KPMG

THE JOHNS HOPKINS UNIVERSITY

Consolidated Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

KPMG LLP
750 East Pratt Street, 18th Floor
Baltimore, MD 21202

Independent Auditors' Report

The Board of Trustees
The Johns Hopkins University:

Opinion

We have audited the consolidated financial statements of The Johns Hopkins University (the University), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Baltimore, Maryland
October 11, 2024

THE JOHNS HOPKINS UNIVERSITY

Consolidated Balance Sheets

June 30, 2024 and 2023

(In thousands)

Assets		2024	2023
Cash and cash equivalents	$	487,300	389,848
Operating investments		1,884,801	1,787,087
Cash, cash equivalents and operating investments		2,372,101	2,176,935
Sponsored research accounts receivable, net		624,240	640,836
Accounts receivable, net		301,367	249,370
Contributions receivable, net		252,527	954,311
Prepaid expenses and deferred charges		63,865	62,272
Student loans receivable, net		20,049	20,333
Investments		14,168,563	11,478,417
Property and equipment, net		4,006,339	3,544,560
Operating lease right-of-use assets, net		199,831	201,099
Investment in and loans to affiliates		399,459	373,430
Other assets		379,986	343,087
Pension and postretirement assets		170,875	152,990
Interests in trusts and endowment funds held by others		141,793	128,176
Total assets	$	23,100,995	20,325,816
Liabilities and Net Assets			
Accounts payable and accrued expenses	$	1,092,517	888,077
Sponsored research deferred revenues		399,646	415,547
Other deferred revenues		163,169	160,321
Debt		1,786,961	1,861,155
Operating lease liabilities		235,148	234,010
Other long-term liabilities		457,765	369,690
Pension obligations		—	56,020
Liabilities under split-interest agreements		66,773	65,131
Endowment and similar funds held for others		729,384	683,136
Total liabilities		4,931,363	4,733,087
Net assets:			
Without donor restrictions		5,746,430	4,562,033
With donor restrictions		12,423,202	11,030,696
Total net assets		18,169,632	15,592,729
Total liabilities and net assets	$	23,100,995	20,325,816

See accompanying notes to consolidated financial statements.

THE JOHNS HOPKINS UNIVERSITY

Consolidated Statements of Activities

Years ended June 30, 2024 and 2023

(In thousands)

		2024	2023
Changes in net assets without donor restrictions:			
Operating revenues:			
Tuition and fees, net of financial aid of $563,431 and $532,272, respectively	$	851,851	832,499
Grants, contracts, and similar agreements		1,837,267	1,817,999
Facilities and administrative cost recoveries		471,109	459,939
Applied Physics Laboratory contract revenues		2,493,323	2,287,586
Sponsored research revenues		4,801,699	4,565,524
Contributions		212,935	211,829
Net assets released from restrictions		132,456	106,213
Contributions and donor support		345,391	318,042
Clinical services, net		994,271	891,973
Reimbursements from affiliated institutions		836,949	755,641
Other revenues		197,168	186,099
Net endowment payout used to support operations		544,478	425,725
Auxiliary enterprises		116,451	104,109
Maryland State aid		75,310	64,642
Investment return		105,027	72,669
Total operating revenues		8,868,595	8,216,923
Operating expenses:			
Compensation		4,035,966	3,703,250
Benefits		1,253,327	1,158,120
Compensation and benefits		5,289,293	4,861,370
Subcontractors and subrecipients		634,714	596,136
Contractual services		1,290,561	1,155,299
Supplies, materials, and other		728,798	730,210
Depreciation		291,583	253,400
Travel		156,700	156,943
Interest		54,387	49,545
Total operating expenses		8,446,036	7,802,903
Excess of operating revenues over operating expenses		422,559	414,020

THE JOHNS HOPKINS UNIVERSITY

Consolidated Statements of Activities

Years ended June 30, 2024 and 2023

(In thousands)

		2024	2023
Other changes in net assets without donor restrictions:			
Investment return in excess of (less than) endowment payout	$	141,750	(24,098)
Change in benefit plans funded status, excluding benefit cost		66,403	57,070
Other net periodic benefit credit		8,017	84
Change in fair value of interest rate swap agreements		832	3,793
Other, net		(84,973)	36,937
Net assets released from restrictions		629,809	2,697
Other changes in net assets without donor restrictions		761,838	76,483
Total changes in net assets without donor restrictions		1,184,397	490,503
Changes in net assets with donor restrictions:			
Contributions		1,568,494	2,114,515
Investment return in excess of (less than) endowment payout		543,213	(145,705)
Net assets released from restrictions		(762,265)	(108,910)
Other, net		43,064	(12,699)
Total changes in net assets with donor restrictions		1,392,506	1,847,201
Total change in net assets		2,576,903	2,337,704
Net assets at beginning of year		15,592,729	13,255,025
Net assets at end of year	$	18,169,632	15,592,729

See accompanying notes to consolidated financial statements.

THE JOHNS HOPKINS UNIVERSITY

Consolidated Statements of Cash Flows

Years ended June 30, 2024 and 2023

(In thousands)

	2024	2023
Cash flows from operating activities:		
Total change in net assets	$ 2,576,903	2,337,704
Adjustments to reconcile total change in net assets to net cash provided by operating activities:		
Depreciation, amortization, and other adjustments	295,384	253,647
Noncash gift of investments	(653,510)	(874,715)
Contributions restricted for long-term investment	(829,856)	(382,807)
Net realized and unrealized gains from investments	(1,116,387)	(177,315)
Net unrealized losses (gains) from swaps	832	(3,793)
Earnings from joint ventures	(43,514)	(45,840)
Change in benefit plans' funded status	(73,905)	(62,250)
Changes in operating assets and liabilities:		
Sponsored research and accounts receivable, net	(35,401)	(38,064)
Contributions receivable, net	34,042	(684,523)
Prepaid expenses and deferred charges	(1,593)	(3,723)
Operating lease right-of-use assets, net of operating lease liabilities	2,406	12,766
Other assets	(20,396)	(494)
Accounts payable and accrued expenses	61,133	(14,476)
Sponsored research, other deferred revenues and other long-term liabilities	59,380	(40,790)
Interests and liabilities related to trusts and split-interest agreements	5,985	7,892
Net cash provided by operating activities	261,503	283,219
Cash flows from investing activities:		
Purchases of investments	(10,122,466)	(11,319,159)
Proceeds from sales and maturities of investments	9,911,734	10,621,980
Purchases of property and equipment	(698,327)	(572,221)
Prepaid lease payments	(1,693)	(2,232)
Repayments of student loans, net of disbursements	284	267
Loans to affiliates	(103)	(185)
Repayments of loans from affiliates	4,732	7,115
Dividends from joint ventures, net of capital contributions	12,856	18,919
Distributions from endowment and similar funds held for others	(18,908)	(28,780)
Net cash used in investing activities	(911,891)	(1,274,296)
Cash flows from financing activities:		
Contributions restricted for long-term investment	829,856	382,807
Proceeds from new debt borrowings	—	300,000
Early retirement and refinancings of debt	—	(1,496)
Scheduled debt and finance lease payments	(82,016)	(70,818)
Net cash provided by financing activities	747,840	610,493
Net (decrease) increase in cash and cash equivalents	97,452	(380,584)
Cash and cash equivalents at beginning of year	389,848	770,432
Cash and cash equivalents at end of year	$ 487,300	389,848

See accompanying notes to consolidated financial statements.

(1) Basis of Presentation and Summary of Significant Accounting Policies

(a) General

The Johns Hopkins University (the University) is a premier, privately endowed institution that provides education and related services to students and others, research and related services to sponsoring organizations, and professional medical services to patients. The University is based in Baltimore, Maryland, but also maintains facilities and operates education programs elsewhere in Maryland, in Washington, D.C., and in certain foreign locations. The University is internationally recognized as a leader in research, teaching, and medical care.

Education and related services (e.g., room, board, etc.) are provided to approximately 31,000 students, including 17,000 full-time students and 14,000 part-time students, and on a net basis provided approximately 10% of the University's operating revenues in both fiscal years 2024 and 2023. Approximately 67% of the full-time students are graduate level (including postdoctoral) and 33% are undergraduate level. Students are drawn from a broad geographic area, including most of the states in the United States and numerous foreign countries. The majority of the part-time students are graduate level students from the Baltimore-Washington, D.C. area.

Research and related services (e.g., research training) are provided through approximately 2,200 government and private sponsors. Sponsored research revenues provided approximately 54% and 56% of the University's operating revenues in fiscal years 2024 and 2023. Approximately 88% of those revenues were from departments and agencies of the United States government in both fiscal years 2024 and 2023. Major government sponsors include the Department of Health and Human Services, the Department of Defense, the National Aeronautics and Space Administration, and the Agency for International Development.

Professional clinical services are provided by members of the University's faculty to patients at The Johns Hopkins Hospital (the Hospital) and other hospitals and outpatient care facilities in the Baltimore area and produced approximately 11% of the University's operating revenues in fiscal years 2024 and 2023.

