



WAKE FOREST UNIVERSITY

Independent Auditor's Reports as Required by Title 2 U.S. Code of
Federal Regulations Part 200, Uniform Administrative Requirements, Cost
Principles, and Audit Requirements for Federal Awards (Uniform
Guidance) and *Government Auditing Standards* and Related Information

Year Ended June 30, 2023

(With Independent Auditors' Report Thereon)

WAKE FOREST UNIVERSITY

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KPMG LLP
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Independent Auditors' Report

The Board of Trustees of Wake Forest University:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Wake Forest University (the University), which comprise the consolidated balance sheet as of June 30, 2023, the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, 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 available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 GAAS and *Government Auditing Standards* 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 GAAS and *Government Auditing Standards*, 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.

Report on Summarized Comparative Information

We have previously audited Wake Forest University's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in the consolidated balance sheet, consolidated statement of activities, consolidated statement of cash flows, and the accompanying notes related to the College of Arts and Sciences, Schools of Law, Business, and Divinity, and Reynolda House, Inc. (collectively, Reynolda Campus); and Wake Forest University Health Sciences (WFUHS) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an



audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Winston-Salem, North Carolina
November 7, 2023

WAKE FOREST UNIVERSITY

Consolidated Balance Sheet

June 30, 2023

(with summarized comparative financial information as of June 30, 2022)

(Dollars in thousands)

	Supplementary information		2023	2022
	Reynolda Campus	WFUHS		
Assets:				
Cash and cash equivalents	\$ 62,265	24,473	86,738	71,406
Accounts receivable, net	24,039	198,497	222,536	213,078
Patient receivables	—	84,928	84,928	74,326
Contributions receivable, net	115,390	9,320	124,710	147,099
Notes receivable, net	7,820	259	8,079	10,094
Investments	1,724,702	1,280,272	3,004,974	2,821,059
Direct investments in real estate	10,203	—	10,203	11,138
Other assets	10,690	26,468	37,158	39,640
Right-of-use assets-operating	23,400	111,601	135,001	152,772
Land, buildings, and equipment, net	736,930	344,194	1,081,124	1,083,219
Total assets	\$ 2,715,439	2,080,012	4,795,451	4,623,831
Liabilities:				
Accounts payable and accruals	\$ 52,029	359,634	411,663	478,202
Other liabilities and deferrals	120,178	250,060	370,238	214,766
Annuities payable	18,924	3,216	22,140	20,106
Operating lease obligations	22,361	116,303	138,664	156,744
Notes payable and finance leases	59,718	40,658	100,376	111,971
Bonds payable	523,121	118,812	641,933	652,308
Postretirement benefits	11,549	19,413	30,962	32,844
Total liabilities	807,880	908,096	1,715,976	1,666,941
Net assets:				
Without donor restrictions	871,761	850,826	1,722,587	1,636,810
Noncontrolling interest in affiliate	567	941	1,508	1,395
With donor restrictions	1,035,231	320,149	1,355,380	1,318,685
Total net assets	1,907,559	1,171,916	3,079,475	2,956,890
Total liabilities and net assets	\$ 2,715,439	2,080,012	4,795,451	4,623,831

See accompanying notes to consolidated financial statements.

WAKE FOREST UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2023

(with summarized comparative financial information for the year ended June 30, 2022)

(Dollars in thousands)

	Without donor restrictions	With donor restrictions	2023	2022
Operating revenues:				
Student tuition and fees	\$ 350,623	—	350,623	342,960
Government grants and contracts	243,636	—	243,636	222,714
Private grants and contracts	9,875	59,858	69,733	37,514
Contributions	31,068	26,626	57,694	54,707
Investment return designated for current operations	74,998	38,104	113,102	99,171
Patient revenue	786,474	—	786,474	715,862
Other	374,630	(858)	373,772	274,064
Sales and services of auxiliary enterprises	122,977	—	122,977	106,942
Net assets released from restrictions	105,971	(105,971)	—	—
Total operating revenues	2,100,252	17,759	2,118,011	1,853,934
Operating expenses:				
Salaries and wages	1,123,087	—	1,123,087	1,023,131
Employee benefits	244,972	—	244,972	232,500
Student aid	13,429	—	13,429	12,549
Services	295,617	—	295,617	245,000
Clinical and laboratory supplies	111,314	—	111,314	111,234
Other operating expenses	163,456	—	163,456	153,242
Depreciation and amortization	89,650	—	89,650	85,054
Interest on debt	26,758	—	26,758	25,747
Total operating expenses	2,068,283	—	2,068,283	1,888,457
Operating (deficit) / excess	31,969	17,759	49,728	(34,523)
Nonoperating activities:				
Restricted contributions	—	13,579	13,579	56,687
Net assets released from restriction	8,183	(8,183)	—	—
Investment return (less than) / in excess of amounts designated for current operations	(3,700)	2,641	(1,059)	(131,453)
Actuarial (losses) gains on annuity obligations	—	(607)	(607)	1,794
Unrealized gains on interest rate swaps	4,444	—	4,444	11,466
Postretirement related changes other than service costs	902	—	902	6,229
Gains from affiliates, equity method	39,685	—	39,685	9,910
Equity transfer from affiliate	—	10,000	10,000	7,996
Other, net	4,295	1,506	5,801	(4,214)
Change from nonoperating activities	53,809	18,936	72,745	(41,585)
Change in net assets	85,778	36,695	122,473	(76,108)
Change in net assets attributable to noncontrolling interest	112	—	112	303
Net assets attributable to noncontrolling interest at beginning of year	1,395	—	1,395	1,092
Net assets at beginning of year	1,636,810	1,318,685	2,955,495	3,031,603
Net assets at end of year	\$ 1,724,095	1,355,380	3,079,475	2,956,890

See accompanying notes to consolidated financial statements.

WAKE FOREST UNIVERSITY

Consolidated Statement of Activities

College of Arts and Sciences, Schools of Law, Business, and Divinity, and Reynolda House, Inc.
(Supplementary Information)

Year ended June 30, 2023

(Dollars in thousands)

	Without donor restrictions	With donor restrictions	Total
Operating revenues:			
Student tuition and fees	\$ 309,233	—	309,233
Government grants and contracts	12,341	—	12,341
Private grants and contracts	9,791	—	9,791
Contributions	26,858	24,370	51,228
Investment return designated for current operations	41,361	28,888	70,249
Other	13,305	—	13,305
Sales and services of auxiliary enterprises	122,977	—	122,977
Net assets released from restrictions	48,818	(48,818)	—
Total operating revenues	584,684	4,440	589,124
Operating expenses:			
Salaries and wages	244,482	—	244,482
Employee benefits	63,667	—	63,667
Student aid	4,084	—	4,084
Services	76,659	—	76,659
Other operating expenses	71,968	—	71,968
Depreciation and amortization	52,183	—	52,183
Interest on debt	20,108	—	20,108
Total operating expenses	533,151	—	533,151
Operating excess	51,533	4,440	55,973
Nonoperating activities:			
Restricted contributions	—	3,661	3,661
Net assets released from restriction	8,183	(8,183)	—
Investment return (less than) / in excess of amounts designated for current operations	(3,849)	3,198	(651)
Actuarial losses on annuity obligations	—	(1,146)	(1,146)
Unrealized gains on interest rate swaps	3,499	—	3,499
Postretirement related changes other than service costs	351	—	351
Other, net	707	1,509	2,216
Change from nonoperating activities	8,891	(961)	7,930
Change in net assets	60,424	3,479	63,903
Change in net assets attributable to noncontrolling interest	132	—	132
Net assets attributable to noncontrolling interest at beginning of year	434	—	434
Net assets at beginning of year	811,338	1,031,752	1,843,090
Net assets at end of year	\$ 872,328	1,035,231	1,907,559

See accompanying notes to consolidated financial statements.

WAKE FOREST UNIVERSITY
Consolidated Statement of Activities
Wake Forest University Health Sciences
(Supplementary Information)
Year ended June 30, 2023
(Dollars in thousands)

	Without donor restrictions	With donor restrictions	Total
Operating revenues:			
Student tuition and fees	\$ 41,390	—	41,390
Government grants and contracts	231,295	—	231,295
Private grants and contracts	84	59,858	59,942
Contributions	4,210	2,256	6,466
Investment return designated for current operations	33,637	9,216	42,853
Patient service revenue	786,474	—	786,474
Other	361,325	(858)	360,467
Net assets released from restrictions	57,153	(57,153)	—
Total operating revenues	<u>1,515,568</u>	<u>13,319</u>	<u>1,528,887</u>
Operating expenses:			
Salaries and wages	878,605	—	878,605
Employee benefits	181,305	—	181,305
Student aid	9,345	—	9,345
Services	218,958	—	218,958
Clinical and laboratory supplies	111,314	—	111,314
Other operating expenses	91,488	—	91,488
Depreciation and amortization	37,467	—	37,467
Interest on debt	6,650	—	6,650
Total operating expenses	<u>1,535,132</u>	<u>—</u>	<u>1,535,132</u>
Operating (deficit) / excess	<u>(19,564)</u>	<u>13,319</u>	<u>(6,245)</u>
Nonoperating activities:			
Restricted contributions	—	9,918	9,918
Investment return in excess of / (less than) amounts designated for current operations	149	(557)	(408)
Actuarial gains on annuity obligations	—	539	539
Unrealized gains on interest rate swaps	945	—	945
Postretirement related changes other than service costs	551	—	551
Gain from affiliates, equity method	39,685	—	39,685
Equity transfer from affiliate	—	10,000	10,000
Other, net	3,588	(3)	3,585
Change from nonoperating activities	<u>44,918</u>	<u>19,897</u>	<u>64,815</u>
Change in net assets	25,354	33,216	58,570
Change in net assets attributable to noncontrolling interest	(20)	—	(20)
Net assets attributable to noncontrolling interest at beginning of year	961	—	961
Net assets at beginning of year	<u>825,472</u>	<u>286,933</u>	<u>1,112,405</u>
Net assets at end of year	<u>\$ 851,767</u>	<u>320,149</u>	<u>1,171,916</u>

See accompanying notes to consolidated financial statements.

WAKE FOREST UNIVERSITY

Consolidated Statement of Cash Flows

Year ended June 30, 2023

(with summarized comparative financial information for the year ended June 30, 2022)

(Dollars in thousands)

	Supplementary information			
	Reynolda Campus	WFOHS	2023	2022
Cash flows from operating activities:				
Change in net assets	\$ 64,035	58,550	122,585	(75,805)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	50,668	37,467	88,135	83,901
Amortization of debt related costs	(969)	(1,138)	(2,107)	(2,106)
Amortization of right-of-use operating assets	3,579	34,832	38,411	21,313
Net depreciation (gains) on investments	(38,148)	(42,445)	(80,593)	43,374
Noncash gifts	—	—	—	(160)
Private gifts restricted for capital and long-term investment	3,661	(9,918)	(6,257)	(49,004)
Losses on disposals of property and equipment	973	49	1,022	2,866
Losses on impairment of property held for sale	487	—	487	87
Gains from equity method affiliates	—	(39,685)	(39,685)	(9,910)
Unrealized (gains) losses on interest rate swaps	(3,499)	(945)	(4,444)	7,444
Bad debt expense and change in allowance for contributions receivable	(2,147)	63	(2,084)	4,468
Changes in operating assets and liabilities:				
Accounts and patient receivables	(2,873)	(17,450)	(20,323)	(113,037)
Contributions receivable	24,222	524	24,746	(11,704)
Notes receivable	—	17	17	26
Operating lease right-of-use assets, net	(930)	(19,710)	(20,640)	8,620
Other assets and other liabilities and deferrals	35,412	126,217	161,629	(35,451)
Accounts payable and accruals	1,042	(64,483)	(63,441)	100,572
Operating lease liabilities	(2,707)	(15,372)	(18,079)	(30,200)
Postretirement benefits	(175)	(1,707)	(1,882)	(7,985)
Annuities payable	2,573	(539)	2,034	(4,609)
Net cash provided by / (used in) operating activities	<u>135,204</u>	<u>44,327</u>	<u>179,531</u>	<u>(67,300)</u>
Cash flows from investing activities:				
Purchases of land, buildings, and equipment	(80,304)	(8,993)	(89,297)	(163,791)
Proceeds from sale of land, buildings, and equipment	399	109	508	1,305
Disbursements of loans to students and other	(180)	—	(180)	(175)
Repayments of loans to students and other	2,168	—	2,168	3,074
Purchases of investments	(367,378)	(91,245)	(458,623)	(387,245)
Net proceeds from sales and maturities of investments	342,467	56,590	399,057	421,493
Decrease (Increase) in deposits with bond trustees	—	—	—	6
Net cash used in investing activities	<u>(102,828)</u>	<u>(43,539)</u>	<u>(146,367)</u>	<u>(125,333)</u>
Cash flows from financing activities:				
Change in government grants refundable	—	—	—	(2,049)
Proceeds from notes payable	1,104	—	1,104	307
Principal payments on notes payable	(9,170)	(2,860)	(12,030)	(6,079)
Principal payments on bonds payable	(1,380)	(7,020)	(8,400)	(7,480)
Bond issuance costs	132	—	132	129
Proceeds from finance lease obligations	3,286	—	3,286	114
Payments on finance lease obligations	(2,653)	(1,394)	(4,047)	(3,505)
Proceeds from private gifts restricted for long-term investment	(3,661)	9,918	6,257	49,004
Other revenue restricted for long-term investment	(4,774)	—	(4,774)	8,166
Net cash provided by (used in) financing activities	<u>(17,116)</u>	<u>(1,356)</u>	<u>(18,472)</u>	<u>38,607</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	15,260	(568)	14,692	(154,026)
Cash, cash equivalents and restricted cash at beginning of year	47,005	26,291	73,296	227,322
Cash, cash equivalents and restricted cash at end of year	<u>\$ 62,265</u>	<u>25,723</u>	<u>87,988</u>	<u>73,296</u>
Cash and cash equivalents	\$ 62,265	24,473	86,738	71,406
Restricted cash	—	1,250	1,250	1,890
Total cash, cash equivalents, and restricted cash	<u>\$ 62,265</u>	<u>25,723</u>	<u>87,988</u>	<u>73,296</u>
Supplemental disclosures of cash flow information:				
Cash paid for interest, net of amounts capitalized	\$ 20,898	7,320	28,218	25,568
Capital expenditures included in account payable	13,797	1,879	15,676	18,774
Operating cash flows from finance leases	3,286	1,723	5,009	1,732
Operating cash flows from operating leases	4,459	28,082	32,541	32,573
Financing cash flows from finance leases	2,090	1,390	3,480	3,231
Income taxes paid	25	1,036	1,061	1,121

See accompanying notes to consolidated financial statements.

WAKE FOREST UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2023

(Dollars in Thousands)

(1) Organization and Summary of Significant Accounting Policies

(a) *Description of Wake Forest University*

Wake Forest University (the University) is a private, coeducational, not-for-profit institution of higher education and research located in Winston-Salem, North Carolina. The consolidated financial statements of the University include the Reynolda Campus and Wake Forest University Health Sciences (WFUHS), and all entities over which the University has control, including all of the subsidiaries of Reynolda Campus and WFUHS.

Reynolda Campus – includes Wake Forest College, the Graduate School of Arts and Sciences, Schools of Law, Business, Divinity, and Professional Studies, and consolidated subsidiaries including: Verger Capital Management, LLC (VCM), and Reynolda House, Inc. (collectively, Reynolda Campus).

WFUHS – a wholly owned subsidiary of the University, WFUHS is a North Carolina nonprofit corporation with the University as its sole member, that operates the Wake Forest University School of Medicine, educating medical students and others, providing patient care in a variety of clinical, hospital, and other healthcare settings, and conducting biomedical research. Its wholly owned affiliates are the Dialysis Centers of Wake Forest University, Wake Forest Innovation Quarter Development Co., Wake Forest Innovation Quarter CDC, Innovation Quarter (f/k/a Wake Forest Innovation Quarter Management Co.), WFIQ Holdings, LLC, WFIQ Holdings II, LLC, WFIQ Holdings III, LLC, Seed Stage Associates, LLC, Park IMP 1, LLC, BRF – A1, LLC, BRF Deck 1, LLC, BRF – A1a, LLC, Childress Institute for Pediatric Trauma, Wake Forest Emergency Providers, North District Owners Association, and RegenMed Development Organization.

Effective July 1, 2010, the governing boards of the University, WFUHS, North Carolina Baptist Hospital (NCBH), and Wake Forest University Baptist Medical Center (WFUBMC) approved a Medical Center Integration Agreement (the Integration Agreement, or MCIA) whereby an integrated academic medical center was created that combined clinical care, medical education and research under the delegated operational management and oversight of WFUBMC.

Pursuant to a health system integration agreement among the University, WFUBMC, WFUHS, NCBH, and the Charlotte Mecklenburg Hospital Authority (“CMHA”), a North Carolina hospital authority that operates a multi state integrated healthcare system in the southeastern United States, effective on October 9, 2020, WFUBMC and CMHA became participants in a single, integrated healthcare delivery and academic system (the “Enterprise”) managed and overseen by Atrium Health, Inc., a new joint operating company without members (“Atrium”) whose 16 person board of directors (the “Atrium Board”) initially consists of 13 CMHA designees and three WFUBMC designees; the Medical Center Integration Agreement (MCIA) was amended to include Atrium as a third member of WFUBMC and to reconstitute the WFUBMC Board to include seventeen voting directors of whom the University designates six, NCBH designates six, Atrium designates three, and the WFUBMC board elects two. The Medical Center (including WFUHS and the School of Medicine) was established as the academic core of the Enterprise responsible for its academic and research activities.

WAKE FOREST UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2023

(Dollars in Thousands)

Under this arrangement, each Enterprise participant and its affiliates will maintain its separate legal existence and continue to own its assets and retain all power, authorities, rights and remedies necessary or appropriate to allow it to comply with its pre existing debt instruments and any new debt instruments; all debt and other liabilities of each Enterprise participant will remain the debt and liabilities of such Enterprise participant regardless of when incurred (unless otherwise agreed); and no Enterprise participant assumes or guarantees the debt or other liabilities of any other Enterprise participant.

WFUBMC and CMHA delegated authority to Atrium to manage and oversee their activities and operations, subject to the authority of the University, WFUHS, and WFUBMC over academic and research matters, the exercise of certain reserved powers, and the carrying out of certain responsibilities by the WFUBMC Board and the CMHA Board of Commissioners.

The reserved powers of each Enterprise participant include the power to approve a change in its fundamental business or mission and, subject to the Atrium Board's approval, to develop its strategic plans (which will be generally consistent with those of the entire Enterprise) and its capital and operating budgets.

The School of Medicine continues as an academic unit owned and operated by the University through WFUHS. The Chief Academic Officer (CAO) reports exclusively to the President of the University on School of Medicine related academic matters and the President must consent to the appointment of the Dean of the School of Medicine by the CAO. The University, generally through the School of Medicine, continues to be responsible for, and have the authority regarding, all academic functions of the School of Medicine, including: managing research activities and support; compliance with regulatory and accreditation standards; medical curriculum and academic programs and classes; standards and processes for appointing, compensating, evaluating, promoting, granting tenure to and dismissing faculty; requirements, standards and processes relating to student admission, matriculation, conduct, evaluation/grading, promotion, and graduation (including awarding degrees in the School of Medicine); student clinical rotations, including assignments; processing and administering financial aid and student support services; administration and support of research; grant processing, and research performed by faculty, staff, and students of the School of Medicine; and other customary academic functions associated with the operation of medical schools and health science related programs. As such, the University shall continue to hold and exercise, at minimum, the degree of academic and academically related administrative authority over WFUBMC, the School of Medicine, and WFUHS that the University exercised prior to the creation of the Enterprise.

In addition to forming a unified health system, a second medical school campus of the School of Medicine will be established in Charlotte, which will operate under the authority of the University as stated above and which will be affiliated with Atrium and is scheduled to open to first year M.D. students in 2025. The addition of the second campus is expected to approximately double the enrollment of the School of Medicine. The integration transaction's objectives include fostering the mission of the School of Medicine through its new relationship with Atrium and the continued flourishing of the Medical Center.

WAKE FOREST UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2023

(Dollars in Thousands)

The University is not obligated for repayment of indebtedness issued by or for the performance of obligations of NCBH, WFUHS, the Medical Center, the School of Medicine, CMHA, Atrium or any other affiliate. The assets of the University have not been pledged to secure obligations of NCBH, WFUHS, the Medical Center, the School of Medicine, CMHA, Atrium or any other affiliate. Similarly, neither NCBH, WFUHS, the Medical Center, the School of Medicine, CMHA, Atrium nor any other affiliate is obligated for the repayment of indebtedness issued by or for the performance of obligations of the University.

