



**GEORGE MASON UNIVERSITY
FOUNDATION, INC.**

**GEORGE MASON UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

***As of and for the Year Ended June 30, 2023
(With Summarized Comparative Information for June 30, 2022)***

And Report of Independent Auditor

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Report of Independent Auditor

To the Board of Trustees
George Mason University Foundation, Inc. and Subsidiaries
Fairfax, Virginia

Opinion

We have audited the accompanying consolidated financial statements of the George Mason University Foundation, Inc. (the "Foundation") and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, supplemental financial position – real estate subsidiaries, supplemental statement of activities – real estate subsidiaries, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of June 30, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted 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 Foundation'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 Foundation'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 of Summarized Comparative Information

We have previously audited the Foundation's 2022 consolidated financial statements, and we have expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 27, 2022. In our opinion, the comparative information, including 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 statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated supplementary information on pages 5 and 6 are presented for purposes of additional analysis and are 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.

Cherry Bekaert LLP

Tysons Corner, Virginia
October 27, 2023

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)

	GMU Foundation, Inc.	Real Estate Subsidiaries	June 30, 2023	June 30, 2022
Assets				
Cash and cash equivalents	\$ 7,310,207	\$ 19,161,297	\$ 26,471,504	\$ 27,768,003
Restricted cash and cash equivalents	-	7,986,436	7,986,436	6,952,527
Contributions receivable, net	29,108,099	-	29,108,099	32,963,346
Investments	281,354,949	-	281,354,949	251,773,790
Beneficial interest in perpetual and remainder trusts	37,129,083	-	37,129,083	10,904,337
Property and equipment, net	11,013,722	41,594,308	52,608,030	54,082,867
Net investment in direct financing leases	-	72,827,584	72,827,584	76,873,320
Other assets	1,893,151	3,242,210	5,135,361	5,494,363
Total Assets	\$ 367,809,211	\$ 144,811,835	\$ 512,621,046	\$ 466,812,553
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 4,199,328	\$ 887,004	\$ 5,086,332	\$ 9,323,973
Amounts held for others	22,633,815	-	22,633,815	22,994,194
Notes and bonds payable	-	118,547,215	118,547,215	126,712,571
Other liabilities	459,699	376,254	835,953	869,176
Total Liabilities	27,292,842	119,810,473	147,103,315	159,899,914
Net Assets				
Without donor restrictions	15,264,294	25,001,362	40,265,656	35,247,377
With donor restrictions	325,252,075	-	325,252,075	271,665,262
Total Net Assets	340,516,369	25,001,362	365,517,731	306,912,639
Total Liabilities and Net Assets	\$ 367,809,211	\$ 144,811,835	\$ 512,621,046	\$ 466,812,553

The accompanying notes to the consolidated financial statements are an integral part of this statement.

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS YEAR ENDED JUNE 30, 2022)

	<u>GMU Foundation, Inc.</u>				
	Without Donor Restrictions	With Donor Restrictions	Real Estate Subsidiaries - Without Donor Restrictions	Year Ended June 30, 2023	Year Ended June 30, 2022
Support and Revenue					
Contributions, net of loss on uncollectible contributions of \$1,792,528 and \$979,643	\$ 79,060	\$ 101,212,589	\$ -	\$ 101,291,649	\$ 83,211,775
In-kind contributions	37,845	190,497	-	228,342	1,994,870
Investment returns, net	573,600	21,563,917	556,842	22,694,359	(42,451,440)
Service fees	2,790,804	-	-	2,790,804	3,013,290
Rental income	491,260	-	11,033,819	11,525,079	11,397,650
Interest on direct financing leases	-	-	4,602,939	4,602,939	4,865,008
Trust and other income (loss)	35,720	924,539	-	960,259	(1,721,583)
Net assets released from restrictions	<u>70,304,729</u>	<u>(70,304,729)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	74,313,018	53,586,813	16,193,600	144,093,431	60,309,570
Operating Expenses					
Program support for George Mason University					
Academic institutional support	71,856,322	-	-	71,856,322	77,019,566
Real estate operations	207,137	-	10,365,227	10,572,364	10,554,070
Management and general	2,670,945	-	-	2,670,945	2,457,016
Fundraising	<u>561,944</u>	<u>-</u>	<u>-</u>	<u>561,944</u>	<u>534,485</u>
Total Operating Expenses	75,296,348	-	10,365,227	85,661,575	90,565,137
Change in Net Assets from Operations	(983,330)	53,586,813	5,828,373	58,431,856	(30,255,567)
Non-Operating Activity					
Gain on sale of land	<u>173,236</u>	<u>-</u>	<u>-</u>	<u>173,236</u>	<u>-</u>
Total Non-Operating Activity	173,236	-	-	173,236	-
Change in Net Assets	(810,094)	53,586,813	5,828,373	58,605,092	(30,255,567)
Net Assets, beginning of year	\$ 16,074,388	\$ 271,665,262	\$ 19,172,989	\$ 306,912,639	\$ 337,168,206
Net Assets, end of year	\$ 15,264,294	\$ 325,252,075	\$ 25,001,362	\$ 365,517,731	\$ 306,912,639

The accompanying notes to the consolidated financial statements are an integral part of this statement.

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
CONSOLIDATED SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION –
REAL ESTATE SUBSIDIARIES

JUNE 30, 2023

(WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2022)

	GMUF Arlington Campus, LLC	GMUF Mason Administration, LLC	GMUF Prince William Housing, LLC	GMUF Prince William Life Sciences Lab, LLC	GMUF Commerce Buildings, LLC	GMUF Potomac Heights, LLC	June 30, 2023	June 30, 2022
Assets								
Cash and cash equivalents	\$ 14,477,866	\$ 2,593,514	\$ 387,523	\$ 497,047	\$ 254,846	\$ 950,501	\$ 19,161,297	\$ 16,482,117
Restricted cash and cash equivalents	4,950,101	-	1,219,109	1,817,226	-	-	7,986,436	6,952,527
Property and equipment, net	41,594,308	-	-	-	-	-	41,594,308	42,993,632
Net investment in direct financing lease	-	22,385,206	12,838,827	26,413,238	3,019,710	8,170,603	72,827,584	76,873,320
Other assets	3,234,641	-	-	-	7,569	-	3,242,210	3,774,228
Total Assets	\$ 64,256,916	\$ 24,978,720	\$ 14,445,459	\$ 28,727,511	\$ 3,282,125	\$ 9,121,104	\$ 144,811,835	\$ 147,075,824
Liabilities and Net Assets								
Liabilities								
Accounts payable and accrued expenses	\$ 331,590	\$ 68,022	\$ 139,316	\$ 309,169	\$ 21,133	\$ 17,774	\$ 887,004	\$ 810,466
Notes and bonds payable	40,094,465	23,380,805	14,015,057	29,389,972	2,858,445	8,808,471	118,547,215	126,712,571
Other liabilities	376,254	-	-	-	-	-	376,254	379,798
Total Liabilities	\$ 40,802,309	\$ 23,448,827	\$ 14,154,373	\$ 29,699,141	\$ 2,879,578	\$ 8,826,245	\$ 119,810,473	\$ 127,902,835
Net Assets (Deficit) - Without Donor Restrictions								
GMUF Arlington Campus, LLC	\$ 23,454,607	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,454,607	\$ 19,205,267
GMUF Mason Administration, LLC	-	1,529,893	-	-	-	-	1,529,893	1,199,697
GMUF Prince William Housing, LLC	-	-	291,086	-	-	-	291,086	2,858
GMUF Prince William Life Sciences Lab, LLC	-	-	-	(971,630)	-	-	(971,630)	(1,400,657)
GMUF Commerce Buildings, LLC	-	-	-	-	402,547	-	402,547	383,525
GMUF Potomac Heights, LLC	-	-	-	-	-	294,859	294,859	(217,701)
Total Net Assets (Deficit) - Without Donor Restrictions	\$ 23,454,607	\$ 1,529,893	\$ 291,086	\$ (971,630)	\$ 402,547	\$ 294,859	\$ 25,001,362	\$ 19,172,989
Total Liabilities and Net Assets	\$ 64,256,916	\$ 24,978,720	\$ 14,445,459	\$ 28,727,511	\$ 3,282,125	\$ 9,121,104	\$ 144,811,835	\$ 147,075,824

The accompanying notes to the consolidated financial statements are an integral part of this statement.

