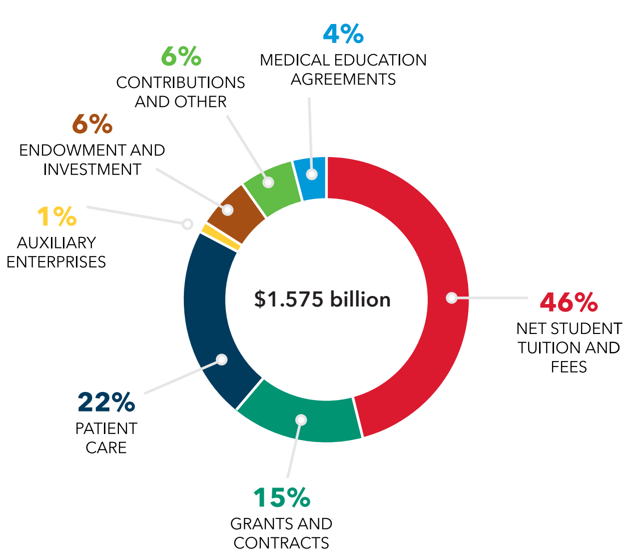
FY22 Operating Revenue



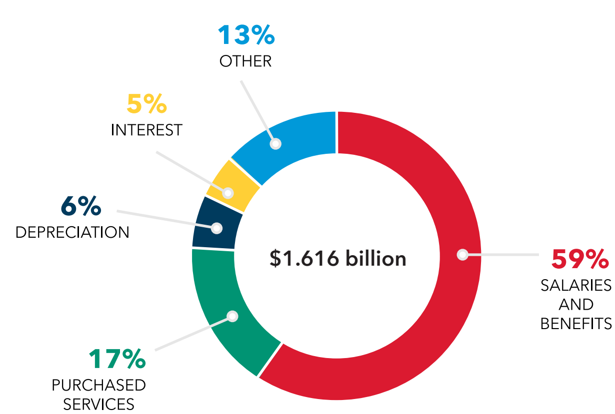
FY22 Operating Expenses



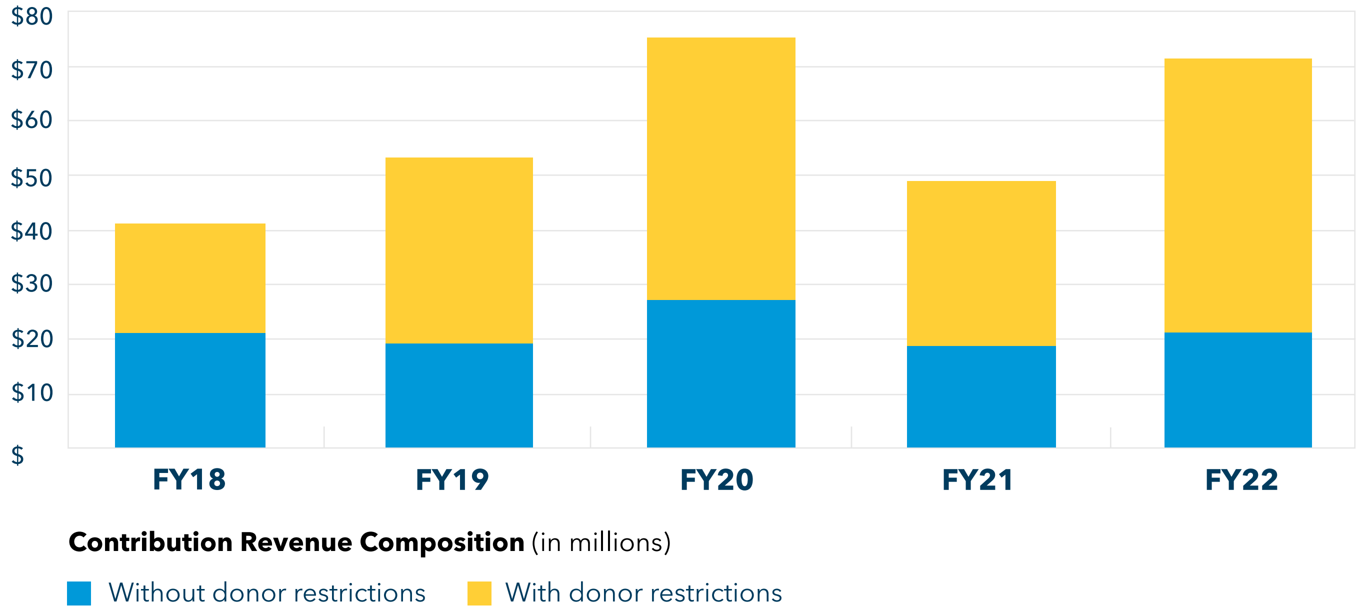
FY21 Operating Revenue



FY21 Operating Expenses

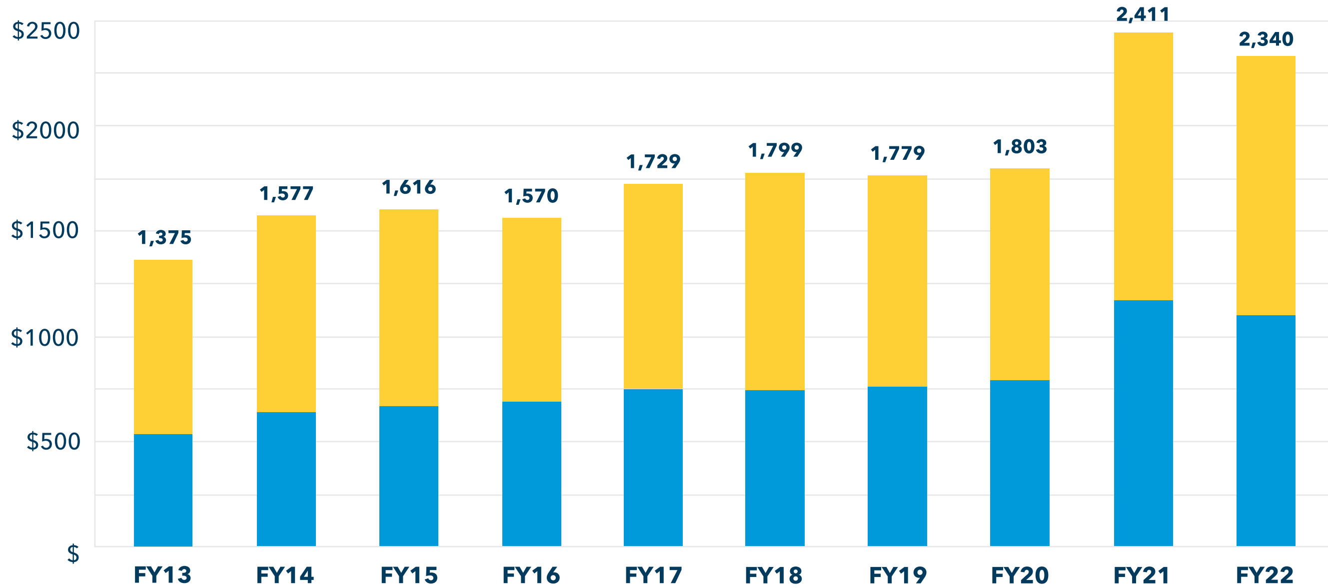


Contributions



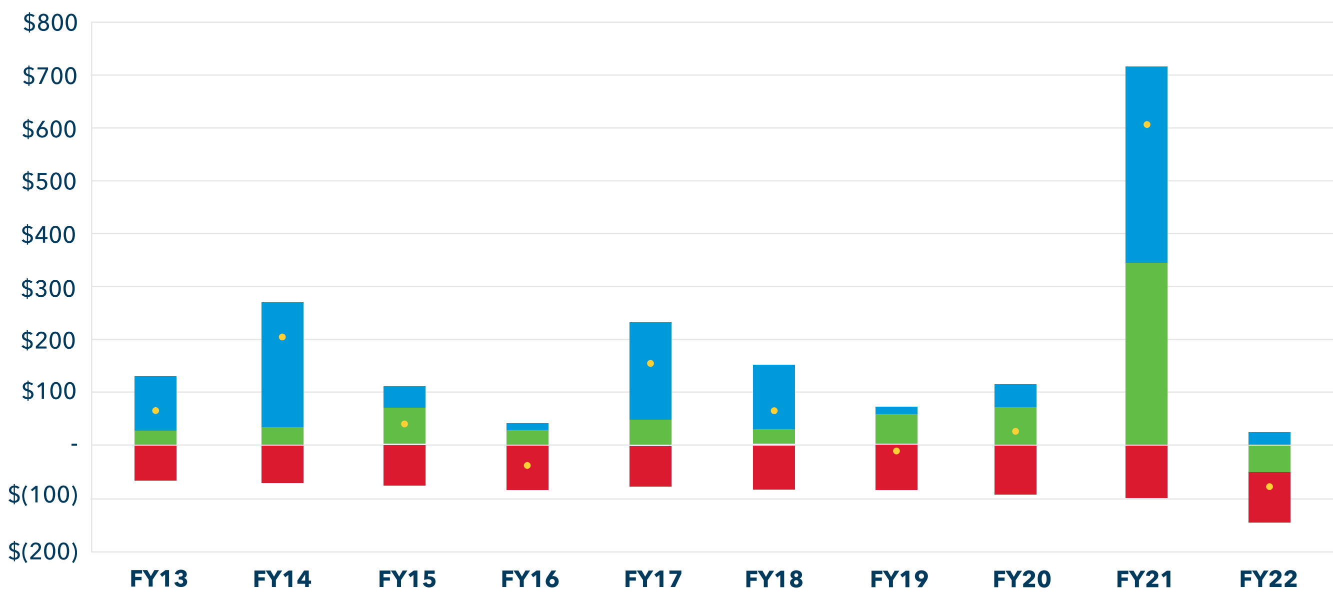
Contributions to the university provide vital funding for academic priorities, financial aid for students and help build a strong future by growing the university's endowment.

Endowment