Effective December 2022, Atrium and Advocate Aurora Health, Inc., a Delaware nonprofit corporation (Advocate Aurora), entered into a joint operating agreement to create a leading health and wellness delivery system to best meet patients' needs by redefining how, when and where care is delivered (the combination). Advocate Aurora, which serves nearly 3 million patients annually in Illinois and Wisconsin, is one of the 12 largest not-for-profit, integrated health systems in the United States and a national leader in clinical innovation, health outcomes, consumer experience and value-based care. As part of this agreement, the Enterprise and Advocate Aurora created a joint operating company known as Advocate Health, Inc. (Advocate Health). Atrium and Advocate Aurora are the sole corporate members of Advocate Health, which manages and oversees the combined organization. Advocate Health is governed by a board of directors comprising an equal number of members from the Enterprise and Advocate Aurora. The Enterprise and Advocate Aurora continue to own their respective assets. No assets were transferred as part of the combination, and the Enterprise and its related entities and Advocate Aurora and its related entities maintain their separate legal existence and licensure status of their respective facilities.

The overarching effect of the combination is that Advocate Health replaced Atrium as the management entity of the expanded Advocate Health System (including the Enterprise); but, as with the October 2020 Enterprise transaction, the University shall continue to hold and exercise, at a minimum, the degree of academic and academically-related administrative authority over WFUBMC, the School of Medicine, and WFUHS that the University exercised prior to the combination.

All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis in conformity with Generally Accepted Accounting Principles (GAAP).

Net assets are reported based on the existence or absence of donor-imposed restrictions and serve as the foundation of the accompanying consolidated financial statements.

Accordingly, net assets of the University and changes therein are classified and reported as follows:

- *Net Assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

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- *Net Assets with donor restrictions* – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the University and/or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity; generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Donor-restricted contributions are reported as increases in net assets with donor restrictions. Contributions which impose restrictions that are met in the same fiscal year they are received are reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases, respectively, in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities. For gifts of long-lived assets, these releases of restrictions are treated as nonoperating.

(c) Operating (Deficiency) Excess

Revenues earned, expenses incurred, and returns made available for the University's operating purposes of teaching, research, patient care, and other programs and services are components of the operating excess or deficiency presented in the consolidated statement of activities. The University considers the following items to be nonoperating activities: restricted contributions for capital and long-term investment and the related net assets released from restriction, investment return (less than) in excess of amounts designated for current operations, actuarial gain or loss on annuity obligations, unrealized gain on interest rate swaps, postretirement related changes other than service cost, gain from affiliates (equity method), donor designation changes and other, net.

(d) Fair Value Measurements

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The hierarchy requires the use of observable market data when available. The three levels of the fair value hierarchy are as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets as of the reporting date. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities are determined through direct or indirect observations other than quoted market prices.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies including discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions.

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Net asset value (NAV) – Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy.

In the event that changes in the inputs used in the fair value measurement of an asset or liability result in a transfer of the fair value measurement to a different categorization (e.g., from Level 3 to Level 2), such transfers between fair value categories are recognized at the end of the reporting period.

(e) Cash and Cash Equivalents

Cash equivalents include highly liquid investments with original maturities at date of purchase of three months or less. Such assets, reported at fair value, primarily consist of depository account balances, and money market funds. The University maintains bank accounts at various financial institutions covered by the Federal Depository Insurance Corporation (FDIC). At various times throughout the year, the University may maintain bank accounts in excess of the FDIC-insured limit. Management believes that the risk associated with these bank accounts is minimal.

Cash and cash equivalents that are managed as part of the University's unitized endowment are reported within investments on the consolidated balance sheet and excluded from cash in the consolidated statement of cash flows as these funds are not used for operating needs.

(f) Restricted Cash

The University maintains separate accounts to hold unspent tax-exempt bond proceeds which are restricted for capital purposes and to satisfy collateral posting requirements.

(g) Contributions Receivable

Pledges that represent unconditional promises to give are recognized at fair value as contributions with donor restrictions in the period such promises are made by donors. Pledges are recorded after discounting, using rates ranging from 2.41% – 4.24% in order to derive the present value of future cash flows. An allowance for uncollectible contributions receivable is provided based upon management's judgement, considering such factors as prior collection history, type of contribution, relationship with donor, and nature of fund-raising activity.

(h) Notes Receivable

Notes receivable, which are recorded at face value, principally represent amounts due from students under the Perkins Loan Program. A general allowance is made for uncollectible student loans after considering long-term collection experience and current trends. Other notes receivable are evaluated individually for impairment, with allowances based on management's expectations given facts and circumstances related to each note.

The University assigns loans receivable from students under governmental loan programs, also carried at cost, to the federal government. The University classifies refundable advances from the federal government as liabilities in the consolidated statement of financial position. Outstanding loans cancelled under a governmental program result in a reduction of the funds available for loan and a decrease in the liability to the government.

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(i) Investments

The University's Board of Trustees created an asset management company, VCM, that provides research, advice, counsel and management with respect to the University's primary investment portfolio. VCM manages the investment funds of Verger Capital Fund, LLC (Master Fund), Verger Fund I, LLC (Verger Fund I), and Verger Fund II, LLC (Verger Fund II). The Master Fund is controlled by the University and provides investment services for Verger Fund I and Verger Fund II. Verger Fund I was created to hold the Reynolda Campus long-term endowment and working capital pool and Verger Fund II was created to hold the WFUHS and Reynolda House long-term endowment and working capital pools.

Certain investments, however, are held in specific instruments outside of VCM to comply with donor restrictions or other considerations.

Valuation – Investments are recorded at fair value in the consolidated balance sheet. Investments in readily marketable debt and equity securities are stated at their fair values, which are determined based on quoted market prices. For shares in mutual funds, the University considers fair value based on share prices reported by the funds as of the last business day of the fiscal year. Investments in private equity and absolute return funds are generally reported at the net asset value (NAV) reported by fund managers and these values are reviewed and evaluated by the University's investment management company. Unless it is probable that all or a portion of the investment will be sold for an amount other than NAV, the University has concluded, as a practical expedient, that the NAV approximates fair value. Additionally, the University's interest in both Verger Fund I and Verger Fund II are included at NAV in investments on the consolidated balance sheet. Investments in joint ventures are accounted for using the equity method.

Risks – Investments are exposed to several risks, including interest rate, currency, market and credit risks. Due to the level of risk associated with certain investments, it is at least possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the University's consolidated financial statements.

Reporting – Investment transactions are accounted for on a trade date basis. Short and Intermediate term investment income is reported as investment return included in operating revenues and realized and unrealized gains (losses) are reported as nonoperating revenues. Long-term investment spending rate distribution (see Note 9) is reported as operating revenues and any excess (deficiency) of income and realized and unrealized gains (losses) earned on investments above (below) spending rate, including split-interest agreements are reported as nonoperating revenues. Investment management fees are netted against investment return.

(j) Investments in Real Estate

Investments in real estate are primarily comprised of rental properties of the University and are valued at the lower of net book value or market. The University records depreciation on rental properties over 40 years. Depreciation is calculated using the straight-line method. Real estate gifts held for sale are recorded at fair value, based on periodic external appraisals.

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(k) *Interests in Perpetual Trusts Held by Others and Split-Interest Agreements*

The University's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts for which the University serves as trustee and charitable gift annuities. Assets held in these trusts are stated at fair value and are included in investments. Contribution revenue is recognized at the dates the trusts are established. The University recognizes the change in value of split-interest agreements according to the fair value of assets that are associated with each trust and recalculates the liability for the present value of annuity obligations. Any change in fair value is recognized in the consolidated statement of activities.

The University is also the beneficiary of certain trusts and other assets held and administered by others. The University's share of these assets is recognized in investments at fair value.

(l) *Other Assets*

Other assets are primarily comprised of prepaid expenses, intangible assets, deferred expenses, and inventories. Inventories are valued at the lower of average cost or net realizable value.

(m) *Land, Buildings, and Equipment*

Land, buildings, and equipment are recorded at cost at date of acquisition or estimated fair value on the date received for donated items. Depreciation is calculated using the straight-line method over the estimated useful life of each class or component of depreciable asset. Estimated lives range from 3 to 60 years. Depreciation is not calculated on land and construction in progress. Gains or losses on the disposal of land, buildings, and equipment are included in the consolidated statement of activities. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of constructing these assets.

(n) *Impairment of Long-Lived Assets*

The University periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. The University recognizes an impairment charge when the fair value of the asset or group of assets is less than the carrying value.

(o) *Asset Retirement Obligations*

The University has asset retirement obligations (AROs) arising from regulatory requirements to perform certain asset retirement activities at the time that certain buildings and equipment are disposed of or renovated. The liability was initially measured at fair value and subsequently is adjusted for accretion expense and changes in the amount or timing of the estimated cash flows. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset's useful life. The University revalues asset retirement obligations as remediation costs are incurred or as additional cost information becomes available.

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(p) Leases

The University has operating and finance leases for real estate and equipment. The University determines if an arrangement is a lease at inception. The University has both leases under which it is obligated as a lessee and leases for which it is a lessor. Operating leases as a lessee are included in right-of-use assets-operating and operating lease obligations in the consolidated balance sheet. Finance leases as a lessee are included in land, building, and equipment, net, and notes payable and finance leases in the consolidated balance sheet.

Right-of-use assets represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease. Operating and finance lease right-of-use assets and related obligations are recognized at commencement date based on the net present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. As most of the University's leases do not provide an implicit rate, the University uses its incremental borrowing rate which is based on the information available at commencement date in determining the present value of lease payments. The University considers recent debt issuances, as well as publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases.

Rental income arising from operating leases as a lessor is included in operating revenue in sales and services of auxiliary enterprises in the consolidated statement of activities.

(q) Derivative Instruments

The University holds certain interest rate swap agreements to manage the fixed/variable mix of its debt portfolio. The notional amounts of the agreements dictate the payments between the counterparties based on agreed-upon rates as determined in the agreements. The University records all derivative instruments on the consolidated balance sheet at their respective fair values. All changes in fair value are reflected in the consolidated statement of activities. Cash payments and receipts are included in interest on debt.

(r) Postretirement Plans

The University records annual amounts relating to its postretirement plans based on calculations that incorporate various actuarial and other assumptions including discount rates, mortality, retirement rates, and healthcare cost trend rates. The University reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded as a change in net assets without donor restriction and amortized to net periodic benefit cost over future periods using the corridor method. The University believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions. The net periodic benefit costs are recognized as employees render the services necessary to earn the postretirement benefits. The University records the service cost component of net benefit cost in the employee benefits expense line item and all other costs associated with net benefit costs are reflected in nonoperating activities.

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(s) **Revenue Recognition**

The University recognizes revenue based on either ASU 2014-09 (*Topic 606*) or ASU 2018-08 (*Topic 958*) as appropriate based on the underlying transactions within each revenue category.

The University's significant revenue recognition policies are as follows:

Student tuition and fees – Student tuition and fees for instruction and other educational services, net of scholarships and fellowships, are substantially billed and collected prior to the end of each semester. Revenues are earned and recognized over the course of each semester as education services are delivered. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue. Student aid provided by the University is reflected as a reduction in student tuition and fee revenue up to the tuition and mandatory fees. Student financial aid in excess of the tuition and mandatory fees is reflected as a reduction in auxiliary revenue. Student aid does not include payments made to students for services rendered to the University.

Grants and contracts – Grants for basic research and other sponsored programs are generally subject to restrictions and conditions that must be met before the University is entitled to funding. Accordingly, advances from granting agencies are generally considered refundable in the unlikely event specified services are not performed. The University recognizes revenues on grants for basic research and other sponsored programs as the awards for such programs are expended, since expenditures in accordance with award terms typically results in the simultaneous release of restrictions and conditions imposed by the grantor. Revenue from exchange contracts for applied research is recognized as the University's contractual performance obligations are substantially met. Indirect cost recovery by the University on U.S. government grants and contracts is based upon a predetermined negotiated rate and is recorded as private grants and contracts revenue and government grants and contracts revenue.

Contributions – Contributions, including unconditional promises to give, are recognized in the period the contributions or promise is made. Contributions of assets other than cash are recorded at their estimated fair value. Unconditional promises expected to be collected in future years are recorded at the present value of expected future cash flows discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Patient revenue – Patient revenue is reported at the amount that reflects the consideration to which WFUHS expects to be entitled for providing patient care. These amounts are due from patients, third party payers, and others, and includes variable consideration for retroactive revenue adjustments due to settlement of reviews and audits. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by WFUHS. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. WFUHS believes that this method provides

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a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services. WFUHS measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and WFUHS does not believe it is required to provide additional services to the patient. Generally, performance obligations satisfied at a point in time relate to outpatient services and pharmacy revenue.

Because all of its performance obligations relate to contracts with a duration of less than one year, WFUHS has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

WFUHS is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to net patient service revenue. WFUHS accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payer classes for inpatient revenue and outpatient revenue. Based on historical collection trends and other analyses, WFUHS has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract-by-contract basis.

WFUHS has agreements with third party payers that provide for payments to WFUHS at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. For uninsured patients who do not qualify for charity care, WFUHS recognizes revenue based on established rates, subject to certain discounts and implicit price concessions as determined by WFUHS. WFUHS determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third party payers, discounts provided to uninsured patients in accordance with WFUHS's policy, and implicit price concessions provided to uninsured patients. Explicit price concessions are based on contractual agreements, discount policies, and historical experience. Implicit price concessions represent differences between amounts billed and the estimated consideration WFUHS expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors.

Generally, patients who are covered by third party payers are responsible for patient responsibility balances, including deductibles and coinsurance, which vary in amount. WFUHS estimates the transaction price for patients with deductibles and coinsurance based on historical experience and

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current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any explicit price concessions, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in fiscal year 2023 or 2022. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended June 30, 2023 and 2022 was not material to the consolidated statement of activities.

Under the Medicare and Medicaid programs, WFUHS is entitled to reimbursement for billed current procedural terminology codes at fee schedule rates determined by federal and state governments. Differences between established billing rates and reimbursements from these programs are recorded as contractual adjustments to arrive at net patient service revenue.

Charity care – WFUHS cares for patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. WFUHS does not pursue collection of amounts determined to qualify as charity care, and accordingly, such amounts are not recognized as revenue.

Sales and services of auxiliary enterprises – Sales and services of auxiliary enterprises primarily consist of revenues from athletics, residence halls, dining services, parking, real estate, and retail stores, which furnish goods and services to students, faculty, staff, and in some cases, the general public. Fee charges are directly related to the cost of goods provided or services rendered and are recognized accordingly. Student aid provided by the University in excess of tuition and mandatory fees is reflected as a reduction of sales and services of auxiliary enterprises.

Certain auxiliary revenues arise from contracts. Revenues from intercollegiate athletics ticket sales, media rights, licensing and royalties and other contracts are received and recognized concurrent with event-based obligations or the passage of contract terms, but typically within the fiscal year. However, season ticket proceeds received prior to the report date for events scheduled in the upcoming fiscal year are recorded as deferred revenue and recognized as the associated events are completed. Charges to students for campus residence, and dining are substantially billed and collected prior to the end of each semester. Associated revenues are earned and recognized over the course of each semester as these services are delivered. Accounts receivable from students are typically insignificant at the end of each fiscal year.

(t) Use of Estimates

The University prepares its consolidated financial statements in accordance with GAAP that requires management to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of right of use assets – operating, land, buildings, and equipment, the valuation of non-readily marketable investments, investments in real estate, allowances for receivables, third-party payer settlements, and any other implicit price concessions, AROs, professional liabilities, operating lease obligations, interest rate swap

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obligations and obligations related to employee benefits. Actual results could differ from those estimates.

(u) *Income Taxes*

The University is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. If applicable, unrelated business income is reported by all member and subsidiary organizations on IRS Form 990-T. Fiscal years ending on or after June 30, 2020 remain subject to examination by federal and state tax authorities. The University has evaluated uncertain tax positions for the year ended June 30, 2023, including a quantification of tax risks in areas such as unrelated business income and taxation of its for-profit subsidiaries. This evaluation did not identify any material items that affect the consolidated financial statements for the year ended June 30, 2023.

(v) *Comparative Financial Information*

The consolidated financial statements include certain prior year information for comparative purposes, which does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the University's consolidated financial statements for the year ended June 30, 2022 from which this information was derived.

(2) *Liquidity and Availability*

Financial assets available for general expenditure within one year of June 30 are as follows:

	2023			2022
	Reynolda Campus	WFUHS	Total	
Cash and cash equivalents	\$ 59,481	24,473	83,954	66,181
Accounts receivable, net	24,039	198,497	222,536	213,078
Patient receivables	—	84,928	84,928	74,326
Investments available to be liquidated	463,849	566,517	1,030,366	966,610
Total financial assets available within one year	\$ 547,369	874,415	1,421,784	1,320,195

In addition to amounts included above, as part of the University's liquidity management, it invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, Reynolda Campus and WFUHS have committed lines of credit with a total borrowing capacity of \$150,000 and \$300,000, respectively, at June 30, 2023 and, 2022, which could be drawn upon. Additionally, Reynolda Campus and WFUHS have board-designated endowment funds of \$259,831 and \$498,483, respectively at June 30, 2023 and \$261,738 and \$496,692 at June 30, 2022, respectively. Although the University does not intend to spend from the board-designated endowment funds other than amounts

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appropriated for general expenditures as part of its annual budget approval and appropriation, amounts from the board-designated endowment funds could be made available, subject to certain lock-up provisions that reduce the total investments that could be made available if necessary.

(3) Accounts Receivable

The following is an analysis of accounts receivable at June 30, 2023 and 2022:

		2023			2022
		Reynolda Campus	WFUHS	Total	Total
Accounts receivable	\$	21,193	114,875	136,068	171,449
Grants receivable		3,483	84,623	88,106	43,354
Total accounts receivable		24,676	199,498	224,174	214,803
Less allowance for bad debts		(637)	(1,001)	(1,638)	(1,725)
Accounts receivable, net	\$	24,039	198,497	222,536	213,078

(4) Student Services Revenue

Student services revenue consists of revenue for tuition and fees, housing, and dining. The revenue is determined based on published rates for such services less any institutional financial aid awarded by the University to qualifying students. The University's policy attributes aid first to tuition and fees and any excess to auxiliary services, for financial reporting purposes.

	2023						2022					
	Reynolda Campus			WFUHS			Reynolda Campus			WFUHS		
	Published rates	Financial aid	Net revenue	Published rates	Financial aid	Net revenue	Published rates	Financial aid	Net revenue	Published rates	Financial aid	Net revenue
Student tuition and fees	\$ 421,855	(112,622)	309,233	60,322	(18,932)	41,390	410,698	(109,009)	301,689	60,033	(18,762)	41,271
Housing and dining	51,638	(13,575)	38,063	—	—	—	46,367	(18,177)	28,190	—	—	—
Total	\$ 473,493	(126,197)	347,296	60,322	(18,932)	41,390	457,065	(127,186)	329,879	60,033	(18,762)	41,271

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(5) Patient Revenue and Patient Receivables

Patient revenue by major payer source, net of price concessions, is as follows for the years ended June 30:

	2023		2022	
Medicare	\$ 267,580	34 %	\$ 244,784	34 %
Medicaid	91,064	12	81,778	11
Managed care and commercial insurance	391,423	50	368,599	51
Self-pay, after insurance	2,691	—	2,542	1
Self-pay, uninsured	6,624	1	4,489	1
Other	27,092	3	13,670	2
Patient service revenue	<u>\$ 786,474</u>	<u>100 %</u>	<u>\$ 715,862</u>	<u>100 %</u>

Concentration of Credit Risk

WFUHS grants credit without collateral to its patients, most of whom are insured under third-party payer agreements. The mix of receivables from patients and third-party payers was as follows as of June 30:

	2023	2022
Medicare	27 %	26 %
Medicaid	21	20
Managed care and commercial insurance	26	25
Self-pay, after insurance	13	13
Self-pay, uninsured	5	7
Other	8	9
	<u>100 %</u>	<u>100 %</u>

As required by ASU 2014-09, the majority of WFUHS' provision for bad debts is recorded as a direct reduction to patient revenue instead of being presented as a separate line on the consolidated statement of activities.

WFUHS maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone and estimated costs incurred for services and supplies furnished under its charity care policy and equivalent service statistics. Costs incurred are estimated based on the ratio of total operating expenses to gross charges applied to charity care charges foregone. The amounts of direct and indirect costs incurred for services and supplies furnished under WFUHS' charity care policy totaled \$8,274 and \$11,162 in 2023 and 2022, respectively.

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(6) Contributions Receivable

The following is an analysis of the maturities of the University's contributions receivable at June 30, 2023 and 2022:

		2023			2022
		Reynolda Campus	WFUHS	Total	Total
One year or less	\$	37,552	7,232	44,784	54,198
Between one and five years		55,618	3,325	58,943	70,793
More than five years		87,118	300	87,418	92,205
Contributions receivable, gross		180,288	10,857	191,145	217,196
Estimated uncollectible amounts		(8,427)	(1,090)	(9,517)	(12,076)
Discount to present value		(56,471)	(447)	(56,918)	(58,021)
Contributions receivable, net	\$	<u>115,390</u>	<u>9,320</u>	<u>124,710</u>	<u>147,099</u>

Contributions receivable are discounted at a rate commensurate with the scheduled timing of receipt. Such amounts outstanding as of June 30, 2023, and 2022, were discounted at rates ranging from 2.41% to 2.77% for Reynolda Campus, respectively, and 4.24% to 5.74% for WFUHS, respectively.