(b) Basis of Presentation and Use of Estimates

The consolidated financial statements include the accounts of the various academic and support divisions, the Applied Physics Laboratory (APL), 63019 Holdings, LLC, Johns Hopkins University Press, and certain other controlled affiliated organizations, including Jhpiego Corporation and Peabody Institute of the City of Baltimore (collectively, the consolidated financial statements). All significant inter-entity activities and balances are eliminated for financial reporting purposes. Investments in operating joint ventures that the University does not control, including Dome Corporation, FSK Land Corporation, Johns Hopkins Healthcare LLC, Johns Hopkins Home Care Group, Inc., Johns Hopkins Medical Institutions Utilities LLC (JHMI Utilities LLC), Johns Hopkins Medicine International LLC, and other affiliated entities, are accounted for using the equity method.

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the dates of the consolidated financial statements and revenues and expenses recognized during the reporting periods. Actual results could differ from those estimates.

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

- *Without donor restrictions* – Net assets that are not subject to donor-imposed stipulations.
- *With donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the University and/or by the passage of time. Also, includes net assets subject to donor-imposed stipulations that they be maintained permanently by the University.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Under Maryland law, appreciation on donor-restricted endowments is classified as net assets with donor restrictions until appropriated for expenditure. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions and reclassified from net assets with donor restrictions to net assets without donor restrictions. Restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are placed in service.

(c) Cash, Cash Equivalents, and Operating Investments

The University utilizes cash, cash equivalents, and operating investments to fund daily cash needs. For purposes of the consolidated statements of cash flows, investments with original maturities at the date of purchase of 90 days or less are classified as cash equivalents. Investments with longer maturities are classified as operating investments. Operating investments, which include U.S. Treasury securities and other highly liquid fixed income investments, are stated at fair value, generally based on quoted market prices, and are used for general operating purposes. Cash and cash equivalents held for endowment and long-term investment purposes are classified as investments.

(d) Contributions

Contributions, including unconditional promises to give, are recognized at fair value in the appropriate category of net assets in the period received, except that contributions that impose restrictions met in the same fiscal year are included in net assets without donor restrictions. Unconditional promises to give are recognized initially at fair value considering anticipated future cash receipts and discounting such amounts at a risk-adjusted rate. Amortization of the discount is included in contributions revenue. Conditional promises to give are not recognized until one or more of the barriers have been overcome and the right of return has expired. Contributions of assets are recorded at their estimated fair value at the date of gift, except that contributions of works of art, historical treasures, and similar assets held as part of collections are not recognized. Allowance is made for uncollectible contributions receivable based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

(e) Investments and Investment Return

Investments in United States government and agency obligations, debt securities, and directly held United States and certain international equities in common collective trust funds (CCTFs) are stated at fair value, which are determined primarily based on quoted market prices. Fair values of CCTFs, similar to mutual funds that are deemed to have a readily determinable fair value (RDFV) are based on published net asset values (NAV). Investments in private equity and venture capital, certain real estate, natural resources, certain international equities in CCTFs and absolute return funds (collectively, alternative investments) are stated at estimated fair value based on the funds' net asset values, or their equivalents (collectively, NAV) as a practical expedient. If it is probable that alternative investments will be sold for an amount different than NAV, measurement of the alternative investments will be adjusted to fair value. As of June 30, 2024, and 2023, the University had no plans or intentions to sell investments at amounts different from NAV, except that certain private equity previously reported at NAV were probable of sale at June 30, 2024 and have been reported in Level 3 of the fair value hierarchy at their estimated fair value of $28,464 at that date (see note 5).

The NAVs, which are estimated and reported by the general partners or investment managers, are reviewed and evaluated by the University's investment office. These estimated fair values may differ from the values that would have been used had a ready market existed for these investments, and the differences could be significant. Investments in certain real estate assets are recorded at fair value based upon independent third-party appraisals.

Investments are exposed to several risks, including interest rate, credit, liquidity, and overall market volatility. Due to the level of risk associated with certain investment securities, changes in the value of investment securities could occur in the near term, and these changes could materially affect the amounts reported in the accompanying consolidated financial statements. Liquidity risk represents the possibility that the University may not be able to rapidly adjust the size of its portfolio holdings in times of high volatility and financial stress at a reasonable price. If the University was forced to dispose of an illiquid investment at an inopportune time, it might be forced to do so at a substantial discount to fair value.

Investment return included in operating revenues consists of income and realized gains and losses on operating investments, including cash equivalents, and nonpooled endowment funds (except where restricted by donors). Endowment payout for pooled endowment and similar funds approved by the Board of Trustees is also recognized in operating revenues.

Unrealized gains and losses of operating investments and nonpooled endowment funds, any difference between the total return recognized and the payout for pooled endowment and similar funds, and income and realized gains restricted by donors are reported as nonoperating return within the statement of activities.

(f) Fair Value Measurements

Assets and liabilities that are reported at fair value on a recurring basis are categorized into a fair value hierarchy. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets or published NAV for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

When observable prices are not available, certain investments are valued using one or more of the following valuation techniques: market approach – this approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities; income approach – this approach determines a valuation by discounting future cash flows; or cost approach – this approach is based on the principle of substitution and the concept that a market participant would not pay more than the amount that would currently be required to replace the asset. These valuation techniques may include inputs such as price information, operating statistics, specific and broad credit data, recent transactions, earnings forecasts, discount rates, reserve reports, and other factors.

(g) Split-Interest Agreements and Interests in Trusts

The University’s split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts and charitable gift annuity agreements for which the University serves as trustee. Assets held under these arrangements are included in investments and are recorded at fair value. Contribution revenues are recognized at the date the trusts or agreements are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the terms of the trusts for changes in the values of the assets, accretion of the discounts, and other changes in estimates of future benefits. As of June 30, 2024 and 2023, assets under the University’s charitable gift annuity agreements, held in a segregated account, were $58,415 and $54,906 and are classified in investments, and liabilities were $27,952 and $27,658 and are classified in liabilities under split-interest agreements.

(h) Property and Equipment

Property and equipment are stated at cost if purchased, or at estimated fair value at the date of gift if donated, less accumulated depreciation and amortization. Depreciation of buildings, equipment, and library collections and amortization of leasehold improvements are computed using the straight-line method over the estimated useful lives of the assets or lease term, if shorter. Land and certain historic buildings are not subject to depreciation. Title to certain equipment purchased using funds provided by government sponsors is vested in the University and is included in property and equipment on the consolidated balance sheets. Certain equipment used by the APL in connection with its performance under agreements with the United States government is owned by the government. These facilities and equipment are not included in the consolidated balance sheets; however, the University is accountable to the government for them. Repairs and maintenance costs are expensed as incurred.

(Dollars in thousands)

Costs of purchased software are capitalized along with internal and external costs incurred during the application development stage (i.e., from the time the software is selected until it is ready for use). Capitalized costs are amortized on a straight-line basis over the expected life of the software. Computer and software maintenance costs are expensed as incurred.

Costs relating to retirement, disposal, or abandonment of assets for which the University has a legal obligation to perform certain activities are accrued using either site-specific surveys or square foot estimates, as appropriate.

(i) Tuition and Fees, Net of Financial Aid

Student tuition and fees are recorded as revenue in the year the related academic services are rendered, which generally aligns with the University's fiscal year. Tuition and fees received in advance of services provided are reported in other deferred revenues and amounted to $119,092 and $108,495 at June 30, 2024 and 2023. The University provides institutional financial aid to eligible students, generally in an "aid package" that may also include loans, compensation under work-study programs, and/or grant and scholarship awards. The loans are provided primarily through programs of the United States government (including direct and guaranteed loan programs) under which the University is responsible only for certain administrative duties. The institutional grants and scholarships include awards provided from gifts and grants from private donors, income earned on endowment funds restricted for student aid, and University funds.

The composition of tuition and fees, net revenue was as follows for the years ended June 30, 2024 and 2023:

		2024	2023
Undergraduate programs	$	169,259	166,967
Graduate programs		594,561	606,406
Other programs		88,031	59,126
	$	851,851	832,499

Other programs include the University's Center for Talented Youth (a gifted education program for school-age children), continuing medical education, health services, and various nondegree programs.

(j) Grants, Contracts, and Similar Agreements

Grants, contracts, and similar agreements are funded by various federal and private sponsors. The vast majority of such agreements are considered nonexchange transactions and restricted by sponsors for specific research or other program purposes. Revenues are recognized within net assets without donor restrictions as conditions are met, (i.e., generally as qualifying expenditures are incurred). These revenues include recoveries of facilities and administrative costs, which are generally determined as a negotiated or agreed-upon percentage of direct costs, with certain exclusions. Payments received from sponsors in advance of conditions being met are reported as sponsored research deferred revenues. Of the $399,646 in sponsored research deferred revenues as of June 30, 2024, $334,433 relates to nonexchange transactions and $65,213 relates to exchange transactions. Of the $415,547 in sponsored research deferred revenues as of June 30, 2023, $345,473 relates to nonexchange transactions and $70,074 relates to exchange transactions.

(Dollars in thousands)

Approximately 80% and 77% of receivables related to reimbursement of costs incurred under grants and contracts as of June 30, 2024 and 2023 were from agencies or departments of the United States government. There is no assurance that sponsored research activities can and will continue to be made at current levels as awards are subject to the availability of and annual appropriation of funds. The University estimates that conditional awards outstanding as of June 30, 2024 and 2023 approximate or exceed its recent annual sponsored program activity.

(k) Clinical Services, Net

Clinical services revenues are recognized in the period in which services are rendered based on gross charges less negotiated fixed discounts (explicit price concessions) which include contractual adjustments specific to the third-party payor contracts, less amounts for implicit price concessions. Fixed discounts are generally determined based on regulatory authorities, determined by legislative statute (Medicare and Medicaid), or negotiated in the case of commercial payors. Implicit price concessions are estimated based on the historical collection experience using a portfolio approach as a practical expedient.