End of Year Total Endowment Market Value (in millions)

Real Estate   Pooled Endowment



Change in Endowment Market Value (in millions)

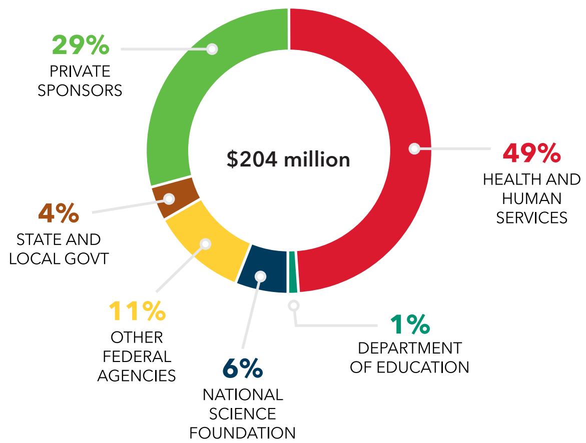
Gifts and Transfers   Investment Return, net

Endowment Distribution   Net Change in Market Value

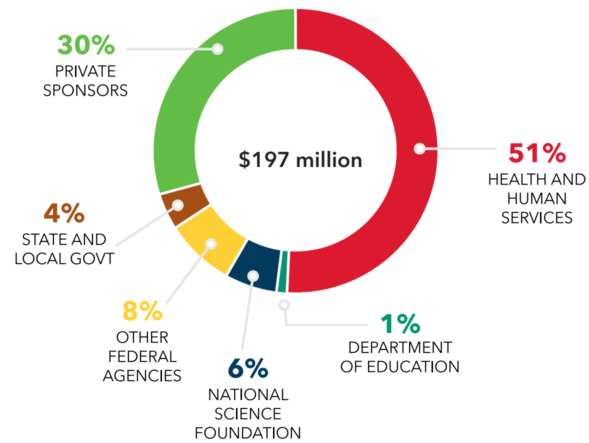
During the year ended June 30, 2021, the university reclassified internal debt previously allocated to the portfolio of real estate investment properties. The resulting increase in value is reflected as part of Gifts and Transfers.

