



**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, 2022
(With Summarized Comparative Information for June 30, 2021)***

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

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, 2022, and 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of June 30, 2022, and the changes in their net assets, functional expenses 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 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 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 that 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 2021 consolidated financial statements, and we have expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 29, 2021. In our opinion, the comparative information, including the summarized comparative information, presented herein as of and for the year ended June 30, 2021 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.



Tysons Corner, Virginia
October 27, 2022

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

JUNE 30, 2022
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021)

	GMU Foundation, Inc.	Real Estate Subsidiaries	June 30, 2022	June 30, 2021
Assets				
Cash and cash equivalents	\$ 11,285,886	\$ 16,482,117	\$ 27,768,003	\$ 17,088,212
Restricted cash and cash equivalents	—	6,952,527	6,952,527	6,126,043
Contributions receivable, net	32,963,346	—	32,963,346	21,076,441
Investments	251,773,790	—	251,773,790	312,375,476
Beneficial interest in perpetual trusts	10,904,337	—	10,904,337	13,090,982
Property and equipment, net	11,089,235	42,993,632	54,082,867	55,650,788
Net investment in direct financing leases	—	76,873,320	76,873,320	80,656,992
Other assets	1,720,135	3,774,228	5,494,363	5,649,358
Total Assets	\$ 319,736,729	\$ 147,075,824	\$ 466,812,553	\$ 511,714,292
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 8,513,507	\$ 810,466	\$ 9,323,973	\$ 4,444,384
Amounts held for others	22,994,194	—	22,994,194	34,991,934
Notes and bonds payable	—	126,712,571	126,712,571	134,552,970
Other liabilities	489,378	379,798	869,176	556,798
Total Liabilities	\$ 31,997,079	\$ 127,902,835	\$ 159,899,914	\$ 174,546,086
Net Assets				
Without donor restrictions	\$ 16,074,388	\$ 19,172,989	\$ 35,247,377	\$ 37,316,483
With donor restrictions	271,665,262	—	271,665,262	299,851,723
Total Net Assets	\$ 287,739,650	\$ 19,172,989	\$ 306,912,639	\$ 337,168,206
Total Liabilities and Net Assets	\$ 319,736,729	\$ 147,075,824	\$ 466,812,553	\$ 511,714,292

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

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

(WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2021)

	GMU Foundation, Inc.		Real Estate Subsidiaries -	Year Ended	Year Ended
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	June 30, 2022	June 30, 2021
Support and Revenue					
Contributions, net loss on uncollectible contributions of \$979,643 and \$193,643	\$ 109,268	\$ 83,102,507	\$ —	\$ 83,211,775	\$ 73,183,148
In-kind contributions	37,845	1,957,025	—	1,994,870	1,344,577
Investment returns, net	(6,270,600)	(36,211,243)	30,403	(42,451,440)	36,295,892
Service fees	3,013,290	—	—	3,013,290	2,643,955
Rental income	459,764	—	10,937,886	11,397,650	11,320,493
Interest on direct financing leases	—	—	4,865,008	4,865,008	5,108,960
Trust and other income (loss)	15,439	(1,737,022)	—	(1,721,583)	2,886,042
Net assets released from restrictions	75,297,728	(75,297,728)	—	—	—
Total Support and Revenue	72,662,734	(28,186,461)	15,833,297	60,309,570	132,783,067
Operating Expenses					
Program support for George Mason University					
Academic institutional support	77,019,566	—	—	77,019,566	74,881,984
Real estate operations	216,753	—	10,337,317	10,554,070	10,454,636
Management and general	2,457,016	—	—	2,457,016	2,263,303
Fundraising	534,485	—	—	534,485	223,547
Total Operating Expenses	80,227,820	—	10,337,317	90,565,137	87,823,470
Change in Net Assets from Operations	(7,565,086)	(28,186,461)	5,495,980	(30,255,567)	44,959,597
Non-Operating Activity					
Gain (loss) on sale of land	—	—	—	—	9,115,239
Gain on extinguishment of debt	—	—	—	—	163,400
Total Non-Operating Activity	—	—	—	—	9,278,639
Change in Net Assets	(7,565,086)	(28,186,461)	5,495,980	(30,255,567)	54,238,236
Net Assets, beginning of year	\$ 23,639,474	\$ 299,851,723	\$ 13,677,009	\$ 337,168,206	\$ 282,929,970
Net Assets, end of year	\$ 16,074,388	\$ 271,665,262	\$ 19,172,989	\$ 306,912,639	\$ 337,168,206

