VIRGINIA COMMONWEALTH UNIVERSITY
BOARD OF VISITORS
FINANCE AND UNIVERSITY RESOURCES COMMITTEE
March 22, 2024
9:15 a.m.[1]
James Branch Cabell Library
901 Park Avenue – Room 303
Richmond, VA

DRAFT MINUTES

COMMITTEE MEMBERS PRESENT
Anthony Bedell, Chair
H. Benson Dendy III, Vice Chair
Ms. Rooz Dadabhoy
Mr. Steven DeLuca
Mr. Peter Farrell
Mr. P2 Sandhu

COMMITTEE MEMBERS ABSENT
Ms. Ellen Fitzsimmons

OTHERS PRESENT
Dr. Michael Rao, President
Dr. Meredith Weiss, Interim Vice President for Finance & CFO and Vice President for Administration
Mr. Jay Davenport, Vice President for Development & Alumni Relations
Mr. Matthew Conrad, Vice President for Government and External Relations for VCU and VCU Health
Ms. Karah Gunther, Vice President for External Affairs and Health Policy
Ms. Erin Wilson, Board & Operations Assistant
Staff and students from VCU and VCUHS
Members of the media

CALL TO ORDER
Anthony R. Bedell, Chair of the Finance and University Resources Committee, called the meeting to order at 9:15 a.m.

[1] The start time for the Board of Visitors meeting is approximate only. The meeting may begin either before or after the listed approximate start time as Board members are ready to proceed.

ACTION ITEMS

Mr. Bedell reviewed the items for action, noting that the items listed - the Approval of Minutes from December 2023 for the Finance and University Resources Committee, the Delegation of Authority for Banking and Investments Modification, the Contract for Security Services and the Authorization for Acquisition of Liver Institute Equipment (MRI) – noting that these items had been provided to the Committee in advance for review. He asked the Committee members if they had any changes to minutes, and hearing none, asked the Interim Vice President and CFO to briefly present the Delegation of Authority for Banking and Investments Modification, the Contract for Security Services and the Authorization for Acquisition of Liver Institute Equipment (MRI).

On a motion duly made and seconded the following items: 1) Minutes of December 8, 2023 Finance and University Resources Committee meeting; 2) the Delegation of Authority for Banking and Investments Modification, 3) the Contract for Security Services, and 3) the Authorization for Acquisition of Liver Institute Equipment (MRI) were recommended to the full board for approval.

The minutes are posted at https://bov.vcu.edu/meetings/minutes/. A copy of the other actions items is attached hereto as **Attachment A** and is made a part hereof.

REPORTS

The Vice President for Government and External Relations for VCU and VCU Health Matthew Conrad and the Vice President for External Affairs and Health Policy Karah Gunther presented the Government Relations update. Mr. Conrad and Ms. Gunther reviewed the governor's biennial budget that was put forward in December, noting that it did not include funding to defray the costs of military tuition waivers or address any of our board-approved research priorities. However, planning authorization for the new School of Dentistry was included. They then reviewed higher education and healthcare legislation that was proposed and either passed or failed during the legislative session that concluded earlier this month. They announced that the legislative conference report approved a pool of $20M to be shared by public institutions that participate in the military waivers program; and identified that a process for determining how that pool will be allocated has not yet been set. In addition, base support for financial aid has been approved, as well as a base increase for our general fund. In addition, salary increases of 3% were approved. Ms. Gunther then reviewed budget items that were approved that impact the health system. The budget currently is with the governor and the General Assembly will reconvene on April 17th.

A copy of the items is attached hereto as **Attachment B** and is made a part hereof.

Next, Interim Vice President and CFO Meredith Weiss presented the Finance and Budget update. Dr. Weiss noted that VCU is on the move citing recent achievements - top 50 public research institution, top 20 most innovative public university, comprehensive cancer center, diversity champion, community engaged university, top 20% of global universities and top producer of full-bright scholars. Dr. Weiss explained that the strategic and purposeful alignment of VCU's limited resources to drive excellence, coupled with exceptional work by the entire community, drives VCU's success and value. Dr. Weiss provided an overview of where the university stands and what needs to be considered heading into the budget workshop in April.

In response to requests for clarification and transparency regarding our budget and university financial resources, Dr. Weiss announced that a detailed website has launched that explains how VCU finances work. Dr. Weiss then recognized and thanked the finance and enterprise marketing teams who collaborated to create the publicly accessible about.finances.vcu.edu website, adding that they worked with members of the faculty and staff senates and SGA on the content.

Next, Dr. Weiss provided an overview of the university's operating budget – emphasizing that the university, like other organizations, has both capital funds and operational funds – reminding members that there are different rules that govern how each fund type can be spent. The annual budget process focuses on our operating budget.

The university has a $1.5B operational budget. Of that, half of the funds are designated funds that support specific operations. Roughly half, 49%, are educational and general (E&G) funds. These are funds that are committed to academic programs and support services. E&G funding comes from tuition (61%), state support (36%) and other (3%). Dr. Weiss then explained how E&G funds are spent, emphasizing that VCU has aligned resources well to drive value and impact on student success. Noting that accessibility and affordability are clear priorities for VCU students, annual borrowing per student has remained level for a decade. This is a tremendous value for students and a success story for VCU.

Dr. Weiss explained how the university has kept tuition and fee increases over time at or below the higher education and consumer price indexes by using strategic cuts, realignments and reallocations totaling $89M to address academic priorities, inflation and state mandates. She also shared that VCU has made significant advances and investments in financial aid and has used one-time funding to start innovative new programs that attract students to VCU.

Dr. Weiss then noted that VCU is at an inflection point – where the university has the opportunity to build on the momentum from its achievements and further increase the value of VCU degree for students. Going into the budget process, VCU has $21.7M in critical and inflationary costs, which includes increased contract and maintenance costs, faculty promotions and fringe costs, and the cost of military waivers (which VCU will get some assistance with from the state to cover). Other costs include state salary increases, of which the university will pay half. If the increase is 3% that would translate to approximately $7.5M.

While the state budget and university budget continue to be finalized, Dr. Weiss asked board members to consider how to balance funding operation-critical needs with the need to fund investments that grow value for students – driving academic and research excellence, transforming applied learning opportunities, and championing AI in teaching and learning. Dr. Weiss explained that there are four levers that drive VCU's E&G budget – enrollment growth and retention, realignment and efficiency, support from the state, and tuition. Dr. Weiss closed by reiterating that the university's commitment to student success – accessibility, affordability, investing in the innovative programs students need and continuing to increase the value of a VCU degree.

Committee Chair Anthony Bedell informed the committee the he asked Dr. Weiss and her team to lay out multiple scenarios for the budget at the April workshop, to ensure the board has a full scale to examine.

A copy of the items is attached hereto as **Attachment C** and is made a part hereof.

Finally. the Vice President for Development and Alumni Relations, Jay Davenport, presented the Development and Alumni Relations Update, reviewing information regarding this year's fundraising totals. VCU is in the quiet phase right now, the leadership phase of planning the current campaign. Fundraising results to date are very strong – right now the university is running about 13% ahead of where we were at this juncture last year, noting that donor numbers are up, which is not the case across the entire country. VCU is also up in new donors which is very positive. The primary giving group, those donors under $50,000, and mid-range donors, $50,000-1M are very strong right now. It is highly likely that when we wrap up this fiscal year, VCU will have raised more than we did during the entire Make it Real campaign.

All institutions around the country report their numbers to the Council for Advancement and Support of Education (CASE). Last year, $58B was donated to higher education. That's down from $59.5B from the year before. However, VCU's fundraising totals are still very, very strong. Most of the money from the university's donors comes from organizations or friends of the institution. At VCU, there is a very, very strong commitment from our supporters, alumni and friends in financial aid. The next big area is research and their faculty. On the faculty side, VCU actually runs ahead of the national trends. One area of focus for the upcoming campaign is to increase academic division support, which would include individual departments and then also schools and colleges.

Mr. Davenport noted that VCU does exceptionally well on the research side compared to national peers. Noting the very large gift the university received in 2022, VCU was able to break into the top 50 in total fundraising. In 2023, VCU broke into the top 35 in total fundraising, which includes all institutions of higher education that participated in the survey and included new funds committed. When you look at just the public institutions, VCU was ranked 32nd, and this year VCU is ranked 21st - which means that last year, VCU outperformed schools like Maryland, Michigan State, Clemson, Alabama, Georgia Tech, and even Virginia Tech.

In collaboration with Grant Heston's office, DAR is working on the branding of our next campaign. DAR's volunteer leaders are working to host events across the country. Moving forward, the campaign co-chairs will be leading this effort. Mr. Davenport concluded by speaking about three events that have been hosted so far with our co-chairs, and mentioned that the Parkers are planning an event right now with our team. Mr. Davenport also highlighted recent successful events with the Perlins and the Children's Hospital Foundation, and a reception hosted by David and Michelle Baldacci in Washington DC.
A copy of the items presented is attached hereto as **Attachment D** and is made a part hereof.

CLOSED SESSION
On motion made and seconded, the Finance and University Resources Committee of the Virginia Commonwealth University Board of Visitors convened into closed session under Section 2.2-3711 (A)(9) for the discussion of gifts, bequests, and fund-raising activities of the University, namely the Named Funds Report, the Approved Named Funds under $50,000 Report, and other notable and significant gifts. The motion was approved unanimously.

RECONVENED SESSION
Following the closed session, the public was invited to return to the meeting. Anthony R. Bedell called the meeting to order. On a motion duly made and seconded the following resolution of

certification was approved by a roll call vote:

Resolution of Certification
BE IT RESOLVED, that the Board of Visitors of Virginia Commonwealth University certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed session was convened were heard, discussed or considered by the Board.

Vote	**Aye**	**Nay**	**Other**
Mr. Anthony R. Bedell, Chair	X		
Mr. H. Benson Dendy III, Vice Chair	X		
Ms. Rooz Dadabhoy			Not Present
Mr. Steven DeLuca	X		
Mr. Peter Farrell	X		
Mr. P2 Sandhu	X		

All members present responding affirmatively, the resolution of certification was adopted.

MISCELLANEOUS REPORTS
Anthony R. Bedell noted the Second Quarter Performance Analysis, Treasurer's Report, Committee Dashboard, FY23 Financial Statements and Internal Control Report, VCU Health System and Financial Operations update and VCU Intercollegiate Athletics Programs for the year ended June 30, 2023 that were included in the pre-read materials. A copy of the items is attached hereto as **Attachment E** and is made a part hereof.

ADJOURNMENT
There being no further business, Anthony R. Bedell adjourned the meeting at 10:17 a.m.

ATTACHMENT A

Virginia Commonwealth University
Delegation of Authority for Banking and Investments Modification

Background
VCU seeks Board of Visitors authorization to modify the resolution regarding delegation of authority for banking and investments on behalf of the university. The existing Delegation of Signatory Authority policy delegates authority to the Senior Vice President and Chief Financial Officer and Treasurer to open and close accounts with financial institutions to enable the operation of payments, receipts, investments, and foreign exchange transactions, among other financial transactions required during normal university operations. Given recent university administrative changes, the resolution requires modification to allow for interim titles.

The following revision would delegate the current stated authority of the (1) Senior Vice President and Chief Financial Officer and (2) Treasurer to include any individual serving in either of those intended roles on an interim basis or without the Senior Vice President designation:

> ***WHEREAS,*** *from time to time, personnel changes at the University may result in interim or variations of title from the titles above, but it is the intent of this Board to delegate to the individual, regardless of title, acting in the role of chief financial officer or Treasurer of the university or any person with a similar title that is the CFO, interim CFO, Treasurer or interim Treasurer.*

Considerations
The authorization to borrow money is not part of this resolution and remains an authorization required from the Board of Visitors.

Recommendation
Authorize modification of the resolution delegating authority for banking and investments on behalf of the university.

RESOLUTION OF THE BOARD OF VISITORS
VIRGINIA COMMONWEALTH UNIVERSITY

AUTHORIZATION OF CERTAIN OFFICERS/EMPLOYEES TO TRANSACT BUSINESS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS ON BEHALF OF THE UNIVERSITY

WHEREAS, Chapter 6.1, Title 23 of the Code of Virginia of 1950, as amended (the "Virginia Code") establishes a public corporation under the name and style of Virginia Commonwealth University (the "University" or "VCU") which is governed by a Board of Visitors (the "Board") vested with the supervision, management and control of the University;

WHEREAS, VCU is required to routinely transact business with banks and other financial institutions; and

WHEREAS, such transactions, including but not limited to, opening, and terminating accounts including credit card agreements, transferring funds, honoring drafts or checks, and managing investments; and

WHEREAS, such banking services are governed by Federal, State and University regulations, policies, guidelines and contract laws; and

WHEREAS, international banking services (including those related to VCU Qatar) are governed by applicable international or foreign laws, regulations, policies, guidelines and contract laws; and

WHEREAS, such transactions with banks and financial institutions are within the purview of the Senior Vice-President and Chief Financial Officer and Treasurer and fall under the assigned duties and responsibilities of those positions; and

WHEREAS, it is necessary for the Senior Vice-President and Chief Financial Officer and Treasurer to appoint and delegate, from time to time, such persons to conduct these transactions on behalf of VCU in accordance with the VCU Board Policy for Delegation of Signatory Authority (as amended from time to time) and shall be considered an attachment thereto; and

WHEREAS, the banks and financial institutions with which VCU transacts business routinely require a resolution of the VCU Board of Visitors to attest that the Senior Vice-President and Chief Financial Officer and Treasurer are hereby authorized to effect these transactions on behalf of VCU

WHEREAS, from time to time, personnel changes at the University may result in interim or variations of title from the titles above, but it is the intent of this Board to delegate to the individual, regardless of title, acting in the role of Chief Financial Officer or Treasurer of the university or any person with a similar title that is the CFO, Interim CFO, Treasurer or Interim

Treasurer.

NOW THEREFORE, BE IT RESOLVED by the Board of Visitors of VCU that the Senior Vice-President and Chief Financial Officer and the Treasurer are hereby authorized to transact business with banks and other financial institutions, including (but not limited to) opening and terminating accounts, credit card agreements, transferring funds, honoring drafts and checks, and managing investments on behalf of VCU in accordance with governing laws and regulations, and to further appoint and delegate, from time to time, in writing such persons who may also conduct such the transactions referred to herein on behalf of VCU in accordance with VCU policy.

Contract Authorization
Sentry Force Security, LLC

Background

VCU seeks Board of Visitors authorization to execute a new contract for security services. External security services have been utilized since Fall 2012 to provide increased security on both campuses, during special events and in specific buildings. The new service provider, Sentry Force Security LLC, and contract will permit the university to maintain the same level of security services currently in force and necessary visibility in strategic locations at the university and health system. To maintain the existing service, deployment under the new contract will begin upon expiration of the previous contract on May 9, 2024.

Considerations

VCU Procurement Services, in collaboration with VCU Police, completed a formal Request For Proposal (RFP) process to ensure compliance with competition requirements. The resulting contract will have a two (2) year initial term and may be renewed for three (3) successive two (2) year periods. The contract will be executed by the university and will be cooperative, benefitting the university and its peer members in the Virginia Association of State College and University Purchasing Professionals ("VASCUPP").

The Board delegated authority to the university's Office of the President, as outlined in the Delegation of Signatory Authority policy, to approve and execute contracts with a total actual or anticipated expenditure value under $5 million. These expenditures are anticipated to exceed $5 million and will require Board of Visitors authorization for the appropriate university officials to sign any contract amendments or documents necessary to implement the anticipated additional expenditures.

Cost

Costs are anticipated to be $8 million for the initial two-year contract term.

Recommendation

Authorize execution of a contract for security services with Sentry Force Security LLC.

RESOLUTION OF THE BOARD OF VISITORS
OF VIRGINIA COMMONWEALTH UNIVERSITY

APPROVAL FOR ADDITIONAL PURCHASES EXCEEDING $5 MILLION

WHEREAS, pursuant to Title § 23.1 of the *Code of Virginia*, the Board of Visitors of Virginia Commonwealth University (the Board) has broad legal authority to make regulations and policies concerning Virginia Commonwealth University (the University);

WHEREAS, the Board has the authority to approve and execute of agreements with outside entities that bind the University;

WHEREAS, under the Board's discretion, the Board delegated authority to the University's Office of the President, as outlined in Delegation of Signatory Authority policy, as amended on May 10, 2019, to approve and execute contracts a total actual or anticipated expenditure value under $5 million;

WHEREAS, since Fall 2012, the University has procured security services from external vendors with an annual cost of approximately $4,000,000. The University's current contract will expire May 9, 2024 and the University initiated a competitive Request For Proposal (RFP) in August of last year; and

WHEREAS VCU has finalized the RFP process and now recommends an award to Sentry Force Security LLC, which was founded in 2015 and provides guards and part-time security across Virginia, Maryland and Washington, DC.; and

WHEREAS, based on past performance and the University's security needs, Procurement Services has determined that the proposed award and contract is anticipated to be approximately $8 million for the initial two-year contract term. Upon election of renewals, the University's project spend is estimated at an additional $24,000,000; and

WHEREAS, the University recognizes the importance of having qualified external security services to support the efforts of its campus police and the necessity of having competent external security for its various campuses and buildings; and

WHEREAS, executing a contract for these services will strongly support the University's mission of creating a safe learning and working environment for our students, faculty, staff and visitors as well as its commitment to public safety;

WHEREAS, the actual expenditures and additional costs for the proposed expansion of services will exceed the University's Office of the President's delegated authority for approval and execution of contracts; and

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY, that the Board approves the execution of an initial contract and any required renewals with Sentry Force Security LLC; and

BE IT FURTHER RESOLVED, that the Board authorizes the appropriate University officials to sign any contract amendments or documents necessary to implement the anticipated expenditure, in accordance with the Delegation of Signatory Authority policy; and

BE IT FURTHER RESOLVED, that this Resolution will take effect immediately upon its adoption.

Authorization of Acquisition
Siemens Medical Solutions USA, Inc. - Biograph Vision Quadra PET CT SCANNER for The Stravitz-Sanyal Institute for Liver Disease and Metabolic Health at VCU

Background

In December 2021, Virginia Commonwealth University received an extraordinary $104 million gift from R. Todd Stravitz, M.D. and the Barbara Brunckhorst Foundation, establishing the groundbreaking Stravitz-Sanyal Institute (the Institute) for Liver Disease and Metabolic Health. This transformative gift empowers VCU to expedite the realization of several key priorities for the new institute, including investments in cutting-edge imaging tools to address both rare and common liver diseases, in collaboration with academic and industry partners globally.

VCU now seeks Board of Visitors authorization for the acquisition of a Siemens Biograph Vision Quadra PET CT SCANNER, which will play a pivotal role in advancing the Institute's research and innovation capabilities, uncover life-changing breakthroughs, expedite patient care, and contribute significantly to realizing the Institute's vision of transforming the lives of individuals with liver disease through innovation. Furthermore, it will play a crucial role in training the next generation of investigators, solidifying VCU's position as a leader in liver disease research and care.

Considerations

The Board delegated authority to the university's Office of the President, as outlined in the Delegation of Signatory Authority policy, to approve and execute contracts with a total actual or anticipated expenditure value under $5 million. This scanner is anticipated to exceed $5 million and will require Board authorization for the appropriate university officials to sign any contract amendments or documents necessary to implement the anticipated additional expenditures. VCU Procurement Services, in collaboration with the Institute, completed a formal Request For Proposal (RFP) process to ensure compliance with competition requirements. Following comprehensive evaluation, the RFP committee unanimously determined that Siemens Medical Solutions USA, Inc. presented the best-in-class and overall value for the university.