The composition of clinical services revenue by primary payor for the years ended June 30, 2024 and 2023 was as follows:

		2024		2023	
Commercial third parties	$	545,474	54.9 %	481,734	54.0 %
Medicare		189,040	19.0	172,037	19.3
Medicaid		92,470	9.3	84,032	9.4
Patients		87,359	8.8	80,706	9.1
All other clinical		79,928	8.0	73,464	8.2
	$	994,271	100.0%	891,973	100.0 %

(l) Affiliated Institutions

The University has separate administrative agreements for the exchange of services with the Hospital and other medical and educational institutions. These agreements are executed on an annual basis based on negotiated rates and reimbursement of actual costs. Costs incurred by the University in providing services to these institutions and the related reimbursements are generally recognized as services are provided and are reported as operating expenses and revenues in the appropriate classifications.

The University holds several endowment and similar funds, which are designated for purposes or activities that are carried out by the Hospital and The Johns Hopkins Hospital Endowment Fund Incorporated (JHHEFI). The assets of these funds are included in investments. The carrying values of the funds are adjusted for earnings from and changes in the fair values of the investments and reduced for any distributions paid and are classified as liabilities on the consolidated balance sheets as endowment and similar funds held for others.

(m) Auxiliary Enterprises

Auxiliary enterprises, including residence halls, food service, parking, the press, and telecommunications, provide services to students, faculty, and staff. Fees for such services are recognized as revenue as the services are provided. Student related activities included in auxiliary enterprises amounted to $64,979 and $56,033 in fiscal years 2024 and 2023.

(n) Other Revenues

Other revenues include revenues from royalties and patents, medical and professional reimbursements, joint ventures, and other miscellaneous activities. Such revenues are recognized when goods or services are provided to customers.

(o) Insurance and Self Insurance

The University, together with other institutions, has formed captive insurance companies that arrange and provide professional liability, general liability, and property damage insurance for their shareholders. Defined portions of claims paid by these companies are self-insured. The University's claims liabilities are recognized as claims and are incurred using actuarial studies based upon historical claims data, cost trends, and other actuarial estimates. Insurance expenses are recognized as operating expenses as incurred. In addition, the University is self-insured for certain other risks, primarily health, and workers' compensation. Professional insurance liabilities associated with providing clinical services are reported as gross claims on the consolidated balance sheets as other long-term liabilities, aggregated $102,614 and $104,591 as of June 30, 2024 and 2023. In addition, medical malpractice insurance recoveries of $90,446 and $81,267 as of June 30, 2024 and 2023 are reported on the consolidated balance sheets as other assets and the corresponding liabilities are reported as other long-term liabilities.

(p) Refundable Advances from the United States Government

Funds provided by the United States government under the Federal Perkins, Nursing, and Health Professions Student Loan programs are loaned to qualified students, administered by the University, and may be re-loaned after collections. These funds are ultimately refundable to the government and are included in other long-term liabilities. These advances totaled $13,424 and $13,560 as of June 30, 2024 and 2023.

(q) Income Taxes

The University is qualified as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, as amended. Accordingly, it is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. The University annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the consolidated financial statements.

(Continued)

(r) Leases

The University conducts certain operations in third-party and related party facilities and determines if an arrangement contains a lease at the inception of a contract. Right-of-use assets, net represents the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. Operating and finance lease right-of-use assets and related lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The incremental borrowing rate is based on the estimated interest rate for borrowing over a term similar to that of the lease payments available at commencement of the lease. The value of an option to extend a lease is reflected to the extent it is reasonably certain management will exercise that option.

Certain leases require payment for taxes, insurance, and maintenance. These variable lease payments are recognized in contractual services in the consolidated statements of activities, but are not included in the right-of-use asset or liability balances in the consolidated balance sheets.

Operating leases are included in operating right-of-use assets, net and operating lease liabilities in the consolidated balance sheets. Finance leases are included in property and equipment, net and debt in the consolidated balance sheets. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payments for finance leases.

Rental income arising from operating leases as a lessor is included in other revenues in the consolidated statements of activities.

(s) Derivative Financial Instruments

The University and its external investment managers are authorized to use specified derivative financial instruments in managing the assets under their control, subject to restrictions and limitations adopted by the Board of Trustees. The University uses interest rate swap agreements to manage interest rate risk associated with certain variable rate debt or to adjust its debt structure. Derivative financial instruments are measured at fair value and recognized in the consolidated balance sheets as assets or liabilities, with changes in fair value recognized in the consolidated statements of activities.

(t) Deferred Compensation Plans

The University maintains deferred compensation plans for certain employees. As of June 30, 2024 and 2023, other investments, included in other assets on the consolidated balance sheets, represent investments held by the University under these deferred compensation agreements. Such amounts approximate the University's related liability to the employees and are included in other long-term liabilities. The assets and liabilities of the deferred compensation plans are categorized in Level 1 of the fair value hierarchy. The fair value of deferred compensation plan assets as of June 30, 2024 and 2023 is $189,842 and $175,032.

(Continued)

(u) Statement of Cash Flows Supplemental Information

Property and equipment additions included in accounts payable and accrued expenses increased $51,015 and $11,395 as of June 30, 2024 and 2023. Finance lease right-of-use assets increased by $7,535 due to a lease remeasurement at June 30, 2024. During the year ended June 30, 2023, the University acquired finance lease right-of-use assets of $134,187 and reclassified prior prepaid lease payments of $41,640 to finance lease right-of-use assets (see note 14). Noncash investing activities for the years ended June 30, 2024 and 2023 included $47,196 and $13,312 attributable primarily to increases in the fair value of endowment and similar funds held for others. A noncash gift of investments was received during fiscal year 2024 of $667,741 attributable to a contribution receivable at the end of fiscal 2023.

(v) New Accounting Standards

Accounting Standards Update (ASU) 2016-13 *Financial Instruments – Credit Loss: Measurement of Credit Losses on Financial Instruments*, as amended, was issued by the Financial Accounting Standards Board (FASB) in June 2016 and is effective for the University in fiscal year 2024. The ASU requires credit losses to be recognized on most financial assets carried at amortized cost (such as accounts and loans receivables from students, clinical receivables and certain other instruments). Under the ASU, credit losses are estimated over the entire contractual term of the instrument (adjusted for prepayment) from the date of initial recognition. The new ASU removes the requirement that a credit loss be probable of occurring for it to be recognized and requires entities to use historical experience, current economic conditions and reasonable and supportable forecasts to estimate their future expected credit losses. The ASU is to be applied using the modified retrospective basis with a cumulative effect adjustment to net assets at the beginning of the fiscal year that it is adopted. The University’s adoption of this ASU did not have a material impact on its fiscal year 2024 consolidated financial statements.

(w) Related Parties

Members of the Board of Trustees, officers, and employees are subject to the University’s conflict of interest policies, under which business and financial relationships must be disclosed and are subject to review and approval. Disclosures about the University’s related party transactions are described in notes 1, 4, 10, 14 and 15 to the consolidated financial statements.

(2) Applied Physics Laboratory

The Applied Physics Laboratory (APL), located in Howard County, Maryland, was established during World War II with funding from the United States government. APL functions as a research facility and conducts research and development primarily in national defense and space sciences. The University owns and operates the facility and conducts research under a multiple task order contract with the United States Navy (the Navy Contract) and separate contracts with other government agencies. APL is organized as a Limited Liability Company (LLC), wholly owned by the University, and operates as a division of the University.

In accordance with an agreement between the United States government and the University, APL has been designated a national resource. Under the agreement, if the University determines that it can no longer sponsor APL or the Secretary of the Navy determines that the Navy can no longer contract with the

University with respect to APL on mutually satisfactory terms, the University is required to establish a charitable trust to provide for the continued availability of the APL. The trust would be administered by five trustees and the corpus would consist of the University's interest in the APL facilities, including land to the extent necessary, and the balances in the University's APL stabilization, contingency, and research fund on the date the trust is established, less certain costs. Upon termination of the trust, the corpus, in whole or in part, as determined by the trustees, would be returned to and held and used by the University for such educational or research purposes and in such manner as the trustees and University agree.

The U.S. Navy contract provides for a five-year initial term ending in September 2027, with a five-year renewal option. The initial ceiling amount is $4,396,000 and the five-year option adds $6,204,000 of ceiling for an aggregate purchase limit to $10,600,000 over the ten-year contract-ordering period ending September 2032.

Approximately 71% and 70% of APL's revenues in fiscal years 2024 and 2023 were from the Department of Defense and 21% and 23% were from the National Aeronautics and Space Administration. Contract work includes evaluation and design of various types of missile systems and command, control, and communication systems, assessment of submarine technologies, design of space systems for precision tracking, location and navigation, and conduct of space experiments. The contracts define costs for which reimbursements may be received and provide a management fee to the University. The Navy Contract requires that a portion of the fees earned under the Navy Contract are to be retained and used for various purposes, including, among other things, working capital, capital projects, and reserves.

APL principally provides research and development under cost plus fixed-fee contracts for which revenue is recognized in the period that costs are incurred. Contract accounts receivable are recorded at invoiced amounts. The allowance for doubtful accounts is estimated based on historical trends of past-due accounts, and specific identification and review of past-due accounts.