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 FY22, the total endowment market value decreased to $2.340 billion, due to unfavorable market conditions. Endowment payout provided $99 million in support of university activities. The endowment assets in aggregate generated a one-year return of -1.6% and a five-year annualized investment return of 5.7%.

Research



FY22 Externally Funded Research



FY21 Externally Funded Research

FY22 research revenue, included in Grants and contracts on the Consolidated Statement of Activities, increased 4%, due to federal projects.


GW
FOUNDED 1821
TRUSTEES GATE

GRANT THORNTON LLP
75 State St 13th Floor
Boston, MA 02109

D +1 617 723 7900
F +1 617 723 3640

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, 2022 and 2021, 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, 2022 and 2021, 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.

Grant Thornton

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, 2022

CONSOLIDATED BALANCE SHEETS

As of June 30, 2022 and 2021
(in thousands)

	2022	2021
ASSETS		
Cash and cash equivalents	$ 123,102	$ 280,147
Accounts receivable, net	127,556	140,756
Contributions receivable, net	40,146	31,382
Investments	2,748,456	2,920,432
Loans and notes receivable, net	12,475	16,440
Property, plant, and equipment, net	1,779,469	1,753,682
Operating lease right of use assets, net	103,299	75,032
Other assets	39,611	39,251
Total assets	$ 4,974,114	$ 5,257,122
LIABILITIES		
Accounts payable and accrued expenses	$ 320,971	$ 351,999
Deferred revenue and deposits	111,157	116,426
Operating lease liability	115,831	88,353
Long-term debt, net	1,983,741	2,116,017
Funds advanced for student loans	14,976	19,996
Total liabilities	2,546,676	2,692,791
NET ASSETS		
Without donor restrictions	1,585,883	1,693,529
With donor restrictions	841,555	870,802
Total net assets	2,427,438	2,564,331
Total liabilities and net assets	$ 4,974,114	$ 5,257,122

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 of $353,057 University funded scholarships	$ 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
Scholarships and fellowships	30,061	-	30,061
Other	225,678	-	225,678
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 STATEMENT OF ACTIVITIES

Year Ended June 30, 2021
(in thousands)

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Student tuition and fees, net of $323,230 University funded scholarships	$ 722,702	$ -	$ 722,702
Patient care, net	345,637	-	345,637
Grants and contracts including indirect cost recoveries	228,755	-	228,755
Auxiliary enterprises, net	15,911	-	15,911
Endowment income distributed for operations	90,813	-	90,813
Medical education agreements	62,150	-	62,150
Contributions	18,631	-	18,631
Investment income used in operations	14,760	-	14,760
Net assets released from restrictions	7,977	-	7,977
Other	67,208	-	67,208
Total operating revenue	1,574,544	-	1,574,544
OPERATING EXPENSES			
Salaries and benefits	954,845	-	954,845
Purchased services	270,831	-	270,831
Depreciation	90,900	-	90,900
Interest	76,954	-	76,954
Scholarships and fellowships	22,509	-	22,509
Other	199,964	-	199,964
Total operating expenses	1,616,003	-	1,616,003
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(41,459)	-	(41,459)
NON-OPERATING ACTIVITIES			
Investment income, net	187,523	185,077	372,600
Net assets released from restriction	26,740	(34,717)	(7,977)
Contributions, net	-	30,619	30,619
Endowment income distributed for operations	(94,930)	4,117	(90,813)
Other	6,494	(192)	6,302
Total non-operating activities	125,827	184,904	310,731
CHANGE IN NET ASSETS	84,368	184,904	269,272
NET ASSETS AT THE BEGINNING OF THE YEAR	1,609,161	685,898	2,295,059
NET ASSETS AT THE END OF THE YEAR	$ 1,693,529	$ 870,802	$ 2,564,331

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2022 and 2021
(in thousands)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (136,893)	$ 269,272
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions restricted for long-term investment	(17,120)	(5,839)
Donated assets	(354)	(73)
Depreciation, amortization and accretion expenses	92,629	90,865
Net realized/unrealized loss/(gain) on investments	53,295	(349,392)
Realized gain on sale of real property	-	(1,009)
Fire loss	-	(11,900)
Other non-cash items	5,310	4,636
Changes in operating assets and liabilities:		
Accounts receivable	10,105	(15,549)
Contributions receivable	(8,764)	(2,033)
Operating lease right of use assets, net	(28,267)	17,994
Other assets	(404)	(8,484)
Accounts payable and accrued expenses	(25,589)	42,535
Deferred revenue and deposits	(5,269)	(23,828)
Operating lease liability	27,478	(18,198)
Net cash used in operating activities	(33,843)	(11,003)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(950,686)	(1,083,345)
Sales and maturity of investments	1,059,180	855,975
Purchases of property, plant, and equipment	(106,219)	(69,671)
Net proceeds from sale of real property	-	2,790
Insurance proceeds from fire loss	-	11,900
Change in other loans and notes receivable	3,960	4,533
Net cash provided by (used in) investing activities	6,235	(277,818)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investment	17,120	5,839
Payments of long-term debt	(133,702)	(4,377)
Proceeds from borrowings	5,360	30,000
Net payments on lines of credit	(6,535)	(147,566)
Payments of debt issuance costs	-	(735)
Payments of finance lease obligations	(6,660)	(5,688)
Change in refundable government student loan funds	(5,020)	(5,034)
Net cash used in financing activities	(129,437)	(127,561)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(157,045)	(416,382)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	280,147	696,529
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 123,102	$ 280,147
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Net interest paid	$ 85,391	$ 90,379
Purchases of Property, plant, and equipment in Accounts payable and accrued expenses	$ 15,170	$ 11,362

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University

The George Washington University (the University or GWU) 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 was previously registered in the Cayman Islands. During the fiscal year ending June 30, 2022, it was transferred to the District of Columbia. There is presently no taxation imposed on the MFA-PIC.