Cost and funding

The cost of the equipment and the associated preventative maintenance contract is anticipated to be $10.5 million and will be paid from the R. Todd Stravitz, M.D. and the Barbara Brunckhorst Foundation gift.

Recommendation

Authorize the acquisition of the Siemens Biograph Vision Quadra PET CT SCANNER to further enhance the capabilities of The Stravitz-Sanyal Institute for Liver Disease and Metabolic Health at VCU.

RESOLUTION OF THE BOARD OF VISITORS
OF VIRGINIA COMMONWEALTH UNIVERSITY

APPROVAL FOR ADDITIONAL PURCHASES EXCEEDING $5 MILLION

WHEREAS, pursuant to Title § 23.1 of the *Code of Virginia*, the Board of Visitors of Virginia Commonwealth University (the Board) has broad legal authority to make regulations and policies concerning Virginia Commonwealth University (the University);

WHEREAS, the Board has the authority to approve and execute agreements with outside entities that bind the University;

WHEREAS, under the Board's discretion the Board delegated authority to the University's Office of the President, as outlined in Delegation of Signatory Authority policy, as amended on May 10, 2019, to approve and execute contracts a total actual or anticipated expenditure value under $5 million;

WHEREAS, in December 2021, the University's Stravitz-Sanyal Institute for Liver Disease and Metabolic Health (Liver Institute) was established;

WHEREAS, one of the key priorities of the Liver Institute includes collaboration between academic and global industry partners and investment in cutting-edge imaging tools that aid the detection and treatment of both rare and common liver diseases;

WHEREAS, the University initiated a competitive Request For Proposal (RFP) in December 2023 for a state-of-the-art PET CT Scanner, which would offer next level technology for accurate and comprehensive imaging and tracer kinetics; and

WHEREAS the University has finalized the RFP process and now recommends a Scanner manufactured by Siemens Medical Solutions USA, Inc. be procured for the Liver Institute as this particular imaging scanner facilitates streamlined information sharing, high level image quality and clarity, and unparalleled performance; and

WHEREAS, Procurement Services has determined that the Scanner Agreement will be a one-time equipment purchase and that the Agreement will include preventative maintenance at an estimated cost of $10,500,000; and

WHEREAS, the University recognizes the importance of having state of the art imaging and diagnostic equipment that supports its vision of uncovering life changing breakthroughs, expediting patient care and improving lives through treatment innovation; and

WHEREAS, the actual expenditures and additional costs for the proposed expansion of services will exceed the University's Office of the President's delegated authority for approval and execution of contracts.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF VISITORS OF VIRGINIA COMMONWEALTH UNIVERSITY, that the Board approves the execution of an initial contract and any required renewals with the selected vendor for the state-of-the-art PET CT Scanner; and

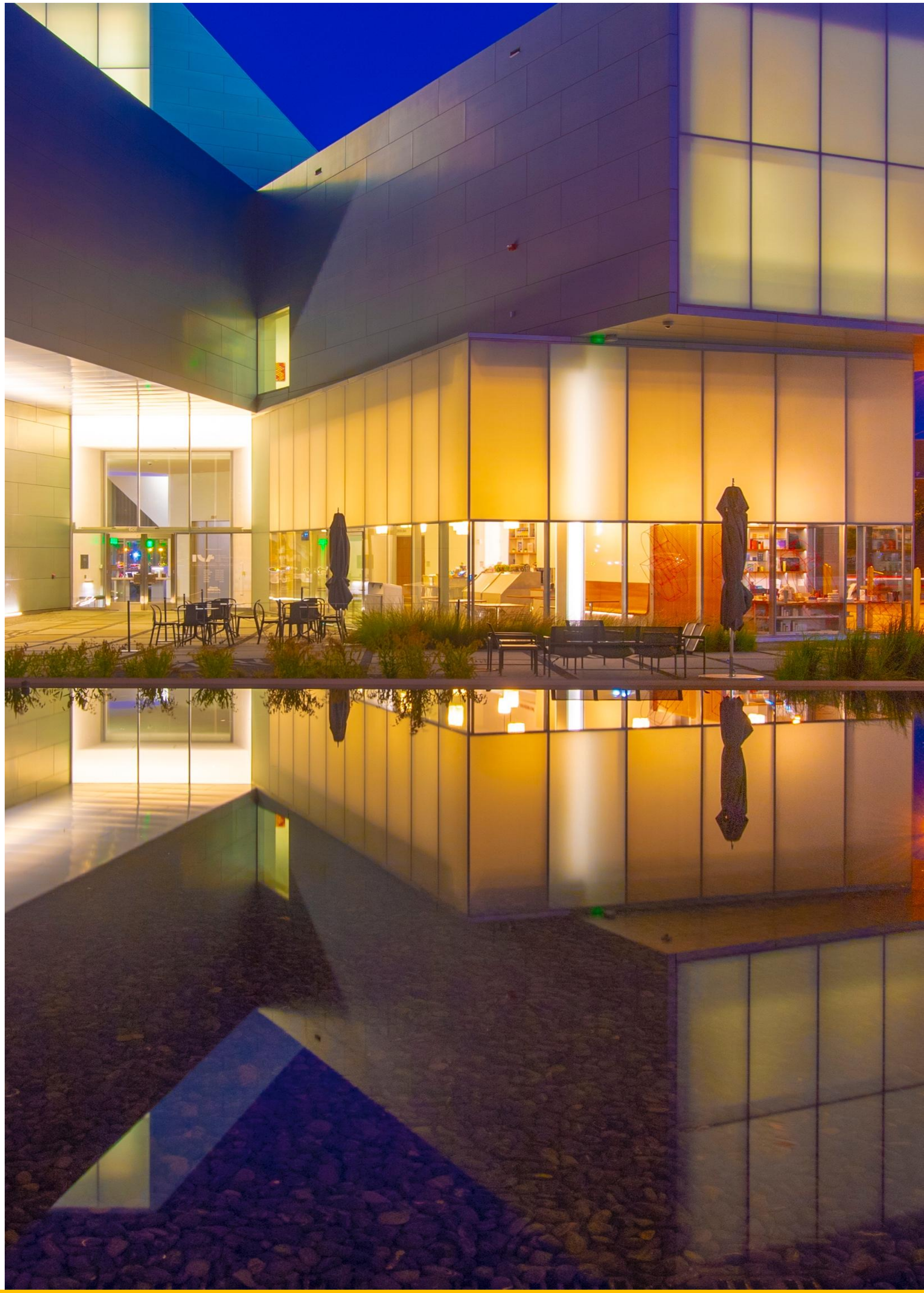
BE IT FURTHER RESOLVED, that the Board authorizes the appropriate University officials to sign any contract amendments or documents necessary to implement the anticipated expenditure, in accordance with the Delegation of Signatory Authority policy; and

BE IT FURTHER RESOLVED, that this Resolution will take effect immediately upon its adoption.

ATTACHMENT B

2024 Virginia General Assembly Update

VCU Government Relations



VCU and VCU Health Priorities

- School of Dentistry Center
- Virginia Military Survivors and Dependents Education Program (VMSDEP)
- Virginia Life Science Research Coalition
- Massey Comprehensive Cancer Center
- Pauley Heart Center
- Type 1 Hospital Funding
- Trauma Center Fund

Higher Education Legislation - PASSED

- Legacy Admissions - Prohibits any public institution of higher education from providing any manner of preferential treatment in the admissions decision based on student's legacy status
- Name Image Likeness - Provides additional flexibility to institutions and incentive structures related to NIL
- Animal Research - Creation of the Task Force on Transparency in Publicly Funded Animal Testing Facilities
- Procurement - Makes changes to the construction delivery method of agencies and covered institutions

Higher Education Legislation - FAILED

- Education Prep Program Audit Change - Would have reduced the VDOE EPP audit from 7 to 2 years and added significant strain to VCU School of Education
- School Crossing Zones - Would have made changes to the definition “school” to include IHE for the purpose of adding additional safety measures.
- Virginia College Sports Betting - Would have permitted sports betting on Virginia college sports w/ exception of prop bets

Health System Legislation - PASSED

- COPN - State Health Services Plan Task Force to make recommendations on expedited review for all services
- Safety/Security - Prohibition of weapons in hospitals providing mental health services
- Insurance Prompt Payment - Fair Business Practices Act prompt payment and complaint procedure improvements
- Workforce/Licensure - Temporary licensure for foreign trained physicians
- NP Practice - Reduce nurse practitioner transition to autonomous practice from 5 yrs to 3 yrs

Health System Legislation - FAILED

- VCUHS Governance - Governance & capital requirements bill
- Medical Malpractice - Removal of medical malpractice cap for patients 10 and under
- Behavioral Health / Census - Delayed admission to state behavioral health hospitals to determine medical needs
- Regulatory/Provider Practice - Consent for student/trainee observation of elective procedures
- Labor - Paid sick leave for health care providers and all public employees; collective bargaining by public employees
- Legal/HR - Elimination of provider covenants not to compete

Budget Items

School of Dentistry Center	$5.2 GF for detailed planning; language directs the Health System to pursue the termination of certain tax payments to the City of Richmond connected with the Public Safety Building property.
VMSDEP	Military waiver relief both in the form of policy reforms that should reduce the impact to our budget in addition to a statewide pool of $20M to address remaining costs to our institution.
Financial Aid and Base Appropriation	>$6M increase of state supported student financial aid across the biennium; $22.5M increase to the University's base appropriation across the biennium.
Faculty and Staff Salaries	State support of a 3% salary increase for faculty and staff (roughly 49% state supported, 51% from university E&G funds)
Life Science Research Coalition	$13M of new support for VCU's Medicines for All (M4All) Institute as part of a life sciences consortium in partnership with UVA, VT, and ODU; in addition, $5M in new HEETF funding is allocated to VCU for M4All's equipment needs.
Pauley Heart Center	$5.5M for life-saving research and training; $950K transfer to VCU for existing sonographer training program partnership.

Budget Items

Wilder School	$3M of additional support for the Research Institute for Social Equity at the Wilder School of Government and Public Affairs.
Trauma Center Fund	Est. $2.3M to the Trauma Fund from a $12.5 million allocation in SFY 24 to backfill a shortfall in emergency medical services by eliminating the transfer of a portion of the $6.25-for-Life funds to the general fund.
Type 1 Hospital Funding	Consistent/unchanged.
Sickle Cell Disease Funding	$1.25M of new funding to support sickle cell disease surveillance and care for adults and children.
Durable Medical Equipment (DME)	$10.8M to increase Medicaid reimbursement for certain DME, including enteral products and supplies, which will help to ensure timely and safe discharges from the hospital.
Medicaid Dental Rate	3% increase to dental Medicaid rates for both adults and children, which will greatly benefit VCU School of Dentistry given its status as the single largest provider of Medicaid dental services in the Commonwealth.

ATTACHMENT C

Finance and University Resources Committee

March 22, 2024

Meredith Weiss, Interim VP for Finance and CFO

Aligning resources to drive VCU's success & value

**U.S. News & World Report Best Graduate Schools, Best Online Colleges and Best Colleges rankings*

Top 20

most innovative public universities*

Top producing institution for

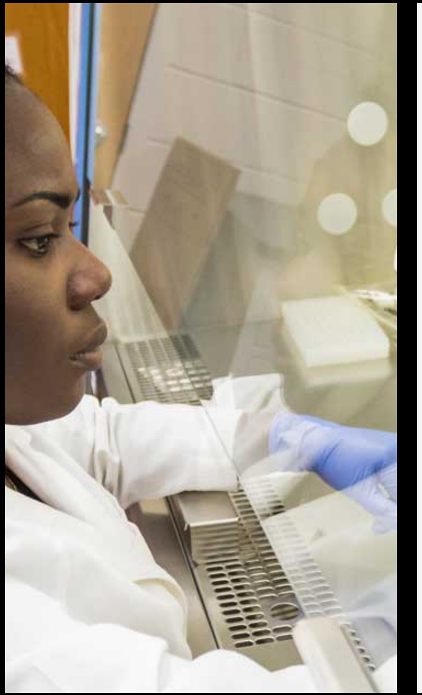
Fulbright scholars

26

academic programs ranked in the top 50*

Top 50

public research institution*



MASSEY

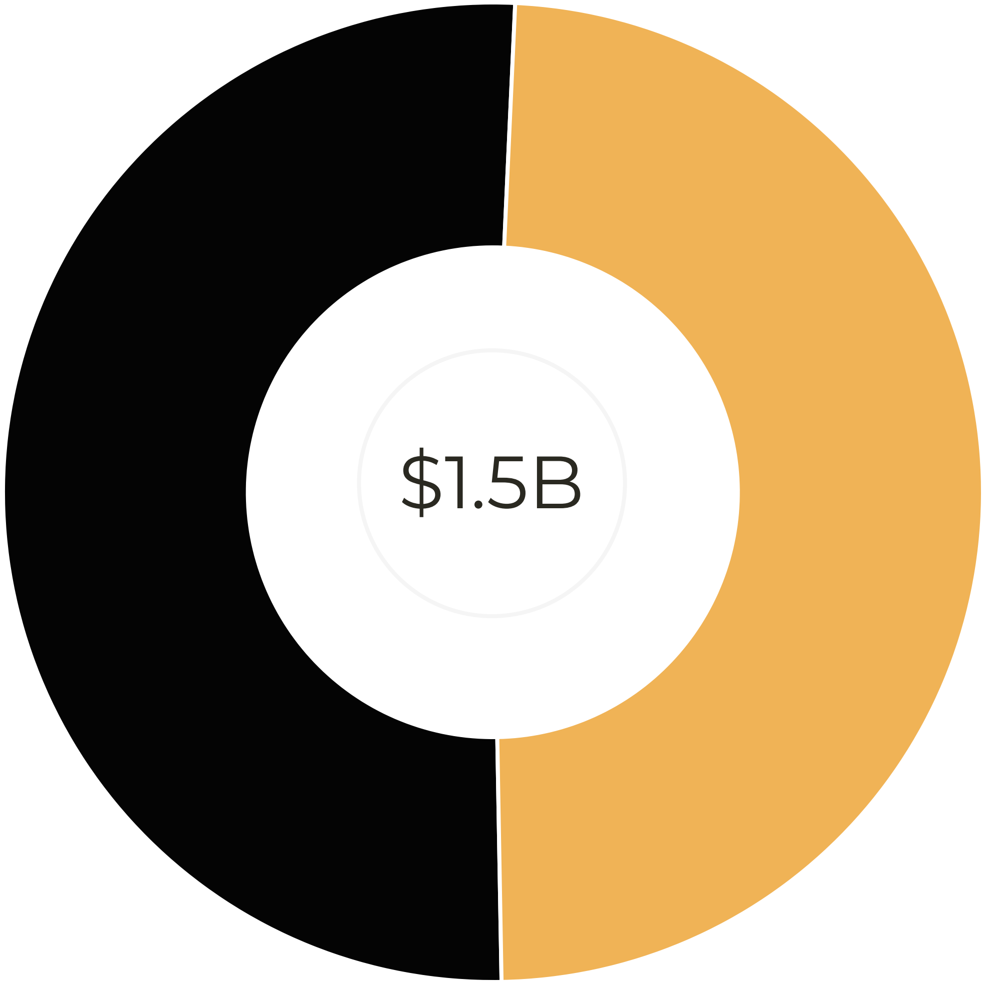
COMPREHENSIVE CANCER CENTER

VCU

VCU FY2024 all funds operating budget

Designated funds
51%

Designated funds are ***designated*** to support specific VCU operations



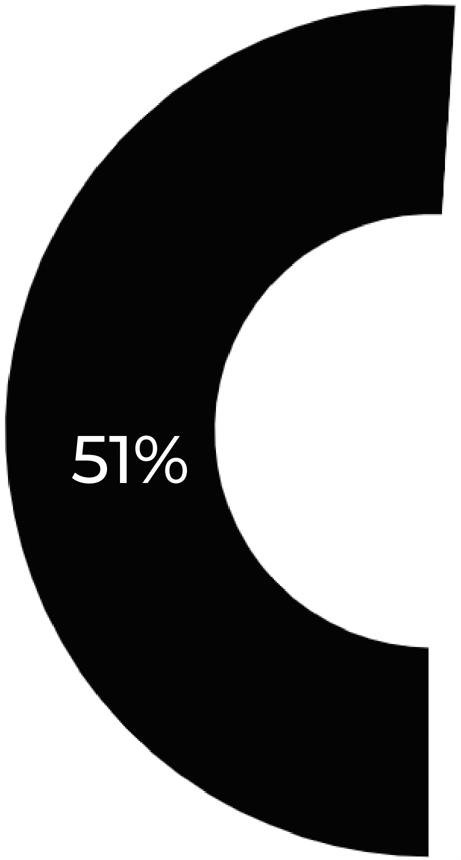
Education & General (E&G) funds
49%

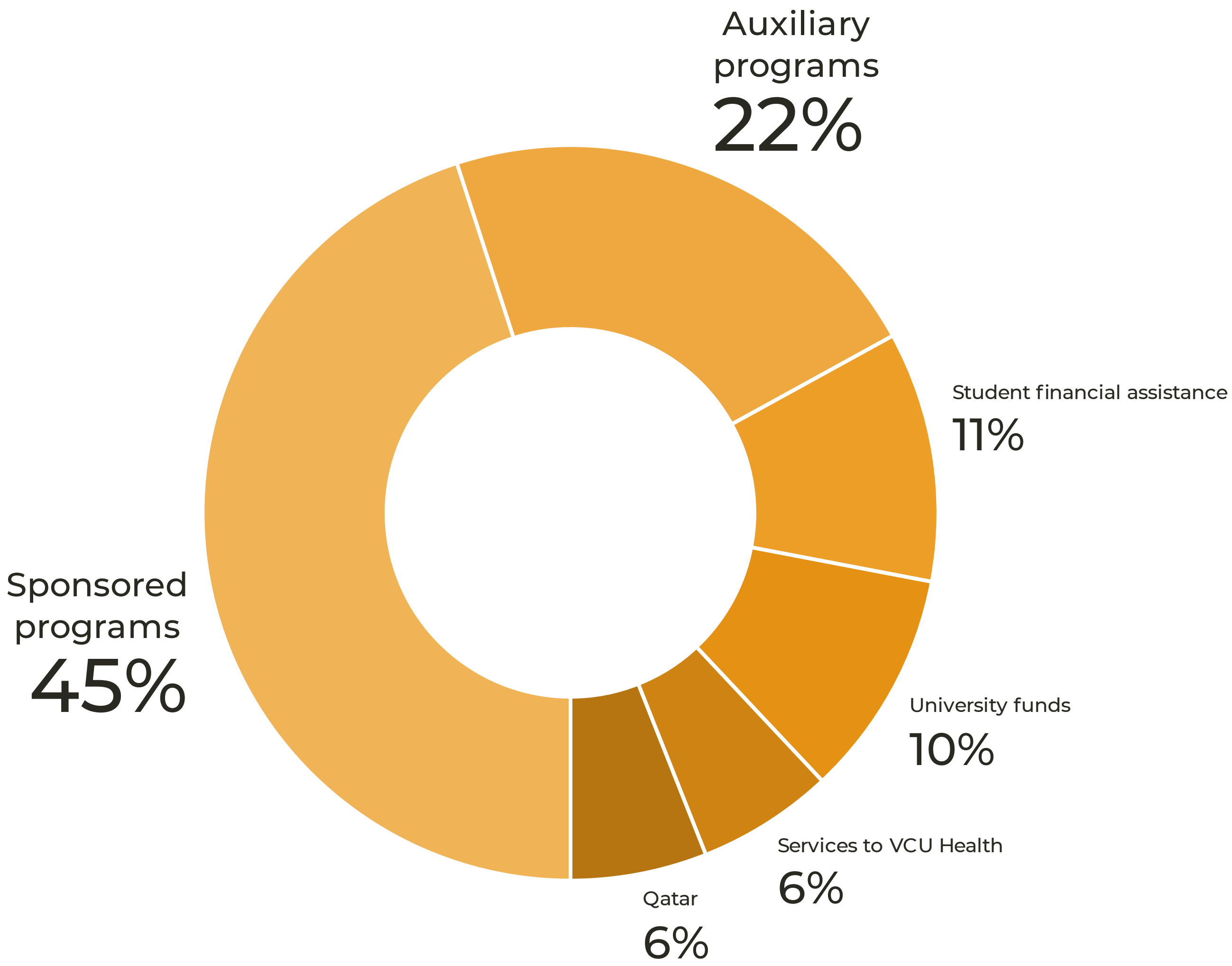
E&G funds are ***committed*** to academic programs and support services