Contributions receivable, net for Reynolda Campus included significant pledges from a few donors and perpetual commitments from a foundation with a long-standing history of support to the University. These long-term unconditional promises to give represented 43% and 58% of Reynolda Campus' net contributions receivable as of June 30, 2023 and 2022, respectively.

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(7) Notes Receivable

The following is an analysis of notes receivable at June 30, 2023 and 2022:

	2023			2022
	Reynolda Campus	WFUHS	Total	Total
Student loans receivable	\$ 5,403	293	5,696	7,730
Other notes receivable	2,987	240	3,227	3,218
Total notes receivable	8,390	533	8,923	10,948
Less estimated uncollectible amounts	(570)	(274)	(844)	(854)
Notes receivable, net	\$ <u>7,820</u>	<u>259</u>	<u>8,079</u>	<u>10,094</u>

The University makes uncollateralized loans to students based on financial need. Student loans are funded through Federal government loan programs or institutional resources. At June 30, 2023 and 2022, student loans receivable consisted of Federal loan programs of \$5,093 and \$7,061, respectively, and institutional loan programs of \$603 and \$669, respectively. The University participates in the Perkins federal revolving loan program. Cumulative funds advanced by the Federal government of \$0 at June 30, 2023 and 2022, have been refunded to the federal government. The University is in the process of refunding the accumulated interest income related to the Federal Perkins Loan Program. The Federal Perkins Loan Program expired on September 30, 2017, and the University has implemented procedures to wind-down the program. The University plans to continue servicing the Perkins loan portfolio during the wind-down period until it is no longer administratively feasible. Based on review of the prior collection history the University has recorded an allowance for uncollectible Perkins loan amounts of \$445 and \$458, respectively, for June 30, 2023 and 2022. Allowances for uncollectible institutional student loans are based on prior collection experience and current economic factors, which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Institutional student loan balances are written off only when they are deemed to be permanently uncollectible. At June 30, 2023 and 2022, the allowance for uncollectible institutional student loan amounts was \$155 and \$156, respectively.

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(8) Investments

Investments at June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Short-term investments ^(a)	\$ 19,348	20,380
Absolute return ^(b)	1,936,782	1,854,674
Commodities ^(c)	27,091	16,963
Fixed income: ^(d)		
Domestic	430,367	446,673
International	9,354	8,826
Private equity ^(e)	962	1,000
Public equity: ^(f)		
Domestic	63,994	42,397
International	57,396	35,771
Real estate ^(g)	15,732	12,078
Beneficial interest in perpetual trusts and assets held by others ^(h)	30,956	30,225
Other ⁽ⁱ⁾	<u>412,992</u>	<u>352,072</u>
Total investments	<u>\$ 3,004,974</u>	<u>2,821,059</u>

(a) Includes short duration U.S. Treasury debt securities and other short-term, higher quality debt securities, cash and money market mutual funds.

(b) Includes investments in hedge funds and hedge fund-of-funds that invest both long and short on a global basis primarily in: equity securities (common stocks), credit securities (both investment grade and noninvestment grade), commodities, and currencies. In aggregate, the expectation is that the returns of this segment should not be highly correlated to the broad equity market. Includes \$1,929,778 and \$1,846,021 of funds managed by Verger valued under the NAV practical expedient in fiscal years 2023 and 2022, respectively, whose underlying investments were comprised of 55.0% and 55.4% of equities, 13.7% and 14.3% of real assets, 18.7% and 18.9% of absolute return, and 12.6% and 11.4% fixed income in fiscal years 2023 and 2022, respectively.

(c) Includes primarily illiquid investments in timberland, oil and gas properties, and water rights and entitlements held through limited partnership interests. While many of the investments are U.S. focused, some are more global. The category also includes more liquid allocations made to commodity (precious metals, industrial materials, and energy) mutual funds.

(d) Includes long only, hedge strategies, and illiquid investments in various fixed income strategies (both U.S. and non-U.S.) including: investment grade securities, noninvestment grade securities, mortgage backed securities, asset backed securities, Treasury Inflation Protected Securities (TIPS), distressed

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debt, senior loans, and bank loans. The long only position also includes mutual funds that have daily liquidity in U.S. and non-U.S. fixed income markets.

- (e) Includes illiquid investments primarily in buyout, growth equity, and venture capital (both U.S. and non-U.S.) held through limited partnership interests.
- (f) Includes investments primarily in U.S. and non-U.S. common stocks (including emerging markets) as well as funds that invest in U.S. and non-U.S. common stocks (including emerging markets), mutual funds, and exchange traded funds. While most of the assets are invested long only, some assets are invested on a hedged basis (both long and short).
- (g) Includes illiquid investments in commercial real estate, residential real estate, and farmland held through limited partnership interests. While many of the investments are U.S. focused, some are more global. The category also includes real estate mutual funds and exchange traded funds and real estate held for sale.
- (h) Includes trusts and certain other assets held and administered by others which the University has an unconditional right to receive all or a portion of the specified cash flows.
- (i) Includes primarily funds held under retirement and benefit plans and other miscellaneous investments.

In addition to the long-term pool, the University also manages other investment portfolios. Generally, these portfolios are invested in mutual funds, U.S. Treasury debt securities, and fixed income securities with daily liquidity. Each portfolio's asset allocation is customized based upon the return and risk objectives and distribution requirements of the portfolio.

(9) Endowment

The University's unitized pooled endowment (endowment) was established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Separately managed long-term investments, planned giving investments, beneficial interest in perpetual trusts and assets held by others, and contributions receivable are not considered components of the endowment.

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the University to appropriate for expenditure or accumulate so much of an endowment fund as the University determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, the University's policy is to report as donor restricted net assets (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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In accordance with UPMIFA, the board of trustees considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the University and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the University
7. The investment policies of the University

The University has adopted investment and spending policies for endowment assets that support the objectives of optimizing long-term returns and providing a sustainable level of endowment income distribution to support the University's activities through the annual operating budget while preserving the real (inflation adjusted) purchasing power of the endowment. The University's primary investment objective is to maximize total return within reasonable and prudent levels of risk while maintaining sufficient liquidity to meet disbursement needs. The endowment spending rate is calculated as a percentage of the average of the previous three-year semiannual moving market value per unit and subject to a 10% maximum annual growth or decline in per-unit spending. The endowment spending rate for the years ended June 30, 2023 and 2022, was 4.5% and 4.7%, respectively, for Reynolda Campus, and 5.3% for WFUHS.

The portfolio is constructed on a foundation of modern portfolio theory and strategic asset allocation. Under the direction of VCM the University diversifies its investments among various asset classes incorporating multiple strategies and investment advisors to help manage risk. Management and investment decisions are not made in isolation, but in the context of the portfolio of investments as a whole and as part of the overall investment strategy.

The University invests the majority of these assets in Verger Capital Fund. The University has established three individual unitized endowment pools for Reynolda Campus, Reynolda House, and WFUHS. The internal long-term pools are reported on a fair value basis, with each individual fund subscribing to or disposing of units based on the fair value per unit at the beginning of each quarter after which the transaction took place.

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Endowment net assets consist of the following at June 30, 2023 and 2022:

	2023			2022
	Without donor restriction	With donor restriction	Total	Total
Reynolda Campus:				
Donor-restricted endowment funds:				
Historical value	\$ —	521,062	521,062	496,667
Appreciation	—	304,724	304,724	308,562
Underwater endowments	—	(2,119)	(2,119)	(2,315)
Total donor-restricted endowment funds	—	823,667	823,667	802,914
Board-designated endowment funds	259,831	—	259,831	261,738
Total endowment net assets	\$ 259,831	823,667	1,083,498	1,064,652
WFUHS:				
Donor-restricted endowment funds:				
Historical value	\$ —	237,762	237,762	181,912
Appreciation	—	52,117	52,117	52,096
Underwater endowments	—	(594)	(594)	(799)
Total donor-restricted endowment funds	—	289,285	289,285	233,209
Board-designated endowment funds	498,483	—	498,483	496,692
Other non-pooled endowment funds	164	29,019	29,183	25,223
Total endowment net assets	\$ 498,647	318,304	816,951	755,124

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Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	2023			2022
	Without donor restriction	With donor restriction	Total	Total
Reynolda Campus:				
Endowment, beginning of year	\$ 261,738	802,914	1,064,652	1,076,700
Investment returns, net	7,151	32,437	39,588	3,052
Contributions	1,353	21,409	22,762	24,602
Transfers	—	2	2	27
Appropriation for expenditure	(10,411)	(33,095)	(43,506)	(39,729)
Endowment, end of year	<u>\$ 259,831</u>	<u>823,667</u>	<u>1,083,498</u>	<u>1,064,652</u>
WFUHS:				
Endowment, beginning of year	\$ 496,738	258,386	755,124	786,210
Investment returns, net	23,102	11,986	35,088	(9,205)
Contributions	—	56,764	56,764	9,151
Transfers	2,946	—	2,946	944
Appropriation for expenditure	(24,139)	(8,832)	(32,971)	(31,976)
Endowment, end of year	<u>\$ 498,647</u>	<u>318,304</u>	<u>816,951</u>	<u>755,124</u>

A donor-restricted endowment fund is considered to be underwater if the fair value of the fund is less than either the original gift amount or the amount required by law. At times, the University may have individual donor-restricted endowment funds that are underwater. The University has a policy that permits spending from underwater funds depending on the degree to which the fund is underwater, unless specifically prohibited by the donor or relevant laws and regulations. At June 30, 2023, and 2022 the amount by which funds were underwater was calculated as follows:

	2023			2022
	Reynolda Campus	WFUHS	Total	Total
Aggregate original gift amount	\$ 22,461	9,807	32,268	38,195
Aggregate fair value	<u>20,342</u>	<u>9,213</u>	<u>29,555</u>	<u>35,081</u>
Aggregate deficiency	<u>\$ (2,119)</u>	<u>(594)</u>	<u>(2,713)</u>	<u>(3,114)</u>

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The purpose of endowed net assets as of June 30, 2023 and 2022 are as follows:

	2023			2022
	Without donor restriction	With donor restriction	Total	Total
Reynolda Campus:				
Instruction and research	\$ 8,922	211,492	220,414	215,200
Student aid	19,390	554,783	574,173	560,058
Program support	231,519	57,392	288,911	289,394
Total endowment net assets	\$ 259,831	823,667	1,083,498	1,064,652
WFUHS:				
Instruction and research	\$ 201,292	127,132	328,424	277,989
Student aid	5,381	64,646	70,027	67,562
Healthcare services	12,070	1,252	13,322	12,816
Program support	279,904	125,274	405,178	396,757
Total endowment net assets	\$ 498,647	318,304	816,951	755,124

(10) Fair Values of Financial Instruments

The following table summarizes the valuation of the University's financial assets and liabilities within the fair value hierarchy levels as of June 30:

	2023				Total
	Level 1	Level 2	Level 3	NAV	
Financial assets:					
Cash and cash equivalents	\$ 86,738	—	—	—	86,738
Investments:					
Short-term investments	19,348	—	—	—	19,348
Absolute return	7,004	—	—	1,929,778	1,936,782
Commodities	27,091	—	—	—	27,091
Fixed income:					
Domestic	430,367	—	—	—	430,367
International	9,354	—	—	—	9,354
Private equity	—	—	862	100	962
Public equity:					
Domestic	63,994	—	—	—	63,994
International	57,396	—	—	—	57,396
Real estate	15,732	—	—	—	15,732
Beneficial interest in perpetual trusts and assets held by others	—	—	30,956	—	30,956
Other	—	132,653	—	280,339	412,992
Total assets	\$ 717,024	132,653	31,818	2,210,217	3,091,712

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		2023				
		Level 1	Level 2	Level 3	NAV	Total
Financial liabilities:						
Other liabilities and deferrals:						
Employee benefits – nonrecurring	\$	—	132,653	—	—	132,653
Interest rate swap agreements		—	8,003	—	—	8,003
Annuities payable		—	22,140	—	—	22,140
Total liabilities	\$	—	162,796	—	—	162,796
		2022				
		Level 1	Level 2	Level 3	NAV	Total
Financial assets:						
Cash and cash equivalents	\$	71,406	—	—	—	71,406
Investments:						
Short-term investments		20,380	—	—	—	20,380
Absolute return		8,654	—	—	1,846,020	1,854,674
Commodities		16,963	—	—	—	16,963
Fixed income:						
Domestic		446,673	—	—	—	446,673
International		8,826	—	—	—	8,826
Private equity		—	—	902	98	1,000
Public equity:						
Domestic		42,397	—	—	—	42,397
International		35,771	—	—	—	35,771
Real estate		12,078	—	—	—	12,078
Beneficial interest in perpetual trusts and assets held by others		—	—	30,225	—	30,225
Other		—	111,432	—	240,640	352,072
Total assets	\$	663,148	111,432	31,127	2,086,758	2,892,465
Financial liabilities:						
Other liabilities and deferrals:						
Employee benefits – nonrecurring	\$	—	111,432	—	—	111,432
Interest rate swap agreements		—	12,446	—	—	12,446
Annuities payable		—	20,106	—	—	20,106
Total liabilities	\$	—	143,984	—	—	143,984

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks or liquidity of each investment's underlying assets and liabilities. In general, for Level 2 and Level 3 investments, the University utilizes the investment manager to provide a valuation estimate based on disclosed techniques and processes, which have been reviewed for propriety and consistency with consideration given to type and investment strategy.

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The University's policy is to recognize transfers into and out of Levels 1, 2, and 3 as of the end of the year or when a change in level becomes known. There were no transfers between Level 1 and Level 2 securities during the years ended June 30, 2023 or 2022. Transfers into and out of Level 3 are typically the result of a change in observation of significant valuation inputs required by various models.

Fair value for LIBOR-based interest rate swaps is determined using a relative price approach, by discounting the future expected cash flows at the market discount rate. For the variable leg of a swap, the expected cash flows are based on implied market forward rates for the appropriate underlying index. A credit value adjustment is applied to the total market value of the swap and quantifies the default risk of a counterparty using a default probability assumption based on the counterparty's credit default swap pricing at year-end.

Obligations under split-interest agreements reported in annuities payable, which approximates fair value, were discounted at a rate that is equivalent to the University's tax-exempt borrowing rate of 2.80% and 3.02% at June 30, 2023 and 2022, respectively.

The following tables present the reconciliation of Level 3 assets measured at fair value for the years ended June 30, 2023 and June 30, 2022, respectively. Both observable and unobservable inputs may be used to determine the fair value of positions that the University has classified as Level 3.

	Balances as of June 30, 2022	Total realized and unrealized (losses) gains	Purchases	Sales	Net transfers out of Level 3	June 30, 2023
Investments:						
Private equity	\$ 902	—	—	(40)	—	862
Beneficial interest in perpetual trusts and assets held by others	30,225	770	2,047	(2,086)	—	30,956
Total Level 3 investments	<u>\$ 31,127</u>	<u>770</u>	<u>2,047</u>	<u>(2,126)</u>	<u>—</u>	<u>31,818</u>

	Balances as of June 30, 2021	Total realized and unrealized (losses) gains	Purchases	Sales	Net transfers out of Level 3	June 30, 2022
Investments:						
Private equity	\$ 948	(10)	—	(36)	—	902
Beneficial interest in perpetual trusts and assets held by others	33,733	(3,326)	1,574	(1,756)	—	30,225
Total Level 3 investments	<u>\$ 34,681</u>	<u>(3,336)</u>	<u>1,574</u>	<u>(1,792)</u>	<u>—</u>	<u>31,127</u>

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Private investments are generally made through limited partnership agreements where the University is normally one of many limited partners. Under the terms of such agreements, the University is required to provide funding, up to the total amount committed by the University, when fund managers make capital calls. These partnerships have a stated maturity date, but can provide for annual extensions for the purpose of disposing remaining portfolio positions and returning capital to investors. Alternatively, the fund may dispose of all portfolio investments and return all capital to investors before the stated maturity date. While the timing and amount of future capital calls and distributions in any particular year are inherently uncertain, the University considers these factors when allocating funds to private investments and believes that it has adequate liquidity to meet its obligations.

As of June 30, 2023, redemption frequency and the corresponding notice period for all investments are as follows:

Category	Redemption frequency (in days) (if currently eligible)	Redemption notice period (in days)
Short-term investments	1 to 7 days	1 day
Absolute return	Daily to >365	1 to 90 days
Commodities	1 to N/A	1 to N/A
Fixed income:		
Domestic	1 to 180 days	Daily to monthly
International	N/A	N/A
Private equity	N/A	N/A
Public equity:		
Domestic	1 to 65 days	Daily to quarterly
International	90 days	Quarterly
Real estate	N/A	N/A
Beneficial interest in perpetual trusts and assets held by others	N/A	N/A
Other	N/A	N/A

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(11) Land, Buildings, and Equipment

Land, buildings, and equipment are summarized as follows at June 30, 2023 and 2022:

	2023			2022
	Reynolda Campus	WFUHS	Total	Total
Land	\$ 50,696	113,427	164,123	155,964
Buildings and other improvements	1,061,772	512,740	1,574,512	1,490,268
Equipment and furnishings	152,187	320,246	472,433	442,003
Construction in progress	63,615	21,327	84,942	129,931
	1,328,270	967,740	2,296,010	2,218,166
Less accumulated depreciation	(591,340)	(623,546)	(1,214,886)	(1,134,947)
	\$ 736,930	344,194	1,081,124	1,083,219

Total depreciation expense on buildings, improvements, equipment, and furnishings was \$89,650 and \$85,054 for the years ended June 30, 2023 and 2022, respectively.

As of June 30, 2023, gross land, buildings, and equipment includes \$60,993 associated with land, building and equipment finance leases.

The University's policy is to capitalize interest cost incurred on debt during the construction of major projects exceeding one year. Interest cost of \$1,060 and \$2,583 was capitalized in the years ended June 30, 2023 and 2022, respectively.

The liabilities associated with AROs for the years ended June 30, 2023 and 2022 were \$5,070 and \$5,342, respectively, for Reynolda Campus, and \$2,659 and \$2,659, respectively, for WFUHS. These liabilities are reported in other liabilities and deferrals on the accompanying consolidated balance sheet.

(12) Leases

The University has operating and finance leases for real estate and equipment. The University determines if an arrangement is a lease at the inception of the contract. The University elected to apply the short-term lease exception under ASU 2016-02; therefore, leases with an initial term of twelve months or less are not recorded on the consolidated balance sheet.

The University has lease agreements which require payments for lease and non-lease components and has elected to account for these as a single lease component. For leases that commenced before the effective date of ASU 2016-02, July 1, 2019, the University elected the permitted practical expedients to not

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reassess the following: (1) whether any expired or existing contracts contain leases; (2) the lease classification for any expired or existing leases; and (3) initial direct costs for any existing leases.

The following table presents the components of the lease right-of-use assets and lease liabilities and their classification in the consolidated balance sheet at June 30, 2023.

Components of lease balances	Classification in consolidated balance sheet	WFU	WFUHS	Total	2022 Total
Assets:					
Operating lease assets	Right-of-use assets-operating	\$ 23,400	111,601	135,001	152,772
Finance lease assets	Land, buildings, and equipment, net	4,597	32,854	37,451	38,134
Total leased assets		<u>27,997</u>	<u>144,455</u>	<u>172,452</u>	<u>190,906</u>
Liabilities:					
Operating lease liabilities	Operating lease obligations	22,361	116,303	138,664	156,744
Finance lease liabilities	Notes payable and finance leases	4,192	36,558	40,750	41,418
Total lease liabilities		<u>\$ 26,553</u>	<u>152,861</u>	<u>179,414</u>	<u>198,162</u>

Components of lease expense	Classification in consolidated statement of activities	WFU	WFUHS	Total	2022 Total
Operating lease expense	Other operating expenses	\$ 4,069	28,082	32,151	32,660
Finance lease expense:					
Amortization of leased assets	Depreciation and amortization	2,217	1,923	4,140	4,094
Interest on lease liabilities	Interest on debt	103	1,723	1,826	1,659
Total finance lease expense		2,320	3,646	5,966	5,753
Variable and short-term lease expense	Other operating expenses	—	3,846	3,846	1,987
Total lease expense		<u>\$ 6,389</u>	<u>35,574</u>	<u>41,963</u>	<u>40,400</u>

The University is committed to minimal annual rent payments under several long-term noncancellable operating and finance leases for equipment and space through fiscal year 2032.