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

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

JUNE 30, 2022

(WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2021)

	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, 2022	June 30, 2021
Assets								
Cash and cash equivalents	\$ 12,132,502	\$ 2,480,299	\$ 350,234	\$ 458,058	\$ 204,570	\$ 856,454	\$ 16,482,117	\$ 13,852,127
Restricted cash and cash equivalents	4,215,821	—	982,850	1,753,856	—	—	6,952,527	6,126,043
Property and equipment, net	42,993,632	—	—	—	—	—	42,993,632	44,472,798
Net investment in direct financing lease	—	23,592,164	13,208,401	27,101,779	3,395,014	9,575,962	76,873,320	80,656,992
Other assets	3,738,929	—	—	—	35,299	—	3,774,228	4,096,291
Total Assets	\$ 63,080,884	\$ 26,072,463	\$ 14,541,485	\$ 29,313,693	\$ 3,634,883	\$ 10,432,416	\$ 147,075,824	\$ 149,204,251
Liabilities and Net Assets								
Liabilities								
Accounts payable and accrued expenses	\$ 239,496	\$ 72,187	\$ 141,984	\$ 316,730	\$ 18,600	\$ 21,469	\$ 810,466	\$ 970,278
Notes and bonds payable	43,256,323	24,800,579	14,396,643	30,397,620	3,232,758	10,628,648	126,712,571	134,552,970
Other liabilities	379,798	—	—	—	—	—	379,798	3,994
Total Liabilities	\$ 43,875,617	\$ 24,872,766	\$ 14,538,627	\$ 30,714,350	\$ 3,251,358	\$ 10,650,117	\$ 127,902,835	\$ 135,527,242
Net Assets - Without Donor Restrictions								
GMUF Arlington Campus, LLC	\$ 19,205,267	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 19,205,267	\$ 15,215,503
GMUF Mason Administration, LLC	—	1,199,697	—	—	—	—	1,199,697	901,531
GMUF Prince William Housing, LLC	—	—	2,858	—	—	—	2,858	(238,770)
GMUF Prince William Life Sciences Lab, LLC	—	—	—	(1,400,657)	—	—	(1,400,657)	(1,768,536)
GMUF Commerce Buildings, LLC	—	—	—	—	383,525	—	383,525	366,598
GMUF Potomac Heights, LLC	—	—	—	—	—	(217,701)	(217,701)	(799,317)
Total Net Assets - Without Donor Restrictions	\$ 19,205,267	\$ 1,199,697	\$ 2,858	\$ (1,400,657)	\$ 383,525	\$ (217,701)	\$ 19,172,989	\$ 13,677,009
Total Liabilities and Net Assets	\$ 63,080,884	\$ 26,072,463	\$ 14,541,485	\$ 29,313,693	\$ 3,634,883	\$ 10,432,416	\$ 147,075,824	\$ 149,204,251

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

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

YEAR ENDED JUNE 30, 2022

(WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2021)