For more information, visit VCU's new website: Understanding VCU’s finances at about.finance.vcu.edu

Designated funds - 51%

Designated funds are ***designated*** to **support specific VCU operations**



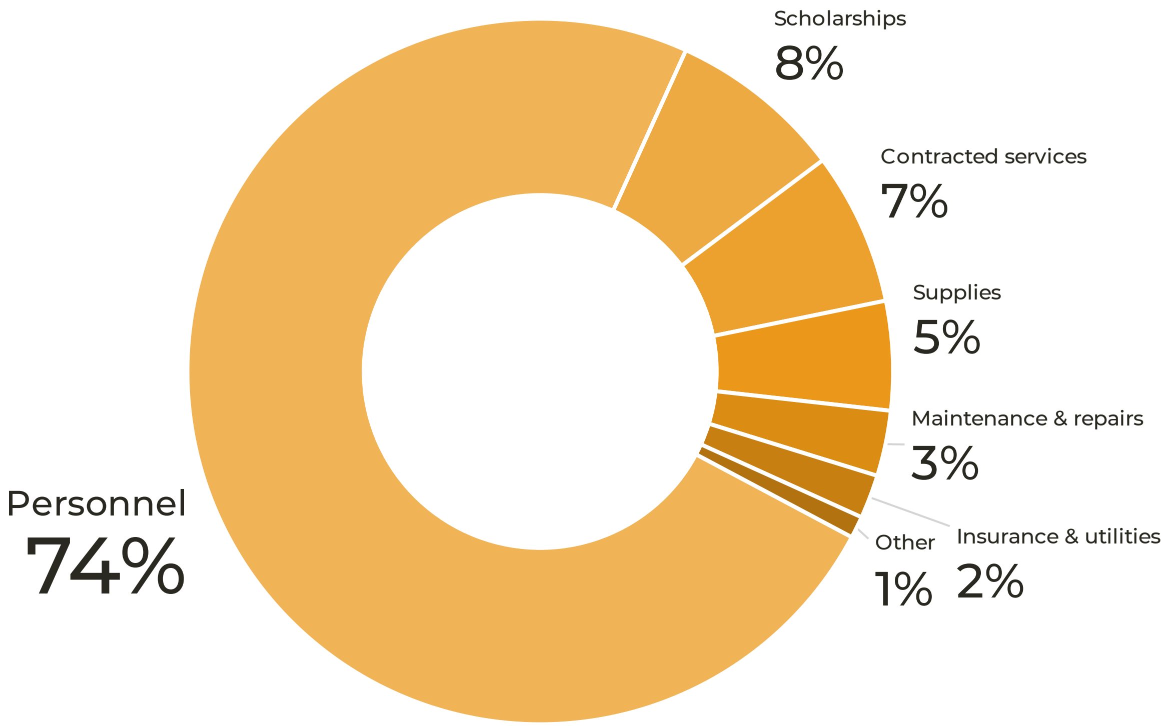


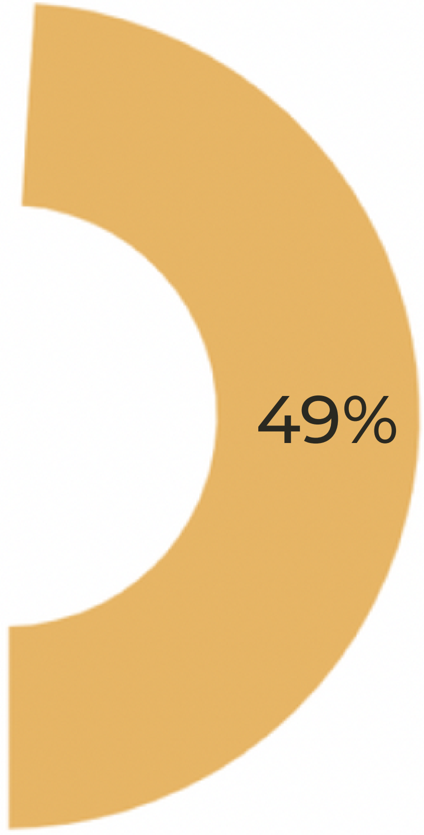
For more information, visit VCU's new website: Understanding VCU’s finances at about.finance.vcu.edu

Education & General (E&G) funds - 49%

E&G funds are ***committed*** to **academic programs and support services**

Tuition and fees (61%), state funding (36%), other (3%)





For more information, visit VCU's new website: Understanding VCU’s finances at about.finance.vcu.edu

Students are noticing

SPRING 2024
ENROLLMENT IS UP

1.2%

2ND SEMESTER
RETENTION IS OVER

94%

FALL APPLICATIONS
ARE UP

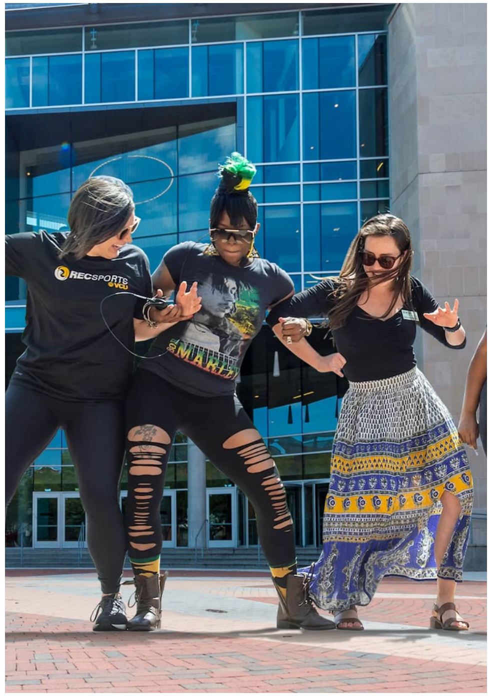
11.7%

Our students

28,594
STUDENTS

37%
FALL FRESHMAN WHO ARE 1ST GENERATION COLLEGE STUDENTS

31%
UNDERGRADUATES WHO RECEIVED PELL GRANTS*



34%
VCU graduates with a bachelor's degree earn 34% more than VA high school graduates

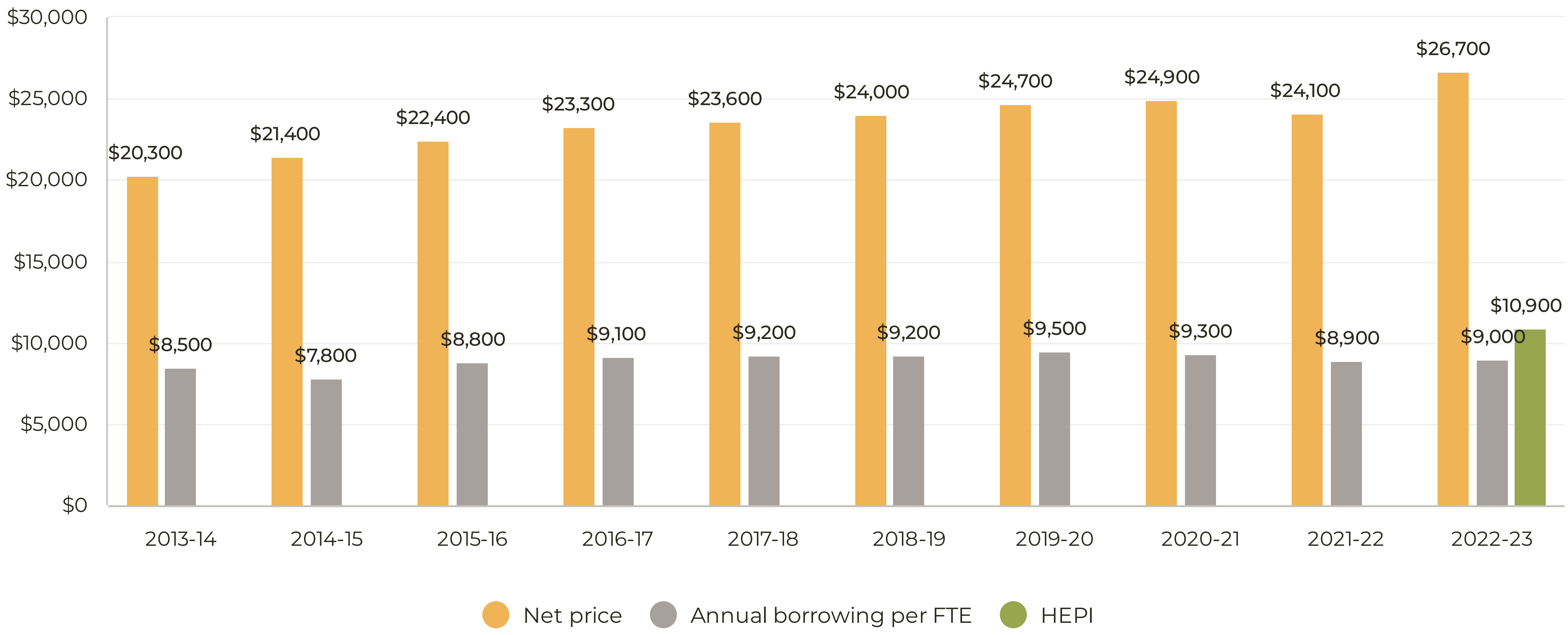
71%
VCU graduates with a master's degree earn 71% more than VA high school graduates

68%
of VCU's 218,000 alumni live in Virginia

*Source: State Council of Higher Education for Virginia. (2023). *VCU Fact Pack.* (pg. 18)

Accessibility and affordability is a priority

Borrowing per student has remained flat since 2013



Source: State Council of Higher Education for Virginia. (2023). *VCU Fact Pack*. (pg. 35)

Accessibility, affordability & innovation

VCU's recent strategy

Keeping tuition and fee increases below higher education & consumer price indexes

Cuts & realignment to address priorities, inflation & state mandates (e.g., salary increases and military waivers)

Investments in financial aid

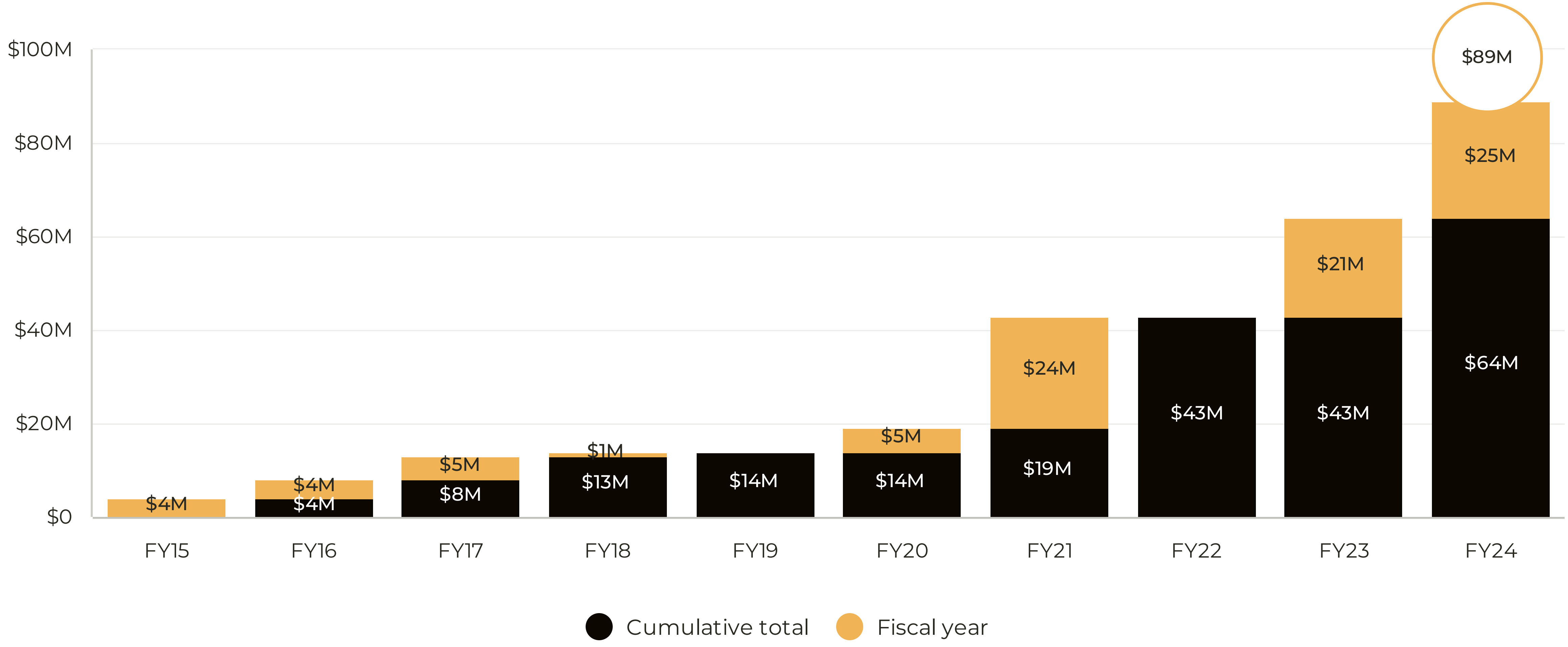
One-time funding to start innovative new programming

Tuition and fees lag inflation

Consumer Price Index (CPI) & Higher Education Price Index (HEPI)

Fiscal year	Consumer Price Index (CPI)	Higher Education Price Index (HEPI)	VCU % Tuition & fees	VCU $ Tuition & fees
2018-19	2.1%	3.0%	6.4%	$14,490
2019-20	1.6%	1.9%	0.7%	14,596
2020-21	2.3%	2.7%	0.8%	14,710
2021-22	7.2%	5.2%	2.2%	15,028
2022-23	6.3%	4.0%	4.1%	15,642
2023-24	TBD	TBD	3.8%	16,233
Avg. increase	**3.9%**	**3.4%**	**3.0%**	

Cuts & realignment



Lean management

Administrative efficiencies

Peer universities	% Management employees (FTE)/all employees
University of Alabama at Birmingham	5%
Virginia Commonwealth University	**6%**
George Mason University	6%
University of Louisville	12%
University of Cincinnati (Main Campus)	13%
University of Virginia	13%
University of South Carolina (Columbia)	16%
Mean	**11%**
Median	**12%**

Source: Segal. (2022). *VCU Administrative Cost Review.* (p. 5)

Build on momentum
Invest in the value of a VCU degree

Drive academic & research excellence

Innovative academic programs

World-class faculty

Transform applied learning

Every Ram's a researcher!

Every Ram is career ready!

Champion AI in teaching & learning

Convergence Labs @ VCU

Critical & inflationary costs
Invest in the value of a VCU degee

Critical and inflationary costs: $21.7M

Maintenance & service contracts
(e.g., facilities, academic, IT, etc.)

Faculty promotions & fringe

Military waivers*

State salary increases: $7.5M

3% state mandated faculty and staff increases total $14.7M, 49% of which is state funded*

*estimated pending legislative outcomes

Value investment: $18M

Drive academic and research excellence

Transform applied learning

Champion AI in teaching & learning

Align and grow Educational & General funds to further advance the value of a VCU degree

Realignment & efficiency

1% E&G cut = $6M

State support

$0 to $15M est.