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
CONSOLIDATED SUPPLEMENTAL STATEMENT OF ACTIVITIES –
REAL ESTATE SUBSIDIARIES

YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022)

	GMUF Arlington Campus, LLC	GMUF Mason Administration, LLC	GMUF Prince William Housing, LLC	GMUF Prince William Life Sciences Lab, LLC	GMUF Commerce Buildings, LLC	GMUF Potomac Heights, LLC	Year Ended June 30, 2023	Year Ended June 30, 2022
Support and Revenue								
Investment returns, net	\$ 400,139	\$ 45,262	\$ 43,004	\$ 58,935	\$ 4,646	\$ 4,857	\$ 556,842	\$ 30,403
Rental income	10,730,360	-	-	-	303,459	-	11,033,819	10,937,886
Interest on direct financing leases	-	1,193,042	728,425	1,723,459	143,372	814,640	4,602,939	4,865,008
Total Support and Revenue	11,130,499	1,238,304	771,429	1,782,394	451,477	819,497	16,193,600	15,833,297
Operating Expenses								
Administrative	2,070,268	48,050	40,505	81,779	65,884	50,050	2,356,536	2,147,872
Depreciation and amortization	1,643,690	-	-	-	-	-	1,643,690	1,642,932
Interest expense	1,737,596	860,058	442,696	1,271,588	121,331	256,887	4,690,156	4,970,966
Utilities and other	1,429,605	-	-	-	245,240	-	1,674,845	1,575,547
Total Operating Expenses	6,881,159	908,108	483,201	1,353,367	432,455	306,937	10,365,227	10,337,317
Change in Net Assets	4,249,340	330,196	288,228	429,027	19,022	512,560	5,828,373	5,495,980
Net Assets (Deficit) - Without Donor Restrictions, beginning of year	\$ 19,205,267	\$ 1,199,697	\$ 2,858	\$ (1,400,657)	\$ 383,525	\$ (217,701)	\$ 19,172,989	\$ 13,677,009
Net Assets (Deficit) - Without Donor Restrictions, end of year	\$ 23,454,607	\$ 1,529,893	\$ 291,086	\$ (971,630)	\$ 402,547	\$ 294,859	\$ 25,001,362	\$ 19,172,989

The accompanying notes to the consolidated financial statements are an integral part of this statement.

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022)

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 58,605,092	\$ (30,255,567)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization of property and leasing commissions	1,772,804	1,763,841
Amortization of debt issuance costs and bond premium	122,390	130,565
Change in discount on contributions receivable	359,475	908,805
Unrealized and realized investment (gains)/losses	(20,269,168)	43,105,764
Interest on direct financing leases	(4,602,939)	(4,865,004)
Change in value of split interest agreements	(202,812)	2,209,215
Stock contributions	(190,748)	(209,224)
Contributions restricted for beneficial interest in remainder trusts	(26,021,934)	-
Contributions restricted for perpetual endowments	(4,759,213)	(5,371,737)
Gain on sale of land	(173,236)	-
Loss on uncollectible contributions	1,792,528	979,643
Change in assets and liabilities:		
Contributions receivable	1,703,244	(13,775,353)
Other assets	289,198	84,863
Accounts payable and accrued expenses	(4,237,641)	4,879,589
Amounts held for others	(360,379)	(11,997,740)
Other liabilities	(33,223)	312,378
Net Cash Provided By (Used In) Operating Activities	<u>3,793,438</u>	<u>(12,099,962)</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	90,923,840	364,568,669
Purchases of investments	(100,045,083)	(346,886,093)
Purchases of property and equipment	(255,663)	(125,788)
Proceeds from sale of property and equipment/land	200,736	-
Payments received on direct financing leases	8,648,676	8,648,676
Net Cash Provided By (Used in) Investing Activities	<u>(527,494)</u>	<u>26,205,464</u>
Cash Flows from Financing Activities		
Proceeds from contributions in perpetual endowments	4,759,213	5,371,737
Repayments of debt	(8,287,747)	(7,970,964)
Net Cash Used in Financing Activities	<u>(3,528,534)</u>	<u>(2,599,227)</u>
Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	(262,590)	11,506,275
Cash, Cash Equivalents, and Restricted Cash , beginning of year	34,720,530	23,214,255
Cash, Cash Equivalents, and Restricted Cash , end of year	<u>\$ 34,457,940</u>	<u>\$ 34,720,530</u>
Supplemental Disclosure of Cash Flow Activities		
Interest paid and expensed	<u>\$ 4,597,784</u>	<u>\$ 4,868,535</u>

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

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023
(WITH JUNE 30, 2022 COMPARATIVE TOTALS)

Note A—Organization

George Mason University Foundation, Inc. (the “Foundation”) seeks to promote the advancement of the University as an institution of higher education by managing, investing, and administering private gifts, including endowment and real property. The Foundation was incorporated on November 21, 1991, as a nonstock corporation under the laws of the Commonwealth of Virginia to receive, invest, and administer property, and to make expenditures for the benefit of George Mason University (the “University”).

The Foundation is an entity independent of the University, though it operates to support the University. The Foundation is not a subsidiary of the University and is not legally directly or indirectly controlled by the University. The assets of the Foundation are exclusively the property of the Foundation. The University is not accountable for, and has no ownership of, any of the financial and capital resources of the Foundation. The University has no authority to mortgage, pledge, or encumber the assets of the Foundation. The Board of Trustees of the Foundation makes all decisions regarding the business and affairs of the Foundation.

Note B—Summary of significant accounting policies

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of George Mason University Foundation, Inc., and the following entities (collectively, “Real Estate Subsidiaries”) which are 100% owned by the Foundation:

GMUF Arlington Campus, LLC,
GMUF Mason Administration, LLC,
GMUF Prince William Housing, LLC,
GMUF Prince William Life Sciences Lab, LLC,
GMUF Commerce Buildings, LLC, and
GMUF Potomac Heights, LLC.

All intercompany transactions are eliminated in consolidation.

Basis of Accounting – The accompanying consolidated financial statements of the Foundation have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation – The Foundation’s net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restriction, including real estate operations. This includes funds that are designated for discretionary use by the Board and management of the Foundation, board-designated funds functioning as endowments, as well as board-designated funds intended to be used as reserves.

Net Assets With Donor Restrictions – Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Foundation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. This includes the historical dollar amounts of the gifts, and earnings required to be added to the corpus as stipulated by the donor.

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023
(WITH JUNE 30, 2022 COMPARATIVE TOTALS)

Note B—Summary of significant accounting policies (continued)

Functional Allocation of Expenses – The costs of providing the various program and supporting services have been summarized on a functional basis. Academic institutional support consists of resources disbursed to, and spent in support of, the University, in accordance with donor restrictions. The Foundation's expenses are directly allocated to the function to which they support. Fundraising expenses represent amounts expended in support of University advancement.

Measure of Operations – The accompanying consolidated statement of activities distinguish between operating and nonoperating activities. Operating activities include all revenue and expenses that are an integral part of the Foundation's programmatic and supporting activities, such as contributions, investment return, and rental income. Nonoperating activities include activities which are considered to be nonrecurring in nature.

Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments – The carrying values of financial instruments including investments, contributions receivable, investment in direct financing leases, other assets, accounts payable and accrued expenses, notes and bonds payable, long-term debt, amounts held for others, and other liabilities approximate fair value.

Income Taxes – The Foundation is exempt from federal income taxes under Internal Revenue Code ("IRC") Section 501(c)(3) and is classified by the Internal Revenue Service ("IRS") as an organization that is not a private foundation. It is subject to tax on income unrelated to its exempt purpose unless that income is otherwise excluded by the IRC. Under IRS provisions and the applicable income tax regulations of the Commonwealth of Virginia, the Foundation is exempt from taxes on income other than unrelated business income.

The Foundation's primary source of unrelated business income is from rental income received from tenants unrelated to the University at the GMUF Arlington Campus, LLC, a commercial office building. Income taxes paid totaled \$702,000 and \$526,715 for the years ended June 30, 2023 and 2022, respectively.

The Foundation follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Foundation has processes in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. The tax years ended June 30, 2020 through 2023 are still eligible for review for both federal and state purposes. The Foundation has determined there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. Income tax expense is classified as an operating expense within the consolidated statement of financial position.

Cash, Cash Equivalents, and Restricted Cash – Cash and cash equivalents consist of cash and money market funds including overnight repurchase agreements, except those money market funds held for long-term investment purposes. Restricted cash consists of cash and money market funds restricted for debt service, tenant improvements, and repairs and maintenance.

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023
(WITH JUNE 30, 2022 COMPARATIVE TOTALS)

Note B—Summary of significant accounting policies (continued)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total shown in the statements of cash flows at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 26,471,504	\$ 27,768,003
Restricted cash and cash equivalents	7,986,436	6,952,527
	<u>\$ 34,457,940</u>	<u>\$ 34,720,530</u>

Contributions Receivable – Contributions receivable are unconditional promises to give. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are made, adjusted to include a risk premium. Amortization of the discounts is included in contribution revenue.

The Foundation uses the allowance method to account for amounts, if any, of its contributions receivable, which are considered uncollectible. The Foundation bases its assessment of the allowance for doubtful accounts on historical losses and current economic conditions.

Conditional promises to give are not included as support until the conditions are substantially met.

Donated Goods and Space – During the years ended June 30, 2023 and 2022, the Foundation was a beneficiary of donated goods and services. Donated goods are gifted for the benefit of the University to provide greater resources towards University programs. Items donated to the Foundation are recorded as in-kind contributions at the estimated fair market values at the date of donation. The fair value of contributed donated goods and services are determined through a variety of techniques, based on the significance of the gift such as the use of qualified, third-party appraisers and estimated wholesale prices of identical or similar products. The Foundation’s policy is to contribute, upon receipt, any nonfinancial assets to the University for University programs.

The value of donated goods and services for the years ended June 30, 2023 and 2022 were:

	<u>2023</u>	<u>2022</u>
Donated rent	\$ 37,845	\$ 37,845
Automobiles	-	65,000
Lab equipment	34,258	372,586
Artwork, books, and other support	156,239	1,519,439
	<u>\$ 228,342</u>	<u>\$ 1,994,870</u>

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023
(WITH JUNE 30, 2022 COMPARATIVE TOTALS)

Note B—Summary of significant accounting policies (continued)

Investments – Investments are stated at fair value. The Foundation’s investments in mutual funds are valued at the net asset values (“NAV”) reported on the active markets in which the mutual funds are traded. The fair value of other debt and equity securities, such as bonds and common stock, with readily determinable market values are based on published market prices. Alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers, using NAV as a practical expedient. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Beneficial Interest in Perpetual Trusts – The stated value of the beneficial interest in perpetual trusts is based on the estimated fair value of the assets held by the trusts. The fair values of the mutual funds included in the perpetual trusts are valued at NAVs reported on the active markets in which the mutual funds are traded. The fair value of other debt and equity securities with a readily determinable market value are based on published market prices.

Endowment Policy – The Foundation’s endowment seeks to maintain the growth of the present value of existing assets at a rate at least equal to the inflation rate plus the current spending rate. The Foundation uses a banded inflation spending policy. For endowments in which the market value exceeds the original gift value, the prior year payout distribution will increase at the rate of the Consumer Price Index, with annual distributions to remain above 3% but not to exceed 6% of prior year fair market value. The endowment payout for accounts for which the market value is below the original gift value will receive a payout equal to 2% of the prior year fair market value. If the fair market value of an endowment is below 80% of the original gift value, no endowment payout will be made. Payout distributions for new, fully funded endowments, or gifts to existing endowments of \$25,000 or more, are calculated at 1.25% of the gift value.

The allocation ranges for endowment assets during the current year are as follows:

Asset Class	Allocation Ranges
Cash or cash equivalents	1% to 4%
Public equity	30% to 60%
Diversifying assets	10% to 30%
Bonds	5% to 13%
Total Public investments	65% to 95%
Private equity	5% to 20%
Venture capital	0% to 10%
Private credit	0% to 8%
Private real assets	0% to 8%
Total Private investments	5% to 35%

Amounts Held for Others – The Foundation maintains certain assets, primarily investments, on behalf of the University and several legally autonomous organizations and other programs associated with the University, such as the Alumni Association of George Mason University and University athletic organizations.

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

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Note B—Summary of significant accounting policies (continued)

Debt Issuance Costs – The Foundation's capitalized costs relate to the Real Estate Subsidiaries' notes and bonds payable. These costs are presented in the consolidated statement of financial position as a direct deduction from the carrying amount of notes and bonds payable and are amortized over the life of the notes and bonds. Amortization expense for the years ended June 30, 2023 and 2022, totaled \$122,390 and \$130,565, respectively, and is included in operating expenses on the consolidated statement of activities.

Revenue Recognition – Contributions represent the Foundation's primary source of revenue. Contributions are recognized as revenue in the period received. Conditional contributions are not recognized until they become unconditional, which is considered when its measurable performance or other barrier and right of return or release are substantially met. All contributions are considered to be available for use without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as contributions with donor restrictions. When a temporary restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

The Foundation collects certain service fees including gift assessment fees, endowment management fees, and real estate services fees to support the cost of Foundation operations, carried on in support of the University. The Foundation considers these service fees to be without donor restrictions and are earned as services are performed. These amounts totaled \$2,790,804 and \$3,013,290 in fiscal years 2023 and 2022, respectively, and are disclosed as service fees in the consolidated statement of activities.

Base rent income relating to the GMUF Arlington Campus, LLC is recognized on a straight-line basis, rather than in accordance with lease payment schedules, for the purpose of recognizing a constant annual rental income. Scheduled base rent increases and the effects of rent abatements are spread evenly over the terms of the respective leases. Differences between the straight-line rents recorded and the amounts actually received are included in other liabilities. The impact of the straight-line adjustment decreased rental income by \$451,451 for the year ended June 30, 2023 and decreased rental income by \$205,169 for the year ended June 30, 2022.

The Foundation leases buildings associated with GMUF Mason Administration, LLC; GMUF Prince William Housing, LLC; GMUF Prince William Life Sciences Lab, LLC; GMUF Commerce Buildings, LLC; and GMUF Potomac Heights, LLC to the University through direct financing leases. The lease terms range from 10 to 30 years. Interest on the direct financing leases is recognized over the lease term using the effective interest method.

Depreciation – Property and equipment having a cost in excess of \$5,000 and an estimated useful life greater than one year are capitalized at cost. Donated assets in excess of \$5,000 and an estimated useful life greater than one year are capitalized at the estimated fair value on the date received. Buildings, furniture, and equipment are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives are as follows: buildings, 25 to 45 years; building improvements, 3 to 27 years; and furniture and equipment, 3 to 7 years.