	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, 2022	Year Ended June 30, 2021
Support and Revenue								
Investment returns, net	\$ 26,421	\$ 1,866	\$ 668	\$ 1,116	\$ 116	\$ 215	\$ 30,403	\$ 23,676
Rental income	10,656,634	—	—	—	281,252	—	10,937,886	10,860,737
Interest on direct financing leases	—	1,254,069	748,458	1,766,249	159,666	936,567	4,865,008	5,108,960
Total Support and Revenue	10,683,055	1,255,935	749,126	1,767,365	441,034	936,782	15,833,297	15,993,373
Operating Expenses								
Administrative	1,864,360	48,050	56,375	97,438	31,599	50,050	2,147,872	2,024,879
Depreciation and amortization	1,642,932	—	—	—	—	—	1,642,932	1,633,818
Interest expense	1,867,804	909,719	451,123	1,302,048	135,156	305,116	4,970,966	5,239,395
Utilities and other	1,318,195	—	—	—	257,352	—	1,575,547	1,392,993
Total Operating Expenses	6,693,291	957,769	507,498	1,399,486	424,107	355,166	10,337,317	10,291,085
Change in Net Assets	3,989,764	298,166	241,628	367,879	16,927	581,616	5,495,980	5,702,288
Net Assets - Without Donor Restrictions, beginning of year	\$ 15,215,503	\$ 901,531	\$ (238,770)	\$ (1,768,536)	\$ 366,598	\$ (799,317)	\$ 13,677,009	\$ 7,974,721
Net Assets - Without Donor Restrictions, end of year	\$ 19,205,267	\$ 1,199,697	\$ 2,858	\$ (1,400,657)	\$ 383,525	\$ (217,701)	\$ 19,172,989	\$ 13,677,009

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

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

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Changes in net assets	\$ (30,255,567)	\$ 54,238,236
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization of property and leasing commissions	1,763,841	1,748,184
Amortization of debt issuance costs	130,565	138,465
Change in discount on contributions receivable	908,805	(375,785)
Unrealized and realized investment (gains)/losses	43,105,764	(33,448,192)
Interest on direct financing leases	(4,865,004)	(5,108,960)
Change in value of split interest agreements	2,209,215	(2,356,455)
Stock contributions	(209,224)	(125,748)
Contributions restricted for perpetual endowments	(5,371,737)	(5,498,801)
Gain on sale of land	—	(9,115,239)
Gain on extinguishment of debt	—	(163,400)
Loss on uncollectible contributions	979,643	193,643
Change in assets and liabilities:		
Contributions receivable	(13,775,353)	1,043,538
Other assets	84,863	477,248
Accounts payable and accrued expenses	4,879,589	(6,121,209)
Amounts held for others	(11,997,740)	12,235,022
Other liabilities	312,378	(350,239)
Net Cash (Used in) Provided By Operating Activities	(12,099,962)	7,410,308
Cash Flows from Investing Activities		
Proceeds from sale of investments	364,568,669	111,162,330
Purchases of investments	(346,886,093)	(143,283,491)
Purchases of property and equipment	(125,788)	(348,124)
Proceeds from sale of property and equipment/land	—	15,325,941
Payments received on direct financing leases	8,648,676	8,648,673
Net Cash Provided by (Used in) Investing Activities	26,205,464	(8,494,671)
Cash Flows from Financing Activities		
Proceeds from contributions in perpetual endowments	5,371,737	5,498,801
Proceeds from Federal government debt program	—	163,400
Repayments of debt	(7,970,964)	(7,715,041)
Net Cash Used in Financing Activities	(2,599,227)	(2,052,840)
Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	11,506,275	(3,137,203)
Cash, Cash Equivalents, and Restricted Cash , beginning of year	23,214,255	26,351,458
Cash, Cash Equivalents, and Restricted Cash, end of year	\$ 34,720,530	\$ 23,214,255
Supplemental Disclosure of Cash Flow Activities		
Interest paid and expensed	\$ 4,868,535	\$ 5,127,200

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, 2022 AND 2021

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. This includes funds that are designated for discretionary use by the Foundation, real estate operations, 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, 2022 AND 2021

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 vast majority of 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 statements 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 \$526,715 and \$372,500 for the years ended June 30, 2022 and 2021, 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, 2019 through 2022 are still eligible for review for both federal and state purposes. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the 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, 2022 AND 2021

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, 2022 and 2021:

	2022	2021
Cash and cash equivalents	\$ 27,768,003	\$ 17,088,212
Restricted cash and cash equivalents	6,952,527	6,126,043
	<u>\$ 34,720,530</u>	<u>\$ 23,214,255</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 pledges 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, 2022 and 2021, 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, 2022 and 2021 were:

	2022	2021
Donated rent	\$ 37,845	\$ 37,845
Automobiles	65,000	-
Lab equipment	372,586	-
Artwork, books, and other support	1,519,439	1,306,732
	<u>\$ 1,994,870</u>	<u>\$ 1,344,577</u>

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.