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Other information:

	2023		2022	
	Reynolda Campus	WFUHS	Reynolda Campus	WFUHS
Weighted average remaining lease term – finance leases	3.23 years	18.01 years	1.89 years	19.01 years
Weighted average remaining lease term – operating leases	7.96 years	4.80 years	8.81 years	5.59 years
Weighted average discount rate – finance leases	1.89 %	4.55 %	0.77 %	4.55 %
Weighted average discount rate – operating leases	2.04 %	2.87 %	1.98 %	2.89 %

Payments due include options to extend finance leases through fiscal year 2032, are summarized below as of June 30, 2023:

	Reynolda Campus	WFUHS	Total
2024	\$ 1,722	1,449	3,171
2025	1,095	1,500	2,595
2026	672	1,491	2,163
2027	688	1,529	2,217
2028	15	1,600	1,615
In total thereafter	—	28,989	28,989
	<u>\$ 4,192</u>	<u>36,558</u>	<u>40,750</u>

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Payments due include options to extend operating leases through fiscal year 2032, are summarized below as of June 30, 2023:

	Reynolda Campus	WFUHS	Total
2024	\$ 3,215	24,760	27,975
2025	2,874	24,353	27,227
2026	2,392	24,298	26,690
2027	2,464	23,966	26,430
2028	2,354	11,657	14,011
In total thereafter	9,062	7,269	16,331
	<u>\$ 22,361</u>	<u>116,303</u>	<u>138,664</u>

The University maintains rental properties and has entered into long-term operating lease agreements for this real estate providing for future rental income as follows:

	Reynolda Campus	WFUHS	Total
Year ending June 30:			
2024	\$ 5,062	846	5,908
2025	4,702	335	5,037
2026	4,075	251	4,326
2027	4,158	214	4,372
2028	3,758	185	3,943
	<u>\$ 21,755</u>	<u>1,831</u>	<u>23,586</u>

Total income from real estate was \$7,152 and \$7,670 for Reynolda Campus and \$1,132 and \$1,089 for WFUHS for the years ended June 30, 2023 and 2022, respectively.

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(13) Notes, Finance Leases, and Bonds Payable

Notes, finance leases, and bonds payable at June 30, 2023 and 2022 consist of the following:

Reynolda Campus	Years to nominal maturity	Interest rate at June 30, 2022		2023	2022
Notes payable and finance leases:					
Line of credit	>1	SOFR plus 0.56%	Variable	\$ 49,562	49,562
Promissory note	>1	LIBOR plus 0.75%	Variable	5,025	13,125
Finance leases	<1 to 4	0.37 to 2.55%	Fixed	4,192	3,559
Other installment loans	1 to 3	0.53% to 1.46%	Fixed	939	905
Total notes payable and finance leases				59,718	67,151
Bonds payable:					
2012 Series serial taxable	20	2.60% to 3.10%	Fixed	20,425	20,425
2012 Series term taxable	20	3.45% to 3.70%	Fixed	104,575	104,575
2016 Series serial tax-exempt	24	4.00% to 5.00%	Fixed	132,785	134,165
2016 Series term tax-exempt	24	2.75% to 3.00%	Fixed	22,370	22,370
2018 Series serial tax-exempt	26	4.47%	Fixed	12,100	12,100
2018 Series term tax-exempt	26	3.38% to 5.00%	Fixed	15,920	15,920
2018 Series term tax-exempt	26	3.50% to 5.00%	Fixed	69,950	69,950
2021 Series term taxable	29	2.91%	Fixed	25,000	25,000
2021 Series bullet taxable	29	3.01%	Fixed	100,000	100,000
Unamortized bond premium				23,065	24,034
Unamortized bond issuance costs				(3,069)	(3,201)
Total bonds payable				523,121	525,338
Total notes payable, finance leases, and bonds payable				\$ 582,839	592,489

During 2023, the University has adhered to the ISDA 2020 LIBOR Fallback Protocol and amended applicable variable rate promissory note to mirror the Fallback Protocol. As a result, any financing agreements which referenced LIBOR have been amended to reflect a transition to SOFR effective July 1, 2023.

Reynolda Campus entered into a restated capital projects financing agreement with Truist Bank that permits the University to borrow up to \$150,000. The line of credit is due on July 3, 2025 and bears interest at the SOFR plus 0.56%, 5.6% at June 30, 2023.

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Reynolda Campus entered into a financing agreement with Truist Bank to finance the purchase and implementation of an enterprise resource planning program that permits the University to borrow up to \$12,000. The term loan is due on July 1, 2026. On March 23, 2023, the financing agreement was amended to reflect a benchmark replacement from LIBOR to SOFR. For the year ended June 30, 2023, it bears interest at one month SOFR plus 0.11%, 5.92% at June 20, 2023.

Reynolda Campus entered into a promissory note with Winston-Salem First to finance the purchase of real property for which the University borrowed \$7,000. The note was restructured in the current year resulting in repayments of \$6,600. A replacement promissory note for \$400 is due November 30, 2023 and bears interest at the rate of 0.00%.

The Series 2012 taxable bonds are evidenced by a loan agreement dated August 2, 2012, by and between the University and Truist Bank, as trustee. The Series 2012 taxable bonds have final maturities of January 15, 2027 for the serial bonds and January 15, 2042 for the term bonds. The 2012 bonds maturing on January 15, 2032 and 2042 are subject to mandatory sinking fund redemptions through 2032 and 2042 in increasing annual amounts of \$5,445 to \$6,205 and \$6,405 to \$8,830, respectively. Interest is payable each January 15 and July 15. The University's obligation under the loan agreement is an unsecured, unconditional obligation. There are no related covenants underlying the bonds and the University has complied with all continuing disclosure requirements.

Reynolda Campus issued \$159,100 of tax exempt North Carolina Capital Facilities Finance Agency Educational Facilities Revenue and Revenue Refunding Bonds, Series 2016. The 2016 Series bonds were issued for the purpose of the current refunding and defeasance of the Series 2009 tax exempt bonds (\$110,000) and financing the costs of acquisition, construction, renovation and installation of capital assets of the Reynolda Campus. The Series 2016 tax exempt bonds are evidenced by a loan agreement dated July 1, 2016, by and between the University and Truist Bank, as trustee. The Series 2016 tax exempt bonds have final maturities of January 1, 2039 for the series bonds and January 1, 2041 and 2046 for the term bonds. The 2016 bonds maturing on January 1, 2040 and 2046 are subject to mandatory sinking fund redemptions through 2041 and 2046 with annual amounts of \$1,720 to \$2,930 and \$1,290 to \$3,485, respectively. Interest is payable each January 1 and July 1. The University's obligation under the loan agreement is an unsecured, unconditional obligation. There are no related covenants underlying the bonds and the University has complied with all continuing disclosure requirements.

Reynolda Campus issued \$97,900 of tax-exempt North Carolina Capital Facilities Finance Agency Educational Facilities Revenue and Revenue Refunding Bonds, Series 2018. The 2018 Series bonds were issued for the purpose of repaying a portion of the line of credit and financing the costs of acquisition, construction, renovation and installation of capital assets of the Reynolda Campus. The Series 2018 tax-exempt bonds are evidenced by a loan agreement dated July 1, 2018, by and between the University and Truist Bank, as trustee. The Series 2018 tax-exempt bonds have final maturities of January 1, 2039 for the series bonds and January 1, 2043 and 2048 for the term bonds. The 2018 bonds maturing on January 1, 2043 and 2048 are subject to mandatory sinking fund redemptions through 2043 and 2048 with annual amounts of \$875 to \$8,205 and \$4,870 to \$8,940, respectively. Interest is payable each January 1 and July 1. The University's obligation under the loan agreement is an unsecured, unconditional obligation.

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The Series 2021 taxable bonds are evidenced by a loan agreement dated June 1, 2021, by and between the University and Truist Bank, as trustee. The Series 2021 taxable bonds have final maturities of January 1, 2044 for the term bonds and January 1, 2051 for the bullet bond. The 2021 bonds maturing on January 1, 2044 are subject to mandatory sinking fund redemptions from 2040 through 2044 with annual amounts of \$5,000. Interest is payable each January 1 and July 1. The University's obligation under the loan agreement is an unsecured, unconditional obligation. There are no related covenants underlying the bonds and the University has complied with all continuing disclosure requirements.

WFUHS	Years to nominal maturity	Interest rate at June 30, 2022		2023	2022
Notes payable and finance leases:					
Loan agreement	—	LIBOR plus 0.65%	Variable	\$ —	1,668
Loan agreement	<1 to 3	1.88%	Fixed	2,852	3,545
Loan agreement	<1 to 2	SOFR plus 1.25%	Variable	1,248	1,748
Finance lease	18	4.50%	Fixed	36,308	37,583
Finance lease	2	4.25% to 6.16%	Fixed	250	276
Total notes payable				40,658	44,820
Bonds payable:					
Series 2019 A	<1 to 10	5.00 %	Fixed	34,935	37,030
Series 2012 B	<1 to 10	2.00% to 5.00%	Fixed	72,025	76,950
Unamortized bond premium				12,611	13,822
Unamortized bond issuance costs				(759)	(832)
Total bonds payable				118,812	126,970
Total notes payable, finance leases, and bonds payable				\$ 159,470	171,790

Effective March 26, 2011, NCBH, WFUHS, and WFUBMC formed a single obligated group (Obligated Group) under the existing NCBH Master Trust Indenture (MTI). New obligations were issued to WFUHS obligation holders under the NCBH MTI. In addition, substantially all of the subsidiaries of NCBH and WFUHS were included in the single credit group as Designated Members (Combined Group). Under the new credit structure, each member of the Obligated Group is jointly and severally liable for all debt and other obligations that are evidenced and secured under the MTI.

Bonds issued under the MTI are payable solely from the Obligated Group's revenues (as defined by the MTI). Additionally, the Combined Group must remain compliant with certain covenants and restrictions required by the MTI and loan agreements underlying the bonds. The Combined Group is subject to covenants under the MTI containing restrictions or limitations with respect to indebtedness, property encumbrance, consolidation or merger or transfer of assets. In addition, the Combined Group has agreed that it will not create any lien upon its property, accounts, or revenue now owned or thereafter acquired other than "permitted liens" as described in the MTI. WFUHS believes it is in compliance with such covenants and restrictions as of June 30, 2023. As of June 30, 2023, WFUHS is jointly and severally liable

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for \$696,770 of bonds payable borrowed by the other members of the Obligated Group and for \$19,999 and \$18,768, respectively, under WFUBMC's line of credit and notes payable. Because WFUHS does not expect to fund repayment of any of the amounts attributed to the other members of the Obligated Group under the MTI, no portion of these amounts meets the criteria for liability recognition in the accompanying consolidated financial statements.

The Series 2019 Revenue Bonds represent bonds issued by Wake Forest Baptist Obligated Group, representing funds borrowed by the entities pursuant to loan agreements with the North Carolina Medical Care Commission (NCMCC). As a conduit issuer, the NCMCC loans the debt proceeds to the borrower and the bonds are issued by the NCMCC under a MTI structure. The MTI provides the flexibility for multiple parties to participate in debt issuances as part of an obligated group.

The Series 2019A bonds mature in full in fiscal year 2034. The fixed rate instruments bear interest at fixed coupon rates of 5.00%. Per the bond agreements, the principal payments on the bonds are due on December 1 of each year beginning in 2019 in annual amounts ranging from \$185 to \$4,505.

The Series 2012 Revenue Bonds represent bonds issued by Wake Forest Baptist Obligated Group, representing funds borrowed by the entities pursuant to loan agreements with the North Carolina Medical Care Commission (NCMCC). As a conduit issuer, the NCMCC loans the debt proceeds to the borrower and the bonds are issued by the NCMCC under a MTI structure. The MTI provides the flexibility for multiple parties to participate in debt issuances as part of an obligated group.

The Series 2012B bonds mature in full in fiscal year 2034. The fixed rate instruments bear interest at fixed coupon rates ranging from 2.00% to 5.00%. Per the bond agreements, the principal payments on the bonds are due on December 1 of each year beginning in 2014 and in increasing annual amounts ranging from \$3,385 to \$7,000.

WFUHS entered into an unsecured loan agreement, with a variable interest rate based upon the one month LIBOR plus a premium of 0.65% for \$20,014 to refinance two previously outstanding fixed rate notes. This taxable loan guaranteed by both NCBH and WFUBMC matured on April 1, 2023.

WFUBMC entered into a taxable, unsecured loan agreement, with WFUHS and NCBH as Borrowers, with a fixed interest rate of 1.88% to refinance a previously outstanding loan agreement held by WFUHS and NCBH and owned subsidiaries. Principal payments and accrued interest are due monthly with a final maturity date of April 15, 2027.

Wake Forest Ambulatory Ventures, LLC entered into a notes payable obligation, with variable interest rates based on one month SOFR plus a premium of 1.25% and final maturities in 2025. The interest rate at June 30, 2023 was 6.05%.

WFUHS entered into a finance lease obligation of \$44,125 related to the Bowman Gray Center for Medical Education with an initial term of 15 years and additional renewal options. The obligation has a fixed interest rate of 4.50%.

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Wake Forest Ambulatory Ventures, LLC entered into various finance lease obligations of \$538 related to equipment. The obligations have fixed interest rates ranging from 4.25% to 6.16% and final maturity dates through June 2025.

WFUBMC entered into an unsecured credit facility with a total borrowing capacity of \$100,000 to provide for the working capital needs of NCBH, WFUHS, and WFUBMC. The line of credit is due on June 3, 2024, and bears interest at daily simple SOFR plus 0.55%, which is 5.61% at June 30, 2023. The facility is structured with WFUBMC as the Borrower and NCBH and WFUHS as Co-obligors. WFUHS has no outstanding balance on the facility at June 30, 2023 and 2022.

An additional unsecured credit facility with a total borrowing capacity of \$200,000 was entered into in June 2021 to provide for the working capital needs of NCBH, WFUHS, and WFUBMC. The line of credit is due on May 27, 2024, and bears interest at the term SOFR rate plus 0.65%, which is at 4.74% at June 30, 2023. The facility is structured with NCBH, WFUHS and WFUBMC as Co-borrowers. There is no outstanding balance on the facility at June 30, 2023 and 2022.

Aggregate annual maturities of notes, finance leases, and bonds payable for each of the five fiscal years subsequent to June 30, 2023 and thereafter are as follows:

	Reynolda Campus	WFUHS	Total
2024	\$ 14,514	11,856	26,370
2025	14,537	12,482	27,019
2026	55,584	10,639	66,223
2027	13,068	10,759	23,827
2028	13,735	10,539	24,274
In total thereafter	451,405	91,343	542,748
	<u>\$ 562,843</u>	<u>147,618</u>	<u>710,461</u>

Costs related to the registration and issuance of bonds, totaling \$19,996 and \$11,852, respectively, for Reynolda Campus and WFUHS, are carried at cost less accumulated amortization and are amortized over the life of the bonds on a method that approximates the effective-interest method and are included in bonds payable on the accompanying consolidated balance sheet. Total amortization expense for issue costs and premium is included in interest expense in the consolidated statements of activities for Reynolda Campus and WFUHS totaled \$837 and \$1,138, respectively, for 2023 and \$840 and \$1,137, respectively, for 2022.

(14) Interest Rate Swap Agreements

To manage the fixed/variable allocation of its debt portfolio, including hedging exposure to increasing interest expense from variable rate debt, the University utilizes interest rate swap agreements. The University has only limited involvement with derivative instruments and does not use them for trading purposes.

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During fiscal 2023 the University has adhered to the ISDA 2020 IBOR Fallbacks Protocol. As a result, any interest rate swap agreements which referenced LIBOR have been amended to reflect a transition to SOFR effective July 1, 2023.

Parties to interest rate swap agreements are subject to market risk for changes in interest rates as well as credit loss in the event of nonperformance by the counterparty. To minimize this exposure, the University verifies that the counterparties for these swap transactions are major financial institutions that meet the University's criteria for financial stability and creditworthiness. Additionally, the University is exposed to tax basis risk since a change in tax rate environments will change the level of correlation between the interest rate payments made on the variable rate bonds and the percentage of LIBOR payments being received from the counterparties.

The following table summarizes the general terms for each of the University's swap agreements:

	Reynolda Campus		WFUHS
	October 2008	July 2018	August 2002
	interest rate	interest rate	interest rate
	swap	swap	swap
Notional amount	\$ 50,000	4,625	17,339
Effective date	October 1, 2008	July 2, 2018	August 20, 2002
Maturity date	January 1, 2038	July 1, 2026	July 1, 2034
Rate received	67% of one-month LIBOR	67% of one-month LIBOR	67% of one-month LIBOR
Rate paid	3.61 %	2.44 %	3.67 %
Collateral provisions	100% liability if > \$20,000	None	100% asset/ liability – \$250 min
Settlement frequency	Monthly	Monthly	Weekly

The University records all interest rate swap agreements in other liabilities and deferrals on the consolidated balance sheet at their respective fair values. The estimated amount the University would pay to terminate the swap agreements at the reporting date, taking into account current forward interest rates and the current forward creditworthiness of the swap counterparties, approximates the fair value of the interest rate swap. All changes in fair value are reflected as a gain or loss in nonoperating activities in the consolidated statement of activities. Periodic net cash settlement amounts with counterparties are accounted for as adjustments to interest expense on the related debt and collateral to support the swaps is included in investments on the consolidated balance sheet. Collateral held by counterparties at June 30, 2023 and 2022, respectively, was \$0 and \$0 for Reynolda Campus, and \$1,250 and \$1,890 for WFUHS.

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The related financial information on each of these instruments is as follows:

		2023		2022	
		<u>Fair value</u>	<u>Gain (Loss)</u>	<u>Fair value</u>	<u>Gain (Loss)</u>
Reynolda Campus:					
October 2008 interest					
rate swap	\$	(6,835)	3,618	(10,453)	9,127
December 2016 interest					
rate swap		<u>(171)</u>	<u>(119)</u>	<u>(52)</u>	<u>328</u>
Total		(7,006)	3,499	(10,505)	9,455
WFUHS:					
August 2002 interest rate					
swap		<u>(996)</u>	<u>945</u>	<u>(1,941)</u>	<u>2,011</u>
Grand total	\$	<u><u>(8,002)</u></u>	<u><u>4,444</u></u>	<u><u>(12,446)</u></u>	<u><u>11,466</u></u>

As of June 30, 2023, the University's adjusted debt portfolio, after taking into account the aforementioned swap agreements, was approximately 100% fixed or synthetically fixed rate for Reynolda Campus, and 100% fixed rate or synthetically fixed for WFUHS.

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(15) Net Assets

The following is a summary of net assets at June 30:

	2023		
	Without donor restriction	With donor restriction	Total
Reynolda Campus:			
Operating	\$ 429,226	—	429,226
Endowment	259,831	823,667	1,083,498
Investment in plant, net	183,271	—	183,271
Donor pledges and gifts	—	192,476	192,476
Trust (annuity, perpetual, split-interest) and loan agreements	—	19,088	19,088
Total net assets	\$ 872,328	1,035,231	1,907,559
WFUHS:			
Operating	\$ 139,450	—	139,450
Endowment	498,647	270,463	769,110
Investment in plant, net	213,670	—	213,670
Donor pledges and gifts	—	29,716	29,716
Trust (annuity, perpetual, split-interest) and loan agreements	—	19,970	19,970
Total net assets	\$ 851,767	320,149	1,171,916

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	2022		
	Without donor restriction	With donor restriction	Total
Reynolda Campus:			
Operating	\$ 375,017	—	375,017
Endowment	261,738	802,914	1,064,652
Investment in plant, net	175,017	—	175,017
Donor pledges and gifts	—	210,722	210,722
Trust (annuity, perpetual, split-interest) and loan agreements	—	18,116	18,116
Total net assets	<u>\$ 811,772</u>	<u>1,031,752</u>	<u>1,843,524</u>
WFUHS:			
Operating	\$ 97,102	—	97,102
Endowment	496,738	258,386	755,124
Investment in plant, net	232,593	—	232,593
Donor pledges and gifts	—	9,684	9,684
Trust (annuity, perpetual, split-interest) and loan agreements	—	18,863	18,863
Total net assets	<u>\$ 826,433</u>	<u>286,933</u>	<u>1,113,366</u>

(16) Functional Expenses

Expenses are presented by functional classification in accordance with the overall mission of the University. The University's primary program services are academic, instruction and research, and health care and related services. Expenses for auxiliary enterprises, library, and student services are incurred in support of academic instruction and research, and as such are included therein. Plant operation and maintenance expense is allocated to program and supporting activities based upon direct costing or allocated using a variety of allocation techniques such as square footage. The amounts allocated in 2023 and 2022 were \$159,091 and \$155,368, respectively.