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Note C—Financial assets and liquidity resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position sheet date, as of June 30, 2023 and 2022, include:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 18,944,238	\$ 17,283,172
Accounts receivable and other assets	494,157	260,671
Investments	91,967	-
	<u>\$ 19,530,362</u>	<u>\$ 17,543,843</u>

Endowment funds consist of donor-restricted endowments and board-designated endowments. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. Restricted funds, available for expenditure, are restricted for specific purposes by donor direction and, therefore, not available for general expenditure for operations.

As of June 30, 2023 and 2022, the Foundation's operating reserve was \$6,870,892 and \$6,952,000, respectively. The operating reserve is not included in the total financial assets available for expenditure as shown above. Board-designated reserve funds are an important mechanism to ensure the Foundation's financial health and stability, to support the growth of its operations and programs, and to mitigate financial risks. Reserves are designated for key priorities and opportunities of strategic importance, and the amount and use of the reserves is linked to the Foundation's mission and strategic goals to support the University. Reserves are available for general expenditure upon approval of the Board.

Note D—Contributions receivable

Contributions receivable as of June 30, are as follows:

	<u>2023</u>	<u>2022</u>
Due in less than one year	\$ 14,853,410	\$ 11,360,902
Due in one to five years	16,853,592	23,127,551
Due in more than five years	613,296	989,887
	32,320,298	35,478,340
Less allowance for doubtful accounts	(1,045,960)	(708,230)
Less discount present value	(2,166,239)	(1,806,764)
	<u>\$ 29,108,099</u>	<u>\$ 32,963,346</u>

Discount rates range from 0.16% to 6.64% for the years ended June 30, 2023 and 0.16% to 3.69% for the year ended June 30, 2022.

As of June 30, 2023 and 2022, the Foundation had \$4,551,630 and \$8,474,142, respectively, of conditional promises to give. These conditional promises to give are not recognized as assets in the consolidated statement of financial position until the conditions are met.

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Note E—Investments

Investments, which are reported at fair value, consisted of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and money market funds	\$ 15,630,787	\$ 3,418,936
Fixed income	98,541,646	103,199,609
Equities	21,079,151	20,277,617
Hedge funds	121,028,914	103,543,475
Private equity and real assets	25,074,451	21,334,153
	<u>\$ 281,354,949</u>	<u>\$ 251,773,790</u>

Note F—Split-interest agreements

Beneficial Interest in Perpetual Trusts

The Foundation is a beneficiary in two perpetual trusts, both held and administered by independent trustees:

50% Beneficiary – The fair value of the Foundation’s portion of this trust at June 30, 2023 and 2022 totaled approximately \$9,008,737 and \$8,629,781, respectively. Contributions from the trust totaled \$474,841 and \$464,177, respectively, for the years ended June 30, 2023 and 2022, and is included in support and revenue with donor restrictions. The change in value of the trust increased \$378,956 and decreased \$2,043,588 during the years ended June 30, 2023 and 2022, respectively. These amounts are included in support and revenue with donor restrictions as a component of trust and other income (loss) on the consolidated statement of activities.

100% Beneficiary – The fair value of the Foundation’s portion of this trust at June 30, 2023 and 2022 totaled approximately \$2,119,871 and \$2,274,556, respectively. Contributions from the trust totaled \$210,705 for the year ended June 30, 2023. No contributions were received for the years ended June 30, 2022. The change in value from the trust decreased \$154,685 and decreased \$143,057, during the years ended June 30, 2023 and 2022, respectively. These amounts are included in support and revenue with donor restrictions as a component of trust and other income (loss) on the consolidated statement of activities.

Beneficial Interest in Remainder Trusts

In April 2023, the Foundation received contributions for the beneficial interests of two irrevocable remainder trusts valued at \$26,021,669. The initial contributions are captured as contributions in the consolidated statement of activities. The gifts were valued using present value techniques considering the current life expectancy of the primary beneficiary, which is 40 years, the estimated investment return of the trust’s assets, assumed discount rates (5% for the year ended June 30, 2023) and other factors. The Foundation remeasures its beneficial interest in the remainder trusts as of each reporting date and captures the change in trust value in Trust and other income (loss) on the statement of activities. The trusts are maintained and managed by a third-party trustee, and the Foundation will receive the remaining assets of the trusts upon the death of the primary beneficiary. Upon receipt of the trust’s assets, the Foundation will establish an endowed scholarship fund for students attending the University’s School of Business. The beneficial interest of the remainder trusts totaled \$26,000,475 as of June 30, 2023.

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Note F—Split-interest agreements (continued)

Charitable Remainder Trusts and Charitable Gift Annuities

The Foundation holds charitable remainder trusts and charitable gift annuities, established, and funded by donors. Distributions are paid to the beneficiaries over the agreements' terms. Upon termination of the agreements, the Foundation will receive or retain the remaining assets. Liabilities are recorded at the net present value of the estimated future annuity payments. Life expectancies range from 4 to 17 years and discount rates range from 2% to 8%. The market value of the assets at June 30, 2023 and 2022 was \$364,245 and \$402,457, respectively. Liabilities related to these agreements were \$145,474 and \$154,115 at June 30, 2023 and 2022, respectively, and are included with other liabilities. During fiscal years 2023 and 2022, the Foundation received no new charitable gift annuities.

The activity related to the change in charitable trusts and gift annuities, recorded as trust and other income (loss) with donor restrictions, was a decrease of \$387 and a decrease of \$31,550 for the years ended June 30, 2023 and 2022, respectively.

Retained Life Estate

The Foundation holds a retained life estate, included in other assets, with a value of \$583,000. A retained life estate is a type of split-interest agreement whereby a donor gifts real estate but retains the right to use the property until his or her death. The associated use obligation was \$314,086 and \$335,159 as of June 30, 2023 and 2022, respectively, and is included in other liabilities.

Note G—Endowment

The Foundation's endowment consists of approximately 610 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation's endowment excludes contributions receivable and split-interest agreements.

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the Commonwealth of Virginia's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) income accumulations, if specified by the applicable donor gift instrument.

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Note G—Endowment (continued)

The Foundation appropriates for expenditure a portion of the donor-restricted endowment fund in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the endowment fund
- 2) The purposes of the Foundation 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 Foundation
- 7) The investment policies of the Foundation

Endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor	With Donor	
	Restrictions	Restrictions	Total
Board-designated endowment funds	\$ 82,200	\$ -	\$ 82,200
Donor-restricted endowment funds:			
Original donor-restricted gift required to be maintained in perpetuity by donor	-	159,029,149	159,029,149
Accumulated earnings	-	5,344,566	5,344,566
Total endowment funds	<u>\$ 82,200</u>	<u>\$ 164,373,715</u>	<u>\$ 164,455,915</u>

Changes in endowment net assets for the year ended June 30, 2023:

	Without Donor	With Donor	
	Restrictions	Restrictions	Total
Endowment net assets, beginning of year	\$ 74,845	\$ 142,277,309	\$ 142,352,154
Total investment return, net	11,103	21,578,860	21,589,963
Contributions	-	6,357,716	6,357,716
Appropriation of endowment assets for expenditure	(3,748)	(5,954,610)	(5,958,358)
Other changes	-	114,440	114,440
Endowment net assets, end of year	<u>\$ 82,200</u>	<u>\$ 164,373,715</u>	<u>\$ 164,455,915</u>

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Note G—Endowment (continued)

Endowment net asset composition by type of fund as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 74,845	\$ -	\$ 74,845
Donor-restricted endowment funds:			
Original donor-restricted gift required to be maintained in perpetuity by donor	-	152,559,728	152,559,728
Accumulated earnings	-	(10,282,419)	(10,282,419)
Total endowment funds	<u>\$ 74,845</u>	<u>\$ 142,277,309</u>	<u>\$ 142,352,154</u>

Changes in endowment net assets for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 96,799	\$ 172,901,016	\$ 172,997,815
Total investment return, net	(18,076)	(33,881,545)	(33,899,621)
Contributions	-	9,012,711	9,012,711
Appropriation of endowment assets for expenditure	(3,878)	(5,725,755)	(5,729,633)
Other changes	-	(29,118)	(29,118)
Endowment net assets, end of year	<u>\$ 74,845</u>	<u>\$ 142,277,309</u>	<u>\$ 142,352,154</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the gift donated to the fund of permanent duration. The Foundation has interpreted Commonwealth of Virginia UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under law. In accordance with accounting guidance for not-for-profit organizations, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2023, funds with an original gift value of \$62,828,169 were underwater by \$1,664,360. As of June 30, 2022, funds with an original gift value of \$137,389,242 were underwater by \$11,233,198.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that emphasizes total return while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return at least equal to inflation plus the spending rate including administrative expenses, net of investment fees. Actual returns in any given year may vary from this amount.

