

# **THE GEORGE WASHINGTON UNIVERSITY**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended June 30, 2025 and 2024**

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**GRANT THORNTON LLP**

53 State St. 16<sup>th</sup> 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 subsidiaries (the "University"), which comprise the consolidated balance sheets as of June 30, 2025 and 2024, 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

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

**Responsibilities of management for the financial statements**

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

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 26, 2025

**THE GEORGE  
WASHINGTON  
UNIVERSITY**

WASHINGTON, DC

**Consolidated Balance Sheets**  
**As of June 30, 2025 and 2024**  
*(in thousands)*

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 46,304	\$ 55,304
Accounts receivable, net	176,365	147,865
Contributions receivable, net	35,844	33,944
Investments	3,051,649	2,871,770
Loans and notes receivable, net	7,435	8,146
Property, plant, and equipment, net	1,838,890	1,806,139
Operating lease right of use assets, net	76,535	85,597
Other assets	48,468	49,946
<b>Total assets</b>	<b>\$ 5,281,490</b>	<b>\$ 5,058,711</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 407,984	\$ 379,013
Deferred revenue and deposits	99,823	99,266
Operating lease liability	88,063	98,106
Debt, net	2,285,386	2,120,696
Funds advanced for student loans	5,199	7,674
<b>Total liabilities</b>	<b>2,886,455</b>	<b>2,704,755</b>
<b>NET ASSETS</b>		
Without donor restrictions	1,208,591	1,300,070
With donor restrictions	1,186,444	1,053,886
<b>Total net assets</b>	<b>2,395,035</b>	<b>2,353,956</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,281,490</b>	<b>\$ 5,058,711</b>

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

**Consolidated Statement of Activities  
Year Ended June 30, 2025  
(in thousands)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING REVENUE</b>			
Student tuition and fees, net	\$ 836,233	\$ -	\$ 836,233
Patient care, net	308,541	-	308,541
Grants and contracts including indirect cost recoveries	238,764	-	238,764
Auxiliary enterprises, net	139,986	-	139,986
Endowment income distributed for operations	111,526	-	111,526
Medical education agreements	84,152	-	84,152
Contributions	15,664	-	15,664
Investment income used in operations	2,557	-	2,557
Net assets released from restrictions	12,131	-	12,131
Other	80,541	-	80,541
<b>Total operating revenue</b>	<b>1,830,095</b>	<b>-</b>	<b>1,830,095</b>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	1,121,728	-	1,121,728
Purchased services	369,782	-	369,782
Depreciation	103,187	-	103,187
Interest	95,078	-	95,078
Occupancy	93,494	-	93,494
Medical supplies	89,908	-	89,908
Scholarships and fellowships	19,867	-	19,867
Other	122,759	-	122,759
<b>Total operating expenses</b>	<b>2,015,803</b>	<b>-</b>	<b>2,015,803</b>
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>(185,708)</b>	<b>-</b>	<b>(185,708)</b>
<b>NON-OPERATING ACTIVITIES</b>			
Investment income, net	179,884	126,421	306,305
Net assets released from restriction	33,417	(45,548)	(12,131)
Contributions, net	2,744	52,087	54,831
Endowment income distributed for operations	(115,066)	3,540	(111,526)
Other	(6,750)	(3,942)	(10,692)
<b>Total non-operating activities</b>	<b>94,229</b>	<b>132,558</b>	<b>226,787</b>
<b>CHANGE IN NET ASSETS</b>	<b>(91,479)</b>	<b>132,558</b>	<b>41,079</b>
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>	<b>1,300,070</b>	<b>1,053,886</b>	<b>2,353,956</b>
<b>NET ASSETS AT THE END OF THE YEAR</b>	<b>\$ 1,208,591</b>	<b>\$ 1,186,444</b>	<b>\$ 2,395,035</b>