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Expenses are reported in the consolidated statements of activities in natural categories. Functional expenses for the years ended June 30, 2023 and 2022 are categorized as follows:

2023								
	Academic, instruction, and research		Health care and other related services		Administration and other institutional support		Total	
	Reynolda Campus	WFUHS	Reynolda Campus	WFUHS	Reynolda Campus	WFUHS	Reynolda Campus	WFUHS
Salaries and wages	\$ 212,494	202,274	—	672,521	31,988	3,810	244,482	878,605
Employee benefits	58,048	40,058	—	140,353	5,619	894	63,667	181,305
Student aid	4,084	9,345	—	—	—	—	4,084	9,345
Services	65,710	64,317	—	115,659	10,949	38,982	76,659	218,958
Clinical and laboratory supplies	—	18,085	—	93,229	—	—	—	111,314
Other operating expenses	69,251	31,512	—	58,439	2,717	1,537	71,968	91,488
Depreciation and amortization	46,421	12,661	—	18,426	5,762	6,380	52,183	37,467
Interest on debt	19,361	2,536	—	2,836	747	1,278	20,108	6,650
Total expenses	<u>\$ 475,369</u>	<u>380,788</u>	<u>—</u>	<u>1,101,463</u>	<u>57,782</u>	<u>52,881</u>	<u>533,151</u>	<u>1,535,132</u>

2022								
	Academic, instruction, and research		Health care and other related services		Administration and other institutional support		Total	
	Reynolda Campus	WFUHS	Reynolda Campus	WFUHS	Reynolda Campus	WFUHS	Reynolda Campus	WFUHS
Salaries and wages	\$ 205,762	173,789	—	606,362	35,773	1,445	241,535	781,596
Employee benefits	56,027	36,679	—	132,441	7,048	305	63,075	169,425
Student aid	3,596	8,953	—	—	—	—	3,596	8,953
Services	59,882	55,641	—	91,833	8,291	29,353	68,173	176,827
Clinical and laboratory supplies	—	22,620	—	88,614	—	—	—	111,234
Other operating expenses	62,461	32,117	—	52,571	1,885	4,208	64,346	88,896
Depreciation and amortization	44,874	11,793	—	17,412	5,032	5,943	49,906	35,148
Interest on debt	17,693	2,769	—	3,164	726	1,395	18,419	7,328
Total expenses	<u>\$ 450,295</u>	<u>344,361</u>	<u>—</u>	<u>992,397</u>	<u>58,755</u>	<u>42,649</u>	<u>509,050</u>	<u>1,379,407</u>

(17) Contingencies and Other Commitments

The estimated cost to complete construction in progress at June 30, 2023 and 2022, respectively, were \$81,638 and \$87,148 for Reynolda Campus, and \$40,735 and \$79,505 for WFUHS.

Expenditures related to federal and state grants and contracts are subject to adjustment based upon review by the granting agencies. Amounts of expenditures that granting agencies might disallow cannot be determined at this time. These amounts affect government grants and contracts revenue as well as facilities and administrative cost recovery. The University would not expect these costs to influence the consolidated financial position significantly.

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The University is self-insured for dental benefits, self-insured or fully insured for retiree medical benefits (depending on retiree benefit elections), and self-insured for active employees receiving medical benefits. The University provides an accrual for actual claims reported but not paid and a provision for incurred but not reported claims based on historical trends. Accrued employee health and dental costs, including estimated claims incurred but not reported, amounted to approximately \$2,504 and \$1,639 at June 30, 2023 and 2022, respectively, for Reynolda Campus and \$8,655 and \$7,061 at June 30, 2023 and 2022, respectively, for WFUHS and are included in other liabilities and deferrals in the accompanying consolidated balance sheet.

The estimated liability for self-insurance claims will be significantly affected if current and future claims differ from historical trends. While management monitors reported claims closely and considers potential outcomes as estimated by its actuaries when determining its self-insurance liability accruals, the complexity of the claims, the extended period of time to settle the claims and the wide range of potential outcomes complicate the estimation. In the opinion of management, adequate provision has been made for this related risk.

The University self-insures workers' compensation liability with excess commercial insurance providing per loss and aggregate annual coverage. The University provides an accrual for actual claims reported but not paid and a provision for incurred but not reported claims based on historical trends, which is included in other liabilities and deferrals on the accompanying consolidated balance sheet.

The estimated liability for workers' compensation claims will be significantly affected if current and future claims differ from historical trends. While management monitors reported claims closely and considers potential outcomes as estimated by its actuaries when determining its self-insurance liability accruals, the complexity of the claims, the extended period of time to settle the claims and the wide range of potential outcomes complicate the estimation. In the opinion of management, adequate provision has been made for this related risk.

Under the Health Insurance Portability and Accountability Act of 1996 (HIPPA), the federal government has authority to complete fraud and abuse investigations. HIPPA has established substantial fines and penalties for offenders. WFUHS maintains policies, procedures and requires regular training sessions to employers to monitor compliance with HIPPA, as well as other applicable local, state and federal statutes and regulations.

The University is involved in various legal matters arising in the normal course of activities. Management, after taking into consideration advice of legal counsel, believes that the matters will not have a materially adverse effect, individually or in the aggregate, upon the University's consolidated financial statements.

(18) Sale-Leaseback Agreement

In 2006, WFUHS entered into a sale-leaseback agreement to sell and lease back certain assets. The initial lease term is 20 years with four 5-year renewal options. The lease is classified as an operating lease. Operating lease expected payments in each year from 2024 to 2027 are \$8,220, \$8,302, \$8,385, and \$7,229 respectively.

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In 2010, WFUHS entered into another sale-leaseback agreement to sell and lease back certain assets. The initial lease term is 16 years with three 5-year renewal options. The lease is classified as an operating lease. Operating lease payments are due monthly and expected payments each year from 2024 to 2027 are \$6,539, \$6,702, \$6,870 and \$7,041, respectively.

WFUHS has a deferred gain related to the sale and leaseback of certain assets, which is amortized over the remaining lease term using the straight-line method. The deferred gain was \$7,502 and \$9,449 at June 30, 2023 and 2022, respectively, and is included in other liabilities and deferrals in the accompanying consolidated balance sheet.

(19) Retirement Plans

Substantially all employees of the University are eligible to participate in defined contribution benefit plans. The University contributes a specified percentage of each employee's salary to the plans. Contributions for the years ended June 30, 2023 and 2022, respectively, were \$16,183 and \$15,601 for Reynolda Campus and \$65,071 and \$51,011 for WFUHS.

Certain employees of the University are eligible to participate in other benefit plans including a defined supplemental executive retirement plan, deferred compensation arrangements, and supplemental retirement agreements. The Reynolda Campus and WFUHS have accrued \$983 and \$3,474 at June 30, 2023, respectively, and \$1,134 and \$3,302 at June 30, 2022, respectively, for liabilities associated with these plans. These liabilities are included in other liabilities and deferrals on the consolidated balance sheet.

(20) Postretirement Benefits

The University sponsors defined benefit postretirement medical and dental plans that cover all of its full-time employees who elect coverage and satisfy the plans' eligibility requirements when they retire. In addition, Reynolda Campus sponsors a death benefit plan, which pays a \$2 benefit for each retiree. To be eligible, retired employees of Reynolda Campus must be at least 62 years of age with ten or more years of service or be at least 65 years of age with five or more years of service.

WFUHS sponsors a defined benefit postretirement medical and dental plan that covers all WFUHS full-time employees who elect coverage and satisfy the plan eligibility requirements when they retire. On June 2, 2011, the Board of WFUHS approved that effective as of January 1, 2012, the defined benefit postretirement plan would be discontinued for most future retirees and the minimum age required for postretirement benefits will increase from 60 to 62. However, the additional requirement of the Rule of 75 (age and years of service) remains unchanged. All current retirees and currently eligible employees previously grandfathered will continue to be eligible for benefits under this plan. Any WFUHS employee who is within 5 years of meeting the new retirement eligibility of age 62 with combined age and years of service equal to at least 75 as of January 1, 2012 will be grandfathered into this benefit.

The measurement date for the defined postretirement benefit plan is June 30.

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(Dollars in Thousands)

The following table provides a reconciliation of the changes in each plan's benefit obligation, fair value of plan assets, and funded status for the years ended June 30, 2023 and 2022:

	2023			2022
	Reynolda Campus	WFUHS	Total	Total
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 11,724	21,120	32,844	40,829
Service cost	445	—	445	591
Interest cost	544	798	1,342	1,046
Participants' contributions	569	92	661	769
Actuarial (gain)	(434)	(832)	(1,266)	(6,993)
Benefits paid	(1,299)	(1,765)	(3,064)	(3,398)
Special termination benefits	—	—	—	—
Benefit obligation at end of year	11,549	19,413	30,962	32,844
Change in plan assets:				
Fair value of plan assets at beginning of year	—	—	—	—
Employer's contributions	730	1,673	2,403	2,629
Participants' contributions	569	92	661	769
Benefits paid	(1,299)	(1,765)	(3,064)	(3,398)
Fair value of plan assets at end of year	—	—	—	—
Total liability	\$ (11,549)	(19,413)	(30,962)	(32,844)
Amounts recognized in unrestricted net assets:				
Prior service cost	\$ (1,926)	(24)	(1,950)	(2,340)
Net actuarial (gain) loss	(6,871)	(6,160)	(13,031)	(14,105)
Total decrease	\$ (8,797)	(6,184)	(14,981)	(16,445)

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The following table provides the components of net periodic benefit cost for the years ended June 30, 2023 and 2022:

	2023			2022
	Reynolda Campus	WFUHS	Total	Total
Service cost	\$ 445	—	445	591
Interest cost	544	798	1,342	1,046
Amortization of prior service credit	(374)	(16)	(390)	(390)
Amortization of net actuarial (gain) loss	(402)	(1,938)	(2,340)	(824)
Special termination benefits	—	—	—	—
Net periodic benefit cost	\$ 213	(1,156)	(943)	423

The prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Gains in excess of 10% of the greater of the benefit obligation and the market-related value of assets are amortized over the average remaining service period of active participants.

The weighted average discount rate used to determine the accumulated postretirement benefit obligation at June 30, 2023 for Reynolda Campus and WFUHS, respectively, was 5.15% and 5.07%, and at June 30, 2022 was 4.78% and 4.59%, respectively. The discount rate reflects the current yield curve results as of June 30, 2023 and 2022. For management purposes, Reynolda Campus used 8.20% and 6.60%, and WFUHS used 7.10% and 7.45% for 2023 and 2022, respectively, for the annual rate of increase in the per capita cost of covered healthcare benefits for the first year, and a 4.50% rate was assumed in each year as the ultimate rate.

Aggregate benefits expected to be paid by the University, net of participant contributions, for the postretirement benefits plans are as follows:

	Reynolda Campus	WFUHS	Total
2024	\$ 683	1,991	2,674
2025	715	1,948	2,663
2026	737	1,897	2,634
2027	783	1,846	2,629
2028	818	1,786	2,604
Five years thereafter	4,627	7,674	12,301

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The expected benefits to be paid are based on the same assumptions used to measure the University's benefit obligation at June 30, 2023 and include estimated future employee service.

(21) Related-Party Transactions

WFUHS and NCBH each incur expenses in the course of managing WFB as an integrated academic medical center. These expenses are aggregated and allocated between WFUHS and NCBH such that each individual entity bears a share of the expenses that is proportionate to the benefit received by each entity. Additionally, WFUHS and NCBH share certain facilities, provide various services, and incur certain expenses on behalf of each other. These transactions are recorded at fair value and the costs associated with operating and maintaining jointly occupied facilities are ultimately paid by the party having beneficial occupancy.

These transactions are recorded as follows in the consolidated financial statements:

	<u>2023</u>	<u>2022</u>
Revenue from MCIA	\$ 312,774	223,296
Corporate service allocation, net	37,233	73,384
Other professional fees, net	<u>45,644</u>	<u>(29,114)</u>
Total net revenue from NCBH	<u>\$ 395,651</u>	<u>267,566</u>
Accounts receivable from (payable to) NCBH	\$ 136,354	(24,861)

In 2015, WFUBMC entered into an unsecured, taxable line of credit with a total borrowing capacity of \$125,000 that is guaranteed by both NCBH and WFUHS. In 2019, WFUBMC exercised an accordion feature on the line of credit, bringing its total borrowing capacity to \$150,000. In 2020, the line of credit was amended to increase the borrowing capacity to \$200,000. WFUBMC's outstanding balance on the line of credit was \$19,199 as of June 30, 2023 and 2022; WFUHS had no outstanding liability under the line of credit as of June 30, 2023 and 2022.

An additional unsecured credit facility with a total borrowing capacity of \$200,000 was entered into in June 2021 to provide for the working capital needs of NCBH, WFUHS, and WFUBMC. The line of credit is due on May 27, 2024, and bears interest at the term SOFR rate plus 0.65%. The facility is structured with NCBH, WFUHS, and WFUBMC as co-borrowers. There is no outstanding balance on the facility at June 30, 2023 and 2022.

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As part of the master agreement between the Enterprise and Advocate Aurora, CMHA contributed \$47,000 to WFUHS in fiscal year 2023 to create an academic endowment to be used to support academic enrichment activities such as recruitment of academic and research faculty, bridge funding for researchers, new or enhanced academic programs, and related development of flagship/destination clinical programs (the New Academic Endowment). The agreement stipulates that the New Academic Endowment should be invested without distribution until January 1, 2028, at which time and continuing each year thereafter, 4.75% of the prior year ending balance of the New Academic Endowment shall be made available in equal quarterly installments to WFUBMC. Additionally, the agreement has a “right of return” clause that states that if WFUBMC terminates its participation in the new Advocate Enterprise within the first ten years, the New Academic Endowment must be returned to CMHA within thirty days following the effective date of such termination. Because of this condition upon the contribution, WFUHS recorded the \$47,000 to other liabilities and deferrals upon receipt in February 2023. The funds are invested similarly to WFUHS’ traditional endowments, but the \$47,000 will not be moved from other liabilities and deferrals to restricted contributions until May 2032, when the “right of return” clause will expire.

(22) Professional Liability Insurance

WFUHS maintains professional liability coverage, which included a \$6,000 per occurrence and a \$30,000 annual aggregate self-insurance retention for the year ended June 30, 2023. WFUHS estimates its professional liability on an actuarial basis. WFUHS’ accrued professional liability costs, including estimated claims incurred but not reported, amounted to approximately \$51,258 and \$45,784 at June 30, 2023 and 2022, respectively, and are included in other liabilities and deferrals in the accompanying consolidated balance sheets. In the opinion of management, adequate provision has been made for the related risk.

The estimated liability for self-insurance claims will be significantly affected if current and future claims differ from historical trends. While management monitors reported claims closely and considers potential outcomes as estimated by its actuaries when determining its self-insurance liability accruals, the complexity of the claims, the extended period of time to settle the claims and the wide range of potential outcomes complicate the estimation. In the opinion of management, adequate provision has been made for this related risk.

(23) Subsequent Events

Management has evaluated subsequent events from June 30, 2023 through November 7, 2023, the date the financial statements were issued, and determined that there are no items to disclose.

WAKE FOREST UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Federal ALN no. or other grant identifying no.	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
Federal award expenditures:				
Research and Development Cluster:				
Wake Forest University Health Sciences:				
U.S. Department of Health and Human Services:				
National Institutes of Health Direct Programs:				
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077		\$ 3,725,201	5,100,954
Environmental Health	93.113		62,592	306,247
Oral Diseases and Disorders Research	93.121		168,416	519,463
Research Related to Deafness and Communication Disorders	93.173		—	380,305
Telehealth Programs	93.211		33,550	348,264
Mental Health Research Grants	93.242		17,817	470,343
Alcohol Research Programs	93.273		302,116	6,265,972
Drug Abuse and Addiction Research Programs	93.279		1,274,958	9,225,770
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		—	410,521
Minority Health and Health Disparities Research	93.307		—	606,121
Trans-NIH Research Support	93.310		213,113	644,475
National Center for Advancing Translational Sciences	93.350		—	4,974,340
Research Infrastructure Programs	93.351		—	1,296,890
21st Century Cures Act – Beau Biden Cancer Moonshot	93.353		304,332	789,811
Nursing Research	93.361		489,300	2,724,524
Cancer Cause and Prevention Research	93.393		1,441,614	4,343,651
Cancer Detection and Diagnosis Research	93.394		13,727	625,622
Cancer Treatment Research	93.395		912,660	3,267,549
Cancer Biology Research	93.396		367,589	2,951,141
Cancer Centers Support Grants	93.397		13,999	2,862,202
Cancer Research Manpower	93.398		5,400	661,539
Cancer Control	93.399		410,897	5,198,918
Cardiovascular Diseases Research	93.837		1,893,066	9,058,099
Lung Diseases Research	93.838		148,525	225,024
Blood Diseases and Resources Research	93.839		36,170	480,766
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		—	151,900
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		1,751,141	8,450,204
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		240,915	4,346,157
Allergy and Infectious Diseases Research	93.855		272,661	5,584,463
Biomedical Research and Research Training	93.859		76,067	1,793,542
Child Health and Human Development Extramural Research	93.865		805,630	2,429,037
Aging Research	93.866		9,573,791	40,443,512
Vision Research	93.867		80,585	3,735,057
ATHEROSCLEROSIS RISK IN COMMUNITIES (ARIC) FIELD CENTER	93. UNKNOWN		265,265	851,848
Multi-Ethnic Study of Atherosclerosis (MESA)	93. UNKNOWN		—	539,155
Phase III Clinical Trial Evaluating Post-Mastectomy Chestwall and Regional Nodal XRT	93. UNKNOWN		—	674
WHIMS Investigating the Biology of Cognitive Resilience	93. UNKNOWN		—	16,261
Women Health Initiative – Regional Center	93. UNKNOWN		53,111	464,695
Subtotal National Institutes of Health Direct Programs			24,954,208	132,544,916
Family Smoking Prevention and Tobacco Control Act Regulatory Research:				
Boston University	93.077	R01CA260460	—	107,402
University of N Carolina-Chapel Hill	93.077	None Identified	—	2,101
University of North Carolina Chapel Hill	93.077	R01CA260822	—	9,800
University of Oklahoma Health Sciences	93.077	None Identified	—	8,498
University of Pennsylvania	93.077	577788	—	28,494
Virginia Commonwealth University	93.077	R01DA050996	—	(1,004)
Total Family Smoking Prevention and Tobacco Control Act Regulatory Research			—	155,291
Environmental Health:				
University of North Carolina Chapel Hill	93.113	None Identified	—	86,907
University of Southern California	93.113	93343187	—	15,811
Total Environmental Health Research			—	102,718
Oral Diseases and Disorders Research:				
New York University School of Medicine	93.121	F7834-01	—	39,957
University of Texas – Houston	93.121	0012976A	—	2,078
Total Oral Diseases and Disorders Research			—	42,035
Research Related to Deafness and Communication Disorders:				
Cleveland Clinic	93.213	U01AT011005	—	114,058
Mt. Sinai Med Ctr of Florida Inc	93.213	59624427	—	8,962
National Center for Complementary and Integrative Health	93.213	R01AT011502	98,090	503,362
New York University School of Medicine	93.213	U01AT011005	—	32,866
University of Arizona	93.213	494064	—	104,807
Total Research and Training in Complementary and Alternative Medicine			98,090	764,055
Mental Health Research Grants:				
Duke University Medical Center	93.242	R34MH124986	—	68,535
University of Florida	93.242	R21MH129682	—	3,552
Vanderbilt University	93.242	None Identified	—	112,787
Vanderbilt University	93.242	R01MH116675	9,526	157,768
Virginia Polytechnic Institute and State University	93.242	412600-19541	—	306,682
Total Mental Health Research Grants			9,526	649,324
Drug Abuse and Addiction Research Programs:				
Duke University Medical Center	93.279	A030186	—	176,476
Emory University	93.279	None Identified	—	50,054
Indiana University	93.279	IN-4679749-HHC	—	22,492
Medical University of South Carolina	93.279	UG1DA013727	—	255,772
Medical University of South Carolina	93.279	MUSC18-040-8D268	—	36,321
Medical University of South Carolina	93.279	U01DA04468	—	36,643
Sanford-Burnham Institute for Medical	93.279	FAIN# R01DA057120	—	332,589
University of California – San Diego	93.279	7U01DA04451	—	38,309
University of California – San Diego	93.279	None Identified	—	357,142
University of N Carolina-Chapel Hill	93.279	5118065	—	31,461
University of North Carolina Chapel Hill	93.279	None Identified	—	276,846
University of Rochester	93.279	U01DA057016	—	99,997
Virginia Commonwealth University	93.279	R01DA054694	—	126,107
Total Drug Abuse and Addiction Research Programs			—	1,840,209
Discovery and Applied Research for Technological Innovations to Improve Human Health:				
University of Kansas	93.286	P41EB020594	—	93,183
University of Maryland	93.286	48414-Z0005203	—	1,240
Total Discovery and Applied Research for Technological Innovations to Improve Human Health			—	94,423
Minority Health and Health Disparities Research:				
Duke University	93.307	A033206	—	10,502
Kaiser Permanente Southern California	93.307	RNG210374-WF-01	—	29,520
Medical University of South Carolina	93.307	None Identified	—	114,244
Total Minority Health and Health Disparities Research			—	154,266