Cash and Cash Equivalents

Highly liquid financial instruments with original maturities at dates of purchase of three months or less are classified as cash equivalents and include U.S. Treasury securities 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).
- **Pooled life income funds** are donated funds received by the University in which the donor receives or assigns a life income. The funds are pooled by the University and are assigned a specific number of units in the pool. The beneficiary(s) is paid the amount of income earned on the donor's assigned units.
- **Charitable remainder trusts** consist of trust assets donated to the University in exchange for a percentage of fair value-based payment for the life of the beneficiary(s).

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

- **Perpetual trusts** where the University has an irrevocable right to income on trust assets in perpetuity, but never receives the assets held in trust. These beneficial interests are shown at fair value of the underlying assets, which approximates the discounted present value of the anticipated cash flows.
- **Charitable remainder trusts** similar to those described above, except that the University does not hold the assets as trustee. These beneficial interests are shown at present value which is calculated using the fair value of the trust assets at the measurement date, discounted based on various actuarial assumptions impacting the timing of cash flows to the University.

Accounts Receivable

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

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 $0.4 million at June 30, 2022 and 2021. 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 $5.1 million and $6.4 million as of June 30, 2022 and 2021, 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 within Other operating expenses 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 Long-term debt 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. 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.

Deferred Revenue and Deposits

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

As of June 30, 2022, $43.3 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, 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 $18.2 million and $18.6 million as of June 30, 2022 and 2021, respectively. 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 $1.7 million for the fiscal years ending June 30, 2022 and 2021, 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.

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 University 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, 2022 and 2021.

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.

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, 2022 and 2021, the following assets could readily be made available within one year to meet general expenses:

(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	127,556	15,112	112,444
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	$ 3,051,735	$ 2,102,476	$ 949,259
Liquidity resources - available lines of credit			307,867
Financial assets available for general expenditure within one year			$ 1,257,126

(in thousands)	AS OF JUNE 30, 2021		
	Financial assets	Unavailable within one year	Available for general expenditure within one year
Cash and cash equivalents	$ 280,147	$ 7,547	$ 272,600
Accounts receivable, net	140,756	16,719	124,037
Contributions receivable, net	31,382	30,958	424
Investments - pooled endowment	1,275,772	727,059	548,713
Investments - endowment real estate	1,125,500	1,125,500	-
Investments - other	519,160	249,364	269,796
Loans and notes receivable, net	16,440	16,440	-
Subtotal	$ 3,389,157	$ 2,173,587	$ 1,215,570
Liquidity resources - available lines of credit			176,332
Financial assets available for general expenditure within one year			$ 1,391,902

NOTE 3 – ACCOUNTS RECEIVABLE

(in thousands)	JUNE 30	
	2022	2021
Grants and contracts	$ 33,712	$ 31,386
Patient care	37,925	36,887
Student tuition and fee accounts	31,623	34,647
Due from affiliation agreements	4,988	2,576
Due from hospital limited partnership	12,870	16,495
Reinsurance	13,367	15,397
Other	9,269	17,527
Subtotal	143,754	154,915
Patient care allowance for doubtful accounts	(13,108)	(9,805)
Other allowances for doubtful accounts	(3,090)	(4,354)
Total	$ 127,556	$ 140,756

NOTE 4 – CONTRIBUTIONS RECEIVABLE

(in thousands)	JUNE 30	
	2022	2021
Unconditional promises expected to be collected in:		
Less than one year	$ 25,219	$ 19,996
One year to five years	18,451	14,294
Over five years	69	401
Subtotal	43,739	34,691
Allowance for uncollectible pledges	(1,580)	(1,620)
Unamortized discount to present value	(2,013)	(1,689)
Total	$ 40,146	$ 31,382

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% - 4.36% with the discount amortized over the life of the receivable.

At June 30, 2022 and 2021, the University had received notification of outstanding bequest intentions and certain conditional promises to give of approximately $253 million and $243 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, 2022 and 2021, the University had remaining available award balances on federal and private conditional grants and contracts for sponsored projects of $205 million and $199 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	
	2022	2021
Annuities	$ 18,966	$ 19,493
Balanced funds	17,769	21,594
Cash and cash equivalents	152,838	139,379
Fixed income:		
Asset-backed securities	47,899	61,518
Corporate debt securities	71,368	116,367
Government debt securities	108,301	180,359
Other	58,521	49,856
Global equity	615,913	690,683
Hedge funds	266,329	230,873
Private equity	162,507	130,236
Real estate	1,135,528	1,150,533
Split-interest agreements - Trusts held by others	45,095	47,557
Unrealized loss on open futures contracts and swaps	(783)	(625)
Other	48,205	46,747
Net pending trades	-	35,862
Total	$ 2,748,456	$ 2,920,432

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, 2022 and 2021, 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 $25.0 million and $24.5 million as of June 30, 2022 and 2021, respectively. The University also holds a 20% interest in District Hospital Partners, L.P., accounted for under the equity method, which is included in Other investments, valued at $38.1 million and $34.8 million as of June 30, 2022 and 2021, respectively. See also Note 16 and Note 18 for additional information regarding District Hospital Partners, L.P.

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)	2022			2021		
	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	$ 58,794	$ 64,308	$ 123,102	$ 40,626	$ 239,521	$ 280,147
Investments	2,675,248	73,208	2,748,456	2,813,367	107,065	2,920,432
Total	$ 2,734,042	$ 137,516	$ 2,871,558	$ 2,853,993	$ 346,586	$ 3,200,579

Assets not subject to fair value reporting include cash deposits, two limited partnership investments where the University's interest exceeds 20% accounted for under the equity method of accounting, pending trades, fund units receivable, and intangible assets.