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

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

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

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

**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2025 and 2024**  
*(in thousands)*

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 41,079	\$ (132,342)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions restricted for long-term investment	(15,559)	(6,227)
Depreciation, amortization and accretion expenses	103,266	98,881
Provision for bad debt	5,781	4,727
Net realized/unrealized (gain)/loss on investments	(249,370)	28,170
Realized gain on sale of real property	-	(19,244)
Fire loss	-	(7,000)
Other non-cash items	4,503	348
Changes in operating assets and liabilities:		
Accounts receivable	(34,700)	(10,651)
Contributions receivable	(1,900)	445
Operating lease right of use assets, net	9,062	2,882
Other assets	1,478	(2,334)
Accounts payable and accrued expenses	28,499	36,703
Deferred revenue and deposits	557	(7,031)
Operating lease liability	(10,043)	(3,014)
<b>Net cash used in operating activities</b>	<u>(117,347)</u>	<u>(15,687)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(455,995)	(624,334)
Sales and maturity of investments	534,569	564,638
Purchases of property, plant, and equipment	(144,812)	(98,976)
Net proceeds from sale of real property	-	26,689
Insurance proceeds from fire loss	-	7,000
Change in other loans and notes receivable	1,052	1,909
<b>Net cash used in investing activities</b>	<u>(65,186)</u>	<u>(123,074)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for long-term investment	15,559	6,227
Payments on debt	(7,077)	(17,053)
Proceeds from borrowings	731	5,187
Proceeds from borrowings on lines of credit	354,137	151,436
Principal payments on lines of credit	(182,000)	-
Payments of finance lease obligations	(5,342)	(4,913)
Change in refundable government student loan funds	(2,475)	(2,843)
<b>Net cash provided by financing activities</b>	<u>173,533</u>	<u>138,041</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(9,000)	(720)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	55,304	56,024
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 46,304</u>	<u>\$ 55,304</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 94,458	\$ 86,939
Income tax payments	2	324
Purchases of property, plant, and equipment in accounts payable and accrued expenses	21,071	29,325

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

**THE GEORGE WASHINGTON UNIVERSITY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2025 AND 2024**

**Note 1 - Summary of Significant Accounting Policies**

**The University**

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

**Basis of Presentation and Principles of Consolidation**

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

**Medical Faculty Associates, Inc.**

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

**Cash and Cash Equivalents**

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

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

**Contributions**

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

**THE GEORGE WASHINGTON UNIVERSITY  
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borrowing. Allowance is made for uncollectible contributions based upon management's judgment after analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

**Investments and Investment Income**

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

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

The University manages the following types of arrangements:

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

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

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

**Accounts Receivable**

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

**Loans Receivable and Refundable Advances**

Loans receivable are primarily related to federal student financial aid programs and are carried at face value, less an allowance for credit losses of \$0.2 million and \$0.5 million at June 30, 2025 and 2024, respectively. The allowance for credit losses is estimated based on the University's historical experience, periodic review of individual accounts and consideration of current economic conditions and reasonable and supportable forecasts. The majority of the University's loans receivable represents amounts due under federally guaranteed programs; therefore no reserves are recorded for the federal portion. Generally, payment on loans receivable commences upon graduation and can extend up to 10 years. These loans carry interest rates

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ranging from 3% to 9%. 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 \$2.0 million and \$2.9 million as of June 30, 2025 and 2024, respectively.

### **Property, Plant, and Equipment**

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

### **Leases**

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

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

### **Net Asset Classes**

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

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

All revenues, gains, and expenses not restricted by donors are included in net assets without donor restrictions and are generally available for operations. Contributions are reported as increases in the appropriate category of net assets, except contributions with restrictions that are met in the same fiscal year they are received are included in revenues without donor restrictions. Expirations of restrictions recognized on net assets, i.e., the

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donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as releases from net assets with donor restrictions to net assets without donor restrictions. Restrictions on gifts to acquire or construct long-lived assets are considered met in the period in which the assets are placed in service.

**Non-operating Activities**

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

**Tuition, Fees, and Scholarships**

The University recognizes revenues from student tuition and fees within the fiscal year in which educational services are provided. Tuition discounts in the form of scholarships and grants-in-aid, including those funded by the endowment, research funds, and gifts, are reported as a reduction of tuition revenues and totaled \$437 million and \$397 million for the years ending June 30, 2025 and 2024, respectively. A tuition discount represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student. Cash payments to students, excluding compensation, are reported as Scholarships and fellowships expense in the Consolidated Statements of Activities.

Summer-term tuition revenue and cash deposits received for summer housing contracts which span across the fiscal year-end are recognized to the extent the University has met the performance obligations as of the end of the fiscal year and the remainder is deferred to the following fiscal year. As of June 30, 2025, \$33.5 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, 2026. As of June 30, 2024, the University reported \$32.2 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, 2025. As of June 30, 2023, the University reported \$39.0 million of remaining performance obligations under open service contracts as Deferred revenue and deposits, which was recognized as operating revenues during the fiscal year ending June 30, 2024.

Deferred revenue and deposits also includes tuition deposits received for future semesters of \$16.6 million and \$19.5 million as of June 30, 2025 and 2024, respectively. Tuition deposits primarily relate to the semester immediately following fiscal year end and the University recognizes revenue as the related performance obligations are met.

**Auxiliary Enterprises**

Auxiliary enterprises revenue is primarily composed of housing revenue. Revenue from housing is recognized as housing services are provided. Financial aid awarded specifically for housing is recorded as a reduction of auxiliary revenues and totaled \$2.5 million and \$2.4 million for the fiscal years ending June 30, 2025 and 2024, 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.