Enrollment growth & retention

1% = $4M

Tuition

1% = $4M

Discussion

Top 20

most innovative
public universities*

Top producing
institution for

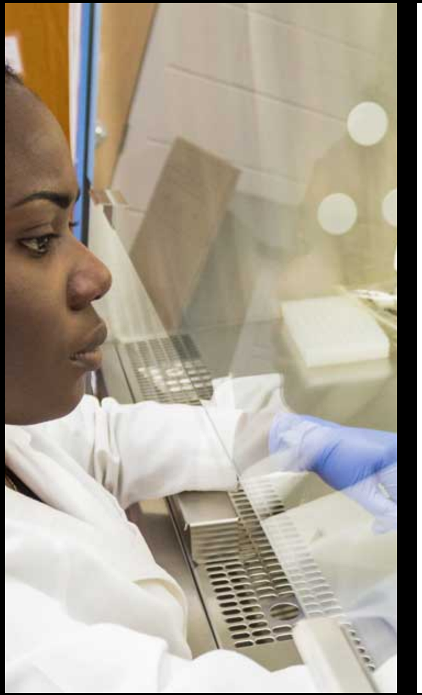
Fulbright
scholars

26

academic programs
ranked in the top 50*

Top 50

public research
institution*



MASSEY
COMPREHENSIVE
CANCER CENTER
VCU

U.S. News & World Report
Best Graduate Schools, Best Online Colleges and Best Colleges rankings

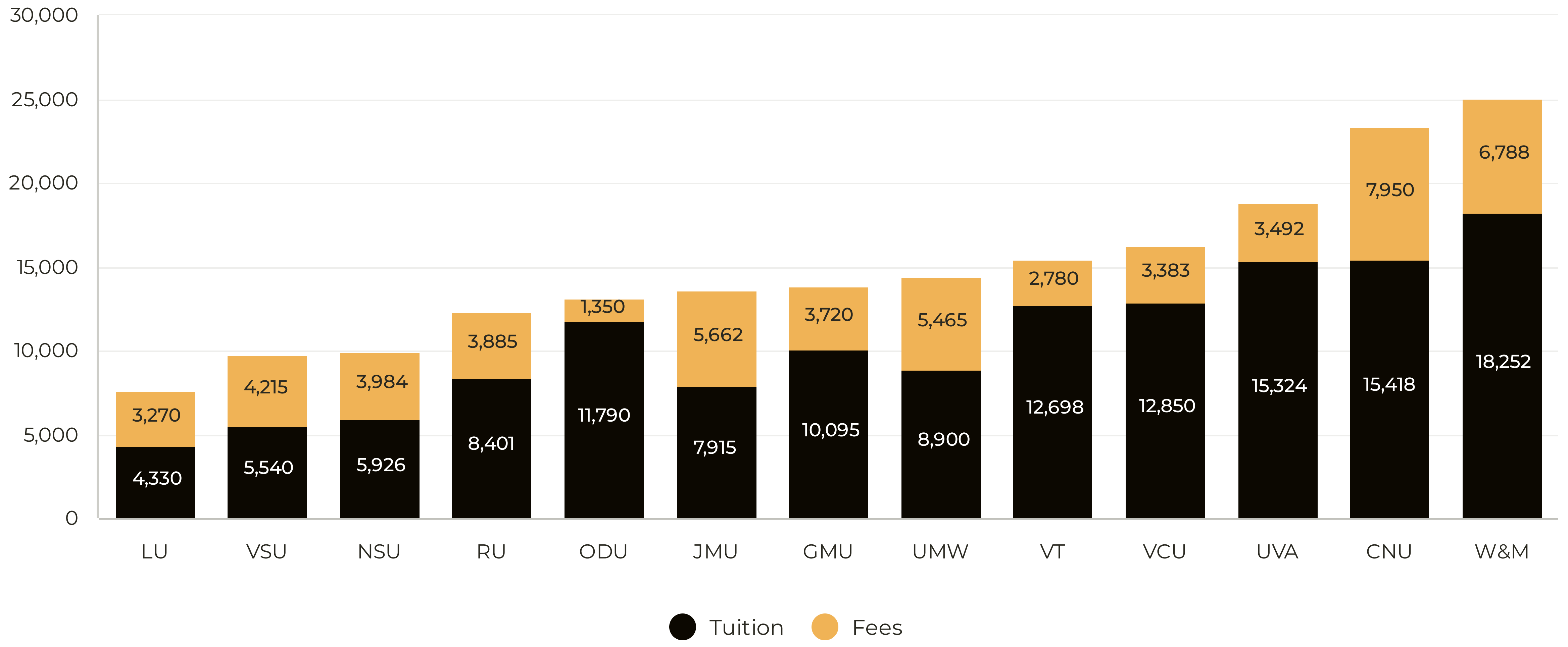
Appendix

2023-24 Budget sources & uses summary

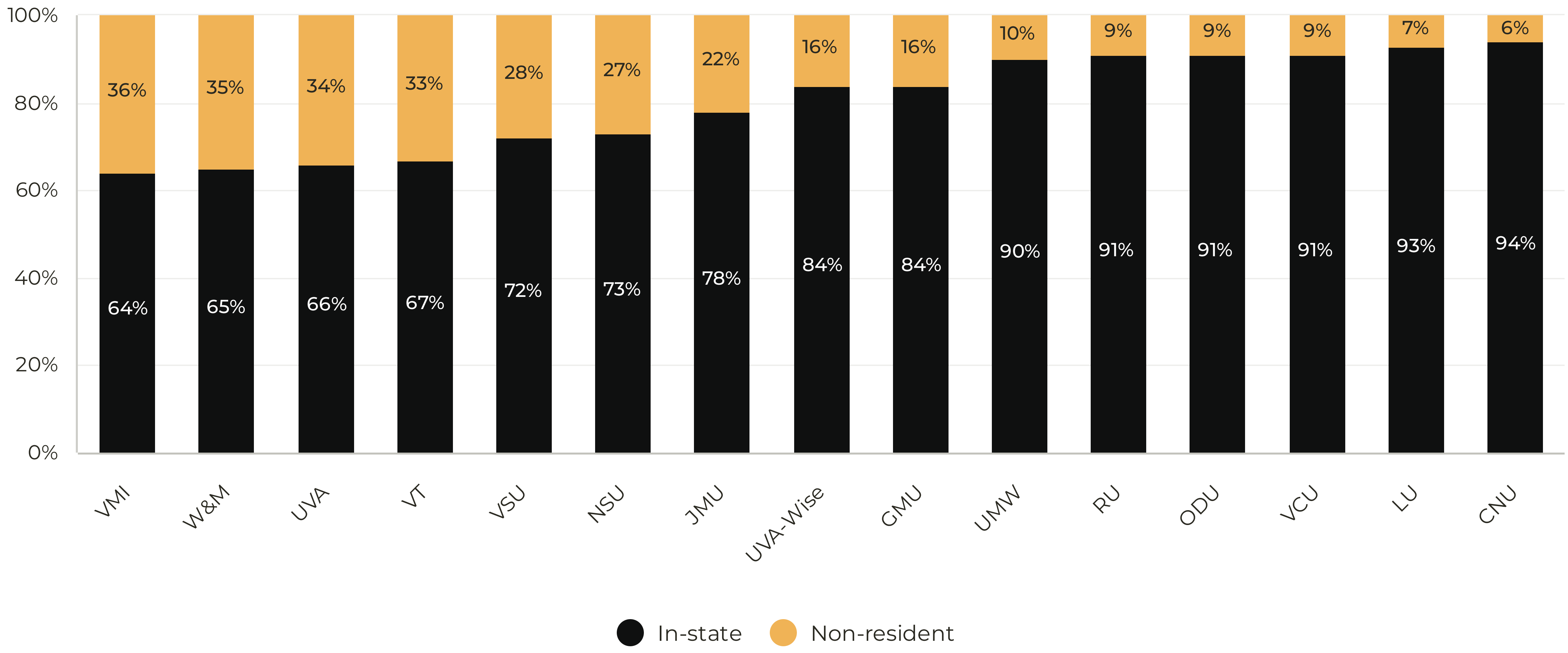
(in thousands)

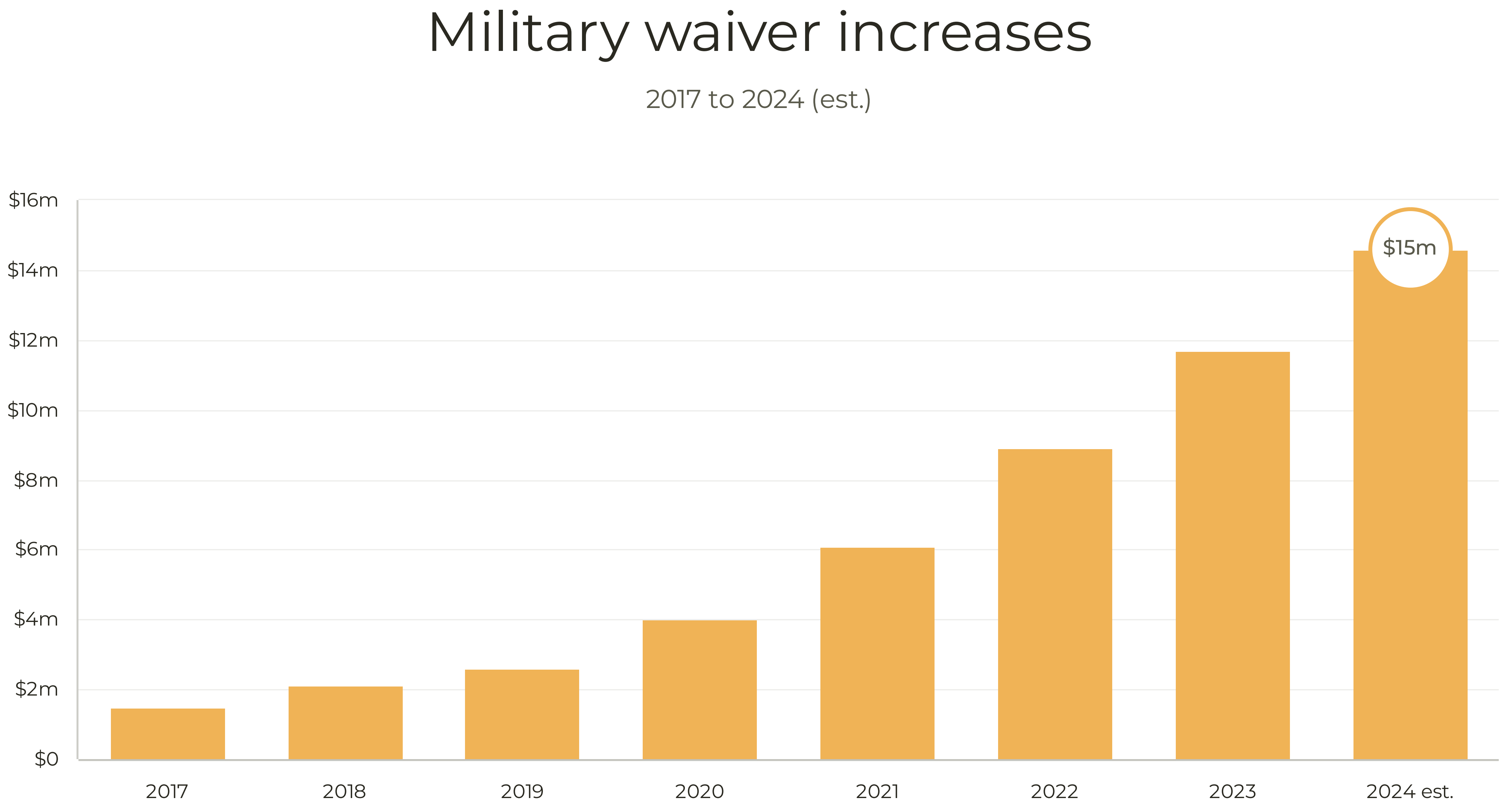
FY 2023-2024 Sources	Tuition, Fee, & State Funds E&G Programs	Grants and Contracts (Sponsored Programs)	Auxiliary Enterprises (Housing & Dining)	Qatar Hospital Univ. Funds	Student Financial Assistance	Total University
State General Fund						
Direct Appropriations	$ 264,531	$ 21,513	$ -	$ -	$ 53,032	$ 339,076
Central Transfers	-	-	-	-	-	-
State General Fund	$ 264,531	$ 21,513	$ -	$ -	$ 53,032	$ 339,076
Nongeneral Funds						
Student Tuition and Fees	444,804	-	65,053	$ -	-	509,857
Grants and Contracts		333,105	-	-	34,105	367,210
Gifts and Investment Earnings	100	-	5,551	62,000	-	67,651
Sales and Services	6,483	-	91,932	95,488	-	193,903
Other Sources	2,446	-	150	10,267	-	12,863
Total Nongeneral Funds	453,833	333,105	162,686	$ 167,755	34,105	1,151,484
Transfers in (out)	14,034	(14,034)	-	-	-	-
Total University Sources	$ 732,398	$ 340,584	$ 162,686	$ 167,755	$ 87,137	$ 1,490,560

2023 Virginia resident tuition & fees



Total student undergrad FTE by residency




Military waiver increases
2017 to 2024 (est.)
$16m
$14m
$12m
$10m
$8m
$6m
$4m
$2m
$0
$15m
2017
2018
2019
2020
2021
2022
2023
2024 est.

Pending Changes to VMSDEP

Virginia Military Survivors & Dependents Education Program

Changes apply to new students for FY25 & all students in FY26

Students must complete the FAFSA

Only for undergraduate programs

Waivers are 'last dollar' after federal and state aid

VCU receives a portion of $20M allocation for military waivers

ATTACHMENT D

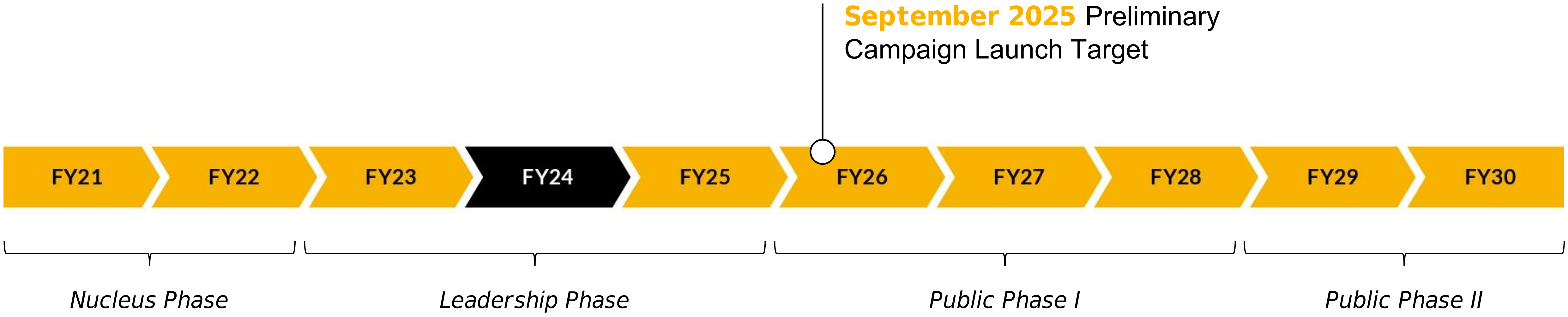
Board of Visitors

Jay Davenport

Vice President

Development and Alumni Relations

March 22, 2024


September 2025 Preliminary Campaign Launch Target
FY21
FY22
FY23
FY24
FY25
FY26
FY27
FY28
FY29
FY30
Nucleus Phase
Leadership Phase
Public Phase I
Public Phase II

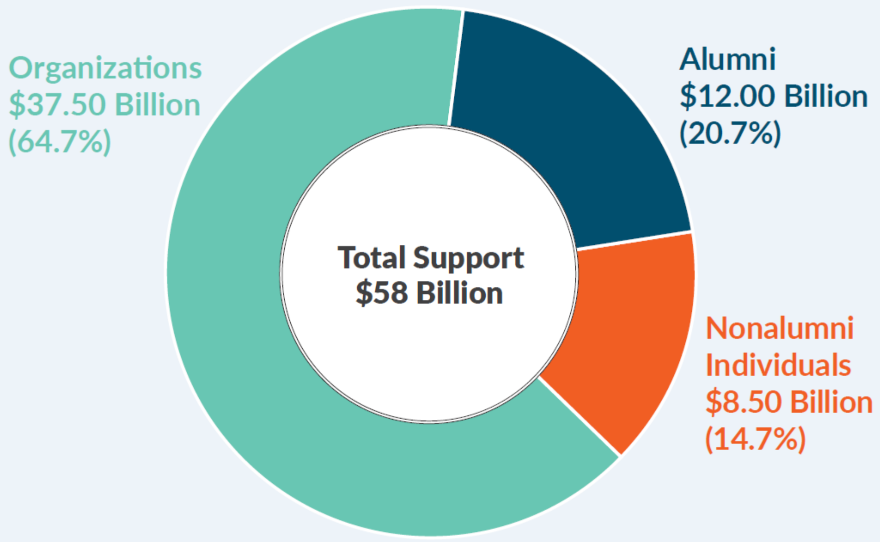
	Dollars Raised	Recognized Donors	New Donors	Principal Giving by Household/Entity	Major Giving by Household/Entity	Primary Giving by Household/Entity
FYTD24	$145,719,121	15,681	3,579	$114,127,305	$21,953,843	$9,637,973
Same Time Last Year	$128,560,072	15,338	3,352	$104,312,454	$15,611,371	$8,636,247
Percentage Change	**+13.3%**	**+2.2%**	**+6.8%**	**+9.4%**	**+40.6%**	**+11.6%**

Report date: 2/29/2024

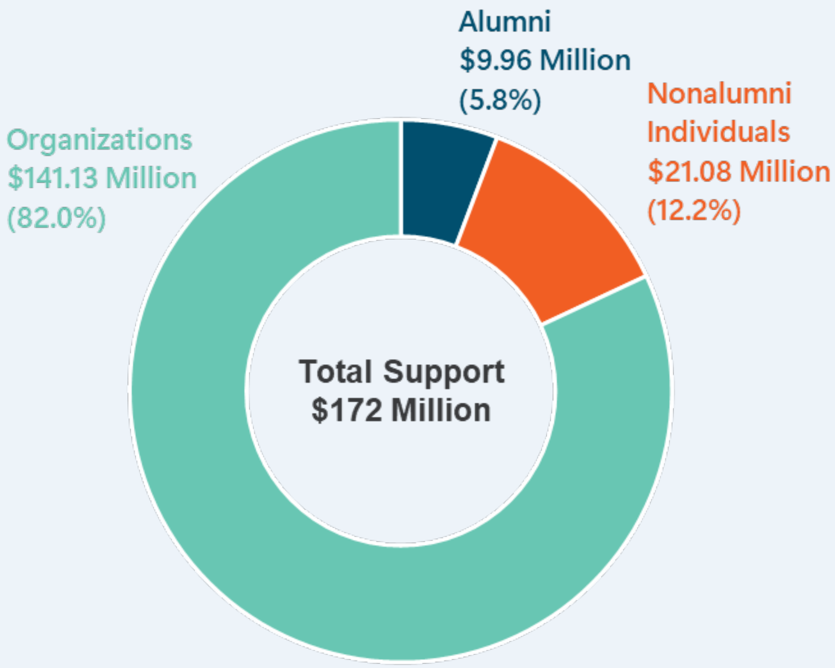
Voluntary Support of Education (VSE)

Support by Source, FY23

OVERALL



VCU

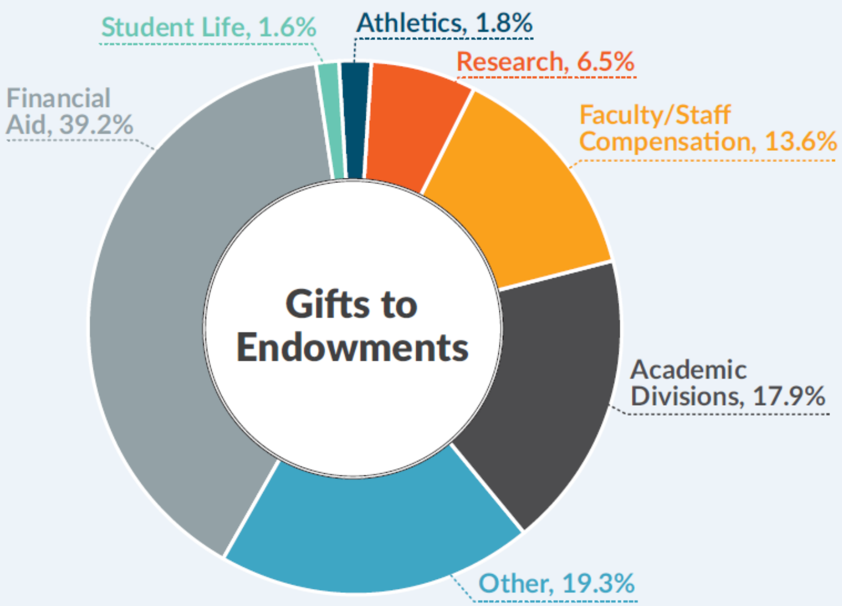


Note: Totals include funds received, not new funds committed, that are self-reported by institutions of higher education in FY23.