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Note G—Endowment (continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

As summarized in Note B, the percentage appropriated for distribution, as a percentage of endowment market value, was 3.62% and 4.02% as of June 30, 2023 and 2022, respectively. The Foundation considers the long-term expected return on its endowment and the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term.

Note H—Fair value measurements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of unobservable inputs.

Level 2 fair value measurements are derived from the underlying assets of the perpetual and third-party trusts which substantially consists of investments with readily determinable fair values. The fair value of the assets in the third-party trusts is reduced by the net present value of the expected payments to other beneficiaries, discounted at a risk adjusted interest rate.

Other investments include those investments carried at NAV as published by the applicable fund manager, as a practical expedient.

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Note H—Fair value measurements (continued)

The following tables summarize the valuation of the Foundation’s financial assets and liabilities measured at fair value as of June 30, 2023 and 2022, based on the level of input utilized to measure fair value. Measurement at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Reported at NAV *	Total
Financial Assets:					
Cash and cash equivalents	\$ 15,630,787	\$ -	\$ -	\$ -	\$ 15,630,787
Equities:					
Domestic large cap	13,930,947	-	-	-	13,930,947
Domestic small/mid cap	58,524	-	-	-	58,524
International (developed countries)	7,081,097	-	-	-	7,081,097
International (emerging countries)	8,583	-	-	-	8,583
Fixed income:					
Certificates of deposit	2,500,544	-	-	-	2,500,544
Corporate bonds	790,847	-	-	-	790,847
U.S. treasuries	24,737,559	-	-	-	24,737,559
Intermediate government/credit	-	8,895,862	-	-	8,895,862
Mutual funds and exchange traded funds	53,593,716	-	-	-	53,593,716
Agency mortgage backed and asset backed securities	-	8,023,118	-	-	8,023,118
Hedge funds:					
Long/short	-	-	-	38,857,793	38,857,793
Multi-strategies	-	-	-	76,479,384	76,479,384
Credit/opportunistic	-	-	-	5,691,737	5,691,737
Private funds:					
Private equity	-	-	-	19,678,648	19,678,648
Private real estate	-	-	-	4,000,591	4,000,591
Private credit	-	-	-	1,395,212	1,395,212
Investments	118,332,604	16,918,980	-	146,103,365	281,354,949
Beneficial interest in perpetual and remainder trusts	-	37,129,083	-	-	37,129,083
Total financial assets	<u>\$ 118,332,604</u>	<u>\$ 54,048,063</u>	<u>\$ -</u>	<u>\$ 146,103,365</u>	<u>\$ 318,484,032</u>

* Certain investments that are measured at NAV, as a practical expedient, have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

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Note H—Fair value measurements (continued)

Measurement at fair value on a recurring basis as of June 30, 2022:

	Level 1	Level 2	Level 3	at NAV *	Total
Financial Assets:					
Cash and cash equivalents	\$ 3,418,936	\$ -	\$ -	\$ -	\$ 3,418,936
Equities:					
Domestic large cap	12,760,837	-	-	-	12,760,837
Domestic small/mid cap	68,102	-	-	-	68,102
International (developed countries)	7,448,678	-	-	-	7,448,678
Fixed income:					
Certificates of deposit	1,172,094	-	-	-	1,172,094
Corporate bonds	2,915,505	-	-	-	2,915,505
U.S. treasuries	9,892,444	-	-	-	9,892,444
Intermediate government/credit	-	8,940,223	-	-	8,940,223
Mutual funds and exchange traded funds	71,342,378	-	-	-	71,342,378
Agency mortgage backed and asset backed securities	-	8,936,965	-	-	8,936,965
Hedge funds:					
Long/short	-	-	-	36,186,938	36,186,938
Multi-strategies	-	-	-	63,912,293	63,912,293
Credit/opportunistic	-	-	-	3,444,244	3,444,244
Private funds:					
Private equity	-	-	-	17,251,466	17,251,466
Private real estate	-	-	-	2,890,565	2,890,565
Private credit	-	-	-	1,192,122	1,192,122
Investments	109,018,974	17,877,188	-	124,877,628	251,773,790
Beneficial interest in perpetual trusts	-	10,904,337	-	-	10,904,337
Total financial assets	<u>\$ 109,018,974</u>	<u>\$ 28,781,525</u>	<u>\$ -</u>	<u>\$ 124,877,628</u>	<u>\$ 262,678,127</u>

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
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Note H—Fair value measurements (continued)

The following table presents the nature and risk of assets with fair values estimated using NAV held at June 30, 2023:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Redemption Restrictions</u>
Hedge funds - multi-strategies ^(a)	\$ 76,479,384	N/A	Semi-Monthly, Monthly, Quarterly, Semi-Annually, Annually	6 days, 30 days, 45 days, 60 days, 65 days, 90 days, 365 days	Gates and Lock-up provisions range from 0 to 3 years
Hedge funds - long/short ^(b)	38,857,793	N/A	Daily, Quarterly, Annually, Semi-Annually, Every 2.5 years	60 days, 65 days, 75 days, 90 days, 120 days	Gates and Lock-up provisions range from 0 to 3 years
Hedge funds - credit/opportunistic ^(c)	5,691,737	120,000	None, Quarterly, Annually, Every 2 years	45 days, 60 days, 90 days, 150 days	Gates and Lock-up provisions range from no liquidity to 1.75 years
Private equity ^(d)	19,678,648	19,656,270	N/A	N/A	N/A
Private real estate ^(e)	4,000,591	3,932,594	N/A	N/A	N/A
Private credit ^(f)	1,395,212	1,547,081	N/A	N/A	N/A
Total	<u>\$ 146,103,365</u>	<u>\$ 25,255,945</u>			

The following table presents the nature and risk of assets with fair values estimated using NAV held at June 30, 2022:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Redemption Restrictions</u>
Hedge funds - multi-strategies ^(a)	\$ 63,912,293	N/A	Monthly, Quarterly, Semi-Annually, Annually	10 days, 30 days, 45 days, 60 days, 65 days, 90 days, 105 days, 120 days, 365 days	Gates and Lock-up provisions range from 0 to 3 years
Hedge funds - long/short ^(b)	36,186,938	N/A	Daily, Quarterly, Semi-Annually, Annually, Every 2.5 years	60 days, 75 days, 90 days, 120 days	Gates and Lock-up provisions range from 0 to 3 years
Hedge funds - credit/opportunistic ^(c)	3,444,244	520,000	None, Quarterly	45 days	Gates and Lock-up provisions range from no liquidity to 1 year
Private equity ^(d)	17,251,466	18,500,915	N/A	N/A	N/A
Private real estate ^(e)	2,890,565	3,909,475	N/A	N/A	N/A
Private credit ^(f)	1,192,122	1,667,251	N/A	N/A	N/A
Total	<u>\$ 124,877,628</u>	<u>\$ 24,597,641</u>			