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

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

Any funding received in advance of revenue recognition is recorded in Deferred revenue and deposits on the Consolidated Balance Sheets, and totaled \$31.2 million and \$25.0 million as of June 30, 2025 and 2024, respectively.

### **Patient Service Revenue**

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

### **Tax Status**

The University is an exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not required to pay federal income tax on income related to its exempt purposes. The University is subject to tax on unrelated business income. The University has concluded that there are no material uncertain tax positions as of June 30, 2025 and 2024.

### **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.



**THE GEORGE WASHINGTON UNIVERSITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**Note 3 – Accounts Receivable**

<i>(in thousands)</i>	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
Grants and contracts	\$ 39,013	\$ 39,368
Patient care	37,870	34,133
Student tuition and fee accounts	28,376	30,740
Due from affiliation agreements	60,886	38,287
Reinsurance	16,872	13,225
Other	13,700	6,144
	<u>196,717</u>	<u>161,897</u>
Patient care allowance for credit losses	(11,461)	(8,772)
Other allowances for credit losses	(8,891)	(5,260)
Total	<u>\$ 176,365</u>	<u>\$ 147,865</u>

**Note 4 – Contributions Receivable**

<i>(in thousands)</i>	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
Unconditional promises expected to be collected in:		
Less than one year	\$ 25,327	\$ 18,570
One year to five years	14,464	19,560
Over five years	591	892
Subtotal	<u>40,382</u>	<u>39,022</u>
Allowance for uncollectible pledges	(2,830)	(2,670)
Unamortized discount to present value	(1,708)	(2,408)
Total	<u>\$ 35,844</u>	<u>\$ 33,944</u>

Contributions receivable expected to be fulfilled more than one year from the date of the financial statements are recorded at fair value at the date of the gift, discounted at 3.95% - 4.34% with the discount amortized over the life of the receivable.

At June 30, 2025 and 2024, the University had received notification of outstanding bequest intentions and certain conditional promises to give of approximately \$279 million and \$277 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, 2025 and 2024, the University had remaining available award balances on federal and private conditional grants and contracts for sponsored projects of \$195 million and \$232 million, respectively. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

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**Note 5 – Investments**

<i>(in thousands)</i>	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
Annuities	\$ 19,083	\$ 17,421
Balanced funds	23,996	21,864
Cash and cash equivalents	63,805	36,567
Fixed income:		
Asset-backed securities	13,874	20,062
Corporate debt securities	31,340	31,714
Government debt securities	109,229	112,799
Other	75,967	61,597
Global equity	982,139	919,660
Hedge funds	330,123	305,258
Private equity	231,641	207,756
Real estate	1,105,802	1,072,029
Split-interest agreements - Trusts held by others	48,528	46,838
Unrealized gain on open futures contracts and swaps	6,221	4,753
Other	5,201	5,216
Net pending trades	4,700	8,236
Total	<u>\$ 3,051,649</u>	<u>\$ 2,871,770</u>

The University enters into derivative transactions for market risk management purposes only. The University has not and will not enter into any derivative transaction for speculative or profit generating purposes. As of June 30, 2025 and 2024, 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 \$28.7 million and \$27.6 million as of June 30, 2025 and 2024, respectively.

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**Note 6 - Fair Value**

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

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

**Assets Measured at Fair Value on a Recurring Basis**

*(in thousands)*

	<b>2025</b>		
	Reported at fair value	Not subject to fair value reporting	Total
Cash and cash equivalents	\$ 3,500	\$ 42,804	\$ 46,304
Investments	3,013,008	38,641	3,051,649
Total	<u>\$ 3,016,508</u>	<u>\$ 81,445</u>	<u>\$ 3,097,953</u>