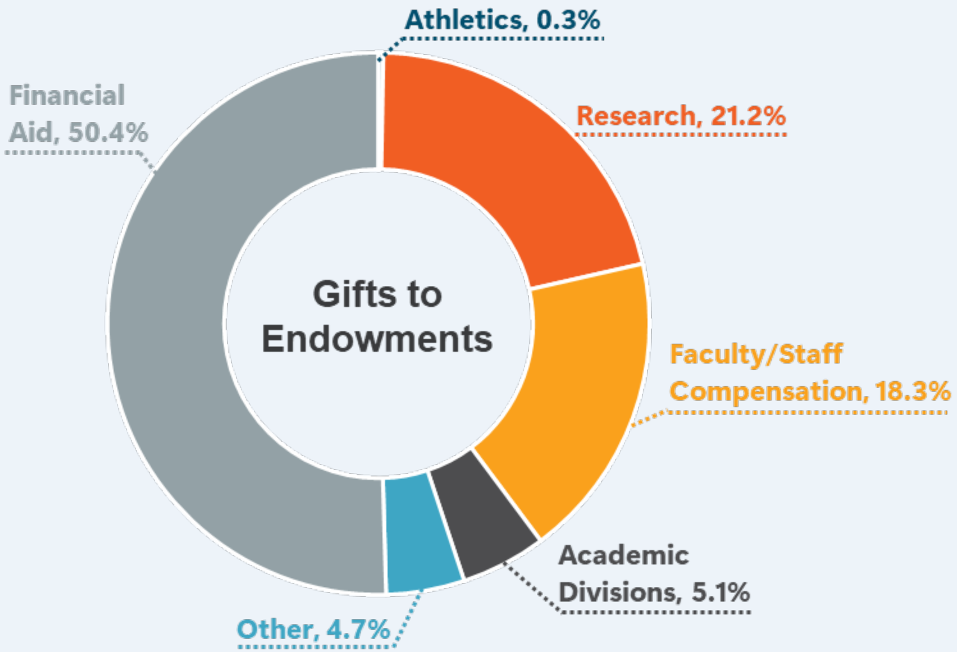
Voluntary Support of Education (VSE)

Purposes of Restricted Gifts to Endowments, FY23

OVERALL



VCU



Note: Totals include funds received, not new funds committed, that are self-reported by institutions of higher education in FY23.

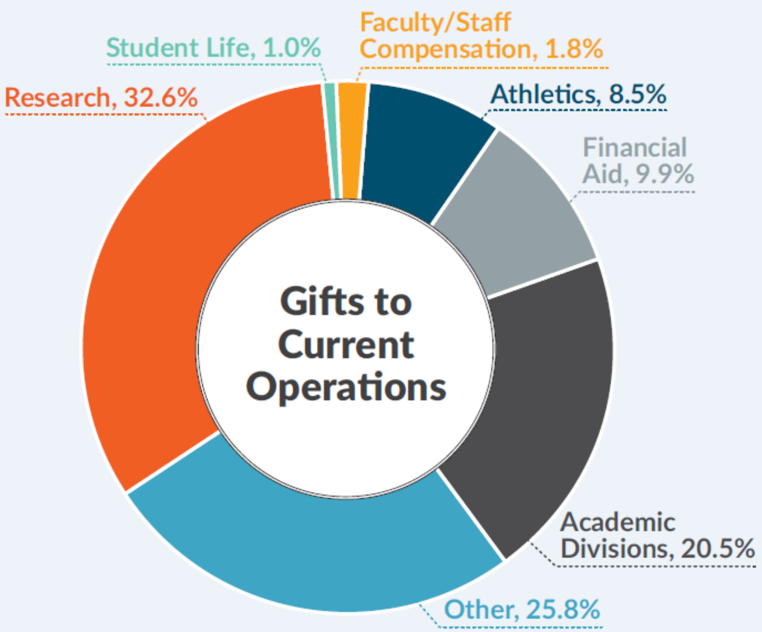
VCU

WE ARE THE UNCOMMON.

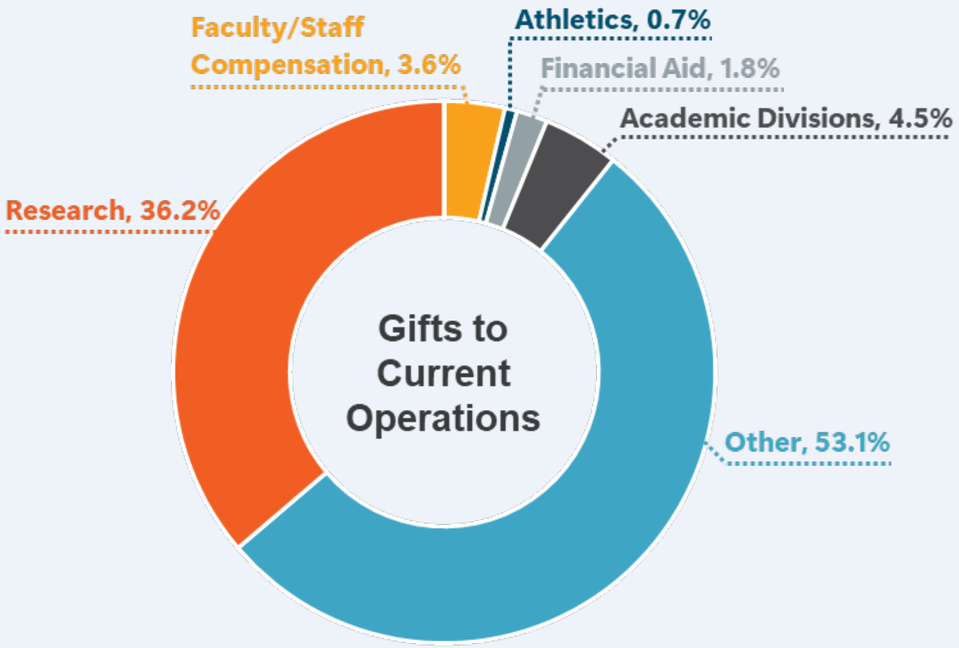
Voluntary Support of Education (VSE)

Purposes of Restricted Gifts to Current Operations, FY23

OVERALL



VCU



Note: Totals include funds received, not new funds committed, that are self-reported by institutions of higher education in FY23.

VCU

WE ARE THE UNCOMMON.

Voluntary Support of Education (VSE)

VCU's New Funds Committed Rankings

Fiscal Year	Higher Ed Ranking	Public Higher Ed Ranking
FY22	49	32
FY23	35	21

Note: Rankings include U.S. colleges and universities that participated in the CASE Insights on Voluntary Support of Education survey and included new funds committed.

Virginia Commonwealth University strives to create opportunities for all who learn, teach, heal and thrive on our campuses and in the communities we serve. This mission makes us who we are. VCU's campaign for the future advances our commitment to increasing access to education and health care as well as to creating pathways to success and healing for everyone, regardless of their background. VCU's campaign rallies our partners to help us create learning experiences, health care services, research initiatives, community partnerships — a university — unlike any other.

Campaign Volunteer Leadership

Champion

Establish and endorse VCU's vision that provides the foundation for a comprehensive campaign

Invest

Make a personal significant gift toward campaign goal or goals

Invite

Host an event at your home, club or place of business and arrange introductions for university leaders and potential donors

Activating Campaign Volunteer Leadership

- Quarterly meetings with the Campaign Tri-Chairs (two of these meetings include the full Campaign Cabinet)
- Campaign Tri-Chair Engagement Events
    - Children's Hospital Foundation Dinner with the Perlins at the Wonder Tower
    - Reception with the Baldaccis at their home
    - Planning a future event with the Parkers

FY 2024 2nd Quarter Performance Analysis

Dollars in Thousands

**FY24 forecast uses 10-year historical data*

	Actuals FY23 Q2	FY24 Q2	$ Change	% Change	FY24 Budget Book	Actuals FY23 YE	FY24 YE Forecast*
Revenue							
Tuition and Fees E&G	385,850	411,281	25,431	6.6%	444,804	434,667	463,315
State General Fund E&G	131,128	132,455	1,326	1.0%	264,531	252,492	279,624
Other Income E&G	22,163	46,772	24,609	111.0%	66,651	72,051	73,907
Educational and General Programs	**539,141**	**590,507**	**51,366**	**9.5%**	**775,986**	**759,210**	**816,846**
University and Student Health Fee	57,468	62,780	5,312	9.2%	65,053	61,166	67,421
Other Auxiliary Income	72,136	81,649	9,513	13.2%	97,633	92,774	102,370
Auxiliary Enterprises	**129,604**	**144,429**	**14,825**	**11.4%**	**162,686**	**153,941**	**169,792**
Sponsored Programs	116,903	134,706	17,802	15.2%	301,618	263,555	289,181
FACR	25,912	13,967	(11,944)	-46.1%	38,966	40,783	46,561
University Funds	39,681	49,265	9,584	24.2%	72,267	94,489	114,582
Student Financial Assistance	41,876	53,600	11,724	28.0%	87,137	107,301	139,261
Hospital Services	18,031	20,727	2,696	15.0%	51,900	40,669	40,181
Total Revenue	**911,148**	**1,007,202**	**96,054**	**10.5%**	**1,490,560**	**1,459,948**	**1,616,402**
Expenses							
Academic Programs E&G	212,603	211,728	(875)	-0.4%	379,911	427,516	438,332
Support Programs E&G	178,879	192,879	14,000	7.8%	396,075	339,672	392,052
Educational and General Programs	**391,483**	**404,607**	**13,124**	**3.4%**	**775,986**	**767,188**	**830,384**
Auxiliary Enterprises	70,689	85,160	14,470	20.5%	162,686	159,525	152,985
Sponsored Programs	125,154	132,987	7,833	6.3%	301,618	268,178	279,218
FACR	17,392	22,227	4,835	27.8%	38,966	45,188	38,851
University Funds	34,328	48,735	14,407	42.0%	72,267	85,750	112,256
Student Financial Assistance	48,085	63,994	15,909	33.1%	87,137	105,184	139,261
Hospital Services	17,223	21,344	4,121	23.9%	51,900	39,906	43,357
Total Expenses	**704,353**	**779,053**	**74,700**	**10.6%**	**1,490,560**	**1,470,919**	**1,596,311**
Net Position	**206,795**	**228,149**	**21,354**	**10.3%**	**-**	**(10,971)**	**20,091**

Treasurer's Report

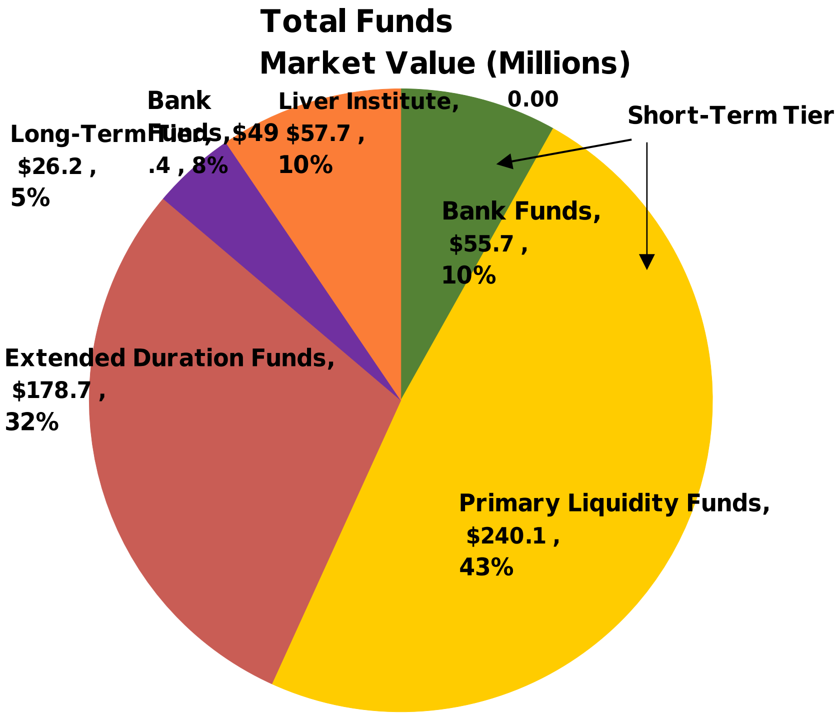
Finance and University Resources Committee

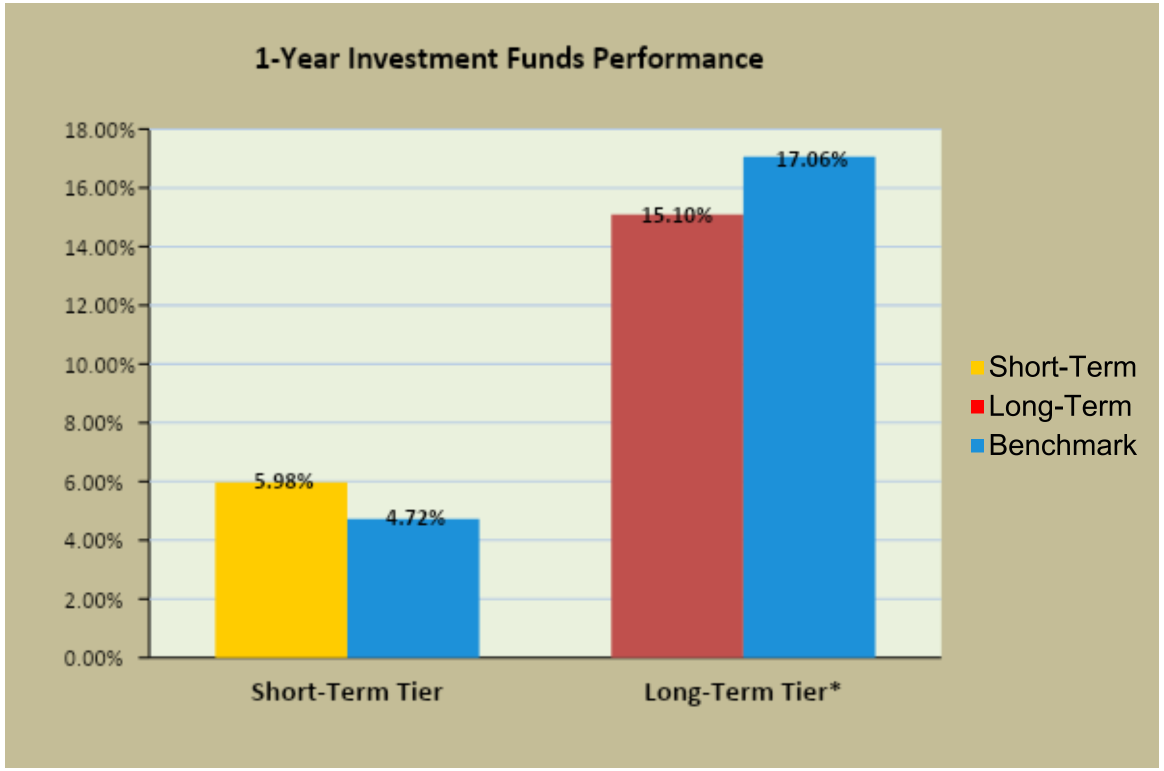
As of December 31, 2023

March 22, 2024

VCU

Total University Funds Overview
for the Period Ending December 31, 2023





* Long-Term Tier for VCIMCO-managed only; VCIMCO manages 99.7% of the long-term market value at 12/31/2023. Total 1-year returns for Long-Term Tier are 15.01%.

Total University Funds
$607.8M

Does not include VCU Health or Foundations

Approximately 57% managed in interest-bearing cash and fixed income securities; the balance is invested in diversified long-term strategies with a focus on equity securities

VCU

Short-Term Tier Performance Summary
As of December 31, 2023

VCU Investment Management Company

Short-Term Tier
December 31, 2023

Performance Summary (Net of Fees)

	Market Value (M)	Current Allocation	1 Month	QTD	FYTD	1 Year	Annualized 3 Years	Annualized 5 Years	Annualized Since 7/2009
Primary Liquidity Funds / Payden & Rygel	**$55.7**	**18.8%**	**0.51%**	**1.46%**	**3.42%**	**5.89%**	**2.34%**	**2.06%**	**0.99%**
iMoneyNet MM All Taxable			*0.42%*	*1.24%*	*2.46%*	*4.66%*	*1.98%*	*1.63%*	*0.72%*
Extended Duration Funds / Merganser	**$240.1**	**81.2%**	**1.24%**	**2.76%**	**3.73%**	**5.76%**	**0.58%**	**1.89%**	**1.58%**
BofA ML US Corp & Govt 1-3 Year Blended[1]			*1.17%*	*2.64%*	*3.44%*	*4.63%*	*0.08%*	*1.52%*	*3.74%*
Total Operating Funds	**$295.8**	**100.0%**	**1.07%**	**2.42%**	**3.78%**	**5.98%**	**1.32%**	**2.19%**	**1.44%**
Short-Term Tier Composite[2]			*1.00%*	*2.27%*	*3.23%*	*4.72%*	*0.84%*	*1.78%*	*1.51%*

[1] *BofA ML US Corp & Gov 1-3 Year Blended Index = Citi 6-Month T-Bill 7/31/2009 to 2/28/2010; BofA ML US Corp & Govt 1-3 Year AAA-A 3/31/2010 to 4/30/2016; BofA ML Treasury 1-5 Year 5/31/2016 to 3/31/2017, BofA ML US Corp & Govt 1-3 year 4/30/2017 to present*

[2] *Short-Term Tier Composite = Weighted Average of iMoneyNet MM All Taxable/BofA ML US Corp & Gov 1-3 Year Blended Index*

VCU

WE ARE THE UNCOMMON.

Long-Term Tier Performance Summary
Estimated as of December 31, 2023

VCU Investment Management Company

Long-Term Tier Summary
Estimated December 31, 2023

VCU Long-Term Tier

Estimated December 31, 2023	Mkt Value (M)	% Allocation	Since Inception 4/30/2016	5 Years	3 Years	1 Year	CYTD	FYTD	3 Mos
VCIMCO Funds	**$178.2**	**100.0%**	**7.30%**	**9.73%**	**5.45%**	**15.10%**	**15.10%**	**6.55%**	**5.06%**
Long-Term Policy Benchmark [1]			*7.33%*	*8.61%*	*3.41%*	*17.06%*	*17.06%*	*6.12%*	*9.78%*
Equity	**$108.2**	**60.7%**	**9.37%**	**11.22%**	**4.16%**	**19.62%**	**19.62%**	**6.93%**	**6.55%**
MSCI All Country World			*9.96%*	*11.71%*	*5.75%*	*22.20%*	*22.20%*	*7.26%*	*11.03%*
Credit and Absolute Return	**$44.3**	**24.8%**	**7.03%**	**9.71%**	**12.08%**	**14.97%**	**14.97%**	**7.78%**	**3.58%**
Bloomberg US Corporate High Yield			*4.93%*	*5.37%*	*1.98%*	*13.45%*	*13.45%*	*7.66%*	*7.16%*
Real Assets	**$12.4**	**7.0%**	**1.24%**	**1.95%**	**7.27%**	**8.22%**	**8.22%**	**2.67%**	**3.63%**
Long-Term Real Estate Benchmark [2]			*2.73%*	*2.95%*	*0.12%*	*8.35%*	*8.35%*	*8.79%*	*14.68%*
Treasuries	**$0.0**	**0.0%**	**-0.04%**	**0.10%**	**-2.45%**				
Bloomberg US Treasury			*1.73%*	*2.88%*	*-4.67%*				
Cash and Equivalents	**$13.3**	**7.5%**							
VCU Long-Term Tier	**$178.7**		**7.16%**	**9.64%**	**5.43%**	**15.01%**	**15.01%**	**6.52%**	**5.04%**

Total VCU Long-Term Tier includes residual investments held by JP Morgan.
JP Morgan valuation is based on manager reporting. Totals may not sum due to rounding. Past performance is not predictive of future results.
Returns for periods greater than one year are annualized. Performance is estimated based on best available data as of January 5, 2024.
Performance includes reporting by 54 of 55 underlying private investments, which, with cash, represent 99.7% of Ram Private Assets Fund's net asset value as of September 30, 2023.