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which the University expects to be entitled in exchange for those goods or services (i.e., the transaction price).

Contracts awarded by federal and other sponsors, which are considered exchange transactions, are recognized as revenue as performance obligations are satisfied, which is generally as qualifying expenditures are incurred. Total revenue from contracts was $2,458,292 and $2,252,346 for the years ended June 30, 2024 and 2023.

Total revenue from nonexchange transactions, which are primarily grants, was $35,031 and $35,240 for the years ended June 30, 2024 and 2023.

(Dollars in thousands)

(3) Accounts Receivable

Accounts receivable, net are summarized as follows as of June 30, 2024 and 2023:

		2024	2023
Affiliated institutions, primarily the Hospital (note 10)	$	18,717	19,564
Students		47,049	42,371
Others		109,616	92,702
Total, net of allowances of $8,560 in 2024 and $9,723 in 2023		175,382	154,637
Receivables for clinical professional fees, net of explicit and implicit price concessions of $270,665 in 2024 and $229,791 in 2023		125,985	94,733
	$	301,367	249,370

Accounts receivable are recorded at invoice amounts. The allowance for credit losses is estimated based on historical trends of past-due accounts, credit risk and other collection trends. The mix of gross accounts receivable for clinical professional fees from patients and third-party payors consisted of the following as of June 30, 2024 and 2023: commercial third parties 47% for both fiscal years 2024 and 2023; Medicare 25% and 22% for fiscal years 2024 and 2023; Medicaid 11% and 14% for fiscal years 2024 and 2023; and patients 17% for both fiscal years 2024 and 2023.

(4) Contributions Receivable

Contributions receivable, net are summarized as follows as of June 30, 2024 and 2023:

		2024	2023
Unconditional promises scheduled to be collected in:			
Less than one year	$	84,417	778,676
One year to five years		168,348	202,402
Over five years		31,374	39,710
		284,139	1,020,788
Less unamortized discount (interest rates ranging from 0.29% to 4.33%) and allowances for uncollectible contributions		31,612	66,477
	$	252,527	954,311

As of June 30, 2024 and 2023, 46% and 85% of the gross contributions receivable were due from ten donors. Approximately 78% and 90% of contribution revenues in fiscal years 2024 and 2023 were from ten donors. The concentration of ten donors includes affiliated entities, trustees, and other donors. As of

(Dollars in thousands)

June 30, 2024, the University had also been informed of conditional promises to give aggregating approximately $420,000, which have not been recognized as assets or revenues. Such gifts will generally be restricted for specific purposes stipulated by the donors, primarily endowments for faculty support, scholarships, or general operating support of a particular department or division of the University.

(5) Investments and Fair Value Measurements

The overall investment objective of the University is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The University diversifies its investments among various asset classes incorporating multiple strategies and managers. The Committee on Investments of the Board of Trustees oversees the University's investment program in accordance with established guidelines, which cover asset allocation and performance objectives and impose various restrictions and limitations on the managers. These restrictions and limitations are specific to each asset classification and cover concentrations of market risk (at both the individual issuer and industry group levels), credit quality of fixed-income and short-term investments, use of derivatives, investments in foreign securities, and various other matters. The managers may make use of exchange-traded interest rate futures contracts, forward currency contracts, and other derivative instruments.

The following tables summarize investments within the asset categories and fair value hierarchy at June 30, 2024 and 2023:

	Fair value as of June 30, 2024	Level 1	Level 2	Level 3	Funds at NAV
Operating investments:					
United States government and agency obligations	$ 1,506,731	1,506,731	—	—	—
Debt securities	378,070	155,556	222,514	—	—
Total operating investments	1,884,801	1,662,287	222,514	—	—
Investments, at fair value:					
Cash and cash equivalents	311,108	311,108	—	—	—
United States government and agency obligations	297,841	297,841	—	—	—
Debt securities	820,903	811,950	8,953	—	—
United States equities	2,505,200	473,948	1,567	—	2,029,685
International equities	1,805,663	706,733	—	—	1,098,930
Private equity and venture capital	3,199,346	—	—	216,769	2,982,577
Real estate	474,984	19,748	—	63,066	392,170
Natural resources	754,640	10	—	74,426	680,204
Absolute return	3,998,878	(340)	—	14,554	3,984,664
Total investments, at fair value	14,168,563	2,620,998	10,520	368,815	11,168,230
Total investments	$ 16,053,364	4,283,285	233,034	368,815	11,168,230

(Dollars in thousands)

	Fair value as of June 30, 2023	Level 1	Level 2	Level 3	Funds at NAV
Operating investments:					
United States government and agency obligations	$ 1,407,618	1,407,618	—	—	—
Debt securities	379,469	177,388	202,081	—	—
Total operating investments	1,787,087	1,585,006	202,081	—	—
Investments, at fair value:					
Cash and cash equivalents	97,114	97,114	—	—	—
United States government and agency obligations	414,705	292,981	121,724	—	—
Debt securities	1,243,713	1,131,451	112,262	—	—
United States equities	1,483,896	159,406	2,654	—	1,321,836
International equities	1,243,313	366,322	—	—	876,991
Private equity and venture capital	2,425,874	—	—	81,794	2,344,080
Real estate	397,739	18,121	—	61,600	318,018
Natural resources	665,090	75	—	60,096	604,919
Absolute return	3,506,973	—	—	6,363	3,500,610
Total investments, at fair value	11,478,417	2,065,470	236,640	209,853	8,966,454
Total investments	$ 13,265,504	3,650,476	438,721	209,853	8,966,454

The methods and assumptions used to estimate the fair value of investments are defined in note 1(f).

Investments includes $225,075 and $121,450 of positions sold or redeemed as of June 30, 2024 and 2023 but settled in cash subsequent to the fiscal year end. These investments are primarily included in U.S. equities, international equities, and absolute return.

The following tables summarize the University's investments as of June 30, 2024 and 2023 for which NAV was used as a practical expedient to estimate fair value:

	2024					
	Monthly	Quarterly	Annually	Up to 5 years	Illiquid	Total
United States equities	$ 128,530	751,061	358,342	791,752	—	2,029,685
International equities	349,485	528,214	220,989	242	—	1,098,930
Private equity and venture capital	—	—	—	—	2,982,577	2,982,577
Real estate	—	—	—	—	392,170	392,170
Natural resources	—	—	—	—	680,204	680,204
Absolute return	—	1,187,565	338,439	1,652,097	806,563	3,984,664
	$ 478,015	2,466,840	917,770	2,444,091	4,861,514	11,168,230

(Dollars in thousands)

	2023					
	Monthly	Quarterly	Annually	Up to 5 years	Illiquid	Total
United States equities	$ 19,597	193,640	314,946	793,653	—	1,321,836
International equities	319,280	307,843	116,421	133,447	—	876,991
Private equity and venture capital	—	—	—	—	2,344,080	2,344,080
Real estate	—	—	—	—	318,018	318,018
Natural resources	—	—	—	—	604,919	604,919
Absolute return	—	1,244,352	129,252	1,650,701	476,305	3,500,610
	$ 338,877	1,745,835	560,619	2,577,801	3,743,322	8,966,454

The University has committed to provide capital as needed, up to a specified limit, for certain alternative investments. Unfunded commitments may be drawn down over the next several years upon request by the general partners and fund managers. The University expects to finance these commitments with available cash and expected proceeds from the sales of securities. The aggregate amount of unfunded commitments associated with United States equities, private equity and venture capital, real estate, natural resources, and absolute return as of June 30, 2024 and 2023 was $2,578,143 and $1,887,171.

Information with respect to investee strategies and redemptions for those investments in funds whose fair value is estimated based upon reported NAVs follow:

(a) United States Equities

This includes interests in commingled funds that invest primarily in publicly traded common stock of domestic companies. Funds offer redemptions monthly, quarterly, annually, or over the course of 2 to 5 years, with various notice requirements ranging from 0 to 180 days.

(b) International Equities

This includes interests in commingled funds that invest primarily in publicly traded common stock of developed and emerging market companies. Funds offer redemptions monthly, quarterly, or annually, or over the course of 3 to 5 years, with various notice requirements typically ranging from 10 to 365 days.

(c) Private Equity and Venture Capital

This includes interests in funds making investments in leveraged buyouts of both public and private companies, as well as venture capital and growth-stage investments in private companies. These investments primarily make distributions to investors through the liquidation of the underlying assets. It is expected to take up to 15 years to fully distribute these assets.

(d) Real Estate

This includes interests in funds making investments in real estate. These investments primarily make distributions to investors through the liquidation of underlying assets. It is expected to take up to 15 years to fully distribute these assets.

(Dollars in thousands)

(e) Natural Resources

This includes interests in funds making investments in oil and gas, timber, agriculture, minerals, and other commodities. These investments primarily make distributions to investors through the liquidation of the underlying assets. It is expected to take up to 15 years to fully distribute these assets.

(f) Absolute Return

This includes interests in hedge funds and drawdown funds that implement strategies classified as long/short equity, credit and distressed debt, relative value, event-driven, or multi-strategy. Hedge funds structures have various redemption periods as summarized in the table above, with notice requirements ranging from 0 to 120 days. Drawdown funds are primarily organized as limited partnerships where distributions are made to investors through the liquidation of the underlying assets. It is expected to take up to 15 years to fully distribute these assets.