*(in thousands)*

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

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

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

<u>As of June 30, 2025 (in thousands)</u>	NAV	Classified in Fair Value Hierarchy			Total Fair Value
		Level 1	Level 2	Level 3	
Cash equivalents at fair value	\$ -	\$ 3,500	\$ -	\$ -	\$ 3,500
<u>Investments:</u>					
Annuities	-	-	11,210	7,873	19,083
Balanced funds	-	23,996	-	-	23,996
Cash and cash equivalents	-	63,805	-	-	63,805
Fixed income:					
Asset-backed securities	11,919	-	1,955	-	13,874
Corporate debt securities	16,983	-	14,357	-	31,340
Government debt securities	-	109,229	-	-	109,229
Other	59,981	15,822	164	-	75,967
Global equity	810,971	171,168	-	-	982,139
Hedge funds	330,123	-	-	-	330,123
Private equity	231,641	-	-	-	231,641
Real estate	-	1,500	-	1,075,562	1,077,062
Split-interest agreements - Trusts held by others	-	-	-	48,528	48,528
Unrealized gain - open futures contracts and swaps	-	4,457	1,764	-	6,221
Total investments at fair value	1,461,618	389,977	29,450	1,131,963	3,013,008
Total assets at fair value	\$ 1,461,618	\$ 393,477	\$ 29,450	\$ 1,131,963	\$ 3,016,508
<u>As of June 30, 2024 (in thousands)</u>	NAV	Classified in Fair Value Hierarchy			Total Fair Value
		Level 1	Level 2	Level 3	
Cash equivalents at fair value	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Investments:</u>					
Annuities	-	-	9,499	7,922	17,421
Balanced funds	-	21,864	-	-	21,864
Cash and cash equivalents	-	36,567	-	-	36,567
Fixed income:					
Asset-backed securities	10,850	-	9,212	-	20,062
Corporate debt securities	15,620	-	16,094	-	31,714
Government debt securities	-	112,799	-	-	112,799
Other	46,666	14,531	400	-	61,597
Global equity	744,238	175,422	-	-	919,660
Hedge funds	305,258	-	-	-	305,258
Private equity	207,756	-	-	-	207,756
Real estate	-	288	-	1,044,174	1,044,462
Split-interest agreements - Trusts held by others	-	-	-	46,838	46,838
Unrealized gain - open futures contracts and swaps	-	1,170	3,583	-	4,753
Total investments at fair value	1,330,388	362,641	38,788	1,098,934	2,830,751
Total assets at fair value	\$ 1,330,388	\$ 362,641	\$ 38,788	\$ 1,098,934	\$ 2,830,751

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

Cash and cash equivalents – These investments include cash deposits in investment funds, money market accounts, and other short-term, highly liquid investments. They are priced using independent market prices in the primary trading market and are classified as Level 1.

Annuities – These investments, associated with the University’s deferred compensation plan, include both variable- and fixed-rate annuities. Level 2 assets are not publicly traded, but have established NAV or are based on quoted prices for similar assets. Level 3 assets are guaranteed fixed-annuity contracts issued by an insurance company.

Balanced Funds – These investments, associated with the University’s deferred compensation plan, are mutual funds which hold a mix of equity and fixed income investments. These publicly-traded funds are categorized as Level 1.

Fixed income – These investments generally include asset-backed securities, convertible bonds, corporate debt, investment funds with fixed income portfolios, federal and municipal bonds, and U.S. Treasury notes. These assets are primarily valued using market prices, such as broker quotes, for the same or similar instruments. Securities in this category that trade in less active markets and are redeemable in the near term are typically categorized as Level 2. The fair value of fixed income investment funds not publicly traded has been estimated using the NAV of the funds which are calculated by the investment manager, and excluded from fair value leveling.

Global equity – These investments generally include separately held accounts, shares in commingled funds, and global equity holdings. Securities traded on an active exchange are priced using unadjusted market quotes for identical assets and are classified as Level 1. The fair value of commingled funds has been estimated using the NAV of the funds which are calculated by the investment manager, and excluded from fair value leveling.

Hedge funds – This investment is structured as a fund of funds vehicle and employs a diverse range of investment strategies, including long and short equity, long and short credit, quantitative, event-driven, and global macro. The fair value has been estimated using the NAV of the funds which are calculated by the investment manager, and excluded from fair value leveling.

Private equity – These investments generally include limited partnerships that are not publicly traded and cannot be redeemed because the investments include restrictions that do not allow redemption through maturity. The fair values of these investments have been estimated using the NAV of the funds, which are calculated by the investment manager and are excluded from fair value leveling. The valuation policies adopted by the manager are reviewed for propriety, consistency, compliance, and completeness. For a small percentage of these investments, the manager reported NAV is prepared using non-U.S. GAAP, which may differ from fair value reported under U.S. GAAP. Where material differences are known to exist, management bases its measurements on fair value estimates obtained from the investment managers and/or third-party valuation advisors. Quantitative information about the significant unobservable inputs used in arriving at these fair value measurements is not readily available. Changes to these inputs may result in significant changes to the fair value measurement and such changes could be material to the consolidated financial statements.