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

(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

(in thousands)	AS OF JUNE 30, 2021				
		CLASSIFIED IN FAIR VALUE HIERARCHY			
	NAV	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents at fair value	$ -	$ 40,626	$ -	$ -	$ 40,626
Investments:					
Annuities	-	-	11,060	8,433	19,493
Balanced funds	-	21,594	-	-	21,594
Cash and cash equivalents	-	139,379	-	-	139,379
Fixed income:					
Asset-backed securities	27,614	-	33,904	-	61,518
Corporate debt securities	26,818	-	89,549	-	116,367
Government debt securities	26,586	153,773	-	-	180,359
Other	28,788	14,980	6,088	-	49,856
Global equity	533,479	156,604	600	-	690,683
Hedge funds	230,873	-	-	-	230,873
Private equity	130,236	-	-	-	130,236
Real estate	-	140	-	1,125,937	1,126,077
Split-interest agreements - Trusts held by others	-	-	-	47,557	47,557
Unrealized gain (loss) - open futures contracts and swaps	-	887	(1,512)	-	(625)
Total investments at fair value	1,004,394	487,357	139,689	1,181,927	2,813,367
Total assets at fair value	$ 1,004,394	$ 527,983	$ 139,689	$1,181,927	$ 2,853,993

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** – These investments generally include funds that invest in long and short positions, pursuing a diverse range of investment strategies. These investments are typically funds structured in a fund of funds vehicle. The objective of the funds is to generate long-term capital appreciation. The fair value of these investments has been estimated using the NAV of the funds which are calculated by the investment manager, and excluded from 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.

During the year ending June 30, 2022, the University sold the Hotel for a net price of $47.4 million, resulting in a gain of $12.0 million.

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%

AS OF JUNE 30, 2021					
	Fair Value *(in thousands)*	Valuation Techniques	Unobservable Inputs	Rate	Weighted Average
Hotel	$35,300	Income approach	Exit capitalization rate Discount rate	6.50% 9.00%	N/A N/A
Office building	$230,000	Income approach	Exit capitalization rate Discount rate	6.00% 6.50%	N/A N/A
Ground leased real estate	$860,200	Income approach	Capitalization rate Discount rate	3.50% 4.50 - 7.00%	N/A 4.91%

- **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)	2022				2021
Category of Investment	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period	Fair value
Fixed income - asset-backed securities	$ 14,980	$ -	Quarterly	15 days	$ 27,614
Fixed income - corporate debt securities	11,586	-	Quarterly	60-90 days	26,818
Fixed income - government debt securities	-	-	N/A	N/A	26,586
Fixed income - other	40,740	16,836	Quarterly to redemption not permitted during life of fund	365 days to N/A	28,788
Global equity	493,719	-	Daily to quarterly	1-90 days	533,479
Hedge funds	266,329	-	Quarterly	90 days	230,873
Private equity	162,507	171,414	Redemption not permitted during life of fund	N/A	130,236
Total	$ 989,861	$ 188,250			$ 1,004,394

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, 2022.
- **Private equity** – These assets are primarily composed of long term lock-up funds to include private equity, venture capital, oil and gas, land, distressed debt, infrequently traded small-capitalization, buyouts, growth equity, and micro-capitalization securities. Distributions from the majority of these investments are received through the liquidation of the underlying assets. Timing of liquidation is unknown.

Changes in Level 3 Assets

(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

(in thousands)	2021					
	Beginning of year	Net realized/ unrealized gains	Purchases/ additions	Sales/transfers	End of year	Total net gains included in earnings attributable to the change in net unrealized gains for assets still held at June 30, 2021
Real estate	$ 1,092,748	$ 32,549	$ 640	$ -	$ 1,125,937	$ 32,549
Split-interest agreements - trusts held by others	42,146	6,226	-	(815)	47,557	5,978
Annuities	8,327	266	227	(387)	8,433	-
Total	$ 1,143,221	$ 39,041	$ 867	$ (1,202)	$ 1,181,927	$ 38,527

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, 2022 or June 30, 2021.

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

(in thousands)	2022	2021
	Investment income, net	Investment income, net
Total net gains included in changes in net assets	$ 29,043	$ 38,775
Change in net unrealized gains relating to assets still held at June 30	$ 17,288	$ 38,527

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. During the year ended June 30, 2021, the University has reclassified internal debt previously allocated to quasi-endowment investment real estate properties.

(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

(in thousands)	JUNE 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,242,373	$ 560,283	$ 1,802,656
Investment return, net	185,861	174,460	360,321
Contributions	276	16,560	16,836
Endowment payout	(69,872)	(29,668)	(99,540)
Reinvestment of payout and internal transfers	29,128	5,424	34,552
Reclassification of allocated internal debt	296,447	-	296,447
Endowment net assets, end of year	$ 1,684,213	$ 727,059	$ 2,411,272

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 $274.5 million and $257.2 million as of June 30, 2022 and 2021, respectively.

As of June 30, 2022, a deficiency of $11.2 million existed on an original gift value of $128.5 million. As of June 30, 2021, a deficiency of $2.2 million existed on an original gift value of $41.5 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	
	2022	2021
Land	$ 198,750	$ 198,615
Buildings	2,365,735	2,350,078
Construction in progress	130,367	67,480
Furniture and equipment	213,452	185,313
Library and historical research materials	69,338	67,636
Equipment under finance leases	29,987	23,666
Subtotal	3,007,629	2,892,788
Accumulated depreciation	(1,228,160)	(1,139,106)
Total	$ 1,779,469	$ 1,753,682

Depreciation expense was $92.7 million and $90.9 million for the fiscal years ending June 30, 2022 and 2021, 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:	2022	2021
Operating lease cost	$ 14,836	$ 19,660
Finance lease cost:		
Amortization of right-of-use assets	6,144	4,866
Interest on lease liabilities	418	531
Total finance lease cost	6,562	5,397
Total lease cost	$ 21,398	$ 25,057

(in thousands)	JUNE 30	
Supplemental cash flow information related to leases:	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 15,625	$ 19,864
Operating cash flows from finance leases	$ 418	$ 531
Financing cash flows from finance leases	$ 6,660	$ 5,688
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 39,413	$ -
Finance leases	$ 8,194	$ 301