[1] *As of 7/1/2021, 70% MSCI All Country World, 30% Bloomberg US Aggregate; prior to 7/1/2021, 65% MSCI All Country World, 25% Bloomberg US Aggregate, 10% MSCI All Country World Real Estate*

[2] *As of 6/1/2023, MSCI ACWI IMI Core Real Estate Index; prior to 6/1/2023, MSCI All Country World Real Estate.*

Monitoring Report
as of March 8, 2024 (Preliminary)

Cash and Investments

	Quarter Ended 12/31/2023	(in millions) As of 2/29/2024	As of 3/8/2024
Bank Funds			
Bank of America Checking	$ 27.90	$ 34.90	$ 14.91
Restricted Cash Funds	32.94	27.66	33.51
Unspent Bond Proceeds	7.63	5.76	5.76
Less: Outstanding Checks - Bank of America [A]	(19.09)	(12.46)	(9.96)
Total Bank Funds	$ 49.37	$ 55.85	$ 44.22
Short-Term Tier			
Primary Liquidity Fund (Payden & Rygel)	$ 55.72	$ 186.08	$ 186.33
Extended Duration Fund (Merganser)	240.08	240.67	241.65
Total Short-Term Tier (VCIMCO)	$ 295.81	$ 426.75	$ 427.98
Long-Term Tier [B]			
Ram Fund + PA Fund [D]	$ 125.02	$ 128.75	$ 128.75
Central Bank Capital Reserve (VCIMCO)	43.30	44.87	44.87
Central Bank Unrestricted (VCIMCO)	14.47	15.00	15.00
Total Long-Term Tier (VCIMCO)	$ 182.80	$ 188.62	$ 188.62
Glasgow Endowment [B,D]			
Total Glasgow Endowment (VCIMCO)	$ 53.67	$ 55.21	$ 55.21
Liver Institute [B,C]	$ 26.18	$ 23.96	$ 23.96
Total University Funds:	$ 607.82	$ 750.40	$ 740.00

Indicates restricted funds

Comparative Federal Interest Rate:	As of 12/31/2023	As of 2/29/2024	As of 3/8/2024
1-year	4.79	5.01	4.92
10-year	3.88	4.25	4.09

[A] At FYE, the Controller's Office also adjusts the University's cash position with additional current year cash accruals.

[B] Reflects most recent end of month.

[C] Brunckhorst Gift for Liver Institute, received to date $30MM of $100MM; includes distributions made to date to the Institute of $10.36MM.

[D] Reflects updates to preliminary values from December 2023 board meeting.

Monitoring Report
as of March 8, 2024 (Preliminary)

Debt

	(in millions)		
VCU Long-Term Debt:	As of FY 2023	Quarter Ended 12/31/2023	As of 3/8/2024
Outstanding Bonds			
VCBA 9d	$ 72.69	$ 61.25	$ 61.25
VCBA 9d balances covered by Financing Agreements	$ 2.45	$ 1.38	$ 1.38
VCU 9c	$ 45.54	$ 45.54	$ 45.54
VCU 9d	$ 238.31	$ 238.31	$ 238.31
VCU 9d balances covered by Financing Agreements	$ 66.93	$ 64.35	$ 64.35
	$ 425.92	$ 410.83	$ 410.83
Debt Ratio:			
Debt Ratio (preliminary)	2.96%		
Estimated Unaudited Debt Ratio (excludes leases and installment purchases)		2.94%	2.94%

	(in millions)		
VCU Commercial Paper (JP Morgan):	As of FY 2023	Quarter Ended 12/31/2023	As of 3/8/2024
Current Outstanding [Refinanced- shown for historical comparision]:			
[ICA] - Tax-Exempt	$4.23	$0.00	$0.00
REF Broad & Belvidere Renovation - Taxable	$4.27	$4.27	$0.00
Subtotal	$8.50	$4.27	$0.00
Anticipated Future Draws (FY 2024)	-	-	$0.00
Commercial Paper Program Authorization:	$75.00	$75.00	$75.00
Projected Available Commercial Paper Balance:	$66.50	$70.73	$75.00

[D] Total cost of CP program also includes $193K for ongoing standby liquidity facility, rating agency surveillance, and paying agent fees.

Finance and University Resources Committee
Dashboard Metrics for Quarterly Review - March 2024

Finance

Area/Metric	Target/Goal/Benchmark	Actual/Outcome	Information/Notes
Bond ratings (AA credit rating is minimum to achieve Tier III designation)			
Moody's	Aa Category	Aa3	Rating reaffirmed March 2023, met goal
S&P	AA Category	AA-	Rating reaffirmed September 2023, met goal
Debt ratio (Debt policy requires 6% limit based on debt ratio)			
Calculated debt ratio	Threshold is S&P (6%) or Moody's rating group median (4.4%; FY22). Annual Debt Service / Operating Expense (as defined by each S&P and Moody's)	FY2023 debt ratio is 2.96% (estimated per Moody's calculation from 2023 financial statements); S&P calculation not available.	Current estimated debt ratio is within debt policy expectations. Debt ratios are calculated differently by S&P and Moody's.
Investment performance (calculated over previous 12 months as of December 31, 2023)			
Short-term tier	4.72%	5.98%	Short-term tier investments are in fixed income assets and are managed by external managers. Performance exceeds benchmark. See treasurer's report for more detail.
Long-term tier	17.06%	15.10%	Long-term tier investments include the Quasi endowment, central bank funds and Glasgow endowment, all under the management of VCIMCO. Performance falls below benchmark. See treasurer's report for more detail.
Quarterly review of budget to actual performance			
Revenues	For FY2024: Q1 - 36%, **Q2 - 66%**, Q3 - 84%, Q4 - 100%	FY2024 Q2 - $1,007,202 (67.57% of budget)	Revenue generation through Q2 is trending in a positive direction ahead of historical averages. Revenues include tuition, state, research, gifts, housing, dining, financial aid and other operating funds.
Expenses	For FY2024: Q1 - 29%, **Q2 - 49%**,	FY2024 Q2 - $779,053 (52.27% of budget)	VCU spending through Q2 is following revenues and trending ahead of historical averages. Expenses

	Q3 - 78%, Q4 - 100%		include academic, personnel, research, financial aid and other categories. See quarterly report for more information.
Supply chain diversity			
1. Percentage of discretionary spend with minority-owned businesses	5.50%	7.70%	Goals for FY2024/Actual for FY2023
2.Percentage of discretionary spend with woman-owned businesses	5.50%	2.30%	Goals for FY2024/Actual for FY2023

Development & Alumni Relations

Area/Metric	Target/Goal/Benchmark	Actual/Outcome	Information/Notes
Increase annual giving & alumni engagement			
Progress to campaign goal		$813,738,330 actual dollars raised	Current FY dollars raised: $145,719,121 Same time last year: $128,560,072 Percentage change: 13.3%
Primary giving by household/entity (< $50,000)		FYTD24: $9,637,973	Same time last year: $8,636,247 Percentage change: 11.6%
Major giving by household/entity ($50,000 - $999.9K)		FYTD24: $21,953,843	Same time last year: $15,611,371 Percentage change: 40.6%
Principal giving by household/entity ($1M+)		FYTD24: $114,127,305	Same time last year: $104,312,454 Percentage change: 9.4%
Donors		FYTD24: 15,681	Same time last year: 15,338 Percentage change: 2.2%
New donors		FYTD24: 3,579	Same time last year: 3,352 Percentage change: 6.8%

Government Relations Priorities

Reduce financial impact of military waivers (VMSDEP)

Increase undergraduate financial aid
Increase funding for faculty salaries
Increase state support for university research priorities
Secure authorization for School of Dentistry planning

VCU | Virginia Commonwealth University™

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
June 30, 2023

VCU

VIRGINIA COMMONWEALTH UNIVERSITY

Make it real.

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MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
(unaudited)

Virginia Commonwealth University's Management Discussion and Analysis (MD&A) provides a discussion and overview of the financial performance during the fiscal year ended June 30, 2023, with comparative information presented for the fiscal year ended June 30, 2022. While maintaining its financial health is crucial to the long-term viability of the University, the primary mission of a public institution of higher education is to provide education, research and public service.

This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with the accompanying financial statements and notes. The financial statements, notes and this discussion are the responsibility of management.

Understanding the Financial Statements

The MD&A focuses on VCU and is intended to foster a greater understanding of VCU's financial activities. Since this presentation includes summarized formats, it should be read in conjunction with the financial statements, which have the following four components:

Statement of Net Position presents a snapshot of VCU's assets and liabilities under the accrual basis of accounting at the end of each fiscal year presented. The Statement of Net Position helps the reader understand the type and amounts of assets available to support operations, how much VCU owes to vendors and bondholders and net position delineated based upon their availability for future expenditures.

Statement of Revenues, Expenses and Changes in Net Position presents VCU's revenues and expenses categorized between operating, non-operating and other related activities. The Statement of Revenues, Expenses and Changes in Net Position reports VCU's operating results for each fiscal year presented.

Statement of Cash Flows (SCF) provides information about VCU's sources (receipts) and uses (payments) of cash during the fiscal year. The SCF classifies sources and uses of cash into four categories, assists in determining whether VCU has the ability to generate future net cash flows to meet its obligations as they come due and in determining the need for external financing.

Notes to the Financial Statements (Notes) provide additional information to clarify and expand on the financial statements.

The MD&A provides objective analysis of VCU's financial activities based on currently known facts, decisions and conditions. The MD&A discusses the current year results in comparison to the prior year. To see discussions relating to the prior year, refer to last year's annual financial report on VCU's website.

Statement of Net Position

The term "Net Position" refers to the difference between total assets and deferred outflows to total liabilities and deferred inflows, as an indicator of VCU's financial condition. Changes in net position that occur over time indicate improvement or deterioration in VCU's financial condition.

Assets and liabilities are generally measured using current values with capital assets as the one notable exception because they are stated at historical cost less an allowance for depreciation.

Condensed Statement of Net Position

as of June 30,	2023	2022, as restated	$ Change	% Change
Current and other assets	$1,028,483,205	$989,298,212	$39,184,993	4%
Deferred outflows	88,745,166	103,027,078	(14,281,912)	(14%)
Capital assets – net	1,395,065,398	1,385,641,908	9,423,490	1%
Total assets and deferred outflows	2,512,293,769	2,477,967,198	34,326,571	1%
Current liabilities	282,344,022	282,015,231	328,791	0%
Noncurrent liabilities	912,406,021	861,580,501	50,825,520	6%
Deferred inflows	121,839,142	238,235,584	(116,396,442)	(49%)
Total liabilities and deferred inflows	1,316,589,185	1,381,831,316	(65,242,131)	(5%)
Net Position:				
Net investment in capital assets	911,208,654	912,663,628	(1,454,974)	(0%)
Restricted	252,177,702	215,350,320	36,827,382	17%
Unrestricted	32,318,228	(31,878,066)	64,196,294	201%
Total net position	$1,195,704,584	$1,096,135,882	$99,568,702	9%

Fiscal year 2022 has been restated to conform to the provisions of GASB 96, Subscription-based IT arrangements.

Total university assets and deferred outflows increased by $34.3 million or 1% during fiscal year 2023, bringing the total to $2,512.3 million at year-end. The increase is mostly due to investment activities and increased capital appropriations due from the state.

Total university liabilities and deferred inflows decreased by $65.2 million or 5% during fiscal year 2023. Deferred inflows decreased $116.4M, which was driven by changes in assumptions, proportions and investment experience relating to pensions. Additionally, pension obligations increased by $51M.

Total Net Position

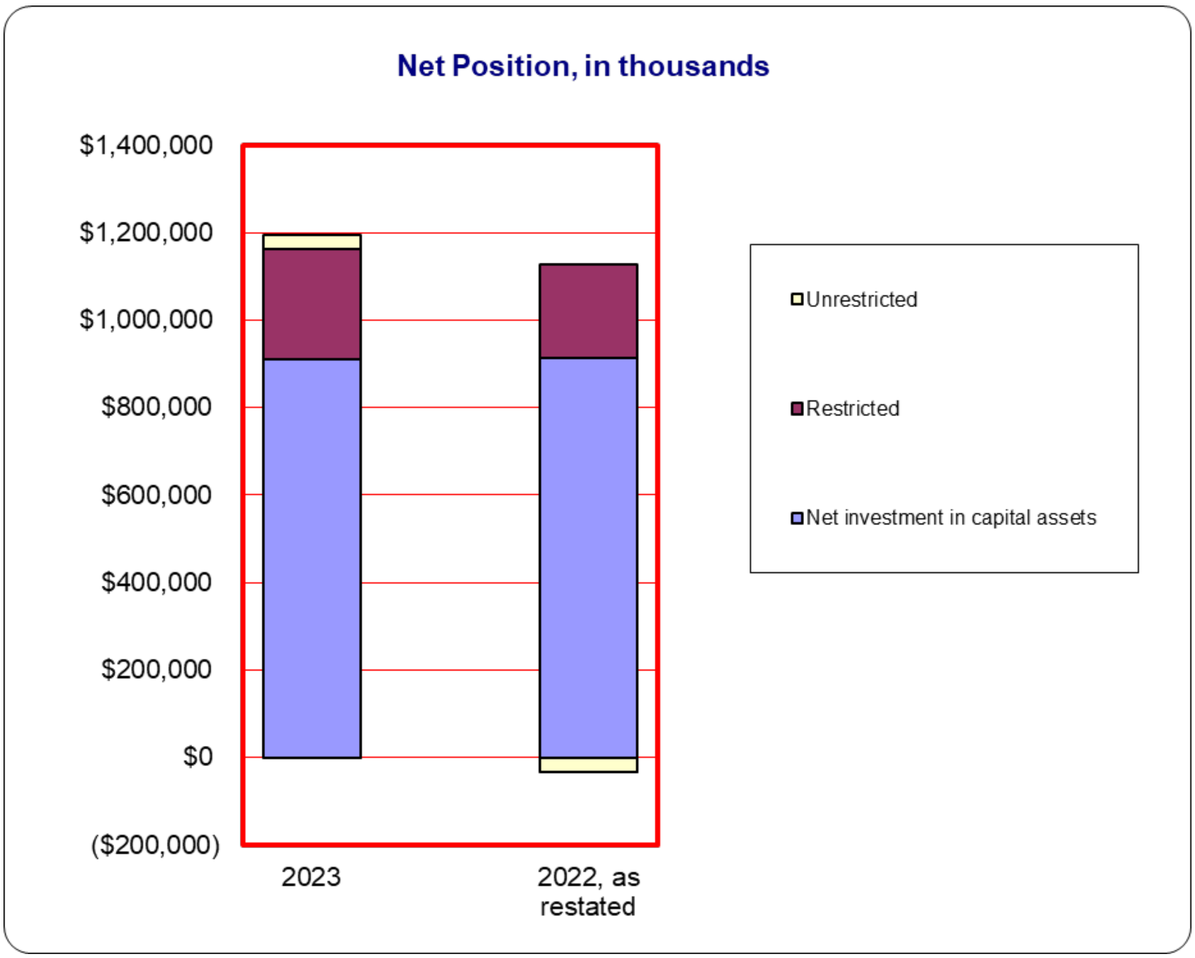
Net position is divided into three major categories:

Net investments in capital assets represents the University's total investment in capital assets, net of accumulated depreciation, amortization and related debt.

Restricted net assets are divided into two categories: nonexpendable and expendable. The corpus of nonexpendable restricted assets are only available for investment purposes. Expendable restricted assets are available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.

Unrestricted net position is available resources to the University for any lawful purpose.

The following graph and table illustrates the changes in the make-up of net position, between 2023 and 2022:



Total Net Position				
as of June 30,	2023	2022, as restated	$ Change	% Change
Net investment in capital assets	$911,208,654	$912,663,628	($1,454,974)	(0%)
Restricted	252,177,702	215,350,320	36,827,382	17%
Unrestricted	32,318,228	(31,878,066)	64,196,294	201%
Total net position	$1,195,704,584	$1,096,135,882	$99,568,702	9%

- Restricted net assets increased due to capital projects while unrestricted net assets increased due to reductions in liabilities and deferred inflows along with favorable market conditions.

Statement of Revenues, Expenses and Changes in Net Position

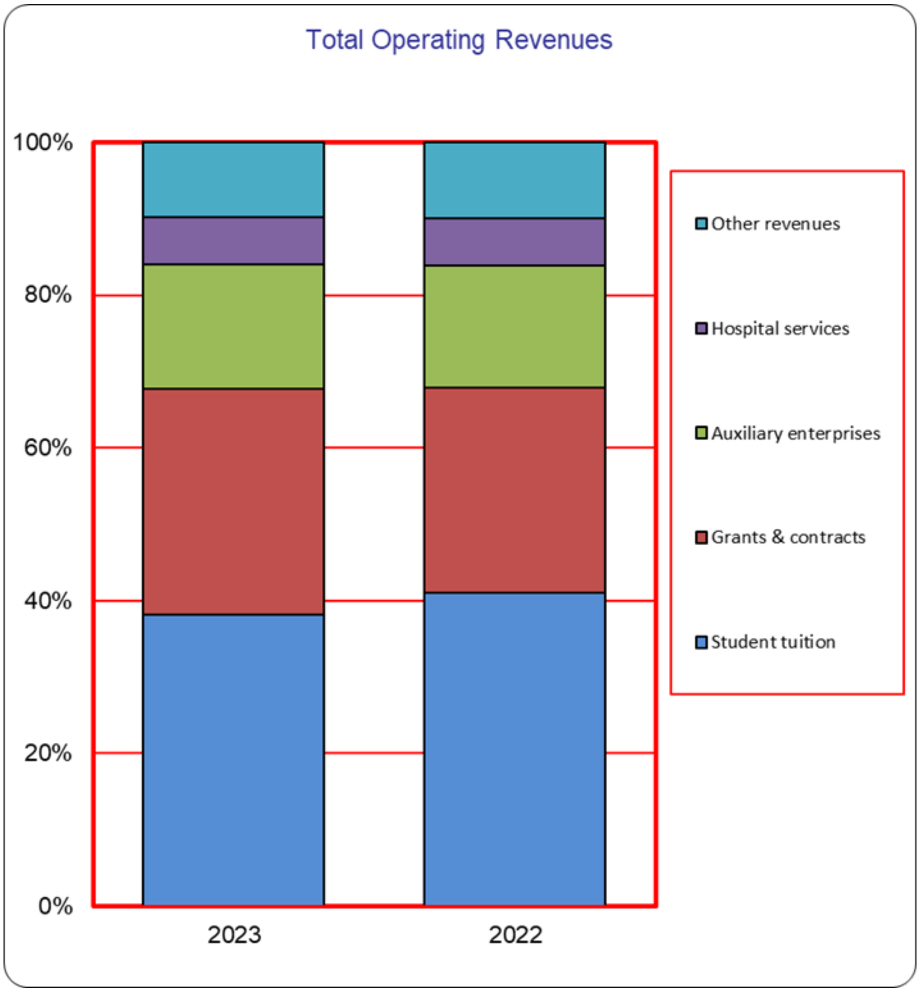
Due to the classification of certain revenues as non-operating revenue, VCU shows a loss from operations. State appropriations, while budgeted for operations, are considered non-operating revenues according to Governmental Accounting Standards Board (GASB) 35 standards and are reflected accordingly in the non-operating section of the Statement of Revenues, Expenses and Changes in Net Position, even though these funds are used solely for operating purposes.