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

<b>As of June 30, 2025</b>					
	Fair Value <i>(in thousands)</i>	Valuation Techniques	Unobservable Inputs	Rate	Weighted Average
Mixed use multi-family property	\$ 239,900	Income approach	Exit capitalization rate	5.75%	N/A
			Discount rate	7.25%	N/A
Office building	\$ 148,000	Income approach	Exit capitalization rate	8.25%	N/A
			Discount rate	9.75%	N/A
Ground leased real estate	\$ 686,800	Income approach	Capitalization rate	4.75 - 5.25%	4.91%
			Discount rate	6.13 - 6.38%	6.25%
<b>As of June 30, 2024</b>					
	Fair Value <i>(in thousands)</i>	Valuation Techniques	Unobservable Inputs	Rate	Weighted Average
Mixed use multi-family property	\$ 226,400	Income approach	Exit capitalization rate	6.00%	N/A
			Discount rate	7.50%	N/A
Office building	\$ 163,000	Income approach	Exit capitalization rate	8.25%	N/A
			Discount rate	9.75%	N/A
Ground leased real estate	\$ 654,000	Income approach	Capitalization rate	4.75 - 5.25%	4.91%
			Discount rate	6.25 - 6.50%	6.38%

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

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

<i>(in thousands)</i> Category of Investment	2025				2024
	Fair Value	Unfunded commitments	Redemption frequency	Redemption notice period	Fair Value
Fixed income - asset-backed securities	\$ 11,919	\$ -	Quarterly	15 days	\$ 10,850
Fixed income - corporate debt securities	16,983	-	Quarterly	60-90 days	15,620
Fixed income - other	59,981	29,437	Quarterly to redemption not permitted during life of fund	90 days to N/A	46,666
Global equity	810,971	-	Daily to quarterly	1-90 days	744,238
Hedge funds	330,123	-	Quarterly	90 days	305,258
Private equity	231,641	234,077	Redemption not permitted during life of fund	N/A	207,756
Total	<u>\$ 1,461,618</u>	<u>\$ 263,514</u>			<u>\$ 1,330,388</u>

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

Fixed income - other – These assets are primarily composed of credit instruments and equity securities in North America and Europe. There are no funds in liquidation as of June 30, 2025.

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

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**Changes in Level 3 Assets**

*(in thousands)*

	<b>2025</b>					
	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, 2025
Real estate	\$ 1,044,174	\$ 31,388	\$ -	\$ -	\$ 1,075,562	\$ 31,388
Split-interest agreements - trusts held by others	46,838	1,757	-	(67)	48,528	1,750
Annuities	7,922	278	108	(435)	7,873	-
	<u>\$ 1,098,934</u>	<u>\$ 33,423</u>	<u>\$ 108</u>	<u>\$ (502)</u>	<u>\$ 1,131,963</u>	<u>\$ 33,138</u>

*(in thousands)*

	<b>2024</b>					
	Beginning of year	Net realized/ unrealized gains (losses)	Purchases/ additions	Sales/Transfers	End of year	Total net gains (losses) included in earnings attributable to the change in net unrealized gains (losses) for assets still held at June 30, 2024
Real estate	\$ 1,125,786	\$ (223,113)	\$ 141,501	\$ -	\$ 1,044,174	\$ (223,113)
Split-interest agreements - trusts held by others	45,282	1,951	-	(395)	46,838	1,828
Annuities	8,037	286	152	(553)	7,922	-
	<u>\$ 1,179,105</u>	<u>\$ (220,876)</u>	<u>\$ 141,653</u>	<u>\$ (948)</u>	<u>\$ 1,098,934</u>	<u>\$ (221,285)</u>

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, 2025 or June 30, 2024.

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

*(in thousands)*

	<u>2025</u>	<u>2024</u>
	<u>Investment income, net</u>	<u>Investment income, net</u>
Total net gains (losses) included in changes in net assets	\$ 33,145	\$ (221,162)
Change in net unrealized gains (losses) relating to assets still held at June 30	\$ 33,138	\$ (221,285)

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**Note 7 - Endowment**

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

**Interpretation of Relevant Law**

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

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

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

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

*(in thousands)*

	<b>June 30, 2025</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 1,746,264	\$ 893,444	\$ 2,639,708
Investment return, net	171,940	122,817	294,757
Contributions	2,755	18,691	21,446
Endowment payout	(81,784)	(38,511)	(120,295)
Reinvestment of payout and internal transfers	(45,669)	22,612	(23,057)
Endowment net assets, end of year	<u>\$ 1,793,506</u>	<u>\$ 1,019,053</u>	<u>\$ 2,812,559</u>

*(in thousands)*

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

During the year ending June 30, 2025, the University borrowed \$45.0 million from its quasi-endowment funds, to provide liquidity. This is reflected within the Reinvestment of payout and internal transfers line of Without donor restrictions. The full \$45.0 million was repaid to the endowment on August 15, 2025.

### **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 \$330.5 million and \$310.4 million as of June 30, 2025 and 2024, respectively.

As of June 30, 2025, a deficiency of \$0.4 million existed on an original gift value of \$7.4 million. As of June 30, 2024, a deficiency of \$1.3 million existed on an original gift value of \$14.5 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.