(in thousands)	JUNE 30, 2022		JUNE 30, 2021	
Supplemental balance sheet information related to leases:	Operating	Finance	Operating	Finance
Right-of-use assets	$ 139,302	$ 29,987	$ 106,840	$ 23,666
Accumulated amortization	(36,003)	(15,740)	(31,808)	(9,689)
Right-of-use assets, net	$ 103,299	$ 14,247	$ 75,032	$ 13,977
Lease liabilities	$ 115,831	$ 12,517	$ 88,353	$ 10,490
Weighted Average Remaining Lease Term (years):	7.56	3.39	5.70	2.49
Weighted Average Discount Rate:	3.79%	3.50%	3.82%	3.69%

(in thousands)	JUNE 30, 2022	
Lease maturity table:	Operating	Finance
Fiscal Year Ending June 30:		
2023	$ 18,776	$ 6,073
2024	19,133	2,425
2025	19,071	2,341
2026	16,760	1,644
2027	15,603	754
Thereafter	44,925	-
Subtotal	134,268	13,237
Less effects of discounting	(18,437)	(720)
Total	$ 115,831	$ 12,517

NOTE 10 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

(in thousands)	JUNE 30	
	2022	2021
Accrued building construction payable	$ 14,632	$ 10,423
Accrued interest payable	19,755	23,499
Accrued other liabilities	44,175	40,701
Accrued payroll and related liabilities	140,085	171,371
Accumulated postretirement liability	6,608	7,928
Split-interest agreements	8,316	7,999
Self-insurance reserves	63,897	63,713
Trade payables	12,999	16,302
Other payables	10,504	10,063
Total	$ 320,971	$ 351,999

NOTE 11 – LONG-TERM DEBT

(in thousands)	JUNE 30			
	2022			2021
	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 term loan secured by real estate	4/5/2028	LIBOR + 2.375%	32,672	33,480
MFA unsecured subordinated loan	7/1/2027	LIBOR + 6.0%	11,667	14,000
MFA term loan with a national bank	4/5/2027	LIBOR + 2.375%	24,325	28,873
MFA term loan with a vendor	6/30/2024	Fixed 3.5%	4,347	-
MFA Revolving credit facility, $50.0 million	3/31/2023	LIBOR + 1.45%	42,133	48,668
Unsecured notes payable:				
Term loan	N/A	LIBOR + 1.5%	-	125,000
Subtotal			1,980,144	2,115,021
Less: Debt issuance costs			(8,920)	(9,494)
Plus: Finance lease liability			12,517	10,490
Total			$ 1,983,741	$ 2,116,017

In May 2020, the University entered into a credit agreement with a national bank, which included a $175 million revolving credit facility and a $125 million term loan facility. The University repaid the $175 million revolving credit facility in March 2021 and the $125 million term loan facility in March 2022. In June 2022, the University extended the term of the revolving credit facility to June 2027, increased the credit limit from $175 million to $300 million, and modified the interest rate to BSBY + 0.45%.

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. During the year ended June 30, 2022, MFA obtained a term loan from a vendor to finance a portion of its health record system implementation. 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, 2022, principal payments are due on bonds and notes payable in accordance with the following schedule:

Fiscal Year Ending June 30	*(in thousands)*
2023	$ 52,092
2024	10,232
2025	8,407
2026	8,505
2027	7,794
Thereafter	1,893,114
Total	$ 1,980,144

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, 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

(in thousands)	JUNE 30, 2021			
Nature of Specific Net Assets	Without Donor Restrictions	With Donor Restrictions	Total Net Assets	Required to be Held in Perpetuity
Donated building funds	$ -	$ 2,858	$ 2,858	$ -
Quasi-endowment funds	1,684,213	-	1,684,213	-
Donor restricted endowment funds	-	727,059	727,059	257,188
Loan funds	1,609	4,066	5,675	4,066
Contributions receivable	-	31,382	31,382	463
Split-interest funds	10,111	55,441	65,552	32,657
Patient care	(82,320)	-	(82,320)	-
Net investment in plant and other	79,916	49,996	129,912	13,575
Total	$ 1,693,529	$ 870,802	$ 2,564,331	$ 307,949

NOTE 14 - PROGRAM AND SUPPORTING ACTIVITIES EXPENSE

(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
Scholarships and fellowships	30,061	-	-	30,061	-	30,061
Other	85,427	78,971	9,339	173,737	50,317	224,054
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

(in thousands)	JUNE 30, 2021					
	Academic and student support	Patient care	Research	Total program	Support services	Total expenses
Salaries and benefits	$ 460,610	$ 263,774	$ 101,295	$ 825,679	$ 129,166	$ 954,845
Purchased services	72,343	75,588	68,543	216,474	54,357	270,831
Depreciation	72,137	6,137	5,481	83,755	7,145	90,900
Interest	61,814	3,840	4,083	69,737	7,217	76,954
Scholarships and fellowships	22,509	-	-	22,509	-	22,509
Other	59,725	92,693	6,050	158,468	41,345	199,813
Allocations	97,372	-	11,710	109,082	(109,082)	-
Subtotal	$ 846,510	$ 442,032	$ 197,162	$ 1,485,704	$ 130,148	$ 1,615,852
Add: Functionalized non-operating postretirement change						151
Total operating expenses						$ 1,616,003

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 $87.4 million and $67.5 million for the years ended June 30, 2022 and 2021, 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 associated with the operation and maintenance of administrative systems, campus network and telecommunications systems, computing labs, and related support for students and faculty. These costs are allocated based upon relative benefits provided to academic and administrative users of the services. Technology costs totaled $69.0 million and $61.2 million for the years ended June 30, 2022 and 2021, 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 base and matching contributions were suspended in October 2020 to mitigate the financial impact of the COVID-19 pandemic. Base contributions resumed effective January 2021. Matching contributions resumed effective July 2021. University contributions to the retirement plan amounted to $40.1 million and $20.1 million for the years ended June 30, 2022 and 2021, 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 $6.6 million and $7.9 million as of June 30, 2022 and 2021, respectively.