Investment return is classified in the consolidated statements of activities as follows for the years ended June 30, 2024 and 2023:

		2024	2023
Without donor restrictions:			
Operating, including endowment payout	$	649,505	498,394
Nonoperating		141,750	(24,098)
With donor restrictions		543,213	(145,705)
	$	1,334,468	328,591

(Dollars in thousands)

The following table presents the University's activity for Level 3 investments measured at fair value on a recurring basis for the years ended June 30, 2024 and 2023:

	Private equity and venture capital	Absolute return	Real estate	Natural resources	Total
Balance as of June 30, 2022	$ 55,955	—	75,700	38,863	170,518
Transfers between levels	—	—	—	—	—
Net realized and unrealized gain (loss)	(945)	(652)	(14,100)	(4,492)	(20,189)
Sales and distributions	(786)	(1,717)	—	(7,425)	(9,928)
Purchases and contributions	27,570	8,732	—	33,150	69,452
Balance as of June 30, 2023	81,794	6,363	61,600	60,096	209,853
Transfers between levels	52,438	—	—	16,101	68,539
Net realized and unrealized gain (loss)	21,602	1,171	504	16,708	39,985
Sales and distributions	(4,976)	(69)	—	(18,693)	(23,738)
Purchases and contributions	65,911	7,089	962	214	74,176
Balance as of June 30, 2024	$ 216,769	14,554	63,066	74,426	368,815

For the year ended June 30, 2024 investments totaling $71,675 were transferred from NAV to Level 3 and $3,136 transferred from Level 3 to Level 1. For the year ended June 30, 2023 there were no transfers between levels.

(6) Property and Equipment

Property and equipment, net, are summarized as follows as of June 30, 2024 and 2023:

	2024	2023	Range of useful lives
Land	$ 240,880	143,115	N/A
Land improvements	122,798	119,016	15 years
Buildings and leasehold improvements	5,186,309	4,400,441	10–40 years
Equipment	1,381,988	1,303,689	7–15 years
Capitalized software costs	143,261	141,682	3–10 years
Library collections	434,868	417,234	25 years
Construction in progress	694,946	1,040,062	N/A
	8,205,050	7,565,239	
Less accumulated depreciation and amortization	4,198,711	4,020,679	
	$ 4,006,339	3,544,560	

(Dollars in thousands)

(7) Debt

Debt is summarized as follows as of June 30, 2024 and 2023:

		2024	2023
Bonds payable, net	$	1,404,462	1,404,176
Notes payable – taxable		231,040	261,733
Commercial paper revenue notes – taxable		70,000	70,000
Finance lease obligations (note 14)		81,459	125,246
	$	1,786,961	1,861,155

(a) Bonds Payable

Bonds payable were 1) issued by the Maryland Health and Higher Educational Facilities Authority (MHHEFA) or 2) taxable bonds issued directly, and consist of the following as of June 30, 2024 and 2023:

		2024	2023
Revenue Bonds Series 2005A, variable effective rate (FY24 3.93%), due July 2036	$	69,265	69,265
Taxable Bonds 2013 Series A, 4.08%, due through July 2053		355,000	355,000
Revenue Bonds Series 2013B, 4.25% to 5.00%, due through July 2041		65,250	65,250
Taxable Bonds 2015 Series A, 3.75%, due through July 2045		150,000	150,000
Taxable Bonds 2020 Series A, 1.97% to 2.81%, due through January 2060		470,000	470,000
Taxable Bond 2022 Series A, 4.705% due through July 2032		300,000	300,000
Subtotal		1,409,515	1,409,515
Premium and discount, net		964	1,018
Debt issuance cost, net		(6,017)	(6,357)
	$	1,404,462	1,404,176

The bonds payable outstanding as of June 30, 2024 and 2023 are unsecured general obligations of the University. The loan agreements generally provide for semiannual payments of interest.

(Continued)

(Dollars in thousands)

(b) Notes Payable – Taxable

Notes payable – taxable consist of the following as of June 30, 2024 and 2023:

	2024	2023
Note, 2.74%, due November 2023	$ —	25,000
Note, 2.89%, due November 2024	18,735	19,855
Note, 2.90%, due November 2024	20,085	20,898
Note, 2.94%, due November 2027	22,500	24,000
Note, 3.83%, due October 2028	23,875	25,000
Note, 3.92%, due November 2028	45,845	46,980
Notes, 4.16%, due May 2048	50,000	50,000
Note, 4.50%, due November 2049	50,000	50,000
	$ 231,040	261,733

The notes due November 2024 through November 2049 are unsecured general obligations of the University.

(c) Commercial Paper

Under the commercial paper program, the University may have commercial paper outstanding of up to $600,000. The notes are unsecured, bear interest at rates that are fixed at the date of issue and may have maturities up to 270 days from the date of issue. The taxable notes outstanding as of June 30, 2024 and 2023 bear interest at a weighted average rate of 5.35% and 5.20%.

(d) Other Credit Agreements

The following summarizes the University's standby liquidity and line of credit agreements with several commercial banks as of June 30, 2024:

Amount	Maturity	Purpose
$ 100,000	March 2025	Revolving line of credit
50,000	December 2025	Standby liquidity agreement
200,000	April 2026	Standby liquidity agreement
100,000	September 2026	Standby liquidity agreement
100,000	August 2024	Line of credit
100,000	October 2025	Line of credit
100,000	March 2026	Line of credit

The University may borrow up to $100,000 under a revolving line of credit designated for working capital purposes at APL. Advances under the revolving line of credit are unsecured, due on demand, and bear interest at a rate that varies based on certain market indices. There were no borrowings on the revolving line of credit as of June 30, 2024 and 2023.

(Dollars in thousands)

To support liquidity under the bond and commercial paper revenue notes programs, the University has three standby liquidity agreements with commercial banks. These agreements are intended to enable the University to fund the purchase of variable rate demand bonds, in the event they are unable to be tendered and not remarketed, and to pay the maturing principal of and interest on commercial paper notes in the event they cannot be remarketed. Advances under these agreements are unsecured, bear interest at a rate that varies based on certain market indices, and are due by the stated expiration date unless extended by a term loan. There were no borrowings under any of the University's standby credit facilities during fiscal years 2024 and 2023. The University also has three lines of credit available for liquidity purposes.

(e) Interest Rate Swap Agreements

Under interest rate swap agreements, the University and the counterparties agree to exchange the difference between fixed rate and variable rate interest amounts calculated by reference to specified notional principal amounts during the agreement period. Notional principal amounts are used to express the volume of these transactions, but the cash requirements and amounts subject to credit risk are substantially less.

The following table summarizes the general terms of the University's fixed payor swap agreements as of June 30, 2024:

Effective date		Notional amount	Termination date	Interest rate paid	Interest rate received
June 2005	$	69,265	July 2036	3.87 %	SIFMA, 4.09% as of June 30, 2024
July 2007		3,685	July 2027	3.45	67% of 1-month SOFR, 3.58% as of June 30, 2024
Total	$	72,950			

Parties to interest rate swap agreements are subject to market risk for changes in interest rates and risk of credit loss in the event of nonperformance by the counterparty.

The fair value of each swap is the estimated amount the University would receive or pay to terminate the swap agreement at the reporting date considering current interest rates and creditworthiness of the swap counterparties. The aggregate fair value of the University's interest rate swap agreements as of June 30, 2024 and 2023 was a liability of $4,970 and $5,802, excluding accrued interest, and is reported as other long-term liabilities. Changes in the fair value of the interest rate swap agreements are reported as nonoperating activities. The change in fair value was a gain of $832 and $3,793 in fiscal years 2024 and 2023.

The University is required to post collateral under these agreements when certain thresholds are exceeded. As of June 30, 2024 and 2023, the required collateral was $0.

(Dollars in thousands)

(f) Annual Principal Payments

The following table summarizes the aggregate annual maturities of bonds payable, notes payable, as well as taxable commercial paper, for the five fiscal years subsequent to June 30, 2024:

	Bonds payable	Notes payable	Commercial paper notes	Total
2025	$ —	42,775	—	42,775
2026	—	4,280	—	4,280
2027	—	4,380	—	4,380
2028	—	21,110	—	21,110
2029	—	58,495	—	58,495
Thereafter	1,409,515	100,000	70,000	1,579,515
	$ 1,409,515	231,040	70,000	1,710,555

Due to requirements to pay the trustee in advance of the payment due date, scheduled maturities in the table above are reflected in the fiscal year that they will be paid to the trustee. Commercial paper notes are included based upon the expiration of the program.

(g) Interest Costs

Total interest costs incurred and paid were $67,209 in 2024 and $62,390 in 2023, of which $13,828 in 2024 and $13,829 in 2023 were capitalized.

(8) Net Assets

Net assets without donor restrictions consists of the following as of June 30, 2024 and 2023:

	2024	2023
Net investment in plant	$ 2,219,378	1,683,405
Board-designated endowments	2,886,604	2,598,872
Undesignated	640,448	279,756
	$ 5,746,430	4,562,033

(Dollars in thousands)

Net assets with donor restrictions consists of the following as of June 30, 2024 and 2023:

		2024	2023
Donor-restricted endowment funds	$	10,176,469	7,939,993
Contributions receivable for endowment		81,587	746,890
Contributions receivable for operating		165,964	196,266
Contributions restricted for facilities		1,147,907	1,141,716
Land subject to time and purpose restrictions		36,104	35,600
Perpetual trusts for scholarship and program support		82,540	73,085
Other contributions, including annuities and other trusts		732,631	897,146
	$	12,423,202	11,030,696

Other contributions, including annuities and other trusts are restricted for faculty support, research, and program support.