The following is a summarized schedule of the revenues and expenses for the University:

Condensed Statement of Revenues, Expenses and Changes in Net Position				
For the Year Ended June 30,	2023	2022, as restated	$ Change	% Change
Operating revenue	$858,409,113	$815,401,063	$43,008,050	5%
Operating expense	1,320,723,964	1,202,496,364	118,227,600	10%
Operating loss	(462,314,851)	(387,095,301)	(75,219,550)	(19%)
Non-operating revenues, net of expenses	489,089,966	460,128,544	28,961,422	6%
Other revenues (expenses)	72,793,587	72,234,279	559,308	1%
Increase in net position	99,568,702	145,267,522	(45,698,820)	(31%)
Net position - beginning of year	1,096,135,882	950,868,360	145,267,522	15%
Net position - end of year	$1,195,704,584	$1,096,135,882	$99,568,702	9%

Revenues

Operating revenues increased $43 million, or 5%, in 2023 compared to the prior year.



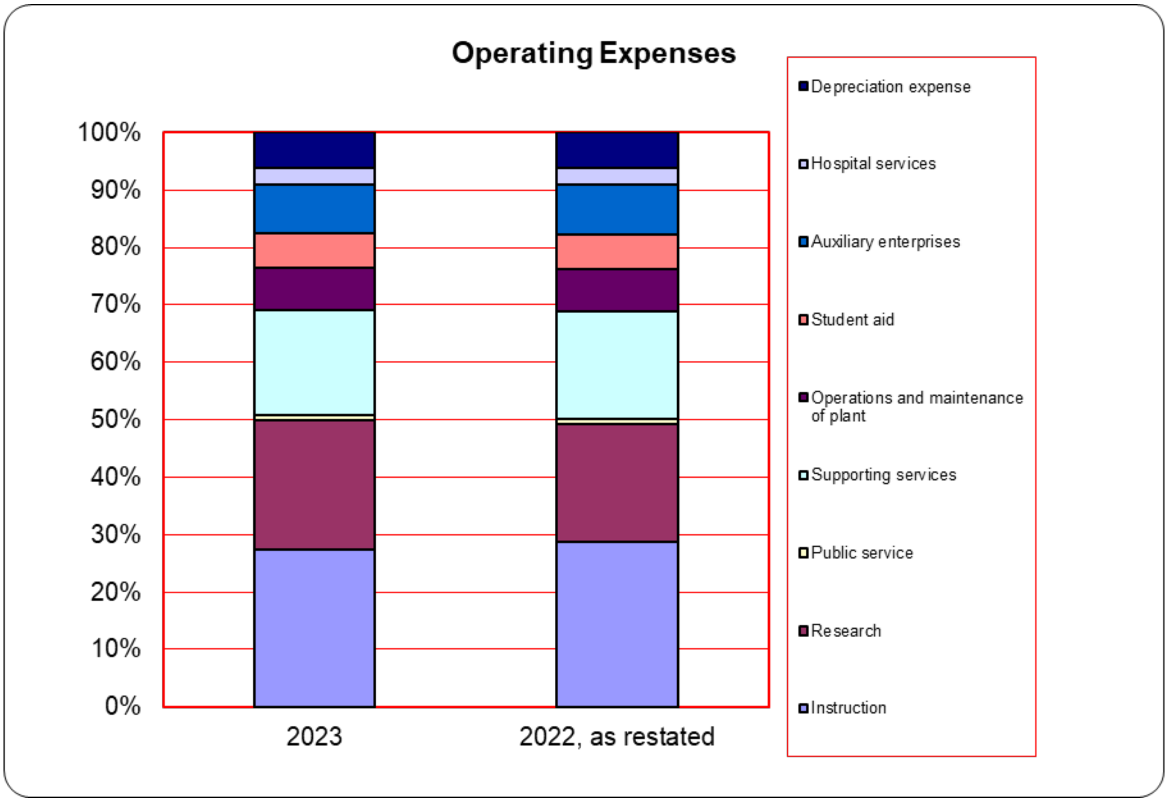
Total Operating Revenues

For the Year Ended June 30,	2023	2022	$ Change	% Change
Student tuition	$328,102,121	$334,818,635	($6,716,514)	(2%)
Grants & contracts	252,896,545	219,040,701	33,855,844	15%
Auxiliary enterprises	140,073,447	130,111,804	9,961,643	8%
Hospital services	53,580,828	49,789,069	3,791,759	8%
Other revenues	83,756,172	81,640,854	2,115,318	3%
Total operating revenues	$858,409,113	$815,401,063	$43,008,050	5%

- Operating revenues increased due grants and contracts as well as increases of auxiliary services resulting from the athletics, residential facilities and parking.

Expenses

Operating expenses increased $118.2 million, or 10%, over 2022 to $1.3 billion. The following chart summarizes operating expenses by functional classification:



Operating Expenses by Function

For the Year Ended June 30,	2023	2022, as restated	$ Change	% Change
Instruction	$362,295,975	$345,917,706	$16,378,269	5%
Research	296,074,546	245,935,346	50,139,200	20%
Public service	13,916,642	11,927,187	1,989,455	17%
Supporting services	240,826,659	223,775,574	17,051,085	8%
Operations and maintenance of plant	96,656,879	88,750,626	7,906,253	9%
Student aid	78,812,586	73,239,971	5,572,615	8%
Auxiliary enterprises	113,351,287	103,982,499	9,368,788	9%
Hospital services	38,528,570	33,901,270	4,627,300	14%
Depreciation/amortization expense	80,260,820	75,066,185	5,194,635	7%
Total operating expenses	$1,320,723,964	$1,202,496,364	$118,227,600	10%

- Increased research expenses are correlated to the increased research funding. Additional funds were spent on staffing and equipment.
- Increased expenses in both public and hospital services is due to increased staffing costs to provide such services.

Capital Assets and Related Financing Activities

Capital Assets

At June 30, 2023, VCU had $2.472 billion in capital assets, less accumulated depreciation of $1.077 billion, for net capital assets of $1.395 billion. VCU is committed to a comprehensive program of capital initiatives in support of the University's strategic plan.

Capital Assets, Net

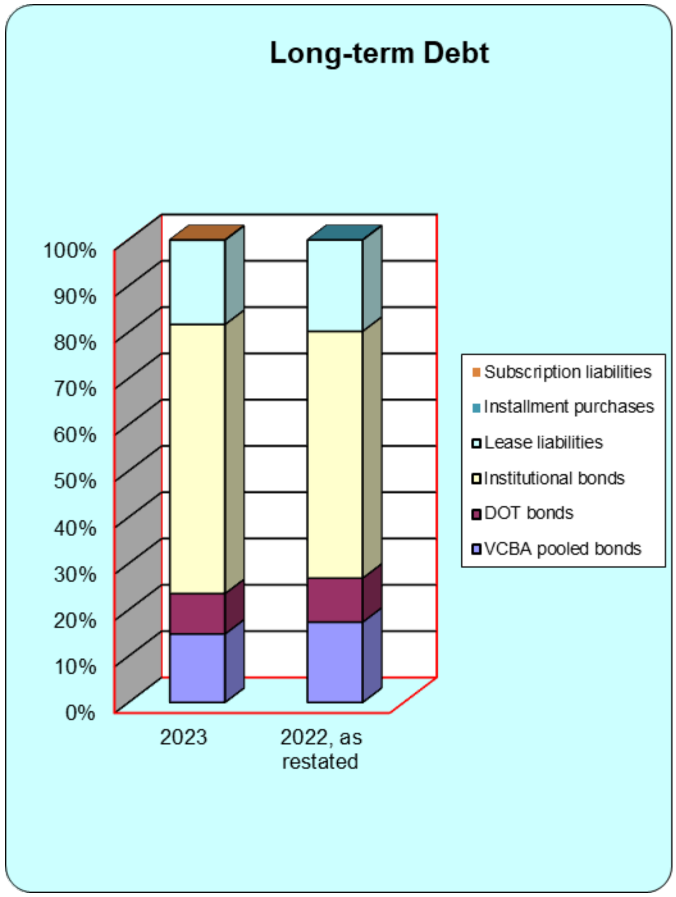
as of June 30,	2023	2022, as restated	$ Change	% Change
Land	$84,927,811	$84,927,811	-	0%
Land improvements and infrastructure	3,181,332	3,279,704	(98,372)	(3%)
Buildings	1,081,191,403	1,000,958,530	80,232,873	8%
Equipment	78,775,117	69,598,166	9,176,951	13%
Intangible (computer software)	899,659	1,068,322	(168,663)	(16%)
Library books	4,276,803	4,967,583	(690,780)	(14%)
Construction in progress	30,032,514	101,956,593	(71,924,079)	(71%)
Lease fixed assets	96,095,283	102,150,971	(6,055,688)	(6%)
Subscription based IT arrangements	15,685,476	16,734,228	(1,048,752)	(6%)
Total	$1,395,065,398	$1,385,641,908	$9,423,490	1%

- Changes in construction in progress include the completion of several projects.

Debt

At June 30, 2023, the University had $556.1 million in long-term debt outstanding.

Implementation of GASB 96, added subscription-based IT arrangements to the debt portfolio.



Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement assists users in assessing the University's ability to generate net cash flows, meet its obligations as they come due and its need for external financing.

The statement is divided into four sections:

1. Cash used by operating activities shows operating cash flows of the University.
2. Cash provided by noncapital financing activities reflects cash received and disbursed for purposes other than operating, investing and capital financing. GASB requires general appropriations from the Commonwealth and noncapital gifts be shown as cash flows from noncapital financing activities.

3. Cash used by capital and related financing activities presents cash used for the acquisition and construction of capital and related items. Plant fund and related long-term debt activities (except depreciation and amortization), as well as gifts to endowments, are included in cash flows from capital financing activities.
4. Net cash used by investing activities reflects cash generated from investments, which included purchases, proceeds and interest.

The following is a summary Statement of Cash Flows for the University for the years ended June 30, 2023 and 2022. For more detailed information, see the accompanying Statement of Cash Flows.

University	2023	2022	$ Change	% Change
Cash provided (used) by:				
Operating activities	($433,465,350)	($340,606,213)	($92,859,137)	27%
Noncapital financing activities	462,757,806	436,183,418	26,574,388	6%
Capital and related financing activities	(48,127,360)	(48,335,281)	207,921	(0%)
Investing activities	33,404,150	(92,073,722)	125,477,872	(136%)
Net increase (decrease) in cash	14,569,246	(44,831,798)	59,401,044	(132%)
Cash and cash equivalents, beginning of year	86,424,200	131,255,998	(44,831,798)	(34%)
Cash and cash equivalents, end of year	$100,993,446	$86,424,200	$14,569,246	17%

Economic Outlook

The following are known facts and circumstances that will affect future financial results:

State appropriations increased in the following areas:
- Affordable Access Funding - $10.4M
- Massey Comprehensive Cancer Center - $2.5M
- Financial Aid - $5.8M
- School of Nursing to address nursing shortage - $.5M

Fall 2023 FTE enrollment increased by 1.3% over the previous year.

The General Assembly approved a 5% salary increase for faculty and staff effective for the first payroll of fiscal year 2024 and another 2% effective on December 10, 2023.

FINANCIAL STATEMENT

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2023

	University	VCU Health System Authority
Current assets:		
Cash and cash equivalents (Note 2)	$ 82,682,331	$ 321,714,660
Short-term investments (Note 2)	319,884,271	-
Accounts receivable:		
Student and other, Net of allowance of $4,591,833	19,997,855	-
Sponsors	57,450,776	-
Patient, Net of allowance of $258,470,352	-	381,652,360
Third-party and non-patient	-	87,832,194
Contributions and gifts, Net of allowance of $1,360,916 (Note 5)	20,000,000	-
Due from University/component units	20,750,262	-
Due from Commonwealth of Virginia	36,084,655	-
Due from VCBA	11,284,411	-
Loans receivable, current portion	1,386,033	-
Current portion of assets whose use is limited (Note 2)	-	7,400,000
Other assets	4,740,035	83,353,544
Total current assets	574,260,629	881,952,758
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	18,311,115	-
Endowment investments (Note 2)	44,403,233	-
Other investments (Note 2)	201,051,470	57,105,567
Contributions and gifts, Net of discounts and allowance of $5,519,492 (Note 5)	45,819,147	-
Loans and Other receivable, Net of allowance of $789,005 (Note 4)	21,963,103	-
Due from University/component units	106,746,840	-
Assets whose use is limited, less current portion (Note 2)	-	1,476,023,904
Other long-term assets	-	25,344,067
Post Employment Benefits (Note 15)	15,927,668	-
Non-depreciable capital assets (Note 6)	114,960,325	135,059,447
Depreciable and amortizable capital assets (Note 6)	1,280,105,073	1,679,742,723
Total non-current assets	1,849,287,974	3,373,275,708
Total assets	2,423,548,603	4,255,228,466
Deferred outflows (Note 1U)	88,745,166	22,947,452
Total assets and deferred outflows	$ 2,512,293,769	$ 4,278,175,918

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2023

	MCV Foundation	VCU Foundation
Current assets:		
Cash and cash equivalents (Note 2)	$ -	$ 3,409,178
Short-term investments (Note 2)	120,655,000	-
Accounts receivable:		
Student and other, Net of allowance	-	42,259
Sponsors	-	-
Patient	-	-
Third-party and non-patient	-	-
Contributions and gifts, Net of allowance of $1,360,916 (Note 5)	6,112,000	2,130,338
Due from University/component units	-	200,614
Due from Commonwealth of Virginia	-	-
Due from VCBA	-	-
Loans receivable, current portion	-	-
Current portion of assets whose use is limited	-	-
Other assets	144,000	23,673
Total current assets	126,911,000	5,806,062
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	31,799,000	21,356,063
Endowment investments (Note 2)	300,676,000	51,691,103
Other investments (Note 2)	423,546,000	65,859,498
Contributions and gifts, Net of discounts and allowance of $5,519,492 (Note 5)	3,896,000	3,364,788
Loans and Other receivable	657,000	-
Due from University/component units	-	-
Assets whose use is limited, less current portion	-	-
Other long-term assets	4,392,000	-
Post Employment Benefits	-	-
Non-depreciable capital assets (Note 6)	217,000	-
Depreciable and amortizable capital assets (Note 6)	1,177,000	-
Total non-current assets	766,360,000	142,271,452
Total assets	893,271,000	148,077,514
Deferred outflows	-	-
Total assets and deferred outflows	$ 893,271,000	$ 148,077,514

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2023

	VCU Real Estate Foundation	VCU School of Business Foundation
Current assets:		
Cash and cash equivalents (Note 2)	$ 1,835,609	$ 3,757,844
Short-term investments	-	-
Accounts receivable:		
Student and other, Net of allowance	187,267	154,983
Sponsors	-	-
Patient, Net of allowance of $258,470,352	-	-
Third-party and non-patient	-	-
Contributions and gifts, Net of allowance of $1,360,916 (Note 5)	-	1,066,156
Due from University/component units	-	7,510
Due from Commonwealth of Virginia	-	-
Due from VCBA	-	-
Loans receivable, current portion	-	-
Current portion of assets whose use is limited	-	-
Other assets	10,779	162,383
Total current assets	2,033,655	5,148,876
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	-	1,980,916
Endowment investments (Note 2)	-	33,138,235
Other investments (Note 2)	787,341	25,853,873
Contributions and gifts, Net of discounts and allowance of $5,519,492 (Note 5)	-	86,634
Loans and Other receivable	10,585,018	-
Due from University/component units	-	-
Assets whose use is limited, less current portion	-	-
Other long-term assets	-	-
Post Employment Benefits	-	-
Non-depreciable capital assets (Note 6)	27,083,722	-
Depreciable and amortizable capital assets (Note 6)	57,953,579	19,484,931
Total non-current assets	96,409,660	80,544,589
Total assets	98,443,315	85,693,465
Deferred outflows	-	-
Total assets and deferred outflows	$ 98,443,315	$ 85,693,465

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2023

	VCU College of Engineering Foundation	Dentistry@ VCU
Current assets:		
Cash and cash equivalents (Note 2)	$ 942,134	$ 5,669,433
Short-term investments	-	-
Accounts receivable:		
Student and other, Net of allowance	-	56,694
Sponsors	-	-
Patient, Net of allowance of $258,470,352	-	4,830,002
Third-party and non-patient	-	-
Contributions and gifts, Net of allowance of $1,360,916 (Note 5)	768,545	-
Due from University/component units	75	-
Due from Commonwealth of Virginia	-	-
Due from VCBA	-	-
Loans receivable, current portion	-	-
Current portion of assets whose use is limited	-	-
Other assets	38,675	163,398
Total current assets	1,749,429	10,719,527
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	98,754	-
Endowment investments (Note 2)	16,594,279	-
Other investments (Note 2)	58,948,956	15,339,008
Contributions and gifts, Net of discounts and allowance of $5,519,492 (Note 5)	99,119	-
Loans and Other receivable	-	-
Due from University/component units	-	-
Assets whose use is limited, less current portion	-	-
Other long-term assets	-	-
Post Employment Benefits	-	-
Non-depreciable capital assets (Note 6)	4,307,317	-
Depreciable and amortizable capital assets (Note 6)	25,592,457	-
Total non-current assets	105,640,882	15,339,008
Total assets	107,390,311	26,058,535
Deferred outflows	-	-
Total assets and deferred outflows	$ 107,390,311	$ 26,058,535

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2023

	Eliminations	Total
Current assets:		
Cash and cash equivalents (Note 2)	$ -	$ 420,011,189
Short-term investments (Note 2)	-	440,539,271
Accounts receivable:		
Student and other, Net of allowance of $4,591,833	(890,239)	19,548,819
Sponsors	-	57,450,776
Patient, Net of allowance of $258,470,352	-	386,482,362
Third-party and non-patient	-	87,832,194
Contributions and gifts, Net of allowance of $1,360,916 (Note 5)	-	30,077,039
Due from University/component units	(20,958,461)	-
Due from Commonwealth of Virginia	-	36,084,655
Due from VCBA	-	11,284,411
Loans receivable, current portion	-	1,386,033
Current portion of assets whose use is limited (Note 2)	-	7,400,000
Other assets	(2,643,527)	85,992,960
Total current assets	(24,492,227)	1,584,089,709
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	-	73,545,848
Endowment investments (Note 2)	-	446,502,850
Other investments (Note 2)	30	848,491,743
Contributions and gifts, Net of discounts and allowance of $5,519,492 (Note 5)	-	53,265,688
Loans and Other receivable, Net of allowance of $789,005 (Note 4)	(8,294,978)	14,325,125
Due from University/component units	(117,331,858)	-
Assets whose use is limited, less current portion (Note 2)	-	1,476,023,904
Other long-term assets	-	29,736,067
Post Employment Benefits (Note 15)	-	15,927,668
Non-depreciable capital assets (Note 6)	-	281,627,811
Depreciable and amortizable capital assets (Note 6)	(68,317,719)	2,995,738,044
Total non-current assets	(193,944,525)	6,235,184,748
Total assets	(218,436,752)	7,819,274,457
Deferred outflows (Note 1U)	-	111,692,618
Total assets and deferred outflows	$ (218,436,752)	$ 7,930,967,075