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**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)*

	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
Land	\$ 218,610	\$ 194,315
Buildings	2,647,339	2,556,983
Construction in progress	82,503	86,180
Furniture and equipment	242,967	238,241
Library and historical research materials	37,676	44,029
Equipment under finance leases	26,163	25,108
	<u>3,255,258</u>	<u>3,144,856</u>
Accumulated depreciation	<u>(1,416,368)</u>	<u>(1,338,717)</u>
Total	<u>\$ 1,838,890</u>	<u>\$ 1,806,139</u>

Depreciation expense was \$103.2 million and \$98.8 million for the fiscal years ending June 30, 2025 and 2024, respectively.

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**Note 9 - Leases**

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

*(in thousands)*

**Components of lease cost:**

	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
Operating lease cost	\$ 18,385	\$ 18,599
Finance lease cost:		
Amortization of right-of-use assets	5,189	4,800
Interest on lease liabilities	731	513
Total finance lease cost	5,920	5,313
Total lease cost	\$ 24,305	\$ 23,912

*(in thousands)*

**Supplemental cash flow information related to leases:**

	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 19,350	\$ 18,642
Operating cash flows from finance leases	\$ 736	\$ 513
Financing cash flows from finance leases	\$ 5,342	\$ 4,913

Right-of-use assets obtained in exchange for lease obligations:

Operating leases	\$ 5,161	\$ 12,893
Finance leases	\$ 3,435	\$ 11,371

*(in thousands)*

**Supplemental balance sheet information related to leases:**

	<b>June 30, 2025</b>		<b>June 30, 2024</b>	
	<b>Operating</b>	<b>Finance</b>	<b>Operating</b>	<b>Finance</b>
Right-of-use assets	\$ 144,304	\$ 26,163	\$ 146,021	\$ 25,108
Accumulated amortization	(67,769)	(12,851)	(60,424)	(10,041)
	\$ 76,535	\$ 13,312	\$ 85,597	\$ 15,067
Lease liabilities	\$ 88,063	\$ 12,879	\$ 98,106	\$ 14,410

**Weighted Average Remaining**

**Lease Term (years):** 7.33 3.89 7.66 4.04

**Weighted Average Discount Rate:** 4.05% 5.25% 3.93% 4.60%

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*(in thousands)*

**Lease maturity table:**

Fiscal Year Ending June 30:	<b>Operating</b>	<b>Finance</b>
2026	\$ 17,237	\$ 5,026
2027	17,552	3,985
2028	14,978	3,037
2029	13,418	672
2030	12,114	474
Thereafter	26,064	958
	<u>101,363</u>	<u>14,152</u>
Less effects of discounting	(13,300)	(1,273)
Total	<u>\$ 88,063</u>	<u>\$ 12,879</u>

**Note 10 - Accounts Payable and Accrued Expenses**

<i>(in thousands)</i>	<b>June 30</b>	
	<u>2025</u>	<u>2024</u>
Accrued building construction payable	\$ 20,771	\$ 27,914
Accrued interest payable	19,755	19,755
Accrued other liabilities	43,885	48,059
Accrued payroll and related liabilities	174,510	151,609
Accumulated postretirement liability	6,197	6,101
Split-interest agreements	7,915	8,129
Self-insurance reserves	81,590	80,694
Trade payables	43,547	26,191
Other payables	9,814	10,561
Total	<u>\$ 407,984</u>	<u>\$ 379,013</u>

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**Note 11 – Debt**

<i>(in thousands)</i>	Final Scheduled Maturities	June 30		
		2025		2024
		Ending Interest Rate	Amount Outstanding	Amount Outstanding
<b>Taxable bonds:</b>				
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
<b>Notes payable:</b>				
GWU revolving credit facility, \$300.0 million	6/16/2027	SOFR + 0.45%	298,000	130,000
MFA revolving credit facility, \$75.0 million	10/29/2025	SOFR + a variable %	72,415	68,277
MFA term loan with a vendor	7/31/2024	Fixed 3.5%	-	927
MFA term loan with a national bank	4/5/2027	SOFR + a variable %	9,699	14,744
MFA term loan secured by real estate	4/5/2028	SOFR + a variable %	30,049	30,960
MFA term loans with a national bank	5/31/2029	Fixed 3.152 to 8.14%	4,920	4,383
			2,280,083	2,114,291
Less: Debt issuance costs			(7,576)	(8,005)
Plus: Finance lease liability			12,879	14,410
Total			\$ 2,285,386	\$ 2,120,696

On July 7, 2025, the University amended its revolving credit facility with a national bank, increasing the credit limit to \$450 million, through June 29, 2026. Effective June 30, 2026, through the maturity date of June 16, 2027, the credit limit reverts back to \$300 million. Interest is based on SOFR plus an applicable spread dependent upon the University's credit rating and the facility is secured by real estate.