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note B—Summary of significant accounting policies (continued)

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.

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 statements 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, 2022 and 2021, totaled \$130,565 and \$138,465, respectively, and is included in operating expense on consolidated statements of activities.

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note B—Summary of significant accounting policies (continued)

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 the conditions on which they depend are 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 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 \$3,013,290 and \$2,643,955 in fiscal years 2022 and 2021, 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 \$205,169 as of June 30, 2022 and increased rental income by \$28,082 as of June 30, 2021.

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 are capitalized at cost. Donated assets in excess of \$5,000 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.

New Accounting Pronouncements – In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-15 *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in Cloud Computing Arrangement That Is a Service Contract* to align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The Foundation adopted ASU 2018-15 for the year ended June 30, 2022, with no material impact to the consolidated financial statements.

In September 2020, FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of the guidance is to increase the transparency of contributed nonfinancial assets through improvements to the presentation and disclosure of such assets. The guidance does not change existing recognition and measurement requirements for contributed nonfinancial assets. The Foundation adopted ASU 2020-07 for the year ended June 30, 2022, with no material impact to the consolidated financial statements.

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

JUNE 30, 2022 AND 2021

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, 2022 and **2021**, include:

	2022	2021
Cash and cash equivalents	\$ 17,283,172	\$ 4,740,045
Accounts receivable and other assets	260,671	254,464
Short-term investments	-	19,417,824
	<u>\$ 17,543,843</u>	<u>\$ 24,412,333</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, 2022 and 2021, the Foundation's operating reserve was \$6,952,000 and \$3,946,000, 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:

	2022	2021
Due in less than one year	\$ 11,360,902	\$ 6,049,728
Due in one to five years	23,127,551	15,315,686
Due in more than five years	989,887	818,662
	<u>35,478,340</u>	<u>22,184,076</u>
Less allowance for doubtful accounts	(708,230)	(209,676)
Less discount present value	(1,806,764)	(897,959)
	<u>\$ 32,963,346</u>	<u>\$ 21,076,441</u>

Discount rates range from 0.16% to 3.69% for the years ended June 30, 2022 and 2021.

As of June 30, 2022 and 2021, the Foundation had \$8,474,142 and \$6,309,834, 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.

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note E—Investments

Investments, which are reported at fair value, consisted of the following as of June 30, 2022 and 2021:

	2022	2021
Cash and money market funds	\$ 3,418,936	\$ 13,170,091
Advanced capital contributions *	-	4,000,000
Fixed income	103,199,609	142,659,612
Equities	20,277,617	101,955,309
Liquid alternatives	-	13,361,814
Hedge funds	103,543,475	20,397,515
Private equity and real assets	21,334,153	16,831,135
	<u>\$ 251,773,790</u>	<u>\$ 312,375,476</u>

* Advanced capital contributions consist of contributions made by the Foundation to a hedge fund for which the Foundation received limited partnership units on July 1, 2021. The contributions are comprised of other investments redeemed as of June 30, 2021. There were no such transactions as of June 30, 2022.

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, 2022 and 2021 totaled approximately \$8.6 million and \$10.7 million, respectively. Contributions from the trust totaled \$464,177 and \$451,694, respectively, for the years ended June 30, 2022 and 2021, and is included in support and revenue with donor restrictions. The change in value of the trust decreased \$2,043,588 and increased \$1,881,026 during the years ended June 30, 2022 and 2021, 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, 2022 and 2021 totaled approximately \$2.3 million and \$2.4 million, respectively. No additional contributions were received for the years ended June 30, 2022 or 2021. The change in value from the trust decreased \$143,057 and increased \$444,351, during the years ended June 30, 2022 and 2021, 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.