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Note H—Fair value measurements (continued)

- (a) Hedge funds – Multi-strategies: This class includes investments that use multiple strategies to obtain absolute returns. Direct and indirect investments are made using capital structure arbitrage, distressed debt, equity long/short, multi-strategy credit, multi-strategy event driven, value and other trading strategies across a variety of sectors. The investments in this class are redeemable based on the redemption frequencies and notice periods described above. In addition to lock-up periods, some investments include early redemption fees or “gates” which limit the percentage of the Foundation’s investments that can be redeemed at one time.
- (b) Hedge funds – long/short: This class includes investments in funds that employ a long/short strategy to generate superior risk-adjusted returns through a variety of investments and across various sectors. In addition to lock-up periods, some investments include early redemption fees or “gates” which limit the percentage of the Foundation’s investments that can be redeemed at one time.
- (c) Hedge funds – credit/opportunistic: This class includes investments which seek to generate superior risk adjusted returns through a range of investment strategies including distressed securities, special situations, absolute value, and relative value. In addition to lock-up periods, some investments include early redemption fees or “gates” which limit the percentage of the Foundation’s investments that can be redeemed at one time. One fund in this class does not allow for redemption.
- (d) Private equity: This class includes investments in private equity funds, which make direct and indirect investments in privately and publicly issued debt equity securities. Strategies employed by the private equity funds include distress, growth equity, buyout, alternative credit, and opportunistic strategies across a variety of industries and geographies. A portion of this class also invests in social impact companies. These investments can never be redeemed. Instead, the nature of the investments in this class is that distributions are received through liquidation of the underlying assets of the funds.
- (e) Private real estate: This class includes investments in private real estate funds, which invest in both U.S. and global real estate investments, utilizing a variety of strategies, for purposes of generating income and capital appreciation. These investments can never be redeemed. Instead, the nature of the investments in this class is that distribution are received through liquidation of the underlying assets of the funds.
- (f) Private credit: This class includes an investment in a private credit fund, which seeks to generate targeted net annual returns by primarily investing in distressed debt secured by real estate in New York City and other opportunistic real estate. These investments can never be redeemed. Instead, the nature of the investments in this class is that distributions are received through liquidation of the underlying assets of the funds.

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Note I—Property and equipment

The following comprises property and equipment at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 18,536,763	\$ 18,564,263
Buildings	60,302,189	60,302,189
Building improvements	6,494,300	6,238,636
Furniture and equipment	<u>363,996</u>	<u>363,996</u>
	85,697,248	85,469,084
Accumulated depreciation and amortization	<u>(33,089,218)</u>	<u>(31,386,217)</u>
Property and equipment, net	<u>\$ 52,608,030</u>	<u>\$ 54,082,867</u>

Depreciation expense was \$1,703,000 and \$1,693,709 for the years ended June 30, 2023 and 2022, respectively.

The following summarizes the Foundation's property, including related direct financing leases and bonds and notes payable at June 30, 2023:

<u>Property</u>	<u>Description</u>	<u>Net Book Value Property and Equipment June 30, 2023</u>	<u>Net Investment In Direct Financing Leases June 30, 2023</u>	<u>Debt Issuer</u>	<u>Debt June 30, 2023</u>
GMUF Arlington Campus, LLC	Commercial office building, Arlington County, VA	\$ 41,594,308	\$ -	Bank Note	\$ 40,217,621
GMUF Mason Administration, LLC	Administration building, main campus, Fairfax County, VA	-	22,385,206	FCEDA	23,516,518
GMUF Prince William Housing, LLC	Graduate student housing, Science and Technology Campus, Prince William County, VA	-	12,838,827	IDA-PW	14,255,000
GMUF Prince William Life Sciences Lab, LLC	Research and office space, Science and Technology Campus, Prince William County, VA	-	26,413,238	IDA-PW	29,675,000
GMUF Commerce Buildings, LLC	Research and office space, City of Fairfax, VA	-	3,019,710	Bank Note	2,910,149
GMUF Potomac Heights, LLC	Dormitory, main campus, Fairfax County, VA	-	8,170,603	FCEDA	8,850,000
University Park	Graduate student townhomes and commercial office space, City of Fairfax, VA	960,177	-	N/A	-
Kelley Drive Property	Office space, Fairfax County, VA	26,000	-	N/A	-
Mathy House	Residential rental, Fairfax County, VA	624,518	-	N/A	-
Mathy Lodge	Residential rental, Fairfax County, VA	1,164,523	-	N/A	-
Broadlands Land	4.91 acres of vacant land, Loudoun County, VA	4,510,000	-	N/A	-
Point of View Land	77.63 acres of vacant land, Fairfax County, VA	3,728,504	-	N/A	-
	Debt issuance costs	-	-	N/A	(877,073)
	Total	<u>\$ 52,608,030</u>	<u>\$ 72,827,584</u>		<u>\$ 118,547,215</u>

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Note J—Leases

Operating Leases

The Foundation leases certain properties, primarily at its Arlington campus, with a cost of \$81,187,248 and \$80,931,590 and accumulated depreciation of \$33,089,218 and \$31,386,217 as of June 30, 2023 and 2022, respectively, under operating lease agreements. The lease agreements have base lease terms that terminate beginning in fiscal year 2023 and extending through fiscal year 2030. A portion of the above properties are leased to the University and, therefore, subject to state appropriation. The expected future rental payments from the University are \$13,427,504 and \$17,868,715 as of June 30, 2023 and 2022, respectively.

The Foundation considers the likelihood of its tenants exercising renewal or termination terms in determining the ultimate term of the lease. The Foundation has not included tenant renewal terms as the tenants are not reasonably certain to exercise the renewal term options. The Foundation has included periods covered by an option to terminate the lease, as the tenants are reasonably certain not to exercise the termination options. There are no residual value guarantees included in the lease agreements.

The lease agreements include fixed rental payments, recognized as income over the lease term on a straight-line basis. Variable rental payments, related to operating costs and real estate taxes, are recognized as income in the period in which earned.

The components of rental income for the years ended June 30, 2023 and 2022 are as follows, of which \$4,830,439 and \$4,760,192, respectively, was paid by the University for the years then ended:

	<u>2023</u>	<u>2022</u>
Fixed rental income	\$ 10,735,325	\$ 10,711,852
Variable rental income	789,754	685,798
	<u>\$ 11,525,079</u>	<u>\$ 11,397,650</u>

The future minimum payments to be received under noncancelable operating leases are as follows:

2024	\$ 11,185,870
2025	11,031,337
2026	11,060,458
2027	195,778
2028	197,216
Thereafter	215,062
	<u>\$ 33,885,721</u>

Leasing commissions related to the GMUF Arlington Campus, LLC project are capitalized. The Foundation amortizes these costs over the life of the related leases. Amortization expense totaled \$69,804 and \$70,132 for the years ended June 30, 2023 and 2022, respectively. Unamortized leasing commissions, a component of other assets, was \$209,199 and \$279,003 for the years ended June 30, 2023 and 2022, respectively.

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Note J—Leases (continued)

Direct Financing Leases

In prior years, the Foundation has completed several construction projects for GMUF Mason Administration, LLC; GMUF Prince William Housing, LLC; GMUF Prince William Life Sciences Lab, LLC; GMUF Commerce Buildings, LLC; and GMUF Potomac Heights, LLC for subsequent leasing to the University. All of these leases meet the lessor's criteria to account for these building leases as direct financing leases and each agreement provides for transfer of ownership of the building to the University at the end of the lease term.