(9) University Endowment

The University's endowment consists of approximately 4,700 individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the University has interpreted the Maryland enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the University to appropriate for expenditure or accumulate so much of an endowment fund as the University determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

The Board of Trustees of the University manages and invests the individual endowment funds in the exercise of ordinary business care and prudence under facts and circumstances and considering the purposes, factors, and other requirements of UPMIFA. The University classifies as net assets with donor restrictions (a) the original value of gifts donated, which are donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment, which are not expendable on a current basis in accordance with the directions of the applicable donor gift instrument at the time the accumulation is added to the fund. At times, the fair value of individual donor restricted endowment funds may be in an underwater position (fall below historical book value) and are reported in net assets with donor restrictions. With respect to underwater endowments, the spending occurs only to the extent that the fair value of the endowment fund is 75% of historical book value.

The University has adopted investment policies for its endowment, including board-designated funds, which attempt to provide a predictable stream of funding in support of the operating budget, while seeking to preserve the real value of the endowment assets over time. The University relies on a total return strategy under which investment returns are achieved through both appreciation (realized and unrealized) and yield (interest and dividends). Investments are diversified by asset class, as well as by investment manager and style, with a focus on achieving long-term return objectives within prudent risk constraints.

(Dollars in thousands)

Subject to the intent of the donor, the Board of Trustees appropriates for expenditure or accumulates funds in the endowments in the exercise of ordinary business care and prudence under the facts and circumstances and considering the purposes, factors, and other requirements of UPMIFA. The annual appropriation is determined in the context of the University's spending rate policy. The current policy, which is based on a long-term investment return assumption as well as an estimated inflation factor, targets the appropriation to be in a range of 4.5% to 5.5% of the prior three years' average value of the endowment.

Endowment net assets consist of the following as of June 30, 2024:

		Without donor restrictions	With donor restrictions	Total
Investments by type of fund:				
Donor-restricted endowments:				
Historical gift value	$	—	8,140,254	8,140,254
Appreciation		—	2,036,215	2,036,215
Board-designated endowments		2,886,604	—	2,886,604
Total endowment net assets	$	2,886,604	10,176,469	13,063,073

Endowment net assets consist of the following as of June 30, 2023:

		Without donor restrictions	With donor restrictions	Total
Investments by type of fund:				
Donor-restricted endowments:				
Historical gift value	$	—	6,452,987	6,452,987
Appreciation		—	1,487,006	1,487,006
Board-designated endowments		2,598,872	—	2,598,872
Total endowment net assets	$	2,598,872	7,939,993	10,538,865

As of June 30, 2024, donor-restricted endowments with an original gift value of $274,963 were underwater by $19,516. As of June 30, 2023, donor-restricted endowments with an original gift value of $439,074 were underwater by $31,913. These deficits resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments and authorized appropriation that was deemed prudent.

(Dollars in thousands)

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

		Without donor restrictions	With donor restrictions	Total
Endowment net assets, June 30, 2022	$	1,170,661	7,073,811	8,244,472
Investment return		85,565	169,230	254,795
Contributions and designations		1,435,682	1,056,181	2,491,863
Appropriation for expenditure		(93,036)	(359,229)	(452,265)
Endowment net assets, June 30, 2023		2,598,872	7,939,993	10,538,865
Investment return		248,477	923,887	1,172,364
Contributions and designations		180,720	1,731,065	1,911,785
Appropriation for expenditure		(141,465)	(418,476)	(559,941)
Endowment net assets, June 30, 2024	$	2,886,604	10,176,469	13,063,073

Appropriation for expenditure with donor restrictions for the years ended June 30, 2024 and 2023 includes $15,463 and $26,540 not used in current year operations but which is intended for future use.

Endowments are to be utilized for the following purposes as of June 30, 2024:

		Without donor restrictions	With donor restrictions	Total
Faculty support	$	311,213	4,351,367	4,662,580
Scholarship support		172,176	4,372,907	4,545,083
Program support		2,283,527	763,387	3,046,914
Research		119,688	688,808	808,496
	$	2,886,604	10,176,469	13,063,073

Endowments are to be utilized for the following purposes as of June 30, 2023:

		Without donor restrictions	With donor restrictions	Total
Faculty support	$	317,644	2,914,318	3,231,962
Scholarship support		166,340	3,525,146	3,691,486
Program support		2,007,428	862,233	2,869,661
Research		107,460	638,296	745,756
	$	2,598,872	7,939,993	10,538,865

(Dollars in thousands)

(10) Affiliated Institutions

Reimbursements from affiliated institutions consist of the following for the years ended June 30, 2024 and 2023:

		2024	2023
Johns Hopkins Health System	$	72,537	68,285
Johns Hopkins Hospital		420,182	364,678
Johns Hopkins Bayview Medical Center		104,210	103,716
Other Johns Hopkins entities		186,995	170,567
Other affiliated medical institutions		53,025	48,395
	$	836,949	755,641

(a) The Johns Hopkins Health System (JHHS)

JHHS is incorporated and governed separately from the University and is the parent entity of an academically based health system, which includes the Hospital, Johns Hopkins Bayview Medical Center, Howard County General Hospital, Suburban Hospital, Sibley Memorial Hospital, All Children's Hospital, and other related organizations. The University and JHHS have established a Board of Johns Hopkins Medicine (JHM) to direct, integrate, and coordinate the clinical activities of the two organizations. JHM does not have the authority to incur debt or issue guarantees and its annual budgets require the approval of the Boards of Trustees of both the University and JHHS.

Reimbursements from JHHS relate primarily to contractual services for clinical and nonclinical operations.

In fiscal year 2023, the University and JHHS entered into a conditional agreement whereby JHHS may provide annual funding to the School of Medicine, aggregating to a maximum of $450,000 over a seven-year period, to support the research and educational missions of the School. The funding will be subject to evaluation and approval annually by the JHHS Board of Trustees. In fiscal years 2024 and 2023, $62,500 and $75,000 was received and reported in the consolidated statement of activities as contributions in changes in net assets without donor restrictions. Future contributions have not been recognized in the consolidated financial statements due to the conditional nature of the agreement.

In fiscal year 2021, JHHS provided an unconditional pledge of $66,000 to support the recruitment of clinical faculty at the School of Medicine, which was reported in the consolidated statement of activities as contributions in changes in net assets with donor restrictions. Amounts received from JHHS in fiscal years 2024 and 2023 amounted to $13,283 and $6,074.

(b) The Hospital

The Hospital is a member of JHHS and serves as the primary teaching facility of the University's School of Medicine. Because of the closely related nature of their operations, the University and the Hospital share facilities and provide services to each other to fulfill their purposes more effectively. The sharing of facilities and services is negotiated annually and set forth in a Joint Administrative

Agreement (JAA). Charges to the Hospital under the JAA, related primarily to the provision of professional medical services from the University, aggregated $307,352 in fiscal year 2024 and $294,708 in fiscal year 2023. Charges to the University under the JAA, related primarily to contractual services, aggregated $58,057 in fiscal year 2024 and $52,505 in fiscal year 2023, and are included in operating expenses in the consolidated statements of activities.

(c) Johns Hopkins Bayview Medical Center (JHBMC)

JHBMC is a community-based teaching hospital and long-term care facility. The University and JHBMC also share facilities and provide services to each other and negotiate the costs annually under a JAA. Charges to JHBMC under the JAA, related primarily to the provision of professional medical services from the University, aggregated $93,551 in fiscal year 2024 and $92,681 in fiscal year 2023.

(d) The Johns Hopkins Hospital Endowment Fund Incorporated (JHHEFI)

In July 2007, the University and JHHEFI entered into an agreement whereby JHHEFI transferred approximately $381,000 to the University to invest in the University's Endowment Investment Pool (EIP) and have the University manage these assets on JHHEFI's behalf. The funds were invested with other University assets in the University's name and title, and in accordance with the University's EIP investment policies and objectives. JHHEFI receives payouts as determined by their Board of Trustees and may terminate the agreement upon 180 days' written notice with liquidations to be made over a three-year period as specified in the agreement. The assets are included in investments in the consolidated balance sheets, and a corresponding liability of $593,598 and $553,712 is included in endowment and similar funds held for others as of June 30, 2024 and 2023. The corresponding liability has a fair value measurement of Level 3. JHHEFI's assets represent approximately 6.9% of the combined investment pool of $8,579,428 as of June 30, 2024.

(e) Jointly Owned Entities

As of June 30, 2024 and 2023, the University and JHHS and its affiliates jointly own several entities that are accounted for on the equity method. The University's aggregate investments in and advances to these joint ventures was $385,035 and $359,367 as of June 30, 2024 and 2023. Equity in operating earnings of affiliates aggregated approximately $41,381 in fiscal year 2024 and $45,127 in fiscal year 2023.

In 2005, one of these entities, JHMI Utilities LLC, was formed to provide utility services for the East Baltimore campus. The University and Hospital, each owning 50% of JHMI Utilities LLC, provide all of its funding, including debt service, through payments for services received. Utility and telecommunications services provided to the University in fiscal years 2024 and 2023 were $32,003 and $32,195. JHMI Utilities LLC has an agreement with the University to finance a portion of the costs of installation of, and subsequent upgrades to, an enterprise information technology system that provides integrated patient care information and service across JHM. The project has been successfully implemented with the total project cost at approximately $325,000 as of June 30, 2024. The cost of implementing the enterprise information technology strategy was financed through a combination of loans from, or guarantees by, the University and JHHS. The University committed to funding up to $36,800 of the project. As of June 30, 2024 and 2023, $4,300 and $6,200 was outstanding on the loans. In addition, the University has agreed to guarantee a pooled loan of up to $3,000.