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, 2022 and 2021 was \$402,457 and \$468,158, respectively. Liabilities related to these agreements were \$154,115 and \$197,246 at June 30, 2022 and 2021, respectively, and are included with other liabilities. During fiscal years 2022 and 2021, the Foundation received no new charitable gift annuities.

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note F—Split-interest agreements (continued)

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 \$31,550 and an increase of \$56,064 for the years ended June 30, 2022 and 2021, respectively.

Retained Life Estate

The Foundation holds a retained life estate, included in other assets, with a market 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 \$335,159 and \$355,484 as of June 30, 2022 and 2021, respectively, and is included in other liabilities.

Note G—Endowment

The Foundation's endowment consists of approximately 580 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.

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

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

JUNE 30, 2022 AND 2021

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	\$ 74,845	\$ 142,277,309	\$ 142,352,154

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	\$ 74,845	\$ 142,277,309	\$ 142,352,154

Endowment net asset composition by type of fund as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 96,799	\$ —	\$ 96,799
Donor-restricted endowment funds:			
Original donor-restricted gift required to be maintained in perpetuity by donor	—	143,577,567	143,577,567
Accumulated earnings	—	29,323,449	29,323,449
Total endowment funds	\$ 96,799	\$ 172,901,016	\$ 172,997,815

Changes in endowment net assets for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 81,337	\$ 137,956,954	\$ 138,038,291
Total investment return, net	18,944	33,156,368	33,175,312
Contributions	—	7,374,226	7,374,226
Appropriation of endowment assets for expenditure	(3,482)	(5,765,982)	(5,769,464)
Other changes	—	179,450	179,450
Endowment net assets, end of year	\$ 96,799	\$ 172,901,016	\$ 172,997,815

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note G—Endowment (continued)

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, 2022, funds with an original gift value of \$137,389,242 were underwater by \$11,233,198. As of June 30, 2021, no endowments were underwater.

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 that 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.

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 4.02% and 2.99% as of June 30, 2022 and 2021, 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

FASB 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.

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

JUNE 30, 2022 AND 2021

Note H—Fair value measurements (continued)

The asset 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.

The following tables summarize the valuation of the Foundation's financial assets and liabilities measured at fair value as of June 30, 2022 and 2021, based on the level of input utilized to measure fair value. Measurement at fair value on a recurring basis as of June 30, 2022:

	Level 1	Level 2	Level 3	Reported 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:					
Corporate bonds	4,087,599	—	—	—	4,087,599
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	\$ 109,018,974	\$ 28,781,525	\$ —	\$ 124,877,628	\$ 262,678,127

* 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.

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

JUNE 30, 2022 AND 2021

Note H—Fair value measurements (continued)

Measurement at fair value on a recurring basis as of June 30, 2021:

	Level 1	Level 2	Level 3	Reported at NAV *	Total
Financial Assets:					
Cash and cash equivalents	\$ 13,170,091	\$ —	\$ —	\$ —	\$ 13,170,091
Advanced capital contributions	4,000,000	—	—	—	4,000,000
Equities:					
Domestic large cap	51,853,729	—	—	—	51,853,729
Domestic small/mid cap	9,289,882	—	—	—	9,289,882
International (developed countries)	33,055,936	—	—	—	33,055,936
International (emerging markets)	7,755,762	—	—	—	7,755,762
Fixed income:					
Corporate bonds	11,228,805	—	—	—	11,228,805
U.S. treasuries	5,083,427	—	—	—	5,083,427
Mutual funds and exchange traded funds	111,124,663	—	—	—	111,124,663
Agency mortgage backed and asset backed securities	—	15,222,717	—	—	15,222,717
Liquid alternatives	13,361,814	—	—	—	13,361,814
Hedge funds Multi-strategies	—	—	—	20,397,515	20,397,515
Private funds:					
Private equity	—	—	—	14,451,248	14,451,248
Private real estate	—	—	—	2,379,887	2,379,887
Investments	259,924,109	15,222,717	—	37,228,650	312,375,476
Beneficial interest in perpetual trusts	—	13,090,982	—	—	13,090,982
Total financial assets	\$ 259,924,109	\$ 28,313,699	\$ —	\$ 37,228,650	\$ 325,466,458