NOTE 16 - RELATED PARTIES

DISTRICT HOSPITAL PARTNERS, L.P.

The University has a 20% limited partnership interest in District Hospital Partners, L.P. (DHP), which owns and operates the GW Hospital and provides support to the University in developing and maintaining the medical academic and research programs. The University's investment in DHP is recorded on the equity basis of accounting. The University's share of the partnership's profits for the years ended June 30, 2022 and 2021 was approximately $4.4 million and $8.8 million, respectively.

The University and DHP have executed several agreements, which reimburse or compensate the University for providing services or personnel to assist in the continued operations of the GW Hospital. Medical education agreements revenue of approximately $42.0 million and $40.0 million was reported for the years ended June 30, 2022 and 2021, respectively. The receivable from DHP for the unpaid balance of these services is $5.2 million and $8.9 million as of June 30, 2022 and 2021, respectively. DHP has provided a $30.0 million loan to the MFA which had an outstanding balance of $11.7 million and $14.0 million as of June 30, 2022 and 2021, respectively.

In May 2022, the University and DHP entered into a new operating and academic affiliation agreement which is described in Note 18.

NOTE 17 – IMPACT OF THE COVID-19 PANDEMIC

The University held undergraduate courses and graduate programs online for the full 2020-2021 academic year and offered only very limited on-campus housing. As a result, the University experienced a decline in Student tuition and fees, net, as well as housing and other Auxiliary enterprises revenues for the year ended June 30, 2021. Operating expenses for the year ended June 30, 2021 were reduced, both naturally as a result of travel restrictions and limited on-campus activities, and through intentional cost-saving strategies.

In-person teaching and on-campus activities resumed for the 2021-2022 academic year, resulting in increases in Student tuition and fees, net, as well as housing and other Auxiliary enterprises revenues for the year ended June 30, 2022. Operating expenses also increased as activities returned to normal. Further, the University incurred incremental expenses to keep its community safe amid the pandemic, such as testing, contact tracing, isolation housing, and masks.

The University received assistance in covering some of the economic impacts of the COVID-19 pandemic through distributions from the Higher Education Emergency Relief Fund (HEERF). The University records HEERF receipts as revenue within Grants and contracts including indirect cost recoveries and amounts distributed to students are expensed within Scholarships and fellowships on the Consolidated Statement of Activities.

(in thousands)	JUNE 30, 2022		JUNE 30, 2021	
	Grants and contracts including indirect cost recoveries	Scholarships and fellowships	Grants and contracts including indirect cost recoveries	Scholarships and fellowships
HEERF I	$ -	$ -	$ 294	$ 294
HEERF II	-	-	13,793	4,559
HEERF III	12,591	12,591	12,473	-
Total	$ 12,591	$ 12,591	$ 26,560	$ 4,853

MFA received federal Coronavirus Aid, Relief and Economic Security Act (CARES Act) grants of $15.6 million and $4.8 million for the years ended June 30, 2022 and 2021, respectively. These payments are subject to audit and compliance with federal regulations. MFA believes it has met the conditions to retain these funds, and no CARES Act amounts are reserved for repayment at June 30, 2022 or 2021.

The CARES Act also provided for an expansion of the Medicare Accelerated and Advance Payment Program for patient services. Under the program, MFA received $12.7 million in April 2020, and recorded these payments as Deferred revenue and deposits in the Consolidated Balance Sheet as of June 30, 2020. The recoupment period began in April 2021 and amounts billed to Medicare for services provided have been offset against the advance payments received. Medicare recouped $2.6 million and $10.1 million for the years ended June 30, 2022 and 2021, respectively.

During the year ending June 30, 2021, MFA received $9.9 million in grants from the Washington, D.C. government to help mitigate the adverse financial impacts of COVID-19. During the year ending June 30, 2022, this amount was reserved for repayment and is included in Accounts payable and accrued expenses in the Consolidated Balance Sheet.

NOTE 18 – SUBSEQUENT EVENTS

On May 28, 2022, the University, District Hospital Partners, L.P. (DHP), University Health Services, Inc. (UHS), and related UHS entities executed a new operating and academic affiliation agreement. This agreement restructures their relationship and explores the creation of an expanded clinical services, education, and research complex on the University's campus in northwest Washington, D.C., in furtherance of the University's educational, scientific research, and healthcare charitable purposes. 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. The gain on sale of the partnership interest is estimated at $9.4 million and will be recorded in Investment income, net in the Non-Operating Activities section of the Consolidated Statement of Activities during the year ending June 30, 2023.

The University has performed an evaluation of subsequent events through September 27, 2022, which is the date the financial statements were issued, noting no other events which affect the financial statements as of June 30, 2022.

SUPPLEMENTARY CONSOLIDATING INFORMATION

SUPPLEMENTAL SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS CONSOLIDATING BALANCE SHEET

As of June 30, 2022
(in thousands)

	GWU	MFA	ELIMINATIONS	TOTAL
ASSETS				
Cash and cash equivalents	$ 101,883	$ 21,219	$ -	$ 123,102
Accounts receivable, net	78,201	55,483	(6,128)	127,556
Contributions receivable, net	40,146	-	-	40,146
Investments	2,708,609	42,956	(3,109)	2,748,456
Loans and notes receivable, net	12,475	-	-	12,475
Loans to MFA	120,958	-	(120,958)	-
Property, plant, and equipment, net	1,703,121	76,348	-	1,779,469
Operating lease right of use assets, net	56,370	55,624	(8,695)	103,299
Other assets	32,820	6,791	-	39,611
Total assets	$ 4,854,583	$ 258,421	$ (138,890)	$ 4,974,114
LIABILITIES				
Accounts payable and accrued expenses	$ 210,381	$ 116,501	$ (5,911)	$ 320,971
Deferred revenue and deposits	110,169	988	-	111,157
Operating lease liability	64,944	59,799	(8,912)	115,831
Long-term debt, net	1,865,675	118,066	-	1,983,741
Loans from GWU	-	120,958	(120,958)	-
Funds advanced for student loans	14,976	-	-	14,976
Total liabilities	2,266,145	416,312	(135,781)	2,546,676
NET ASSETS				
Without donor restrictions	1,746,883	(157,891)	(3,109)	1,585,883
With donor restrictions	841,555	-	-	841,555
Total net assets	2,588,438	(157,891)	(3,109)	2,427,438
Total liabilities and net assets	$ 4,854,583	$ 258,421	$ (138,890)	$ 4,974,114