Under the terms of these lease agreements, the rent payments are calculated based on the annual debt service costs of the building as well as additional rents to ensure the Foundation has sufficient funding to pay the principal, interest, carrying costs and development costs of the projects. The future minimum rentals are based on the following terms:

Building	Loan Borrowing	Term	Final Fiscal Year of Payment
GMUF Mason Administration, LLC	\$ 30,395,000	16.2 years	2036
GMUF Prince William Housing, LLC	15,370,000	21.6 years	2042
GMUF Prince William Life Sciences Lab, LLC	35,330,000	21.7 years	2042
GMUF Commerce Buildings, LLC	5,720,000	15 years	2030
GMUF Potomac Heights, LLC	18,175,000	10 years	2028

All direct financing leases are with the University and the rental payments are subject to annual state appropriation.

The components of the net investment in the direct financing leases as of June 30, 2023 and 2022 are as follows:

	2023	2022
Total minimum lease payments to be received	\$ 110,781,065	\$ 119,429,741
Less Unearned income	(37,953,481)	(42,556,421)
Net investment in direct financing lease	\$ 72,827,584	\$ 76,873,320

The future minimum payments to be received under the noncancelable direct financing lease are as follows:

2024	\$ 8,648,676
2025	8,648,676
2026	8,648,676
2027	8,648,676
2028	7,538,676
Thereafter	68,647,685
	\$ 110,781,065

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Note K—Debt

GMUF Potomac Heights, LLC – Fairfax County Economic Development Authority Bonds

During fiscal year 2018, the Foundation, through its newly established subsidiary, GMUF Potomac Heights, LLC, refinanced \$16,597,500 of Fairfax County Economic Development Authority (“FCEDA”) bonds with a commercial bank. Bonds were issued including \$16,795,000 of FCEDA Refunding Revenue Note, Series 2017A (GMUF Potomac Heights, LLC Issue) tax-exempt fixed rate bonds, and \$1,380,000 of FCEDA Refunding Revenue Note, Series 2017B (GMUF Potomac Heights, LLC Issue) taxable fixed rate bonds. The Foundation began leasing the property to the University in fiscal year 2018 with a 10-year lease term (see Note J), and the lease payments service the bonds’ principal and interest payments.

GMUF Mason Administration, LLC (Merten Hall) – Fairfax County Economic Development Authority Bonds

During fiscal year 2018, the FCEDA issued its \$30,395,000 Refunding Revenue Bond, Series 2018 (GMUF Mason Administration, LLC Project) and sold such bonds to a commercial bank pursuant to a loan and financing agreement. Proceeds were used to retire the \$28,243,403 of outstanding bonds as well as the related interest rate swap termination fee. The initial bond proceeds were used in the acquisition, construction, renovation, and equipping of a five-story administration building for classrooms, administrative office, and retail space. The Foundation began leasing the property to the University in fiscal year 2011 with a 25-year lease term (see Note J), and the lease payments service the bonds’ principal and interest payments.

GMUF Prince William Housing, LLC (Beacon Hall) – Industrial Development Authority of the County of Prince William Bonds

During fiscal year 2020, the Industrial Development Authority of the County of Prince William (IDA-PW) issued its \$15,370,000 Taxable Student Housing Refunding Revenue Bond Series 2020 (“Series 2020 Bonds”) pursuant to a Trust Indenture dated January 1, 2020. Proceeds were used by the Foundation to execute an advance refunding and to legally defease previously issued bonds through IDA-PW that financed the acquisition, construction, and equipping of a student residence hall, University program space, and retail space. The Foundation entered into this advance refunding to take advantage of historically low long-term interest rates. The University’s lease payments fund the debt service of the Series 2020 Bonds.

All of the term bonds for the Industrial Development Authority of the County of Prince William Series 2020 Bonds are subject to mandatory redemption by operation of sinking fund installments.

GMUF Prince William Life Sciences Lab, LLC – Industrial Development Authority of the County of Prince William Bonds

During fiscal year 2017, the IDA-PW issued its \$35,330,000 Revenue Bond Series 2017 (“Series 2017 Bonds”) pursuant to a Trust Indenture dated February 1, 2017. Proceeds were used by the Foundation to execute an advanced refunding and to legally defease previously issued bonds through IDA-PW that financed the acquisition, construction, and equipping of life sciences lab facilities and the acquisition and construction of space for commercial laboratory use. The Foundation entered into this advanced refunding to eliminate the private business use restrictions on the building, allowing the Foundation more flexibility in utilizing the space and to take advantage of historically low long-term interest rates. The University’s lease payments fund the debt service of the Series 2017 Bonds.

All of the term bonds for the Industrial Development Authority of the County of Prince William Series 2017 Bonds are subject to mandatory redemption by operation of sinking fund installments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note K—Debt (continued)

GMUF Commerce Buildings, LLC Notes

During fiscal year 2015, GMU Commerce Buildings, LLC modified its existing loan with a commercial bank resulting in a taxable loan of \$5,720,000 at a fixed rate of 3.63%, maturing March 1, 2030. The Foundation leases the property to the University with a 15-year lease term (see Note J) and the lease payments made by the University service the notes' principal and interest payments as well as operating costs.

GMUF Arlington Campus, LLC Notes

During fiscal year 2016, GMUF Arlington Campus, LLC negotiated a loan of \$60 million with a commercial bank at a fixed rate of 4.05%, maturing June 1, 2033. This loan is on the property located at 3434 North Washington Street, Arlington, Virginia.

The following represents the Foundation's bonds and notes payable at June 30:

	<u>2023</u>	<u>2022</u>
Fairfax County Economic Development Authority Bonds (FCEDA):		
GMUF Potomac Heights, LLC Tax-Exempt Revenue Bonds, interest rate 2.41%, maturing on November 1, 2027	\$ 8,850,000	\$ 10,690,000
GMUF Mason Administration, LLC Tax-Exempt Revenue Bond, interest rate 3.47% maturing on April 1, 2036	23,516,518	24,956,518
Industrial Development Authority of the County of Prince William (IDA-PW):		
Prince William County Series 2017 Bonds, serial with interest rates ranging from 2.922% to 4.424%, maturing at various dates from October 1, 2022 to October 1, 2036	19,360,000	20,395,000
Prince William County Series 2017 Bonds, term interest rate 4.524%, maturing October 1, 2041	10,315,000	10,315,000
Prince William County Series 2020 Bonds, serial with interest rates ranging from 1.976% to 3.014%, maturing at various dates from September 1, 2022 to September 1, 2035	8,695,000	9,100,000
Prince William County Series 2020 Bonds, term interest rate 3.365%, maturing September 1, 2041	5,560,000	5,560,000
Bank Notes:		
GMUF Arlington Campus, LLC Note with interest rate of 4.05% maturing June 1, 2033	40,217,621	43,403,346
GMUF Commerce Buildings, LLC Note with interest rate of 3.63% maturing March 1, 2030	<u>2,910,149</u>	<u>3,292,170</u>
Notes and bonds payable at face value	119,424,288	127,712,034
Less: Debt issuance costs, net	<u>(877,073)</u>	<u>(999,463)</u>
Total debt	<u>\$ 118,547,215</u>	<u>\$ 126,712,571</u>

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Note K—Debt (continued)

Scheduled maturities and sinking fund requirements are as follows:

2024	\$ 8,587,869
2025	8,891,074
2026	9,286,241
2027	9,643,043
2028	8,983,989
Thereafter	<u>74,032,072</u>
	<u>\$ 119,424,288</u>

Interest expense on notes and bonds along with the amortization of deferred financing charges was \$4,690,156 and \$4,970,966 for the years ended June 30, 2023 and 2022, respectively.

For certain debt issuances, on a periodic basis, the Foundation is required to comply with administrative reporting and debt covenant calculations. As of June 30, 2023 and 2022, the Foundation was in compliance with its required debt covenant calculations.