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

JUNE 30, 2022 AND 2021

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, 2022:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Redemption Restrictions
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, Annually, Semi-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	N/A	None, Quarterly	45 days	Gates and Lock-up provisions range from no liquidity to 1 year
Private equity ^(d)	17,251,466	10,507,705	N/A	N/A	N/A
Private real estate ^(e)	2,890,565	3,907,535	N/A	N/A	N/A
Private credit ^(f)	1,192,122	867,251	N/A	N/A	N/A
TOTAL	\$ 124,877,628	\$ 15,282,491			

The following table presents the nature and risk of assets with fair values estimated using NAV held at June 30, 2021:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Redemption Restrictions
Hedge funds - multi-strategies ^(a)	\$ 20,397,515	N/A	Daily, Monthly, Quarterly	30 days, 45 days, 65 days, 105 days	Gates
Hedge funds - long/short ^(b)	—	N/A	N/A	N/A	N/A
Hedge funds - credit/opportunistic ^(c)	—	N/A	N/A	N/A	N/A
Private equity ^(d)	14,451,248	6,947,175	N/A	N/A	N/A
Private real estate ^(e)	2,379,887	1,513,026	N/A	N/A	N/A
Private credit ^(f)	—	—	N/A	N/A	N/A
TOTAL	\$ 37,228,650	\$ 8,460,201			

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

JUNE 30, 2022 AND 2021

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.

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

JUNE 30, 2022 AND 2021

Note I—Property and equipment

The following comprises property and equipment at June 30, 2022 and 2021:

	2022	2021
Land	\$ 18,564,263	\$ 18,564,263
Buildings	60,302,189	60,302,189
Building improvements	6,238,636	6,112,848
Furniture and equipment	363,996	363,996
	<u>85,469,084</u>	<u>85,343,296</u>
Accumulated depreciation and amortization	<u>(31,386,217)</u>	<u>(29,692,508)</u>
Property and equipment, net	<u>\$ 54,082,867</u>	<u>\$ 55,650,788</u>

Depreciation expense was \$1,693,709 and \$1,667,347 for the years ended June 30, 2022 and 2021, respectively.

The following summarizes the Foundation's property, including land held for sale, and related direct financing leases and bonds and notes payable at June 30, 2022:

Property	Description	Net Book Value Property and Equipment June 30, 2022	Net Investment In Direct Financing Leases June 30, 2022	Debt Issuer	Debt June 30, 2022
GMUF Arlington Campus, LLC	Commercial office building, Arlington County, VA	\$ 42,993,632	\$ —	Bank Note	\$ 43,403,346
GMUF Mason Administration, LLC	Administration building, main campus, Fairfax County, VA	—	23,592,164	FCEDA	24,956,518
GMUF Prince William Housing, LLC	Graduate student housing, Science and Technology Campus, Prince William County, VA	—	13,208,401	IDA-PW	14,660,000
GMUF Prince William Life Sciences Lab, LLC	Research and office space, Science and Technology Campus, Prince William County, VA	—	27,101,779	IDA-PW	30,710,000
GMUF Commerce Buildings, LLC	Research and office space, City of Fairfax, VA	—	3,395,014	Bank Note	3,292,170
GMUF Potomac Heights, LLC	Dormitory, main campus, Fairfax County, VA	—	9,575,962	FCEDA	10,690,000

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

JUNE 30, 2022 AND 2021

Note I—Property and equipment (continued)

Property	Description	Net Book Value Property and Equipment June 30, 2022	Net Investment In Direct Financing Leases June 30, 2022	Debt Issuer	Debt June 30, 2022
University Park	Graduate student townhomes and commercial office space, City of Fairfax, VA	\$ 975,834	\$ —	N/A	\$ —
Kelley Drive Property	Office space, Fairfax County, VA	26,029	—	N/A	—
Mathy House	Residential rental, Fairfax County, VA	628,329	—	N/A	—
Mathy Lodge	Residential rental, Fairfax County, VA	1,193,039	—	N/A	—
Shirley Gate Park Land	0.77 acre vacant lot, Fairfax County, VA	27,500	—	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	(999,463)
Total		\$ 54,082,867	\$ 76,873,320		\$ 126,712,571

Note J—Leases

Operating Leases

The Foundation leases certain properties, primarily at its Arlington campus, with a cost of \$80,931,590 and \$80,805,802 and accumulated depreciation of \$31,386,217 and \$29,692,508 as of June 30, 2022 and 2021, 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 \$17,868,715 and \$22,295,423 as of June 30, 2022 and 2021, 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.