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Federal grantor/pass-through grantor/program or cluster title	Federal ALN no. or other grant identifying no.	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
Trans-NIH Research Support:				
Albert Einstein College of Medicine	93.310	311818	\$ —	106,506
Albert Einstein College of Medicine	93.310	None Identified	—	15,983
University of Florida	93.310	SUB00001764	—	116,378
University of Florida	93.310	SUB00001766	3,702	2,913,887
University of Florida	93.310	None Identified	—	23,537
University of N Carolina-Chapel Hill	93.310	UH3OD023348	—	206,702
Women & Infants Hospital	93.310	5001441	—	343,094
Ball State University	93.310	U01AR071133	—	85,920
Buck Institute for Research on Aging	93.310	1U54AG075932-01A1	—	200,152
University of Minnesota	93.310	U54AG079754	—	1,837
University of North Carolina Chapel Hill	93.310	UG1HD107692	—	115,815
Total Trans-NIH Research Support			3,702	4,129,811
National Center for Advancing Translational Sciences:				
Duke University	93.350	WBSE: A034559, SPS:266338	—	375,789
The Rockefeller University	93.350	None Identified	—	56,397
National Center for Advancing Translational Sciences	93.350	R03TR004251	—	40,480
Total National Center for Advancing Translational Sciences			—	472,666
Research Infrastructure Programs				
NIH Office of the Director	93.351	T32OD010957	—	59,804
Texas Biomedical Research Institute	93.351	58238	—	39,977
Total Research Infrastructure Programs			—	99,781
21st Century Cures Act – Beau Biden Cancer Moonshot:				
University of Alabama – Birmingham	93.353	000526841-SC005	—	36,947
University of Pennsylvania	93.353	U01CA243702	—	11,624
Total 21st Century Cures Act – Beau Biden Cancer Moonshot			—	48,571
Nursing Research:				
SUNY Upstate Medical University	93.361	R01NR018979	—	44,896
University of California – Irvine	93.361	R21NR019338	—	8,508
Total Nursing Research			—	53,404
Cancer Cause and Prevention Research:				
Alliance for Clinical Trials in Oncology	93.393	None Identified	—	14,485
Alliance for Clinical Trials in Oncology	93.393	A011104	—	34
Alliance for Clinical Trials in Oncology	93.393	A011106	—	4,276
Alliance for Clinical Trials in Oncology	93.393	A071102	—	472
Brown University	93.393	1077	—	3,772
Dana-Farber Cancer Institute	93.393	1204002	—	145,013
Massachusetts General Hospital	93.393	232008	—	16,291
Northwestern University	93.393	R01CA262357	—	85,913
Pennsylvania State University	93.393	R01CA249052	—	44,183
Saint Louis University	93.393	R01CA271033	—	7,971
The University of North Carolina at Chap	93.393	None Identified	—	18,430
University of Florida	93.393	None Identified	—	15,157
University of Florida	93.393	R37CA234030	—	17,400
University of Iowa – 10897	93.393	None Identified	—	45,555
University of Virginia	93.393	None Identified	—	9,069
Total Cancer Cause and Prevention Research			—	428,021
Cancer Treatment Research:				
Adult Brain Tumor Consortium	93.395	1601	—	7,114
Adult Brain Tumor Consortium	93.395	ABTC1602	—	414
Adult Brain Tumor Consortium	93.395	ABTC1603	—	6,154
Alliance for Clinical Trials in Oncology	93.395	None Identified	—	2,293
Alliance for Clinical Trials in Oncology	93.395	A051301	—	6,531
Alliance for Clinical Trials in Oncology	93.395	A051701	—	989
Brigham & Women's Hospital	93.395	None Identified	—	3,035
Canadian Cancer Trials Group	93.395	CCTG CE.7	—	3,000
Cancer and Leukemia Group B Foundation	93.395	5-32014	—	4,040
Children's Hospital Of Philadelphia – 10172	93.395	9500080215-13C	—	19,943
Children's Hospital Of Philadelphia – 10172	93.395	FP00013087 SUB0206 01	—	32,061
Children's Hospital Of Philadelphia – 10172	93.395	None Identified	—	1,681
ECOG-ACRIN Cancer Research Group	93.395	None Identified	—	5,242
ECOG-ACRIN Cancer Research Group	93.395	None Identified	—	6,662
ECOG-ACRIN Cancer Research Group	93.395	EA2165	—	7,828
ECOG-ACRIN Cancer Research Group	93.395	EA2186	—	1,111
ECOG-ACRIN Cancer Research Group	93.395	EA5142	—	2,087
ECOG-ACRIN Cancer Research Group	93.395	EA6174	—	2,541
ECOG-ACRIN Cancer Research Group	93.395	EA8143	—	6,382
ECOG-ACRIN Cancer Research Group	93.395	None Identified	—	1,682
ECOG-ACRIN Cancer Research Group	93.395	UG1CA189828	—	1,165
EMMES Corporation	93.395	2UM1CA121947	—	133
Icahn School of Medicine at Mount Sinai	93.395	0254-4022-4605	—	2,946
John Wayne Cancer Foundation	93.395	JWCJMSLTII	—	1,580
Johns Hopkins University	93.395	None Identified	—	7,942
Johns Hopkins University	93.395	ABTC1802	—	5,181
Johns Hopkins University	93.395	UM1CA186691	—	42,749
Johns Hopkins University	93.395	None Identified	—	1,144
Johns Hopkins University – 10434	93.395	None Identified	—	4,465
Johns Hopkins University – 10434	93.395	PCW200255394	—	6,968
Johns Hopkins University – 10434	93.395	None Identified	—	416
Johns Hopkins University – 10434	93.395	None Identified	—	3,436
Johns Hopkins University – 10434	93.395	ABTC 1701	—	10,227
NRG Oncology	93.395	None Identified	—	14,046
NRG Oncology	93.395	None Identified	—	9,267
NRG Oncology	93.395	GU002	—	6,774
NRG Oncology	93.395	Non-CTEP IND	—	5,653
NRG Oncology	93.395	NRG-GI004	—	10,004
NRG Oncology	93.395	NRG-GI005	—	7,897
NRG Oncology	93.395	NRG-GY006	—	3,775
NRG Oncology	93.395	NRG-LU005	—	10,939
NRG Oncology	93.395	None Identified	—	10,401
NRG Oncology	93.395	U10CA180868	—	5,127
Southwest Oncology Group	93.395	None Identified	—	697
Southwest Oncology Group	93.395	S1826	—	5,194
Southwest Oncology Group	93.395	SWOG S1801	—	10,340
Southwest Oncology Group	93.395	None Identified	—	1,922
Southwest Oncology Group	93.395	S1929	—	2,195
University of Michigan	93.395	R01CA261752	—	25,452
University of North Carolina Chapel Hill	93.395	5R01CA212014	—	2,619
University of Texas at Arlington	93.395	R01CA222227	—	34,726
University of Texas Health Science Center	93.395	R01CA262041	—	14,166
University of Texas M.D. Anderson Canc	93.395	None Identified	—	41,063
Total Cancer Treatment Research			—	431,439

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Schedule of Expenditures of Federal Awards
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Federal grantor/pass-through grantor/program or cluster title	Federal ALN no. or other grant identifying no.	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
Cancer Biology Research:				
Duke University	93.396	None Identified	\$ —	6,792
Duke University	93.396	None Identified	—	198,025
Georgia Tech	93.396	RJ409-G3SUP1	—	72,616
Pennsylvania State University	93.396	6072-WF-DHHS-7261	—	33,247
Pennsylvania State University	93.396	6080-WF-DHHS-9700	—	42,784
The Methodist Hospital Research Institute	93.396	R37CA251318	—	6,391
University of Tennessee	93.396	R01CA253329	—	16,723
University of Tennessee	93.396	U01CA272541	—	17,581
University of Texas Health Science Center	93.396	R01CA228137	—	30,397
Total Cancer Biology Research			—	424,556
Cancer Control:				
Alliance for Clinical Trials in Oncology	93.399	None Identified	—	7,326
Alliance for Clinical Trials in Oncology	93.399	None Identified	—	3,043
Alliance for Clinical Trials in Oncology	93.399	None Identified	—	3,091
Alliance for Clinical Trials in Oncology	93.399	None Identified	—	2,485
Alliance for Clinical Trials in Oncology	93.399	A011401	—	423
Alliance for Clinical Trials in Oncology	93.399	A041501	—	4,637
Alliance for Clinical Trials in Oncology	93.399	A081801	—	5,988
ECOG-ACRIN Cancer Research Group	93.399	None Identified	—	6,435
ECOG-ACRIN Cancer Research Group	93.399	None Identified	—	290,455
ECOG-ACRIN Cancer Research Group	93.399	None Identified	—	31,798
NRG Oncology	93.399	E4112	—	39
NRG Oncology	93.399	NSABP B-55	—	970
Oregon Health & Sciences University	93.399	None Identified	—	10,630
Southwest Oncology Group	93.399	S1605	—	113
Southwest Oncology Group	93.399	S1616	—	5,355
University of Massachusetts	93.399	None Identified	—	15,955
Total Cancer Control			—	387,843
Alzheimer's Disease Program Initiative (ADPI)				
Senior Services Inc	93.470	90ADP0074	—	24,615
Senior Services Inc	93.470	None Identified	—	30,790
Total Alzheimer's Disease Program Initiative (ADPI)			—	55,405
Cardiovascular Diseases Research:				
Beth Israel Deaconess Medical Center	93.837	R01HL153191	—	53,417
Beth Israel Deaconess Medical Center	93.837	R01HL158622	—	55,017
Boston Medical Center	93.837	None Identified	—	11,060
Brigham & Women's Hospital	93.837	122799	—	83,669
Case Western Reserve University	93.837	RES513068	—	8,784
Duke Clinical Res Inst	93.837	R01HL155396	—	148,525
Elon University	93.837	R15HL159650	—	14,064
Johns Hopkins University	93.837	2004538358	—	998,763
Johns Hopkins University	93.837	R01HL158022	—	40,154
Johns Hopkins University	93.837	R01HL159987	—	37,456
Northwestern University	93.837	None Identified	—	8,204
Northwestern University	93.837	U54HL160273	—	41,559
The Brigham and Women's Hospital, Inc.	93.837	225712	—	6,461
University of Alabama-Birmingham	93.837	R01HL117323	—	69,718
University of Florida	93.837	R21HL159501	—	57,424
University of Minnesota	93.837	None Identified	—	70,493
University of North Carolina Chapel Hill	93.837	R01HL162805	—	20,641
University of Pennsylvania	93.837	R01HL155306	—	209,330
University of South Carolina	93.837	19-3841	—	98,227
University of Texas at San Antonio	93.837	None Identified	—	9,915
University of Texas SW Med Cen -Dallas	93.837	GMO 180101	—	61,647
University of Utah	93.837	R01HL163145	—	29,812
University of Washington	93.837	UWSC10878	—	51,477
University of Washington	93.837	R21HL167126	—	12,907
Vanderbilt University Medical Center	93.837	None Identified	—	23,066
Total Cardiovascular Diseases Research			—	2,221,790
Lung Diseases Research:				
Blue Marble Health	93.838	137502-Sub-03	—	16,533
Brigham & Women's Hospital	93.838	122869	—	343,205
Children's Hospital of Philadelphia	93.838	None Identified	—	234,801
Columbia University	93.838	33(GG015997-01)	—	131,246
Columbia University	93.838	8(GG015835-01)	—	181,790
Columbia University	93.838	R01HL077612	—	44,075
Duke Clinical Res Inst	93.838	R33HL147833	—	123
Fred Hutchinson Cancer Center	93.838	None Identified	—	10,249
Fred Hutchinson Cancer Center	93.838	None Identified	—	40,162
Massachusetts General Hospital	93.838	None Identified	112,761	257,177
Massachusetts General Hospital	93.838	None Identified	—	13,423
Massachusetts General Hospital	93.838	None Identified	—	20,649
Massachusetts General Hospital	93.838	238369	33,618	43,500
Massachusetts General Hospital	93.838	U01HL123009	125,487	206,675
Massachusetts General Hospital	93.838	None Identified	—	10,718
Massachusetts General Hospital	93.838	WFUHS Z17448	9,458	9,755
Mayo Clinic	93.838	R01HL142992	—	49,768
Texas Biomedical Research Institute	93.838	None Identified	—	143,606
The Methodist Hospital Research Institute	93.838	None Identified	—	32,954
The Methodist Hospital Research Institute	93.838	None Identified	—	16,875
Tulane University Medical Center	93.838	TUL-HSC-558022-19/20	—	25,446
University of Alabama – Birmingham	93.838	000500918-TO17-006	—	17,078
University of Arizona	93.838	435611	—	70,171
University of California – San Diego	93.838	122385854 PO S9002402	—	390,517
University of California – San Francisco	93.838	10458sc	—	198,730
University of Michigan	93.838	SUBK00014392	—	12,619
University of N Carolina-Chapel Hill	93.838	5111455	—	76,547
University of North Carolina Chapel Hill	93.838	5117256-H3WFUNIVER	—	33,985
University of Vermont – 11258	93.838	3148-01-004-SUB-0003	—	(928)
University of Vermont – 11258	93.838	32723SUB52545	—	89,737
University of Vermont – 11258	93.838	None Identified	—	12,413
Weill Cornell Medical College	93.838	192243-12	—	7,269
Weill Cornell Medical College	93.838	R01HL144718	—	67,745
Total Lung Diseases Research			281,324	2,808,413
Blood Diseases and Resources Research:				
Fred Hutchinson Cancer Center	93.839	R01HL148565	—	2,331
Fred Hutchinson Cancer Research Center	93.839	1043106	—	10,236
National Marrow Donor Program	93.839	None Identified	—	7,591
University of N Carolina-Chapel Hill	93.839	None Identified	—	1,593
University of Tennessee	93.839	R01HL159376	—	41,961
Total Blood Diseases and Resources Research:			—	63,712

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Translation and Implementation Science Research for Blood Disease:				
Vanderbilt University Medical Center	93.840	None Identified	\$ —	153,066
Vanderbilt University Medical Center	93.840	OT2HL156812	—	325,434
Vanderbilt University Medical Center	93.840	None Identified	—	66,600
Vanderbilt University Medical Center	93.840	None Identified	—	106,438
Total Translation and Implementation Science Research for Blood Disease:			—	651,538
Arthritis, Musculoskeletal and Skin Diseases Research:				
Johns Hopkins University	93.846	None Identified	—	117,425
New York University School of Medicine	93.846	Subaward # 17-A1-00-005969-01 / Project # 110088CB	—	4,367
University of Buffalo – 11264	93.846	R01AR078785	—	1,839
University of Miami	93.846	R01AR081340	—	521
University of Michigan	93.846	U01AR073485	—	7,590
University of North Carolina Chapel Hill	93.846	None Identified	—	310,255
University of North Carolina Chapel Hill	93.846	U24AR076730	—	100,090
University of Texas at San Antonio	93.846	UC2AR082195	—	53,215
Wake Forest University	93.846	U01AR080969	—	8,556
Total Arthritis, Musculoskeletal and Skin Diseases Research			—	603,858
Diabetes, Digestive, and Kidney Diseases Extramural Research:				
Advent Health	93.847	120322	—	12,392
Cedars-Sinai Medical Center	93.847	1338076	—	190
Duke University	93.847	A032809	—	(525)
George Washington University	93.847	S-DPP2122-JC01	—	22,291
George Washington University	93.847	34124-9-CCL591527F	—	32,229
George Washington University	93.847	U01DK094176	—	53,251
Harvard Pilgrim Health Care	93.847	AH000650	—	107,109
Johns Hopkins University	93.847	R01DK127222	—	2,505
Johns Hopkins University	93.847	None Identified	—	62,161
Johns Hopkins University	93.847	R01DK126825	—	5,469
Mt. Sinai Medical Center	93.847	5U54DK083909	—	163,957
Northern California Institute for Research	93.847	SHL2118-04	—	120,302
Temple University School of Medicine	93.847	U01DK073975	—	15,914
University of California – San Diego	93.847	R01DK128603	—	6,717
University of California – San Francisco	93.847	1R01DK120551	32,433	84,781
University of California – San Francisco	93.847	1R01DK120886-01A1 REVISED	—	39,592
University of California – San Francisco	93.847	None Identified	—	26,532
University of Michigan	93.847	R01DK131787	—	3,204
University of N Carolina-Chapel Hill	93.847	5115004	—	56,380
University of N Carolina-Chapel Hill	93.847	5117125	—	22,005
University of N Carolina-Chapel Hill	93.847	None Identified	—	20,736
University of South Carolina	93.847	18-3668PO 2000039782	—	32,796
Vanderbilt University	93.847	VUMC71249	—	(25)
Total Diabetes, Digestive, and Kidney Diseases Extramural Research			32,433	890,073
Extramural Research Programs in the Neurosciences and Neurological Disorders:				
George Washington University	93.853	U54NS115054	—	13,180
Johns Hopkins University	93.853	None Identified	—	4,877
Johns Hopkins University	93.853	R01NS120557	—	3,678
Johns Hopkins University	93.853	U01NS122764	—	67,237
Massachusetts General Hospital	93.853	U01NS114001	—	64,496
Massachusetts General Hospital	93.853	None Identified	—	19,715
Massachusetts General Hospital	93.853	None Identified	—	116,744
Massachusetts General Hospital	93.853	R01NS093870	—	14,085
Massachusetts General Hospital	93.853	None Identified	—	36,338
Mayo Clinic	93.853	U01NS080168WAK-224063-01 (effective 3/1/18)WAK187276	—	36,969
Regents of the University of Minnesota	93.853	RF1NS127266-01	—	28,795
Stanford University	93.853	5U01NS038455-17	—	465
Stanford University	93.853	None Identified	—	57,752
University of Buffalo	93.853	R01NS05949	—	126,500
University of California – Davis	93.853	U19NS120384	—	235,430
University of California – Davis	93.853	A20-2531-S001	—	283,588
University of California – Los Angeles	93.853	None Identified	—	174,644
University of Cincinnati	93.853	013382-002	—	116,920
University of Cincinnati	93.853	012043-138224	—	34,610
University of Cincinnati	93.853	None Identified	—	45,620
University of Cincinnati	93.853	010785-138224	—	33,770
University of Cincinnati	93.853	011266-138224	—	61,703
University of Cincinnati	93.853	011337-138224	—	59,317
University of Cincinnati	93.853	012340-138224	—	25,868
University of Cincinnati	93.853	None Identified	—	203,452
University of Cincinnati	93.853	None Identified	—	40,874
University of Cincinnati	93.853	U01NS102289	—	19,355
University of Cincinnati	93.853	U01NS117450	—	41,421
University of Cincinnati	93.853	R01NS128425	—	38,921
University of Cincinnati Medical Center	93.853	U13215-002	—	273,078
University of Florida	93.853	U01NS119562	—	14,053
University of Pittsburgh – 10909	93.853	1U24NS115708-01	—	(6,167)
Total Extramural Research Programs in the Neurosciences and Neurological Disorders			—	2,287,288
Allergy and Infectious Diseases Research:				
Cincinnati Children's Hospital	93.855	309362 (Admin)	—	3,307
Columbia University	93.855	None Identified	—	60,711
Duke University	93.855	5UM1AI104681	—	5,711
Duke University Medical Center	93.855	U19AI067798	—	23,549
Eliel Pharmaceuticals, Inc.	93.855	A0334212U19AI067798	—	237,563
Fred Hutchinson Cancer Center	93.855	R42AI155107	—	94,474
Fred Hutchinson Cancer Research Center	93.855	None Identified	—	96,690
Fred Hutchinson Cancer Research Center	93.855	1040695	—	(23,886)
Fred Hutchinson Cancer Research Center	93.855	1062475	—	1
Institute for Clinical Research Inc.	93.855	M52-WF-034-1101-3	—	8,897
New York University School of Medicine	93.855	R01AI093504	—	108,528
Saint Louis University	93.855	R25AI170379	—	6,018
Stanford University	93.855	R01AI58569	—	39,462
Total Allergy and Infectious Diseases Research			—	661,025
Child Health and Human Development Extramural Research:				
CiceroDxInc.	93.865	R44HD097750	—	73,085
Cincinnati Children's Hospital	93.865	None Identified	—	77,391
Michigan State University	93.865	R21HD103039	—	40,788
Michigan State University	93.865	None Identified	—	42,183
Saint Louis University	93.865	UH3HD096929	—	65,523
University of Missouri-Columbia	93.865	R01HD102170	—	102,838
University of North Carolina Chapel Hill	93.865	P01HD106485	—	100,384
University of Pennsylvania	93.865	PTED1264805	—	5,194
University of Pittsburgh	93.865	None Identified	—	53,852
Total Child Health and Human Development Extramural Research			—	561,238