MFA has swap agreements associated with a term loan with a national bank and the term loan secured by real estate, to convert the variable interest rates to fixed rates of 3.43% and 3.96%, respectively. The interest rates on certain MFA notes payable are based on SOFR plus a percentage, which varies based on the deposit balance held at the bank. Subsequent to June 30, 2025, MFA extended the term of the revolving credit facility to October 29, 2025. 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, 2025, principal payments are due on bonds and note payable in accordance with the following schedule:

<u>Fiscal Year Ending June 30</u>	<i>(in thousands)</i>
2026	\$ 80,771
2027	304,737
2028	29,024
2029	492
2030	59
Thereafter	1,865,000
Total	\$ 2,280,083

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**Note 12 - Commitments and Contingencies**

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

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

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

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

**THE GEORGE WASHINGTON UNIVERSITY**  
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**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.

<b>June 30, 2025</b>				
<i>(in thousands)</i>				
<b>Nature of Specific Net Assets</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total Net Assets</b>	<b>Required to be Held in Perpetuity</b>
Donated building funds	\$ -	\$ 1,231	\$ 1,231	\$ -
Quasi-endowment funds	1,793,506	-	1,793,506	-
Donor restricted endowment funds	-	1,019,053	1,019,053	330,451
Loan funds	1,139	4,704	5,843	4,704
Contributions receivable	-	35,844	35,844	339
Split-interest funds	11,969	57,045	69,014	31,718
Patient care	(447,317)	-	(447,317)	-
Net investment in plant and other	(150,706)	68,567	(82,139)	13,535
	<u>\$ 1,208,591</u>	<u>\$ 1,186,444</u>	<u>\$ 2,395,035</u>	<u>\$ 380,747</u>

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

**THE GEORGE WASHINGTON UNIVERSITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**Note 14 - Program and Supporting Activities Expense**

	<b>June 30, 2025</b>					
<i>(in thousands)</i>	<b>Academic and student support</b>	<b>Patient care</b>	<b>Research</b>	<b>Total program</b>	<b>Support services</b>	<b>Total expenses</b>
Salaries and benefits	\$ 637,737	\$ 252,491	\$ 131,755	\$ 1,021,983	\$ 99,745	\$ 1,121,728
Purchased services	182,768	61,785	87,632	332,185	37,597	369,782
Depreciation	82,288	7,052	5,510	94,850	8,337	103,187
Interest	79,741	7,573	4,891	92,205	2,873	95,078
Occupancy	65,185	12,796	6,272	84,253	9,241	93,494
Medical supplies	453	89,426	29	89,908	-	89,908
Scholarships and fellowships	19,867	-	-	19,867	-	19,867
Other	74,723	20,290	11,210	106,223	16,536	122,759
Total operating expenses	\$ 1,142,762	\$ 451,413	\$ 247,299	\$ 1,841,474	\$ 174,329	\$ 2,015,803
Other components of net periodic benefit cost	(74)	-	(16)	(90)	(12)	(102)
Total	\$ 1,142,688	\$ 451,413	\$ 247,283	\$ 1,841,384	\$ 174,317	\$ 2,015,701

  

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

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

**Note 15 - Retirement Plans and Postretirement Benefits**

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

The plan consists of both a noncontributory and a matching component. All eligible participants receive a contribution equal to 4% of their base salary. In addition, for those employees electing to participate in the matching portion of the program, the University contributes an additional amount equal to 1½% for each 1% of eligible compensation contributed by the employee, but not to exceed an amount equal to 6% of the participant's eligible compensation. Participants are immediately fully vested in both types of the University's contributions. Eligible participants direct the investment of contributions made on their behalf. For eligible participants who do not provide investment direction for contributions, the University contributions are invested in a Qualified Default Investment Alternative based on the expected year of retirement. University contributions to the retirement plan amounted to \$45.9 million and \$42.8 million for the years ending June 30, 2025 and 2024, respectively.

**THE GEORGE WASHINGTON UNIVERSITY  
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The University provides health care and life insurance benefits to certain retired employees. These employees become eligible for benefits after meeting age and service requirements. The University's postretirement benefit plan provides a Medicare health insurance exchange for retirees and long-term disability participants who are age 65 or older. A Retiree Health Savings Plan is provided for retirees who are under age 65 or are not Medicare eligible. The University's policy is to fund postretirement benefits as payments are made. Accounts payable and accrued expenses include accumulated postretirement liability of \$6.2 million and \$6.1 million as of June 30, 2025 and 2024, respectively.

**Note 16 – Subsequent Events**

The University has performed an evaluation of subsequent events through September 26, 2025, which is the date the financial statements were issued, noting no events which affect the financial statements as of June 30, 2025, other than as disclosed in Note 7 and Note 11.