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

JUNE 30, 2022 AND 2021

Note J—Leases (continued)

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, 2022 and 2021 are as follows, of which \$4,760,192 and \$4,643,344, respectively, was paid by the University for the years then ended:

	2022	2021
Fixed rental income	\$ 10,711,852	\$ 10,449,559
Variable rental income	685,798	870,934
	<u>\$ 11,397,650</u>	<u>\$ 11,320,493</u>

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

2023	\$ 10,897,391
2024	11,154,366
2025	10,977,333
2026	11,038,132
2027	195,774
Thereafter	475,424
	<u>\$ 44,738,420</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 \$70,132 and \$79,197 for the years ended June 30, 2022 and 2021, respectively. Unamortized leasing commissions, a component of other assets, was \$279,003 and \$349,135 for the years ended June 30, 2022 and 2021, respectively.

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.

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

JUNE 30, 2022 AND 2021

Note J—Leases (continued)

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, 2022 and 2021 are as follows:

	2022	2021
Total minimum lease payments to be received	\$ 119,429,741	\$ 128,078,417
Less Unearned income	(42,556,421)	(47,421,425)
Net investment in direct financing lease	\$ 76,873,320	\$ 80,656,992

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

2023	\$ 8,648,676
2024	8,648,676
2025	8,648,676
2026	8,648,676
2027	8,648,676
Thereafter	76,186,361
	<u>\$ 119,429,741</u>

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.

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note K—Debt (continued)

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.

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.

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

JUNE 30, 2022 AND 2021

Note K—Debt (continued)

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:

	2022	2021
Fairfax County Economic Development Authority Bonds (FCEDA):		
GMUF Potomac Heights, LLC Tax-Exempt Revenue Bonds, interest rate 2.41%, maturing on November 1, 2027	\$ 10,690,000	\$ 12,490,000
GMUF Mason Administration, LLC Tax-Exempt Revenue Bond, interest rate 3.47% maturing on April 1, 2036	24,956,518	26,341,518
Industrial Development Authority of the County of Prince William (IDA-PW):		
Prince William County Series 2017 Bonds, serial with interest rates ranging from 1.206% to 4.424%, maturing at various dates from October 1, 2017 to October 1, 2036	20,395,000	21,400,000
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 1.826% to 3.014%, maturing at various dates from September 1, 2020 to September 1, 2035	9,100,000	9,455,000
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	43,403,346	46,461,073
GMUF Commerce Buildings, LLC Note with interest rate of 3.63% maturing March 1, 2030	<u>3,292,170</u>	<u>3,660,407</u>
Notes and bonds payable at face value	127,712,034	135,682,998
Less: Debt issuance costs, net	<u>(999,463)</u>	<u>(1,130,028)</u>
Total debt	<u>\$ 126,712,571</u>	<u>\$134,552,970</u>

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note K—Debt (continued)

Scheduled maturities and sinking fund requirements are as follows:

<u>Fiscal years ending June 30,</u>	
2023	\$ 8,289,771
2024	8,587,869
2025	8,891,074
2026	9,286,241
2027	9,643,043
Thereafter	83,014,036
	<u>\$ 127,712,034</u>

Interest expense on notes and bonds along with the amortization of deferred financing charges was \$4,970,966 and \$5,239,395 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, 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 \$31,299 and \$11,258 as of June 30, 2022 and 2021, respectively, and is recorded in other assets.

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, 2022, the Foundation had approximately \$10.6 million of uninsured balances in checking and money market accounts.