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, 2022
(in thousands)

	GWU	MFA	ELIMINATIONS	TOTAL
OPERATING REVENUE				
Student tuition and fees, net of $353,057 University funded scholarships	$ 770,344	$ -	$ (127)	$ 770,217
Patient care, net	-	309,954	-	309,954
Grants and contracts including indirect cost recoveries	219,242	2,545	-	221,787
Auxiliary enterprises, net	98,124	1,127	-	99,251
Endowment income distributed for operations	91,461	-	-	91,461
Medical education agreements	69,331	19,542	(27,913)	60,960
Contributions	21,174	-	-	21,174
Investment income used in operations	2,232	2,265	(2,546)	1,951
Net assets released from restrictions	7,593	-	-	7,593
Other	41,021	37,962	(33,160)	45,823
Total operating revenue	1,320,522	373,395	(63,746)	1,630,171
OPERATING EXPENSES				
Salaries and benefits	718,946	253,484	(128)	972,302
Purchased services	248,698	87,667	(42,960)	293,405
Depreciation	86,000	6,723	-	92,723
Interest	74,677	7,358	(2,546)	79,489
Scholarships and fellowships	30,057	6	(2)	30,061
Other	146,951	96,837	(18,110)	225,678
Total operating expenses	1,305,329	452,075	(63,746)	1,693,658
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	15,193	(78,680)	-	(63,487)
NON-OPERATING ACTIVITIES				
Investment income, net	(21,976)	-	-	(21,976)
Net assets released from restriction	(7,593)	-	-	(7,593)
Contributions, net	49,914	-	-	49,914
Endowment income distributed for operations	(91,461)	-	-	(91,461)
Other	(2,290)	-	-	(2,290)
Total non-operating activities	(73,406)	-	-	(73,406)
CHANGE IN NET ASSETS	(58,213)	(78,680)	-	(136,893)
NET ASSETS AT THE BEGINNING OF THE YEAR	2,646,651	(79,211)	(3,109)	2,564,331
NET ASSETS AT THE END OF THE YEAR	$ 2,588,438	$ (157,891)	$ (3,109)	$ 2,427,438

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, 2022, 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.

Board of Trustees

JUNE 1, 2022 - MAY 31, 2023

University Officials

EFFECTIVE NOVEMBER 1, 2022

OFFICE OF THE PRESIDENT

Mark S. Wrighton
President

Aristide J. Collins, Jr.
Vice President, Chief of Staff, 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 Chief Executive Officer, GW Medical Faculty Associates

Christopher Alan Bracey
Provost and Executive Vice President for Academic Affairs

Bruno Fernandes
Vice President, Chief Financial Officer and Treasurer

Ellen Moran
Vice President for Communications and Marketing

Sharon Reich Paulsen
Executive Vice President and Chief Administration Officer

Dorinda Tucker
Associate Vice President, Compliance and Ethics

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

John Lach
School of Engineering and Applied Science

Dayna Bowen Matthew
GW Law

Anuj Mehrota
School of Business

Liesl Riddle
College of Professional Studies

Pamela Slaven-Lee
School of Nursing

Paul J. Wahlbeck
Columbian College of Arts and Sciences

Summary of Financial Results

FINANCIAL RESULTS	YEAR END	
(in thousands)	2022	2021
Assets	$ 4,974,114	$ 5,257,122
Net assets	$ 2,427,438	$ 2,564,331
Increase (decrease) in net assets	$ (136,893)	$ 269,272
Investments	$ 2,748,456	$ 2,920,432
Long-term debt, net	$ 1,983,741	$ 2,116,017
Operating revenues	$ 1,630,171	$ 1,574,544
Operating expenses	$ 1,693,658	$ 1,616,003
Non-operating activities	$ (73,406)	$ 310,731
Capital expenditures	$ 106,219	$ 69,671

ENROLLMENT	ACADEMIC YEAR END				
	2022	2021	2020	2019	2018
STUDENTS-FTE					
Undergraduate	10,553	10,589	11,459	11,649	11,203
Graduate	9,065	9,128	9,428	9,725	9,931
Law (J.D.)	1,658	1,710	1,532	1,498	1,446
Medical (M.D.)	725	722	715	701	705
Non-degree	210	149	241	215	217
Total fall enrollment	22,211	22,298	23,375	23,788	23,502
UNDERGRADUATE ADMISSIONS					
Applications	27,236	26,405	26,978	26,512	26,987
Selectivity Ratio	50%	43%	41%	42%	41%
Matriculation Ratio	19%	17%	24%	26%	24%
GRADUATE ADMISSIONS					
Applications	25,943	27,365	25,473	25,620	26,116
Selectivity ratio	58%	51%	50%	50%	51%
Matriculation ratio	30%	32%	36%	37%	39%
LAW (J.D.)					
Applications	10,826	8,146	8,019	7,942	7,460
Selectivity ratio	22%	35%	31%	34%	33%
Matriculation ratio	21%	19%	20%	21%	16%
MEDICINE (M.D.)					
Applications	12,917	11,772	12,057	11,107	11,432
Selectivity ratio	2%	3%	3%	3%	3%
Matriculation ratio	61%	57%	54%	53%	52%
DEGREES CONFERRED					
Baccalaureate	2,936	3,020	3,005	3,021	2,725
Master's	4,127	4,602	4,780	4,597	4,774
First professional	735	729	581	668	694
Doctoral	348	357	330	406	455

THE GEORGE WASHINGTON UNIVERSITY

WASHINGTON, DC