Supplementary Consolidating Information

**Supplemental Schedule to the Consolidated Financial Statements**  
**Consolidating Balance Sheet**  
**As of June 30, 2025**  
*(in thousands)*

	<u>GWU</u>	<u>MFA</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23,196	\$ 23,108	\$ -	\$ 46,304
Accounts receivable, net	151,324	78,437	(53,396)	176,365
Contributions receivable, net	35,844	-	-	35,844
Investments	3,008,472	46,286	(3,109)	3,051,649
Loans and notes receivable, net	7,435	-	-	7,435
Loans to MFA	370,904	-	(370,904)	-
Property, plant, and equipment, net	1,774,031	64,859	-	1,838,890
Operating lease right of use assets, net	48,239	54,204	(25,908)	76,535
Other assets	40,954	7,514	-	48,468
<b>Total assets</b>	<b>\$ 5,460,399</b>	<b>\$ 274,408</b>	<b>\$ (453,317)</b>	<b>\$ 5,281,490</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 290,363	\$ 170,651	\$ (53,030)	\$ 407,984
Deferred revenue and deposits	98,957	866	-	99,823
Operating lease liability	55,644	58,693	(26,274)	88,063
Debt, net	2,167,884	117,502	-	2,285,386
Loans from GWU	-	370,904	(370,904)	-
Funds advanced for student loans	5,199	-	-	5,199
<b>Total liabilities</b>	<b>2,618,047</b>	<b>718,616</b>	<b>(450,208)</b>	<b>2,886,455</b>
<b>NET ASSETS</b>				
Without donor restrictions	1,655,908	(444,208)	(3,109)	1,208,591
With donor restrictions	1,186,444	-	-	1,186,444
<b>Total net assets</b>	<b>2,842,352</b>	<b>(444,208)</b>	<b>(3,109)</b>	<b>2,395,035</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,460,399</b>	<b>\$ 274,408</b>	<b>\$ (453,317)</b>	<b>\$ 5,281,490</b>

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, 2025**  
*(in thousands)*

	<u>GWU</u>	<u>MFA</u>	<u>Eliminations</u>	<u>Total</u>
<b>OPERATING REVENUE</b>				
Student tuition and fees, net	\$ 836,514	\$ -	\$ (281)	\$ 836,233
Patient care, net	-	308,541	-	308,541
Grants and contracts including indirect cost recoveries	237,158	1,606	-	238,764
Auxiliary enterprises, net	138,610	1,376	-	139,986
Endowment income distributed for operations	111,526	-	-	111,526
Medical education agreements	93,326	23,124	(32,298)	84,152
Contributions	15,664	-	-	15,664
Investment income used in operations	14,157	1,516	(13,116)	2,557
Net assets released from restrictions	12,131	-	-	12,131
Other	52,696	57,599	(29,754)	80,541
<b>Total operating revenue</b>	<u>1,511,782</u>	<u>393,762</u>	<u>(75,449)</u>	<u>1,830,095</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	852,394	269,619	(285)	1,121,728
Purchased services	348,508	69,869	(48,595)	369,782
Depreciation	96,135	7,052	-	103,187
Interest	87,505	20,689	(13,116)	95,078
Occupancy	80,764	20,110	(7,380)	93,494
Medical supplies	460	89,448	-	89,908
Scholarships and fellowships	19,787	80	-	19,867
Other	101,954	26,878	(6,073)	122,759
<b>Total operating expenses</b>	<u>1,587,507</u>	<u>503,745</u>	<u>(75,449)</u>	<u>2,015,803</u>
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<u>(75,725)</u>	<u>(109,983)</u>	<u>-</u>	<u>(185,708)</u>
<b>NON-OPERATING ACTIVITIES</b>				
Investment income, net	306,305	-	-	306,305
Net assets released from restriction	(12,131)	-	-	(12,131)
Contributions, net	54,831	-	-	54,831
Endowment income distributed for operations	(111,526)	-	-	(111,526)
Other	(20,555)	9,863	-	(10,692)
<b>Total non-operating activities</b>	<u>216,924</u>	<u>9,863</u>	<u>-</u>	<u>226,787</u>
<b>CHANGE IN NET ASSETS</b>	141,199	(100,120)	-	41,079
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>	<u>2,701,153</u>	<u>(344,088)</u>	<u>(3,109)</u>	<u>2,353,956</u>
<b>NET ASSETS AT THE END OF THE YEAR</b>	<u>\$ 2,842,352</u>	<u>\$ (444,208)</u>	<u>\$ (3,109)</u>	<u>\$ 2,395,035</u>

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

**THE GEORGE WASHINGTON UNIVERSITY  
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS  
JUNE 30, 2025 and 2024**

**Basis of Presentation – Supplementary Consolidating Information**

The consolidating supplemental schedules as of and for the year ending June 30, 2025, 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.