(Dollars in thousands)

Although the University's ownership interest in each of the jointly owned entities is generally 50%, the University and JHHS have entered into separate agreements whereby certain activities or lines of business within these entities are not shared equally.

The following table summarizes the aggregate condensed financial information of the jointly owned entities and the University's proportionate share of the entities as of and for the years ended June 30, 2024 and 2023:

		2024		2023	
		Total	University interest	Total	University interest
Assets	$	1,740,321	708,000	1,626,159	665,424
Liabilities		1,015,140	401,408	958,556	389,130
Operating revenues		3,424,113	1,381,259	3,431,416	1,379,503
Operating expenses		3,343,558	1,339,878	3,305,143	1,334,376

(11) Pension and Postretirement Benefit Plans

The University has several benefit plans that are available to substantially all full-time employees. Most of these plans are qualified defined contribution plans for which the University's policy is to fund benefit costs as earned. The University also has a defined benefit pension plan covering bargaining unit employees and those classified as support staff. Benefit plan expenses were $327,109 in fiscal year 2024 and $308,299 in fiscal year 2023, including $315,550 and $288,788 related to defined contribution plans. Of the total benefit expense, APL's defined contribution plan accounted for $122,444 in fiscal year 2024 and $110,633 in fiscal year 2023.

Effective July 1, 2011, the University closed the support staff pension plan to new participants other than bargaining unit employees. The University has retiree benefits plans that provide postretirement medical benefits to employees, including those at APL, who meet specified minimum age and service requirements at the time they retire. The University pays a portion of the cost of participants' medical insurance coverage. The University's portion of the cost for an individual participant depends on various factors, including the age, years of service, and time of retirement or retirement eligibility of the participant. The University has established a trust fund for its retiree benefits plans and intends to make contributions to the fund approximately equal to the annual net postretirement benefit cost.

The University uses a June 30 measurement date for its defined benefit pension plan and retiree benefit plans. Information relating to the benefit obligation, assets, and funded status of the defined benefit pension plan and the postretirement benefit plans as of and for the years ended June 30, 2024 and 2023 is summarized as follows:

(Dollars in thousands)

	Pension plan		Postretirement plans	
	2024	**2023**	**2024**	**2023**
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 696,559	727,410	163,414	157,853
Service cost	8,443	10,072	3,184	3,657
Interest cost	34,907	32,812	8,160	7,647
Participant contributions	—	—	14,353	13,607
Plan amendment	—	—	—	9,577
Actuarial gain	(27,594)	(45,140)	(2,231)	(3,379)
Benefits paid	(32,444)	(28,595)	(27,116)	(26,225)
Medicare subsidies received	—	—	—	677
Benefit obligation at end of year	679,871	696,559	159,764	163,414
Change in plan assets:				
Fair value of plan assets at beginning of year	640,539	600,486	316,404	319,497
Actual return on plan assets	61,561	49,244	26,101	9,428
University contributions	11,641	19,404	—	—
Participant contributions	—	—	13,824	13,027
Benefits paid	(32,444)	(28,595)	(27,116)	(26,225)
Medicare subsidies received	—	—	—	677
Fair value of plan assets at end of year	681,297	640,539	329,213	316,404
Funded status recognized as pension asset (obligation) postretirement asset, net	$ 1,426	(56,020)	169,449	152,990

The accumulated benefit obligation for the pension plan was $665,880 and $680,919 as of June 30, 2024 and 2023.

(Dollars in thousands)

The table below reflects the net pension and postretirement benefit cost reported in operating as benefits expense and nonoperating as other net periodic benefit cost for the years ended June 30, 2024 and 2023:

	Pension plan		Postretirement plans	
	2024	2023	2024	2023
Operating:				
Service cost, included in benefits expense	$ 8,443	10,072	3,184	3,657
Nonoperating:				
Interest cost on accumulated benefit obligation	34,907	32,812	8,160	7,647
Amortization of prior service cost	698	624	1,708	1,708
Expected return on plan assets	(32,407)	(28,253)	(15,274)	(12,619)
Amortization of actuarial loss (gain)	—	4,149	(5,809)	(6,152)
Total nonoperating	3,198	9,332	(11,215)	(9,416)
Total net pension and postretirement benefit cost (credit)	$ 11,641	19,404	(8,031)	(5,759)

The table below reflects the changes in plan assets, pension obligations, and postretirement assets recognized as nonoperating items for the years ended June 30, 2024 and 2023:

	Pension plan		Postretirement plans	
	2024	2023	2024	2023
New prior service cost	$ —	—	—	9,577
Net gain for the year	(56,748)	(66,131)	(13,058)	(188)
Amortization of prior service cost	(698)	(624)	(1,708)	(1,708)
Amortization of net (gain) loss	—	(4,149)	5,809	6,153
Net (credit) cost recognized in nonoperating activities	$ (57,446)	(70,904)	(8,957)	13,834

(Dollars in thousands)

The weighted average assumptions used to determine benefit obligations and net periodic benefit costs are as follows:

	Pension plan		Postretirement plans	
	2024	2023	2024	2023
Weighted average assumptions used to determine benefit obligations at June 30:				
Discount rate	5.49 %	5.12 %	5.44% - 5.52%	5.10% - 5.12%
Average rate of compensation increase	2.90	2.90	N/A	N/A
Rate of increase in healthcare costs for next year	N/A	N/A	8.20	6.30
Weighted average assumptions used to determine net periodic benefit cost:				
Discount rate	5.12 %	4.61 %	5.10% - 5.12%	4.59% - 4.60%
Expected rate of return on plan assets	5.50	5.50	4.90	4.00
Rate of compensation increase	2.90	2.90	N/A	N/A
Rate of increase in healthcare costs	N/A	N/A	6.30	6.60

The expected long-term rate of return for the assets of the plans is based on historical and expected long-term future asset class returns. The rate is reviewed annually and adjusted as appropriate to reflect changes in projected market performance or in the targeted asset allocations.

The rate of increase in healthcare costs was assumed to begin with an initial rate of 6.3% in 2024 and decrease to 4.0% in 2048 and to remain at that level thereafter. Assumed healthcare cost trend rates have a significant effect on the reported postretirement benefit cost and obligation.

(a) Plans' Assets

The purpose of the pension and postretirement plans is to meet the retirement benefit obligations of eligible University employees. The plans' assets are invested with the objective of meeting these obligations under the rules stipulated by the Employee Retirement Income Security Act.

An asset allocation has been established, which endeavors to adequately cover the liability stream posed by the beneficiaries of the plans and minimize the frequency and amount of the plans' contributions by the University. The intended benefits of this diversification are reduced risk and improved investment returns.

(Dollars in thousands)

(b) Pension Plan

The following table presents the fair value and categorization within the fair value hierarchy of the assets of the defined benefit pension plan as of June 30, 2024 and 2023 are as follows:

	2024			2023		
	Total	Level 1	Funds at NAV	Total	Level 1	Funds at NAV
Cash and cash equivalents	$ 2,038	2,038	—	5,270	5,270	—
Fixed income securities	289,961	283,377	6,584	196,870	189,117	7,753
United States equities and international equities	200,494	136,718	63,776	272,240	227,804	44,436
Absolute return	188,804	—	188,804	166,159	—	166,159
Total	$ 681,297	422,133	259,164	640,539	422,191	218,348

(c) Postretirement Plans

The following table presents the fair value and categorization within the fair value hierarchy of the assets of the postretirement plans as of June 30, 2024 and 2023 are as follows:

	2024			2023		
	Total	Level 1	Funds at NAV	Total	Level 1	Funds at NAV
Cash and cash equivalents	$ 1,680	1,680	—	8,627	8,627	—
Fixed income securities	230,680	230,680	—	218,613	218,613	—
United States equities and international equities	21,589	887	20,702	20,886	1,483	19,403
Absolute return	75,264	—	75,264	68,278	—	68,278
Total	$ 329,213	233,247	95,966	316,404	228,723	87,681

The Plans have no unfunded commitments to fund managers as of June 30, 2024 and 2023.

The University's target asset allocations for the pension plan and the postretirement plans as of June 30, 2024 and 2023 are as follows:

	Pension plan		Postretirement plans	
	2024	2023	2024	2023
Fixed income securities	50 %	40 %	75 %	75 %
United States equities and international equities	45	50	20	15
Absolute return	5	10	5	10
Total	100 %	100 %	100 %	100 %

(Dollars in thousands)

(d) Cash Flows

The University expects to contribute $10,100 to the pension plan in fiscal year 2025.

Employer benefits expected to be paid, net of expected retiree contributions to be received in the five years subsequent to June 30, 2024 and in aggregate for the five fiscal years thereafter, are as follows:

	Pension plan	Postretirement plans
2025	$ 36,041	12,043
2026	38,133	12,184
2027	40,084	12,334
2028	41,987	12,475
2029	43,678	12,480
2030–2034	238,594	61,765

There are no Medicare subsidies to be received in future years.