In fiscal year 2022, fifteen donors collectively contributed approximately 64% of the total contributions, and approximately 75% of total contributions receivable were due from fourteen 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 \$71,667,532 and \$56,963,566 for the years ended June 30, 2022 and 2021, respectively. Additionally, net assets released for scholarships totaled \$3,630,196 and \$6,113,751 for the years ended June 30, 2022 and 2021, respectively.

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

JUNE 30, 2022 AND 2021

Note O—Net assets available

As of June 30, 2022, and 2021, net assets without donor restrictions include:

	2022	2021
Real estate operations	\$ 19,172,989	\$ 13,677,009
Board-designated funds, functioning as endowments	74,845	96,799
Board-designated funds, intended to be used as a reserve	6,952,000	3,946,000
Undesignated	9,047,543	19,596,675
	\$ 35,247,377	\$ 37,316,483

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
	\$ 101,481,385	\$ 170,183,877

Note O—Net assets available (continued)

Net assets with donor restrictions consisted of the following at June 30, 2021:

	With Donor Restrictions for Time and Purpose	With Donor Restrictions - Perpetuity
Administrative support	\$ 28,530,215	\$ 327,577
Academic support	26,116,895	81,269,802
Athletics	979,655	310,025
Community/public service	9,471,093	8,860,373
Eminent scholars	8,293,429	29,067,779
Facilities	8,874,679	69,259
Library	909,144	1,006,193
Research	27,294,462	5,010,492
Student financial aid	23,049,445	40,411,206
	\$ 133,519,017	\$ 166,332,706

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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, 2022 and 2021, the Foundation had salaries payable to the University totaling \$369,319 and \$361,765, respectively.

The Foundation receives donated space located on the main campus in Fairfax, Virginia from the University. For both fiscal years 2022 and 2021, \$37,845 is reflected in the consolidated statements 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 \$100,000 in fiscal years 2022 and 2021.

In addition, the Foundation leases certain properties to the University and earns rental income on these leases (see Note J). In some instances, rates charged to the University are substantially below market.

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

During fiscal years 2022 and 2021, upon the approval of the Foundation's Board of Trustees, the Foundation gifted \$50,000 and \$10,500,000, respectively, from its net assets without donor restriction, to the University to support key initiatives. As of June 30, 2022 and 2021, the funds are included as investments and funds held for others in the consolidated statement of financial position.

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, 2022 and 2021 are as follows:

	Program Support for George Mason University				
	Academic Institutional Support	Real Estate Operations	Management and General	Fundraising	June 30, 2022
<u>Distributions to George Mason University and affiliates:</u>					
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
Depreciation 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
Other	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>

GEORGE MASON UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Note Q—Functional classification of expenses

	Program Support for George Mason University				June 30, 2021
	Academic Institutional Support	Real Estate Operations	Management and General	Fundraising	
<u>Distributions to George Mason University and affiliates:</u>					
Program support	\$ 46,428,554	\$ 7,249	\$ 37,845	\$ -	\$ 46,473,648
Student Scholarships	5,629,353	-	-	-	5,629,353
Salaries and benefits	11,078,015	-	1,420,288	-	12,498,303
Interest	-	5,239,395	-	-	5,239,395
Professional and contracted services	6,695,281	756,521	499,680	40,130	7,991,612
Events and conferences	1,173,538	-	7,340	6,296	1,187,174
Travel	1,926,949	1,266	4,373	9,729	1,942,317
Depreciation and amortization	-	1,748,010	174	-	1,748,184
Utilities, repairs and maintenance	437,261	1,439,579	27,974	7,667	1,912,481
Student scholarships and assistance	685,419	-	-	-	685,419
Taxes	-	1,202,793	237	-	1,203,030
Other	827,614	59,823	265,392	159,725	1,312,554
	<u>\$ 74,881,984</u>	<u>\$ 10,454,636</u>	<u>\$ 2,263,303</u>	<u>\$ 223,547</u>	<u>\$ 87,823,470</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.

Note S—Subsequent events

The Foundation evaluated subsequent events through October 27, 2022, 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.