Note L—Life insurance policies and annuity contracts

During fiscal year 2021, the Foundation received a donated life insurance policy with a death benefit of \$700,000, which includes the funding of the premium payments by the donor over five years. The Foundation is identified as the owner of the policy and will receive the full benefit of the policy at the time of death or the cash surrender value at any time during the policy period. The proceeds from the insurance policy are restricted to the University's School of Business. The cash surrender value was \$66,359 and \$31,299 as of June 30, 2023 and 2022, respectively, and is recorded in other assets on the statement of financial position.

Note M—Concentrations of credit risk

The Foundation maintains its cash in several commercial banks that are in excess of the Federal Deposit Insurance Corporation maximum of \$250,000 per depositor per institution. At June 30, 2023, the Foundation had approximately \$11.6 million of uninsured balances in checking and money market accounts.

In fiscal year 2023, 15 donors collectively contributed approximately 77% of the total contributions, and approximately 81% of total contributions receivable were due from ten contributors.

Note N—Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released for institutional program support totaled \$66,365,253 and \$71,667,532 for the years ended June 30, 2023 and 2022, respectively. Additionally, net assets released for scholarships totaled \$3,939,476 and \$3,630,196 for the years ended June 30, 2023 and 2022, respectively.

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Note O—Net assets available

As of June 30, 2023, and 2022, net assets without donor restrictions include:

	<u>2023</u>	<u>2022</u>
Real estate operations	\$ 25,001,362	\$ 19,172,989
Board-designated funds, functioning as endowments	82,200	74,845
Board-designated funds, intended to be used as a reserve	6,763,000	6,952,000
Undesignated	<u>8,419,094</u>	<u>9,047,543</u>
	<u>\$ 40,265,656</u>	<u>\$ 35,247,377</u>

Net assets with donor restrictions consisted of the following at June 30, 2023:

	<u>With Donor Restrictions for Time and Purpose</u>	<u>With Donor Restrictions - Perpetuity</u>
Administrative support	\$ 24,505,667	\$ 103,837
Academic support	20,441,933	83,139,027
Athletics	1,751,279	332,852
Community/public service	9,295,443	9,118,523
Eminent scholars	4,560,957	27,252,343
Facilities	21,718,133	58,059
Library	630,425	1,188,623
Research	23,873,914	5,063,094
Student financial aid	<u>17,410,430</u>	<u>74,807,536</u>
	<u>\$ 124,188,181</u>	<u>\$ 201,063,894</u>

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Note O—Net assets available (continued)

Net assets with donor restrictions consisted of the following at June 30, 2022:

	With Donor Restrictions for Time and Purpose	With Donor Restrictions - Perpetuity
Administrative support	\$ 25,561,214	\$ 103,283
Academic support	8,543,763	82,158,362
Athletics	1,555,800	316,273
Community/public service	7,462,694	9,130,478
Eminent scholars	2,680,284	27,368,305
Facilities	18,795,123	59,350
Library	680,290	1,015,053
Research	23,714,276	5,122,065
Student financial aid	12,487,941	44,910,708
	<u>\$ 101,481,385</u>	<u>\$ 170,183,877</u>

Note P—Related party transactions

The Foundation outsources its payroll processing to the University and reimburses the University for payroll costs incurred. As of June 30, 2023 and 2022, the Foundation had salaries payable to the University totaling \$462,235 and \$369,319, respectively.

The Foundation receives donated space located on the main campus in Fairfax, Virginia from the University. For both fiscal years 2023 and 2022, \$37,845 is reflected in the consolidated statement of activities as in-kind contribution revenue without donor restrictions and administrative expenses.

The Foundation also utilizes certain information technology support as part of a service level agreement with the University which totaled \$83,461 and \$100,000, respectively, in fiscal years 2023 and 2022.

In addition, the Foundation leases certain properties to the University and earns rental income on these leases (see Note J).

As a general practice, the Foundation gifts donated goods to the University to provide greater resources towards their programs (see Note B).

During fiscal year 2022, upon the approval of the Foundation's Board of Trustees, the Foundation gifted \$50,000, from its net assets without donor restriction, to the University to support key initiatives. As of June 30, 2022, the funds are included as investments and funds held for others in the consolidated statement of financial position.

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Note Q—Functional classification of expenses

The Foundation’s primary program service is support of George Mason University in its academics and real estate operations. Expenses by function and natural classification for the years ended June 30, 2023 and 2022 are as follows:

	Program Support for George Mason University				June 30, 2023
	Academic Institutional Support	Real Estate Operations	Mangement and General	Fundraising	
Distributions to George Mason University and affiliates:					
Program support	\$ 39,796,935	\$ 7,082	\$ 37,845	\$ 130	\$ 39,841,992
Student scholarships	3,537,304	-	-	-	3,537,304
Salaries and benefits	13,655,184	-	2,039,474	-	15,694,658
Interest	-	4,690,155	-	-	4,690,155
Professional and contracted services	6,885,961	775,047	379,315	110,807	8,151,130
Events and conferences	2,574,409	-	15,879	111,860	2,702,148
Travel	2,945,117	1,149	24,176	77,053	3,047,495
Deprection and amortization	-	1,772,804	-	-	1,772,804
Utilities, repairs and maintenance	1,046,467	1,772,895	6,768	20,810	2,846,940
Student scholarships and assistance	406,131	-	-	-	406,131
Taxes	-	1,486,175	-	-	1,486,175
Others	1,008,814	67,057	167,488	241,284	1,484,643
	<u>\$ 71,856,322</u>	<u>\$ 10,572,364</u>	<u>\$ 2,670,945</u>	<u>\$ 561,944</u>	<u>\$ 85,661,575</u>
	Program Support for George Mason University				June 30, 2022
	Academic Institutional Support	Real Estate Operations	Mangement and General	Fundraising	
Distributions to George Mason University and affiliates:					
Program support	\$ 42,483,853	\$ 5,127	\$ 12,845	\$ 4,314	\$ 42,506,139
Student scholarships	3,179,317	-	-	-	3,179,317
Salaries and benefits	13,547,052	-	1,703,609	-	15,250,661
Interest	-	4,970,966	-	-	4,970,966
Professional and contracted services	7,790,536	785,964	571,455	34,610	9,182,565
Events and conferences	3,462,926	-	6,499	85,294	3,554,719
Travel	3,866,818	1,353	10,993	59,687	3,938,851
Deprection and amortization	-	1,763,841	-	-	1,763,841
Utilities, repairs and maintenance	929,568	1,660,280	8,362	16,280	2,614,490
Student scholarships and assistance	450,879	-	-	-	450,879
Taxes	-	1,288,799	-	-	1,288,799
Others	1,308,617	77,740	143,253	334,300	1,863,910
	<u>\$ 77,019,566</u>	<u>\$ 10,554,070</u>	<u>\$ 2,457,016</u>	<u>\$ 534,485</u>	<u>\$ 90,565,137</u>

Note R—Commitments and contingencies

The Foundation is subject to legal proceedings and claims, which arise in the ordinary course of business. In the opinion of management, there is no pending or threatened litigation or administrative proceeding that is expected to have a material, adverse impact on the Foundation’s financial position or results of operations.

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Note S—Subsequent events

The Foundation evaluated subsequent events through October 27, 2023, which is the date the consolidated financial statements were available to be issued. The Foundation is not aware of any other subsequent events which would require recognition or disclosure in the consolidated financial statements.

In October 2023, the Foundation entered into a purchase and sale agreement with the University to sell the majority of the assets held by GMUF Arlington Campus LLC for a purchase price of \$107 million. The sale is expected to close in November 2023. As a result of this transaction, the Foundation will use the sales proceeds to settle debt secured by the assets of GMUF Arlington Campus LLC and will transfer certain third-party leases to the University.