(12) Functional Expense Information

Operating expenses by nature and function are summarized as follows for the year ended June 30, 2024:

	2024 Programs							
	Instruction, research and clinical practice	APL Research	Student services	Auxiliaries	Libraries	Total Programs	Institutional support	Total expenses
Compensation	$ 2,420,183	1,150,563	89,842	35,581	13,554	3,709,723	326,243	4,035,966
Benefits	606,608	510,484	25,813	11,298	4,482	1,158,685	94,642	1,253,327
Subcontractors and subrecipients	380,806	253,908	—	—	—	634,714	—	634,714
Contractual services	796,717	109,243	80,203	57,626	13,518	1,057,307	233,254	1,290,561
Supplies, materials and other	407,377	213,299	14,498	33,205	4,446	672,825	55,973	728,798
Depreciation	130,601	88,894	7,843	10,829	19,530	257,697	33,886	291,583
Travel	115,979	27,557	5,244	501	226	149,507	7,193	156,700
Interest	37,484	—	1,850	3,737	801	43,872	10,515	54,387
Total	$ 4,895,755	2,353,948	225,293	152,777	56,557	7,684,330	761,706	8,446,036

(Dollars in thousands)

Operating expenses by nature and function are summarized as follows for the year ended June 30, 2023:

	2023 Programs							
	Instruction, research and clinical practice	APL Research	Student services	Auxiliaries	Libraries	Total Programs	Institutional support	Total expenses
Compensation	$ 2,256,351	1,043,963	82,581	30,674	13,131	3,426,700	276,550	3,703,250
Benefits	568,902	473,015	23,382	9,614	4,096	1,079,009	79,111	1,158,120
Subcontractors and subrecipients	368,429	227,707	—	—	—	596,136	—	596,136
Contractual services	718,606	101,920	70,657	54,729	7,440	953,352	201,947	1,155,299
Supplies, materials and other	424,401	208,219	7,518	29,955	7,501	677,594	52,616	730,210
Depreciation	106,921	87,047	6,132	8,463	18,185	226,748	26,652	253,400
Travel	121,976	24,025	4,270	561	272	151,104	5,839	156,943
Interest	34,114	—	1,669	3,446	717	39,946	9,599	49,545
Total	$ 4,599,700	2,165,896	196,209	137,442	51,342	7,150,589	652,314	7,802,903

Costs related to the operation and maintenance of property, including depreciation of property and equipment and interest on related debt, are allocated to program and supporting activities based upon periodic inventories of facilities. Other net periodic benefit credit recorded in nonoperating expense was $8,017 and $84 for the years ended June 30, 2024 and 2023. APL research includes administrative support of $149,426 and $141,887 for the years ended June 30, 2024 and 2023, which is solely attributable to APL research.

(13) Liquidity and Availability

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

As of June 30, the following assets could readily be available within one year to meet general expenditures:

	2024	2023
Cash and cash equivalents	$ 487,300	389,848
Operating investments	638,764	755,870
Sponsored research accounts receivable, net	624,240	640,836
Accounts receivable, net	301,367	249,369
Contributions receivable, net	44,674	49,591
Expected endowment payout for upcoming fiscal year	704,061	562,020
Investments in and loans to affiliates	5,042	5,102
Payout from interests in trusts and endowment funds held for others	5,379	4,697
Financial assets available to meet general expenditures over the next year	$ 2,810,827	2,657,333

(Dollars in thousands)

The University has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt securities, lines of credit, and a commercial paper facility.

The University's cash flows have seasonal variations during the year attributable to tuition billings, patient service billings and concentration of contributions received at calendar and fiscal year-end. Operating investments have been reduced for an estimate of expenditures that will occur on grants and gifts beyond one year, as well as for cash received for capital contributions and expected board-designated transfers to the endowment. Principal and interest on student loans are not included as those amounts are used solely to make new loans and are, therefore, not available to meet current operating needs. Based on historical experience, only the portion of contributions receivable for operations expected to be received within one year is considered liquid and is therefore included. Investments in and loans to affiliates include only the loan principal payments due from affiliates in the next year.

(14) Leases

The University leases facilities used in its academic and research operations under long-term operating and finance leases, including certain facilities from the Hospital under a renewable one-year lease. This lease provides for a rent equal to the cost to the Hospital for maintaining the facilities and has been renewed for the year ending June 30, 2024.

For the years ended June 30, 2024 and 2023, the components of lease expense are as follows:

		2024	2023
Lease cost:			
Finance lease expense:			
Amortization of right-of-use assets	$	4,452	4,452
Interest on lease obligations		2,495	2,881
Operating lease expense		53,290	53,812
Variable lease expense		48,700	47,131
Short-term lease expense		7,741	4,697
Total lease expense	$	116,678	112,973
Other information:			
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	$	46,325	52,590
Weighted average remaining lease term:			
Finance leases		4.85 yrs.	5.80 yrs.
Operating leases		6.87 yrs.	6.91 yrs.
Weighted average discount rate:			
Finance leases		6.17 %	6.29 %
Operating leases		3.98	3.25

(Dollars in thousands)

Payments due include options, where reasonably certain, to extend operating leases through fiscal year 2107 and are summarized below as of June 30, 2024:

		Affiliates	Others	Total
2025	$	13,004	37,738	50,742
2026		12,565	33,102	45,667
2027		8,037	29,985	38,022
2028		4,605	27,467	32,072
2029		3,616	25,718	29,334
After 2029		15,007	61,293	76,300
		56,834	215,303	272,137
Less amounts representing interest		8,227	28,762	36,989
Total operating lease liabilities	$	48,607	186,541	235,148

Payments due for finance leases through fiscal year 2031 are summarized below as of June 30, 2024:

2025	$	40,057
2026		19,464
2027		13,195
2028		8,206
2029		2,842
After 2029		3,894
		87,658
Less amounts representing interest		6,199
Total finance lease liabilities	$	81,459

As of June 30, 2024, the gross amount of finance right-of-use assets and accumulated depreciation thereon are reflected in property and equipment and amounted to $260,920 and $55,810.

The following presents supplemental cash flow information for the years ended June 30, 2024 and 2023 as it relates to cash paid for amounts included in the measurement of lease liabilities:

		2024	2023
Operating cash flows for operating leases	$	53,227	51,816
Operating cash flows for finance leases		2,495	2,881
Financing cash flows for finance leases		51,322	58,273

In June 2021, the University signed a 40-year lease agreement with the Hospital for approximately 65% of the total space in a research facility scheduled to be completed before the end of fiscal year 2026. A portion of one of the wings is expected to be available for use during fiscal year 2025. The University is responsible for approximately 65% of the total core and shell costs, which are estimated to range from $300,000 to $320,000, and is funding its share of these costs as prepayments under the lease on a monthly basis during the construction and renovation period. In addition, the University is funding its own tenant improvements during this period. As of June 30, 2024, the University's estimated aggregate remaining minimum lease payments were $44,842, which have been included within payments due for finance leases from fiscal year 2024 through fiscal year 2026 in the table above. The University made prepayments on the lease of $46,738 and $54,863 as of June 30, 2024 and 2023. In fiscal year 2023, the lease commenced on two of the three wings, creating a finance right-of-use asset and a finance lease liability of $175,827, a remeasurement took place on June 30, 2024 which updated the right-of-use asset to $183,361. The lease liability was $44,047 and $81,557, at June 30, 2024 and 2023. The finance right-of-use asset is included in property and equipment, net and the finance lease liability is included in debt. Prepayments of $5,453 and $3,760 as of June 30, 2024 and 2023, related to the third wing are included in other assets. Due to the structure of the lease, it is not included in the weighted average remaining lease term nor the weighted average discount rate for financing leases, if it were included the values would be 24.85 years and 5.57% for fiscal year 2024 and 29.91 years and 5.29% for fiscal year 2023.

(15) Other Commitments and Contingencies

(a) Guarantees

The University and the Hospital have also provided guarantees of principal and interest payments related to loans granted to JHMI Utilities LLC under the MHHEFA Pooled Loan Program. As of June 30, 2024, the University's guarantee amounted to $3,000 and continues until maturity of the loans occurring through 2029. No guarantee obligation has been recognized.

(b) Regulatory and Legal Matters

Amounts received and expended by the University under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a material adverse effect on the financial position of the University.

The University is subject to various claims, litigation, tax, and other assessments in connection with its domestic and foreign operations. In the opinion of management, adequate provision has been made for losses on these matters, where material, including insurance for malpractice and general liability claims, and their ultimate resolution will not have a material adverse effect on the financial position of the University.

(i) Specific Matter

In January 2022, class action lawsuits were filed against multiple peer universities alleging violations of the antitrust laws; in February 2022, the University was added as a defendant in the suits. Defendants' Motions to Dismiss were denied in August 2022, and the case proceeded into the discovery phase. The claims in the litigation allege that the defendants conspired in violation of the antitrust laws through their involvement with the "Section 568 Presidents Group," formed originally in the 1990s following congressional enactment of an exemption from the antitrust laws for so-called "need blind" institutions of higher education. The University has reached a settlement agreement (subject to approval by the Court) in this matter; that settlement, if approved, will not have a material adverse effect on the University's financial position.

(c) Other Contractual Obligations

As of June 30, 2024 and 2023, the University has contractual obligations in the normal course of business primarily for construction projects.

(16) Subsequent Events

The University evaluated subsequent events through October 11, 2024, which is the date the consolidated financial statements were issued. There were no additional matters that required adjustment to or disclosure in the consolidated financial statements.