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Aging Research:				
AdventHealth	93.866	None Identified	\$ —	269,907
Beckman Research Institute	93.866	60254.2005087.669302	—	36,428
Boston Medical Center	93.866	7765	—	12,199
Brigham & Women's Hospital	93.866	1R01AG067507-01 / R01AG067507	—	26,615
Brigham & Women's Hospital	93.866	R01AG070867	—	244,762
Brown University	93.866	None Identified	—	48,692
Brown University	93.866	None Identified	—	12,447
Brown University	93.866	U54AG063546	—	52,264
California Pacific Medical Center	93.866	R21AG070804	—	86,573
California Pacific Medical Center	93.866	None Identified	36,684	1,060,839
Columbia University	93.866	6(GG015822-01)	—	111,082
Columbia University	93.866	None Identified	—	228,243
Columbia University	93.866	R01AG071032	—	135,737
Drexel University	93.866	R01AG072634	—	94,012
Duke Clinical Res Inst	93.866	A03-2816	—	194,747
Duke Clinical Res Inst	93.866	A03-3865	—	1,181,575
Duke Clinical Res Inst	93.866	A03-2827	—	979,365
Duke University	93.866	1U19AG065188	—	48,376
Duke University	93.866	A032814	—	100,197
Duke University	93.866	None Identified	92,240	177,056
Duke University Medical Center	93.866	A033976	—	25,191
George Washington University	93.866	U19AG078558	—	47,329
Hampton University	93.866	R01AG079388	—	21,468
Hennepin Healthcare Research Institute	93.866	15156-25-01FFS	—	57,518
Hennepin Healthcare Research Institute	93.866	RF1AG079397	—	27,392
Indiana University	93.866	None Identified	—	6,848
Johns Hopkins University	93.866	R01AG074258	—	21,859
Johns Hopkins University	93.866	R01AG076518	—	103,963
Johns Hopkins University – 10434	93.866	2003589933	—	154,182
Johns Hopkins University – 10434	93.866	2004070511	—	65,684
Johns Hopkins University – 10434	93.866	2004144882	—	165,159
Mayo Clinic	93.866	93.866	—	21,337
Mayo Clinic	93.866	RF1AG055151	—	22,058
Mayo Clinic	93.866	RF1AG069052	—	34,756
Mayo Clinic	93.866	None Identified	—	115,029
Mayo Clinic	93.866	U54AG044170	—	52,046
Mayo Clinic	93.866	None Identified	—	60,679
Mayo Clinic	93.866	None Identified	—	362
Miami University	93.866	None Identified	—	334,921
Mount Sinai School of Medicine	93.866	U01AG073148	—	27,396
Northwestern University	93.866	None Identified	—	99,759
Northwestern University	93.866	60057255	—	11,489
NRG Oncology	93.866	None Identified	—	2,185
NRG Oncology	93.866	None Identified	52	—
Oregon Health & Sciences University	93.866	RF1AG062220	1,257	512,643
Pennington Biomedical Research Center	93.866	None Identified	—	28,348
Rush University Medical Center	93.866	None Identified	—	188,093
The Regents of the University of California	93.866	10176	3,282,684	6,328,771
The Regents of the University of California	93.866	72755903 ADC-041-EXERT	—	15,138
Tulane University Medical Center	93.866	TUL-HSC-558413-20/21	—	56,420
University of California – Davis	93.866	A21-0198-S002	—	(22,150)
University of California – Davis	93.866	R01AG070647	—	109,845
University of California – Irvine	93.866	2020-1363	—	8,810
University of California – Los Angeles	93.866	None Identified	69,782	225,725
University of California – San Diego	93.866	RF1AG079149	—	11,852
University of Colorado	93.866	R01AG077956	—	38,279
University of Connecticut Health Center	93.866	R25AG073119	—	5,981
University of Georgia	93.866	RF1AG077386	—	24,022
University of Miami	93.866	None Identified	—	537,628
University of Miami	93.866	R21AG075291	—	13,917
University of Miami	93.866	None Identified	—	10,971
University of N Carolina-Chapel Hill	93.866	5107610	—	26,144
University of Pittsburgh – 10909	93.866	None Identified	—	74,050
University of Pittsburgh – 10909	93.866	None Identified	—	12,416
University of Pittsburgh – 10909	93.866	None Identified	—	95,016
University of Pittsburgh – 10909	93.866	AWD00003000(135310-9)	—	55,363
University of Pittsburgh – 10909	93.866	R01AG074971	—	92,519
University of Pittsburgh – 10909	93.866	U19AG063720	—	16,798
University of South Florida	93.866	R56AG064075	—	141,573
University of Southern California	93.866	None Identified	—	73,337
University of Southern California	93.866	129211757	—	79,669
University of Southern California	93.866	133616791	—	17,829
University of Southern California – 10912	93.866	105791377	—	200,568
University of Southern California – 10912	93.866	107786842	—	16,501
University of Southern California – 10912	93.866	118035862	—	(4,923)
University of Southern California – 10912	93.866	131392798	—	11,685
University of Southern California – 10912	93.866	79634982	—	(910)
University of Southern California – 10912	93.866	81622748	—	860
University of Southern California – 10912	93.866	Subaward No. 120188648	—	158,476
University of Texas Health Science Center	93.866	R01AG080821	—	4,738
University of Texas Health Science Center	93.866	U19AG078109	—	16,736
University of Utah	93.866	1005540-02PO U000265955	—	34,728
University of Utah	93.866	R01AG074592	—	154,004
University of Washington	93.866	UWSC12414BPO 52782	—	62,962
University of Washington	93.866	1R61DA051489-01	—	17,265
University of Washington	93.866	None Identified	—	9,946
University of Wisconsin	93.866	Subaward No. 0000001242R01AG070883	—	127,088
University of Wyoming	93.866	None Identified	—	441,053
Vanderbilt University	93.866	RF1AG060754	—	30,380
Vanderbilt University	93.866	UNIV59652	—	188,268
Versiti Wisconsin Inc.	93.866	:T2HL156812	—	2,564
Washington State University	93.866	132471 SPC002273	—	6,226
Total Aging Research			3,482,647	16,837,100
Vision Research:				
Cincinnati Children's Hospital	93.867	None Identified	—	41,776
Univ of Texas Health Sciences Ctr-SA	93.867	R01EY028949	—	6,175
University of Minnesota	93.867	R01EY030472	—	198,107
University of North Carolina Chapel Hill	93.867	R01EY032089	—	66,883
Virginia Commonwealth University	93.867	R01EY033477	—	107,957
Total Vision Research			—	420,898
Medical Library Assistance:				
Brigham & Women's Hospital	93.879	117673	—	16,744
Brigham & Women's Hospital	93.879	R01LM013204	—	102,909
National Library of Medicine	93.879	R25LM014214	—	23,737
University of North Carolina Chapel Hill	93.879	T15LM012500	—	256,954
Total Medical Library Assistance			—	400,344

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Human Genome Research: Broad Institute	93.172	U01HG011723 None Identified	\$ —	30,037
Research Related to Deafness and Communication Disorders: Johns Hopkins University	93.173	R01DC019408	—	114,508
National Center on Sleep Disorders Research: University of California – Irvine	93.233	None Identified	—	97,186
Alcohol Research Programs: National Institute on Alcohol Abuse and Alcoholism	93.273	R01AA026666	—	20,498
Nurse Education, Practice Quality and Retention Grants: NRG Oncology	93.359	NRG-BR004	—	1,499
Cancer Detection and Diagnosis Research: ECOG-ACRIN Cancer Research Group	93.394	None Identified	—	3,444
Cancer Research Manpower: University of Alabama – Birmingham	93.398	000519795-001	—	1,913
ACL National Institute on Disability, Independent Living, and Rehabilitation Research: Craig Hospital	93.433	90DPTB0018	—	2,744
Lung Organ Tissue Equivalent Platform For Modeling Chlorine Gas Toxicology: Biomedical Advanced Research and Development Authority	93. UNKNOWN	None Identified	(74,248)	4,352,657
Impact of Nicotine Reduction on Adolescent Cigarette Use: Southwest Oncology Group	93. UNKNOWN	SWOG S1803	—	13,931
Change in Relative Cerebral Blood Volume as a Biomarker: ECOG-ACRIN Cancer Research Group	93. UNKNOWN	None Identified	—	6,576
Randomized Phase III Study of Ibrutinib (PCI-32765)-based Therapy: ECOG-ACRIN Cancer Research Group	93. UNKNOWN	None Identified	—	9,721
Randomized Phase III Trial of Bortezomib Lenalidomide a: ECOG-ACRIN Cancer Research Group	93. UNKNOWN	None Identified	—	3,825
Optimal Perioperative Therapy For Incidental Gallbladder: ECOG-ACRIN Cancer Research Group	93. UNKNOWN	None Identified	—	3,369
Sexually Transmitted Infections Clinical Trials Group Admin Core: University of Alabama-Birmingham	93. UNKNOWN	None Identified	—	348
Jackson Heart Surveillance Study (JHS Surveillance): University of Mississippi	93. UNKNOWN	000500918-T006-004	—	19,551
University of Mississippi	93. UNKNOWN	66111350819-13	—	35,633
Atherosclerosis Risk in Communities (ARIC) Study – Coordinating Center: University of North Carolina at Chapel Hill	93. UNKNOWN	66111350819-14	—	102,563
COVID-19 Imaging Research Registry (CIRR): American College of Radiology	93. UNKNOWN	None Identified	—	97,230
AI-Based Multi-Functional Hand-Held: Oregon Health & Sciences University	93. UNKNOWN	None Identified	—	18,872
Randomized Master Protocol for Immune Modulators: Duke University	93. UNKNOWN	75A50120C000097-1	—	55,249
PETAL Network International Coordinating Center for ACTIV-3 Trial Initiative: Massachusetts General Hospital	93. UNKNOWN	None Identified	—	167,845
Massachusetts General Hospital	93. UNKNOWN	None Identified	344,500	344,825
Medical Imaging and Data Consortium: University of Chicago	93. UNKNOWN	237165	200,400	359,196
A Phase II Study of Intuzmab Ozogamicin: Alliance for Clinical Trials in Oncology	93. UNKNOWN	AWD101462-U	—	11,722
A Randomized Phase I/III Study of Conventional: Alliance for Clinical Trials in Oncology	93. UNKNOWN	None Identified	—	4,054
Cancer Research: Alliance for Clinical Trials in Oncology	93. UNKNOWN	None Identified	—	6,863
Impact of Nicotine Mesquing: Rutgers University	93. UNKNOWN	None Identified	—	5,675
CoVPN 3003 Booster Randomized: Fred Hutchinson Cancer Center	93. UNKNOWN	None Identified	—	27,208
Subcontract for Strategies and Treatments for Respiratory and Viral Emergencies Study Payments (STRIVE): Vanderbilt University Medical Center	93. UNKNOWN	None Identified	—	388
Subtotal National Institutes of Health Pass-Through Programs			—	822
Total National Institutes of Health			4,378,374	44,661,047
Food and Drug Administration Pass-Through Programs From:			29,332,582	177,205,963
Food and Drug Administration Research: Massachusetts General Hospital	93.103	R01FD007287	—	892
University of Rochester	93.103	U01FD007474	—	11,897
University of Rochester	93.103	U01FD007702	—	49,176
Evaluating Fitness-for-Use of Electronic Health Records: Duke University	93. UNKNOWN	250543	—	874
Total Food and Drug Administration			—	62,839
Substance Abuse and Mental Health Services Administration Direct Program: Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		148,218	1,250,730
Total Substance Abuse and Mental Health Services Administration			148,218	1,250,730
Health Services and Resources Administration Direct Programs:				
Maternal and Child Health Federal Consolidated Programs	93.110		—	29,544
Nurse Anesthetist Traineeship	93.124		—	25,401
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		—	434,768
Geriatric Academic Career Awards	93.250		—	82,475
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease:	93.918		—	604,303
Special Projects of National Significance	93.928		—	178,422
Subtotal Health Services and Resources Administration Direct Programs			—	1,354,913
Health Services and Resources Administration Pass-Through Programs From:				
Area Health Education Centers: University of North Carolina at Chapel Hill	93.107	None Identified	—	18,668
PPHF Geriatric Education Centers: University of North Carolina at Chapel Hill	93.969	5114463	—	8,175
Subtotal Health Services and Resources Administration Pass-Through Programs			—	26,843
Total Health Services and Resources Administration			—	1,381,756
Centers for Disease Control and Prevention Direct Programs:				
HIV Demonstration, Research, Public and Professional Education Projects	93.941		17,029	92,464
Intergovernmental Personnel Act of 1970	93.NAG		—	10,869
Subtotal Centers for Disease Control and Prevention Direct Programs			17,029	103,333
Centers for Disease Control and Prevention Pass-Through Programs From:				
Birth Defects and Developmental Disabilities – Prevention and Surveillance: Duke University	93.073	A03-2439	—	233
Blood Disorder Program: Prevention, Surveillance, and Research: University of North Carolina at Chapel Hill	93.080	5119711	—	22,098
NCE for the Prevention of Childhood Agricultural Injury: Marshfield Clinic Research Foundation	93.262	U54OH009568	—	23,163
Assistance Living – Healthy Brain Initiative: Alzheimers Association	93.334	None Identified	—	70,358
NC DHHS	93.334	None Identified	—	69,123
Strengthening Public Health Systems and Services: American Cancer Society	93.421	None Identified	—	4,353
Sexually Transmitted Diseases (STD) Provider Education Grants: University of Alabama Birmingham	93.978	000526519-SC001	—	180,504
The Task Force for Global Health	93.421	None Identified	—	89,984
ELC Project K8 Threat of Antibiotic-Resistant Gonorrhea: Guilford Co Health Department	93. UNKNOWN	None Identified	—	396,163

WAKE FOREST UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Federal ALN no. or other grant identifying no.	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
NC CORVA SEQ Network: University of North Carolina Chapel Hill	93.UNKNOWN	None Identified	\$ —	1,176,046
Surveillance of Acutely Ill Adults with Respiratory Virus Sars Cov 2: Vanderbilt University Medical Center	93.UNKNOWN	VUMC105668	—	96,876
IVY: COVID-19 Ancillary Studies: Vanderbilt University	93.UNKNOWN	VUMC81591	—	42,390
Subtotal Centers for Disease Control and Prevention Pass-Through Programs			—	2,171,291
Total Centers for Disease Control and Prevention			17,029	2,274,624
Agency for Healthcare Research and Quality Direct Programs: Research on Healthcare Costs, Quality and Outcomes	93.226		—	24,942
Agency for Healthcare Research and Quality Pass-Through Programs: Research on Healthcare Costs, Quality, and Outcomes: Children's Hosp. Med. Center-Cincinnati	93.226	34124-9-CCL591527F	—	28,857
Ohio State University – 10622	93.226	R01HS027200	—	49,852
University of Florida	93.226	R18HS028584	—	13,526
University of N Carolina-Chapel Hill	93.226	R18HS027078	—	21,472
University of North Carolina at Chapel Hill	93.226	5111272	—	6,703
Total Research on Healthcare Costs, Quality, and Outcomes			—	120,410
Total Agency for Healthcare Research and Quality			—	145,352
Total U.S. Department of Health and Human Services			29,497,829	182,321,264
U.S. Department of Agriculture Pass-Through Programs: Institution Capacity Building Grants North Carolina A&T State University	10.216	20223882137351	—	11,629
Agriculture and Food Research Initiative Purdue University	10.310	20226801536279	—	15,545
Beginning Farmer and Rancher Development Program YMCA OF NORTHWEST NORTH CAROLINA	10.311	None Identified	—	46,792
Subtotal U.S. Department of Agricultural Pass-Through Programs			—	73,966
Total U.S. Department of Agriculture			—	73,966
U.S. Department of Defense: U.S. Department of Defense Direct Programs: Military Medical Research and Development: Department of Army	12.420		1,217,747	6,538,591
Basic Scientific Research: Department of Army	12.431		156,225	366,390
Integrated Human Multi-Organ Tissue Equivalent Platform Department of Defense	12.UNKNOWN		—	57,941
Subtotal U.S. Department of Defense Direct Programs			1,373,972	6,962,922
U.S. Department of Defense Pass-Through Programs From: Naval Medical Research: National Marrow Donor Program	12.300	None Identified	—	2,748
Henry Jackson Foundation	12.340	None Identified	—	384,939
Military Medical Research and Development: American Burn Association	12.420	W81XWH-19-2-0043	—	52,314
Duquesne University	12.420	FA8650-20-C-6215	—	227
Duquesne University	12.420	W81XWH2010854	—	50,729
Duquesne University	12.420	W81XWH-20-1-0276	—	12,738
Duquesne University	12.420	FA8650-20-2-6224	—	45,078
Johns Hopkins University	12.420	2004438039	—	4,209
Military& Health Research Foundation	12.420	SC-18-05 P.O. Number: 0087	—	354,026
RegenMed Development Organization	12.420	2017-601-001 (M)	—	140,854
RegenMed Development Organization	12.420	2017-601-002 (B)	—	123,150
RegenMed Development Organization	12.420	2017-601-003	(991,593)	73,849
The Metis Foundation	12.420	S-W81XWH-20-2-0024-02	—	112,094
Univ. of California – San Diego	12.420	105647161 MP Invoice #S90032013	—	21,889
Univ. of California – San Diego	12.420	None Identified	—	20,408
University of Colorado-Denver	12.420	2-5-24328	—	3,249
University of Massachusetts Medical School	12.420	None Identified	—	282,047
University of Pittsburgh	12.420	CNVAD056666 (413614-20)	—	814
Total Military Medical Research and Development			(991,593)	1,297,675
Scientific Research – Combating Weapons of Mass Destruction Defense Threat Reduction Agency	12.351	None Identified	—	93,491
Total Scientific Research Combating Weapons of Mass Destruction			—	93,491
Basic Scientific Research: Ohio State University	12.431	60070860	—	137,305
Total Basic Scientific Research			—	137,305
Monitoring of Chemical and Biological Threat Agents North Carolina A&T State University	12.630	210246A	—	349,329
Remdo ATI	12.UNKNOWN	None Identified	—	72,018
Advanced Technology International	12.UNKNOWN	None Identified	23,531	120,522
Advanced Technology International	12.UNKNOWN	None Identified	1,026,662	1,045,227
Advanced Technology International	12.UNKNOWN	None Identified	225,000	333,545
Determining The Fundamental Differences Among Tissue Org Defense Threat Reduction Agency	12.UNKNOWN	None Identified	24,753	826,454
Enhanced Rapid Assay For Monitoring Immunosuppressant Intelligent Optical Systems, Inc.	12.UNKNOWN	W81XWH-20-C-0044	—	15,075
Post Traumatic Epilepsy Mayo Clinic	12.UNKNOWN	W81XWH-20-ERP-RPA	—	48,679
PRagmatic Trial Examining Oxygenation prior to Intubation University of Colorado-Denver	12.UNKNOWN	None Identified	—	45,394
Immunopathology, Fluorescent Imaging and Histomorphomet Department of the Army	12.UNKNOWN	W81XWH20C0149	—	3,691
Military-Civilian Prehospital Burn Provider Education Research Program Louisiana State UniversityBilling Details	12.UNKNOWN	22-86-062	—	53,812
The Acute Burn Resuscitation Multicenter Prospective Trial American Burn Association	12.UNKNOWN	None Identified	—	312
Antibiotic Therapy Compared to Best Avail Medpace	12.UNKNOWN	Protocol # AP-SA02-101	—	16,419
Chilled Platelet Study University of Pittsburgh	12.UNKNOWN	FY2022-17829-SVC	—	117,048
National Clinical Trials Network National Cancer Institute	12.UNKNOWN	None Identified	—	3,796
Subtotal U.S. Department of Defense Pass-Through Programs			308,353	4,967,479
Total U.S. Department of Defense			1,682,325	11,930,401
U.S. Department of Transportation: U.S. Department of Transportation Direct Programs: Crash Injury Research and Engineering Network Center National Highway Traffic Safety Administration	20.UNKNOWN		53,604	619,351
U.S. Department of Transportation Pass-Through Programs From: National Highway Traffic Safety Administration Discretionary Grants Global Human Body Models Consortium LLC	20.614	GHBMC 17-0031 A2	—	69,711
Total U.S. Department of Transportation			53,604	689,062

WAKE FOREST UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Federal ALN no. or other grant identifying no.	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
National Aeronautics and Space Administration:				
National Aeronautics and Space Administration Direct Programs:				
Exploration	43.003		\$ —	243,898
National Aeronautics and Space Administration Pass-Through Programs From:				
Improving Cardiovascular Risk Prediction:				
Baylor College of Medicine	43.003	7000000458	—	2,739
Baylor College of Medicine	43.003	NNX16A069A	—	232,728
Beth Israel Deaconess Medical Center	43.003	8ONSSC19K0534	—	25,633
Louisiana State University	43.003	8ONSSC21K0544	—	75,104
Subtotal National Aeronautics and Space Administration Pass-Through Programs			—	336,204
Total National Aeronautics and Space Administration			—	580,102
National Science Foundation:				
National Science Foundation Direct Programs:				
Engineering Grants	47.041		—	205,285
Social, Behavioral, and Economic Sciences	47.075		—	108,942
Education and Human Resources	47.076		4,892	244,934
Subtotal National Science Foundation Direct Programs			4,892	559,161
National Science Foundation Pass-Through Programs From:				
Engineering Grants:				
North Carolina Agricultural and Technical College	47.041	2100739	—	34,814
North Carolina Agricultural and Technical College	47.041	260311A	—	2,612
Winston Salem State University	47.041	None Identified	—	27,940
Subtotal National Science Foundation Pass-Through Programs			—	65,366
U.S. Department of Veterans Affairs:				
U.S. Department of Veterans Affairs Pass-Through Programs From:				
Structural & Functional Neurobiology of Veterans Exposed to Primary Blast Forces:				
Charles George VA Medical Center	64 UNKNOWN	None Identified	—	10,288
VA Portland Health Care System	64 UNKNOWN	None Identified	—	29,014
W.G. Heifer VAMC	64 UNKNOWN	None Identified	—	7,329
Total U.S. Department of Veterans Affairs			—	46,631
Subtotal - Wake Forest University Health Sciences			31,238,650	196,265,953
Reynolda Campus:				
U.S. Department of Health and Human Services:				
National Institutes of Health Direct Programs:				
Aging Research	93.866		87,169	541,459
Allergy and Infectious Diseases Research	93.855		66,820	382,274
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		21,637	217,646
Blood Diseases and Resources Research	93.839		—	121,589
Biomedical Research and Research Training	93.859		—	166,706
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		—	440,661
Mental Health Research	93.242		—	48,124
Oral Diseases and Disorders Research	93.121		—	14,413
Research Infrastructure Programs	93.351		—	249,903
Subtotal National Institutes of Health Direct Programs			175,626	2,182,775
National Institutes of Health Pass-Through Programs From:				
Aging Research				
Michigan State University	93.866	RC113018C	—	29,510
Northwestern University	93.866	60,062,622	—	25,516
Ohio State University	93.866	SPC-1000003710/GR110328	—	36,989
University of North Carolina - Chapel Hill	93.866	5,121,902	—	42,900
Subtotal Pass-Through Programs From Aging Research			—	134,915
Allergy and Infectious Disease Research				
Emory University	93.855	A321633	—	38,481
Arthritis Musculoskeletal and Skin Diseases Research				
Brigham & Women's Hospital	93.846	119,689	—	47,636
Biomedical Research and Research Training				
Ohio State University	93.859	60,067,614	—	11,830
Blood Diseases and Resources Research				
University of Pittsburgh	93.839	0060113 (131944-1)	—	38,649
University of Pittsburgh	93.839	CNVA00062460	—	82,138
East Carolina University	93.839	A20-0023-S001	—	20,996
Augusta University (Board of Regents of the University System of Georgia on behalf of Augusta University)	93.839	33737-17	—	17
Subtotal Pass-Through Programs From Blood Diseases and Resources Research			—	141,800
Cardiovascular Diseases Research				
Harvard University (President and Fellows of Harvard College)	93.837	111282-5116336	—	3,101
Diabetes, Digestive, and Kidney Diseases Extramural Research				
Texas A&M University	93.847	M1902587	—	15,482
Mental Health Research Grants				
University of Denver	93.242	SC37991-01	—	40,927
Minority Health and Health Disparities Research				
Washington University	93.307	2940827H	—	6,029
Trans-NIH Research Support				
University of Florida	93.310	SUB000002563	—	26,938
University of Florida	93.310	SUB000003573	—	201,450
Subtotal Pass-Through Programs From Trans-NIH Research Support			—	228,388
Subtotal U.S. Department of Health and Human Services Pass-Through Programs			—	668,589
Total U.S. Department of Health and Human Services			175,626	2,851,364
U.S. Department of Defense Pass-Through Programs From:				
Assembly of Topologic				
Streamline Automation, LLC	12 UNKNOWN	1153-SC-01-R0	—	10,254
Streamline Automation, LLC	12 UNKNOWN	1172-SC-01-R0	—	138,503
Subtotal Pass-Through Programs From U.S. Department of Defense			—	148,757
National Sciences Foundation Direct Programs:				
Engineering Grants	47.041		—	322,245
Mathematical and Physical Sciences	47.049		61,516	519,041
Geosciences	47.050		—	76,757
Computer and Information Science Engineering	47.070		—	258,613
Science and Technology Centers	47.073		—	(113)

WAKE FOREST UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Federal ALN no. or other grant identifying no.	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
Biological Sciences	47.074		\$ 39,708	604,609
Social, Behavioral, and Economic Sciences	47.075		—	96,462
Education and Human Resources	47.076		—	87,901
Subtotal National Science Foundation Direct Programs			101,224	1,965,515
National Science Foundation Pass-Through Programs:				
Engineering Grants				
University of Texas at Austin	47.041	UT AUS-SUB00000793	—	15,174
University of Texas at Austin	47.041	UT AUS-SUB00000228AM1	—	18,027
Subtotal Pass-Through Programs: Engineering Grants			—	33,201
Mathematical and Physical Sciences				
Occidental College	47.049	OXY-CURM0062	—	28
Computer and Information Science and Engineering				
Baylor University	47.070	1001348-03	—	22,086
Education and Human Resources				
American Mathematical Society	47.076	Sub/AMS	—	65,369
Purdue University	47.076	10002052-019	—	50,918
University of North Carolina, Charlotte	47.076	20220025-01-WFU	—	10,608
Subtotal Pass-Through Programs: Education and Human Resources			—	126,895
Biological Sciences				
Brown University	47.074	00001545	—	146,111
University of Georgia	47.074	SUB000003055	—	13,694
Subtotal Pass-Through Programs: Biological Sciences			—	159,805
Social, Behavioral, and Economic Sciences				
Board of Trustees of the University of Illinois	47.075	17342-00	—	(770)
University of Oregon	47.075	201230A	—	8,416
University of Virginia	47.075	AWD-004044.GR100560	—	14,831
Subtotal Pass-Through Programs: Social, Behavioral, and Economic Sciences			—	22,477
Subtotal National Science Foundation Pass-Through Programs			—	364,492
Total National Sciences Foundation			101,224	2,330,007
Office of Personnel Management:				
Intergovernmental Personnel Act (IPA) Assignment	27.011		—	45,108
Agency for International Development Direct Programs:				
USAID Foreign Assistance for Programs Overseas	98.001		—	1,790,434
U.S. Department of Energy Direct Programs:				
Office of Scientific Financial Assistance Program	81.049		271,587	410,052
U.S. Department of Energy Pass-Through Programs:				
Directed Electrode Nanostructure Engineering				
Oak Ridge Associated Universities	81.UNKNOWN	606,121	—	16,034
Assessing Environmental and Health Impacts				
Triad National Security, LLC	81.UNKNOWN	23043	—	19,813
Subtotal U.S. Department of Energy Pass-Through Programs			—	35,847
Total U.S. Department of Energy			271,587	445,899
U.S. Department of Agriculture Direct Programs:				
Agriculture and Food Research Initiative	10.310		55,465	196,961
U.S. Department of Agriculture Pass-Through Programs:				
Agriculture and Food Research Initiative				
University of Georgia	10.310	SUB000002497	—	96,093
National Agricultural Library				
Vermont Law and Graduate School	10.700	USDA-NAL-58-8250-1-00	—	14,125
Subtotal U.S. Department of Agricultural Pass-Through Programs			—	110,218
Total U.S. Department of Agriculture			55,465	307,179
Corporation for National and Community Service Direct Programs:				
Volunteers in Service to America	94.013		—	21,308
Corporation for National and Community Service Pass-Through Programs:				
State Commissions				
North Carolina Commission on Volunteerism and Community Service (NCCVCS)	94.003	22ACHNC0020001	—	159,133
Total for Corporation for National and Community Service			—	180,441
Library of Congress Pass-Through Programs:				
Teaching with Primary Sources				
Waynesburg University	42.010	Sub/TPS	6,689	22,172
National Aeronautics and Space Administration Direct Programs:				
Science	43.001		—	153,545
National Aeronautics and Space Administration Pass-Through Programs:				
Science				
Trustees of Dartmouth College	43.UNKNOWN	R1491	—	163,765
Total National Aeronautics and Space Administration			—	317,310
U.S. Department of Education Pass-Through Programs:				
Teacher Quality Partnership Grants				
Winston Salem State University	84.336	211456A	—	8,669
Subtotal – Reynolda Campus			610,591	8,447,340
Total Research and Development Cluster			31,849,241	204,713,293
Student Financial Assistance Cluster:				
Wake Forest University Health Sciences:				
U.S. Department of Education Direct Programs:				
Federal Direct Student Loans	84.268		—	40,723,352
Subtotal U.S. Department of Education Direct Programs			—	40,723,352
Total U.S. Department of Education			—	40,723,352
Subtotal – Wake Forest University Health Sciences			—	40,723,352
Reynolda Campus:				
U.S. Department of Education Direct Programs:				
Federal Supplemental Educational Opportunity Grant	84.007		—	924,537
Federal Direct Student Loans	84.268		—	41,786,198
Federal Work Study Program	84.033		—	582,591
Federal Perkins Loan Program	84.038		—	7,061,520
Federal Pell Grant Program	84.063		—	2,911,907
Subtotal U.S. Department of Education Direct Programs			—	53,266,753
Total U.S. Department of Education			—	53,266,753

WAKE FOREST UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

Federal grantor/pass-through grantor/program or cluster title	Federal ALN no. or other grant identifying no.	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
Subtotal – Reynolda Campus			\$ —	53,266,753
Total Student Financial Assistance Cluster			—	93,990,105
Training and Other Programs:				
Wake Forest University Health Sciences:				
Health Resources and Services Administration Direct Programs:				
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498		—	4,818,517
COVID-19 – HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund	93.461		—	2,366
Health Resources and Services Administration Pass-Through Programs:				
Coordinated Services and Access to Research for Women, Infants, Children, and Youth:				
Health Resources and Services Administration	93.153		—	28,386
Central Carolina Health Network	93.153	CFY2019-2020-WFMC-Part D	—	4,083
Total Coordinated Services and Access to Research for Women, Infants, Children and Youth			—	32,469
Subtotal Pass-Through Programs from U.S. Department of Health and Human Services:			—	4,853,352
Reynolda Campus:				
National Endowment for the Humanities:				
Promotion of the Humanities Division of Preservation and Access	45.149		26	855
Promotion of the Humanities Public Programs	45.164		—	12,473
Subtotal National Endowment for the Humanities Direct Programs			26	13,328
Federal Emergency Management Agency (FEMA) Pass-Through Programs:				
Disaster Grants – Public Assistance (Presidentially Declared Disasters):				
North Carolina Department of Public Safety	97.036	4393-DR-NR	—	286,315
Total Federal Emergency Management Agency (FEMA) Pass-Through Programs			—	286,315
U.S. Department of the Treasury Pass-Through Programs:				
Coronavirus Relief Fund:				
North Carolina State Education Assistance Authority	21.019	30-06-37	—	7,520
Total U.S. Department of the Treasury Pass-Through Programs			—	7,520
Subtotal – Reynolda Campus			26	307,163
Total Training and Other Programs			26	5,160,515
Total Federal Award Expenditures			\$ 31,849,267	303,863,913

See accompanying notes to schedule of expenditures of federal awards.

WAKE FOREST UNIVERSITY

Schedule of Expenditures of State Awards

Year ended June 30, 2023

State grantors/pass-through grantors/agencies	State expenditures
Wake Forest University Health Sciences:	
NC Department of Health and Human Services	\$ 3,877,773
North Carolina State Education Assistance Authority:	
Forgivable Education Loans for Services (FELS)	701,000
State of NC pass-through funds from:	
North Carolina Biotechnology Center	15,083
California Inst. for Regenerative Med	654,834
Duke University	76,187
Partners Health Management	225,042
University of North Carolina at Chapel Hill	3,742,221
Governor's Institute on Alcohol and Substance Abuse	28,793
Subtotal – Wake Forest University Health Sciences	9,320,933
Reynolda Campus:	
Golden LEAF Scholarship Program (GOLD)	14,000
NC National Guard Tuition Assistance Program (NCTAP)	12,000
NC Veterans Scholarships (NCVET)	26,600
NC Need-Based Scholarships (NBS)	1,325,196
NC Office of State Budget and Management (Welcome Center for Reynolda Historic District)	148,777
NC Attorney General's Office (EEG award)	35,762
Subtotal – Reynolda Campus	1,562,335
Total State Award Expenditures	\$ 10,883,268

See accompanying notes to schedule of expenditures of federal awards and schedule of expenditures of state awards.

WAKE FOREST UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards

Year ended June 30, 2023

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes all grants, contracts, and similar agreements entered into directly between Wake Forest University (the University) and agencies and departments of the federal government and all subawards to the University by nonfederal organizations pursuant to federal grants, contracts, and similar agreements and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

The accompanying schedule of expenditures of state awards includes all grants, contracts, and similar agreements entered into directly between the University and agencies and departments of the state government and all subawards to the University by nonfederal organizations pursuant to state grants, contracts, and similar agreements and is presented on the accrual basis of accounting.

(2) Summary of Significant Accounting Policies

Expenditures for certain federal student financial aid programs are recognized as incurred and include the federal share of students' Federal Supplemental Educational Opportunity Grant (FSEOG) program grants and Federal Work Study (FWS) program earnings, Pell grants, loan disbursements, and administrative cost allowances, where applicable.

Expenditures for other federal awards of the University's academic and other divisions are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Expenditures for non-financial aid awards include indirect costs, related primarily to facilities operation and maintenance and general, divisional, and departmental administrative services, which are allocated to direct cost objectives (including federal awards) based on negotiated formulas commonly referred to as facilities and administrative cost rates. Facilities and administrative costs allocated to such awards for the year ended June 30, 2023 were based on predetermined rates negotiated with the University's cognizant federal agency, the U.S. Department of Health and Human Services. The University has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Negative balances presented in the schedule represent programs with unfunded expenditures prior to normal close-out procedures, which were subsequently transferred to nonfederal cost centers.

WAKE FOREST UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards

Year ended June 30, 2023

(3) Summary of Facilities and Administrative Costs and Administrative Cost Allowances – Governmental Sources

Facilities and administrative cost recoveries and administrative cost allowances for the University's academic and other divisions for the year ended June 30, 2023 are summarized as follows:

Federal:		
Research and development	\$	58,664,463
Student financial aid		<u>51,488</u>
Total	\$	<u>58,715,951</u>

(4) Federal Student Financial Aid Loan Programs

The Federal Perkins Loan, Health Professions Student Loan (HPSL), and the Primary Care Loan (PCL) programs are administered directly by the University and balances and transactions relating to these programs are included in the University's consolidated financial statements. There were no current year loaned amounts under the Federal Perkins Loan program, the HSPL or PCL programs. The balance of loans outstanding under the Federal Perkins Loan program was \$5,092,825 as of June 30, 2023. There were no loans outstanding for the HPSL and PCL programs as of June 30, 2023.

The University disbursed the following amounts of new loans under the Federal Direct Student Loan Program to students of the University during the year ended June 30, 2023:

Federal Direct Student Loan Program:		
Federal subsidized stafford loans	\$	1,854,240
Federal unsubsidized stafford loans		42,963,704
Federal PLUS loans		<u>37,691,606</u>
Total	\$	<u>82,509,550</u>

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in its basic financial statements. It is not practicable to determine the balance of loans outstanding to students and former students of the University under these programs as of June 30, 2023.

WAKE FOREST UNIVERSITY

**Notes to Schedule of Expenditures of Federal Awards
and Schedule of Expenditures of State Awards**

Year ended June 30, 2023

(5) Matching

Under the FWS program, the University did not match any compensation to students for the year ended June 30, 2023.

Under the FSEOG program, the University matched \$286,749 in funds awarded to students for the year ended June 30, 2023 in addition to the federal share of expenditures in the accompanying schedule.



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Trustees of Wake Forest University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Wake Forest University (the University), which comprise the University's consolidated balance sheet as of June 30, 2023, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 7, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The University's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned



costs. The University's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Winston-Salem, North Carolina
November 7, 2023



KPMG LLP
Suite 800
500 W 5th St
Winston-Salem, NC 27101

**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance and Schedule of Expenditures
of State Awards**

The Board of Trustees
Wake Forest University:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wake Forest University's (the University's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2023. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Other Matter - Federal Expenditures Not Included in the Compliance Audit

The University's financial statements include the operations of RegenMed Development Organization, an affiliate, which expended \$1,239,689 in federal awards which is not included in the University's schedule of expenditures of federal awards during the year ended June 30, 2023. Our compliance audit, described in the Opinion on Each Major Federal Program section of our report does not include the operations of RegenMed Development Organization because the affiliate engaged other auditors to perform an audit of compliance.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's response and corrective action plan was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.



Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's response and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and the Schedule of Expenditures of State Awards

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2023, and have issued our report thereon dated November 7, 2023 which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The accompanying schedule of expenditures of state awards is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves,



and other additional procedures in accordance GAAS. In our opinion, the schedule of expenditures of federal awards and state awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

KPMG LLP

Winston-Salem, North Carolina
March 27, 2024

WAKE FOREST UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

(1) Summary of Auditors' Results

- (a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **Yes – See finding 2023-001**
- (c) Noncompliance material to the financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by the audit:
 - Material weaknesses: **Yes – See finding 2023-002**
 - Significant deficiencies: **None reported**
- (e) Type of report issued on compliance for major programs: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **Yes – See finding 2023-002**
- (g) Major program:

Research and Development Cluster – various AL numbers

COVID-19 – Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution (93.498)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards

Finding 2023-001

Financial Statements

Financial reporting related to the financial statements.

Criteria or Requirement

The University has a responsibility for adopting sound accounting policies and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the consolidated financial statements including accurately recording capital projects.

WAKE FOREST UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

Condition Found

During our audit of the consolidated financial statements, we identified certain additions to construction in process at Wake Forest University Health Sciences (WFUHS) which related to additions of a related party and should not have been included in the financial statement activity for WFUHS.

Possible Asserted Cause

WFUHS did not perform a timely review of the activity within construction in process accounts in order to ensure that all activity was recorded within the appropriate organization. While additional mitigating controls are in place, they are not performed until the date when the asset is placed in service.

Identification of Whether the Audit Finding is a Repeat of a Finding in the Immediately Prior Audit

The audit finding is not a repeat of a finding in the prior year.

Recommendation

We recommend that the University provide the appropriate training and education to participants working on the accounting for capital projects as well as perform a more frequent review of material construction in process projects.

View of Responsible Officials

The University agrees with the finding and is implementing the appropriate training and education for participants working on the accounting for capital projects and will perform a more frequent review of material construction in process projects. The University has confirmed that the issue was an isolated issue and did not impact any federal or state grant or contract.

(3) Findings and Questioned Costs Relating to Federal Awards

Finding No. 2023-002: Subrecipient Monitoring

Federal Program

Research and Development Cluster (multiple ALNs)

Federal Award Year

July 1, 2022 to June 30, 2023

Federal Award Agencies

U.S. Department of Health and Human Services; National Science Foundation

Criteria or Requirement

Per CFR section 200.332(b), a pass-through entity (PTE) must evaluate each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward. This evaluation of risk may include consideration of such factors as the following:

1. The subrecipient's prior experience with the same or similar subawards;

WAKE FOREST UNIVERSITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

2. The results of previous audits including whether or not the subrecipient receives single audits in accordance with 2 CFR Part 200, Subpart F, and the extent to which the same or similar subaward has been audited as a major program;
3. Whether the subrecipient has new personnel or new or substantially changed systems; and
4. The extent and results of federal awarding agency monitoring (e.g., if the subrecipient also receives federal awards directly from a federal awarding agency).

Per 2 CFR sections 200.332(d) through (f), a pass-through entity (PTE) must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals. In addition to the procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required by the terms and conditions of the award, subaward monitoring must include the following:

1. Reviewing financial and programmatic (performance and special reports) required by the PTE.
2. Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the PTE detected through audits, on-site reviews, and other means.
3. Issuing a management decision for audit findings pertaining to the federal award provided to the subrecipient from the PTE as required by 2 CFR section 200.521.

Per 2 CFR 200.303, the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition and Context

In thirty-eight of forty samples totaling \$2,821,079, there was no documentation showing that the University evaluated the subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward and monitored the activities of the subrecipient to ensure that the subaward complies with the terms and conditions of the subaward, and achieves performance goals.

Cause and Potential Effect

The University has a protocol in place outlining required risk evaluation and monitoring of subrecipients. Certain monitoring procedures were performed; however, the risk assessment process and the monitoring procedures related to review of subrecipient Uniform Guidance reports were not performed on a consistent basis due to certain transitions which occurred during the year.

WAKE FOREST UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

Questioned Costs

None.

Statistically Valid Sample

The sample was not intended to be not, and was, a statistically valid sample.

Identification of Whether the Audit Finding is a Repeat of a Finding in the Immediately Prior Audit

This is not a repeat finding.

Recommendation

The University should continue to follow their established protocol and document the review of their ongoing risk evaluation and monitoring process for all subrecipients.

View of Responsible Officials

We concur with the auditor's assessment that subrecipient monitoring did not happen in the auditor's desired time frame, but as of publication of this report all monitoring activities have been completed for fiscal year 2023 and will be completed for fiscal year 2024 prior to our next audit cycle.