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2023

		University		VCU Health System Authority
Current liabilities:				
Accounts payable and accrued liabilities (Note 8)	$	115,357,837	$	356,051,517
Unearned revenue (Note 9)		69,849,044		-
Due to University/component units		-		-
Due to Commonwealth of VA		-		-
Long-term liabilities - current portion (Note 12)		88,636,141		83,582,697
Short-term liabilities (Note 10)		8,501,000		-
Total current liabilities		282,344,022		439,634,214
Noncurrent liabilities:				
Funds held for others (Note 11)		15,510,808		-
Due to University/component units		-		-
Other		-		18,962,410
Long-term liabilities (Note 12)		534,563,114		770,846,446
Pension obligations (Note 14)		254,213,955		14,768,926
Post Employment Benefits (Note 15)		108,118,144		4,703,374
Total noncurrent liabilities		912,406,021		809,281,156
Total liabilities		1,194,750,043		1,248,915,370
Deferred Inflows (Note 1U)		121,839,142		49,832,918
Total liabilities and deferred inflows		1,316,589,185		1,298,748,288
Net investment in capital assets		911,208,654		1,331,799,237
Restricted for:				
Nonexpendable:				
Scholarships and fellowships		5,531,995		-
Departmental uses		61,833,408		22,634,649
Expendable:				
Scholarships and fellowships		6,377,477		-
Research		125,699,430		-
Departmental uses		19,864,732		4,653,219
Loans		3,042,560		-
Capital projects		29,828,100		-
Unrestricted		32,318,228		1,620,340,525
Total net position	$	1,195,704,584	$	2,979,427,630

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2023

	MCV Foundation	VCU Foundation
Current liabilities:		
Accounts payable and accrued liabilities (Note 8)	$ 1,435,000	$ 109,514
Unearned revenue	-	-
Due to University/component units	5,000	859,334
Due to Commonwealth of VA	-	-
Long-term liabilities - current portion (Note 12)	970,000	-
Short-term liabilities (Note 10)	207,000	-
Total current liabilities	2,617,000	968,848
Noncurrent liabilities:		
Funds held for others	255,000	-
Due to University/component units	1,941,000	41,434,368
Other	1,165,000	-
Long-term liabilities (Note 12)	965,000	260,502
Pension obligations	-	-
Post Employment Benefits	-	-
Total noncurrent liabilities	4,326,000	41,694,870
Total liabilities	6,943,000	42,663,718
Deferred Inflows	-	-
Total liabilities and deferred inflows	6,943,000	42,663,718
Net investment in capital assets	1,394,000	-
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	-	-
Departmental uses	308,561,000	52,841,361
Expendable:		
Scholarships and fellowships	-	-
Research	-	-
Departmental uses	511,156,000	17,863,600
Loans	-	-
Capital projects	-	-
Unrestricted	65,217,000	34,708,835
Total net position	$ 886,328,000	$ 105,413,796

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2023

	VCU Real Estate Foundation	VCU School of Business Foundation
Current liabilities:		
Accounts payable and accrued liabilities (Note 8)	$ 268,065	$ 148,657
Unearned revenue	3,045,698	164,715
Due to University/component units	7,203,217	1,769,292
Due to Commonwealth of VA	-	-
Long-term liabilities - current portion (Note 12)	-	-
Short-term liabilities (Note 10)	9,695,624	-
Total current liabilities	20,212,604	2,082,664
Noncurrent liabilities:		
Funds held for others	-	-
Due to University/component units	25,988,573	26,879,971
Other	751,358	-
Long-term liabilities (Note 12)	-	-
Pension obligations	-	-
Post Employment Benefits	-	-
Total noncurrent liabilities	26,739,931	26,879,971
Total liabilities	46,952,535	28,962,635
Deferred Inflows	-	-
Total liabilities and deferred inflows	46,952,535	28,962,635
Net investment in capital assets	42,219,758	4,830,181
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	-	-
Departmental uses	-	23,454,676
Expendable:		
Scholarships and fellowships	-	-
Research	-	-
Departmental uses	-	17,998,980
Loans	-	-
Capital projects	-	-
Unrestricted	9,271,022	10,446,993
Total net position	$ 51,490,780	$ 56,730,830

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2023

	VCU College of Engineering Foundation	Dentistry@ VCU
Current liabilities:		
Accounts payable and accrued liabilities (Note 8)	$ 198,196	$ 966,270
Unearned revenue	-	2,112,261
Due to University/component units	1,201,366	9,920,252
Due to Commonwealth of VA	-	-
Long-term liabilities - current portion (Note 12)	461,263	-
Short-term liabilities (Note 10)	1,000,000	-
Total current liabilities	2,860,825	12,998,783
Noncurrent liabilities:		
Funds held for others	-	-
Due to University/component units	59,027,475	-
Other	-	-
Long-term liabilities (Note 12)	4,188,638	-
Pension obligations	-	-
Post Employment Benefits	-	-
Total noncurrent liabilities	63,216,113	-
Total liabilities	66,076,938	12,998,783
Deferred Inflows	-	-
Total liabilities and deferred inflows	66,076,938	12,998,783
Net investment in capital assets	2,755,704	-
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	-	-
Departmental uses	16,629,776	-
Expendable:		
Scholarships and fellowships	-	-
Research	-	-
Departmental uses	10,858,964	-
Loans	-	-
Capital projects	-	-
Unrestricted	11,068,929	13,059,752
Total net position	$ 41,313,373	$ 13,059,752

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2023

	Eliminations	Total
Current liabilities:		
Accounts payable and accrued liabilities (Note 8)	$ -	$ 474,535,056
Unearned revenue (Note 9)	(2,643,527)	72,528,191
Due to University/component units	(20,958,461)	-
Due to Commonwealth of VA	-	-
Long-term liabilities - current portion (Note 12)	(5,281,240)	168,368,861
Short-term liabilities (Note 10)	-	19,403,624
Total current liabilities	(28,883,228)	734,835,732
Noncurrent liabilities:		
Funds held for others (Note 11)	-	15,765,808
Due to University/component units	(155,271,387)	-
Other	-	20,878,768
Long-term liabilities (Note 12)	(62,537,974)	1,248,285,726
Pension obligations (Note 14)	-	268,982,881
Post Employment Benefits (Note 15)	-	112,821,518
Total noncurrent liabilities	(217,809,361)	1,666,734,701
Total liabilities	(246,692,589)	2,401,570,433
Deferred Inflows (Note 1U)	(9,185,217)	162,486,843
Total liabilities and deferred inflows	(255,877,806)	2,564,057,276
Net investment in capital assets	(2,433,505)	2,291,774,029
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	-	5,531,995
Departmental uses	-	485,954,870
Expendable:		
Scholarships and fellowships	-	6,377,477
Research	-	125,699,430
Departmental uses	-	582,395,495
Loans	-	3,042,560
Capital projects	-	29,828,100
Unrestricted	39,874,559	1,836,305,843
Total net position	$ 37,441,054	$ 5,366,909,799

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2023

	University	VCU Health System Authority
Operating revenues:		
Student tuition and fees, Net of scholarship allowances of $144,033,175	$ 328,102,121	$ -
Federal grants and contracts	200,010,776	-
State grants and contracts	11,516,529	-
Local grants and contracts	1,142,261	-
Nongovernmental grants and contracts	40,226,979	-
Sales and services of educational departments	57,209,978	-
Auxiliary enterprises:		
Sales and services	87,634,730	-
Student fees, Net of scholarship allowances of $7,950,033	52,438,717	-
Hospital services	53,580,828	3,051,041,202
Other revenues	26,546,194	-
Total operating revenues	858,409,113	3,051,041,202
Operating expenses:		
Instruction	362,295,975	-
Research	296,074,546	-
Public service	13,916,642	-
Supporting services:		
Academic support	131,416,138	-
Student services	18,078,638	-
Institutional support	91,331,883	-
Operations and maintenance of plant	96,656,879	-
Student aid	78,812,586	-
Auxiliary enterprises	113,351,287	-
Hospital services	38,528,570	2,920,933,403
Depreciation/amortization expense	80,260,820	120,948,832
Other expenses	-	-
Total operating expenses	1,320,723,964	3,041,882,235
Operating gain/(loss)	(462,314,851)	9,158,967
Non-operating revenues (expenses):		
State appropriations (Note 24)	334,402,046	-
Federal Funding: CARES Act/COVID19 (Note 25)	23,019,470	3,736,934
Gifts	60,692,726	16,126,428
Investment income, Net of investment expense	37,791,819	117,595,439
Interest on capital asset-related debt	(17,767,772)	(32,444,630)
Pell revenue	33,247,755	-
Other	17,703,922	(30,713,376)
Net non-operating revenues	489,089,966	74,300,795
Income (loss) before other revenues and expenses	26,775,115	83,459,762
Other Revenues (expenses)		
Additions to permanent endowments	2,133	-
Capital appropriations	72,112,681	-
Capital gifts and grants	678,773	-
Increase (decrease) in beneficial interest in trusts	-	703,207
Other	-	-
Increase (decrease) in net position	99,568,702	84,162,969
Net position - Beginning of year, as restated (Note 1)	1,096,135,882	2,895,264,661
Net position - End of year	$ 1,195,704,584	$ 2,979,427,630

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2023

	MCV Foundation	VCU Foundation	VCU Real Estate Foundation
Operating revenues:			
Student tuition and fees	$ -	$ -	$ -
Federal grants and contracts	-	-	-
State grants and contracts	-	-	-
Local grants and contracts	-	-	-
Nongovernmental grants and contracts	-	-	-
Sales and services of educational departments	-	-	-
Auxiliary enterprises:			
Sales and services	-	-	-
Student fees	-	-	-
Hospital services	-	-	-
Other revenues	7,279,000	1,226,509	10,215,583
Total operating revenues	7,279,000	1,226,509	10,215,583
Operating expenses:			
Instruction	-	-	-
Research	-	-	-
Public service	-	-	-
Supporting services:			
Academic support	24,731,000	-	-
Student services	-	-	-
Institutional support	5,646,000	-	-
Operations and maintenance of plant	-	-	2,779,465
Student aid	6,030,000	-	-
Auxiliary enterprises	-	-	-
Hospital services	-	-	-
Depreciation/amortization expense	278,000	-	3,085,472
Other expenses	-	12,137,845	97,780
Total operating expenses	36,685,000	12,137,845	5,962,717
Operating gain/(loss)	(29,406,000)	(10,911,336)	4,252,866
Non-operating revenues (expenses):			
State appropriations	-	-	-
Federal Funding: CARES Act/COVID19	-	-	-
Gifts	21,010,000	10,466,384	-
Investment income, Net of investment expense	49,778,000	5,729,847	788,311
Interest on capital asset-related debt	-	-	(1,553,634)
Pell revenue	-	-	-
Other	907,000	(27,500)	33,327
Net non-operating revenues	71,695,000	16,168,731	(731,996)
Income (loss) before other revenues and expenses	42,289,000	5,257,395	3,520,870
Other Revenues (expenses)			
Additions to permanent endowments	23,925,000	4,113,328	-
Capital appropriations	-	-	-
Capital gifts and grants	-	-	-
Increase (decrease) in beneficial interest in trusts	-	(19,988)	-
Other	-	2,586	-
Increase (decrease) in net position	66,214,000	9,353,321	3,520,870
Net position - Beginning of year, as restated (Note 1)	820,114,000	96,060,475	47,969,910
Net position - End of year	$ 886,328,000	$ 105,413,796	$ 51,490,780

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2023

	VCU School of Business Foundation	VCU School of Engineering Foundation	Dentistry@ VCU
Operating revenues:			
Student tuition and fees	$ -	$ -	$ -
Federal grants and contracts	-	-	-
State grants and contracts	-	-	-
Local grants and contracts	-	-	-
Nongovernmental grants and contracts	-	-	-
Sales and services of educational departments	-	-	-
Auxiliary enterprises:			
Sales and services	-	-	-
Student fees	-	-	-
Hospital services	-	-	-
Other revenues	3,309,887	4,057,033	18,883,164
Total operating revenues	3,309,887	4,057,033	18,883,164
Operating expenses:			
Instruction	738,102	-	-
Research	-	-	-
Public service	-	-	-
Supporting services:			
Academic support	-	-	-
Student services	-	-	-
Institutional support	-	-	-
Operations and maintenance of plant	-	-	-
Student aid	-	-	-
Auxiliary enterprises	-	-	-
Hospital services	-	-	-
Depreciation/amortization expense	1,341,017	2,325,147	-
Other expenses	3,969,870	9,162,548	18,339,568
Total operating expenses	6,048,989	11,487,695	18,339,568
Operating gain/(loss)	(2,739,102)	(7,430,662)	543,596
Non-operating revenues (expenses):			
State appropriations	-	-	-
Federal Funding: CARES Act/COVID19	-	-	-
Gifts	1,837,754	1,046,429	-
Investment income, Net of investment expense	5,889,199	5,989,414	558,497
Interest on capital asset-related debt	(489,494)	(1,154,835)	-
Pell revenue	-	-	-
Other	-	-	-
Net non-operating revenues	7,237,459	5,881,008	558,497
Income (loss) before other revenues and expenses	4,498,357	(1,549,654)	1,102,093
Other Revenues (expenses)			
Additions to permanent endowments	342,645	224,479	-
Capital appropriations	-	-	-
Capital gifts and grants	-	-	-
Increase (decrease) in beneficial interest in trusts	-	-	-
Other	-	-	-
Increase (decrease) in net position	4,841,002	(1,325,175)	1,102,093
Net position - Beginning of year, as restated (Note 1)	51,889,828	42,638,548	11,957,659
Net position - End of year	$ 56,730,830	$ 41,313,373	$ 13,059,752

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2023

	Eliminations	Total
Operating revenues:		
Student tuition and fees, Net of scholarship allowances of $144,033,175	$ (774,693)	$ 327,327,428
Federal grants and contracts	-	200,010,776
State grants and contracts	-	11,516,529
Local grants and contracts	-	1,142,261
Nongovernmental grants and contracts	-	40,226,979
Sales and services of educational departments	(667,382)	56,542,596
Auxiliary enterprises:		
Sales and services	(632,195)	87,002,535
Student fees, Net of scholarship allowances of $7,950,033	-	52,438,717
Hospital services	(51,092,573)	3,053,529,457
Other revenues	(31,775,690)	39,741,680
Total operating revenues	(84,942,533)	3,869,478,958
Operating expenses:		
Instruction	(1,253,741)	361,780,336
Research	(2,013,958)	294,060,588
Public service	(3,351)	13,913,291
Supporting services:		
Academic support	(29,167,955)	126,979,183
Student services	(4,465)	18,074,173
Institutional support	(27,262)	96,950,621
Operations and maintenance of plant	(1,529,199)	97,907,145
Student aid	-	84,842,586
Auxiliary enterprises	(61,830)	113,289,457
Hospital services	(61,999,031)	2,897,462,942
Depreciation/amortization expense	(6,242,130)	201,997,158
Other expenses	(30,343,744)	13,363,867
Total operating expenses	(132,646,666)	4,320,621,347
Operating gain/(loss)	47,704,133	(451,142,389)
Non-operating revenues (expenses):		
State appropriations (Note 24)	-	334,402,046
Federal Funding: CARES Act/COVID19 (Note 25)	-	26,756,404
Gifts	(53,073,823)	58,105,898
Investment income, Net of investment expense	-	224120526
Interest on capital asset-related debt	3,674,798	(49,735,567)
Pell revenue	-	33,247,755
Other	(422,481)	(12,519,108)
Net non-operating revenues	(49,821,506)	614,377,954
Income (loss) before other revenues and expenses	(2,117,373)	163,235,565
Other Revenues (expenses)		
Additions to permanent endowments	-	28,607,585
Capital appropriations	-	72,112,681
Capital gifts and grants	(678,773)	-
Increase (decrease) in beneficial interest in trusts	-	683,219
Other	-	2,586
Increase (decrease) in net position	(2,796,146)	264,641,636
Net position - Beginning of year, as restated (Note 1)	40,237,200	5,102,268,163
Net position - End of year	$ 37,441,054	$ 5,366,909,799

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

		University
Cash flows from operating activities:		
Tuition and fees	$	326,165,624
Grants and contracts		227,655,129
Auxiliary enterprise charges		140,917,921
Sales and services of education departments		57,209,978
Hospital services charges		54,334,192
Payments to suppliers		(430,196,906)
Payments to employees		(834,248,918)
Loans issued to students		(1,428,087)
Direct lending receipts		202,236,695
Direct lending disbursements		(202,236,695)
Custodial receipts		48,466,531
Custodial disbursements		(52,519,493)
Collection of loans to students		979,016
Other receipts (payments)		29,199,663
Net cash used by operating activities		(433,465,350)
Cash flows from noncapital financing activities:		
State appropriations		331,768,925
Federal Funding CARES Act/COVID19		23,019,470
Insurance recoveries		399,107
Pell revenue		33,247,755
Gifts		74,322,549
Net cash provided by noncapital financing activities		462,757,806
Cash flows from capital and related financing activities:		
Proceeds from issuance of note payable		67,910,000
Bond proceeds disbursed to VCUREF		(96,226)
Capital gifts		678,773
State appropriations for capital assets		47,412,732
Purchase of capital assets		(95,028,016)
Principal paid on capital-related debt		(51,375,435)
Interest paid on capital-related debt		(17,629,188)
Net cash used by capital financing activities		(48,127,360)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments		2,648,002,350
Investment income		13,711,411
Purchases of investments		(2,628,309,611)
Net cash provided by investing activities		33,404,150
Net increase in cash		14,569,246
Cash and cash equivalents - Beginning of year		86,424,200
Cash and cash equivalents - End of year	$	100,993,446

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

RECONCILIATION OF NET OPERATING EXPENSES TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating gain/(loss)	$	(462,314,851)
Adjustments to reconcile net gain/(loss) to net cash used by Operating activities:		
Depreciation/amortization expense		80,260,820
Provision for uncollectible accounts		5,903,412
Changes in assets, liabilities, deferred inflows and deferred outflows:		
Receivables		(21,865,712)
Other assets		4,027,674
Deferred outflows of resources - pension and other post employment benefits		13,313,912
Accounts payable and other liabilities		17,795,847
Unearned revenue		(6,435,615)
Custodial funds		(4,052,962)
Compensated absences and deferred compensation		(4,464,569)
Deposits		(2,350,124)
Deferred inflows of resources - pension and other post employment benefits		(115,442,178)
Pension obligations and other post employment benefits		62,158,996
Net cash used by operating activities	$	(433,465,350)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	
Loss on disposal of capital assets	(2,028,369)
Amortization of bond premium and discount	(2,420,825)
Unrealized gain/(loss) on investments	25,841,327
Amortization of deferral on debt defeasance	(1,148,884)
Retainage Payable	(2,655,298)
Lease liabilities assumed related to right to use leased assets	(9,643,510)

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Virginia Commonwealth University (VCU) is supported by the Commonwealth of Virginia to serve the Richmond area, the state and the nation through teaching, research, service and patient care. The VCU Health System supports the University's health care education, research and patient care mission.

VCU is a public research university located in Richmond, the state capital of Virginia. Founded in 1838 as the medical department of Hampden-Sydney College, VCU became the Medical College of Virginia in 1854. In 1968, the General Assembly merged MCV with the Richmond Professional Institute, founded in 1917, to create Virginia Commonwealth University.

Today, more than 28,000 students pursue over 200 degree and certificate programs through VCU's 11 schools and 3 colleges. VCU is designated as a research university with very high research activity by the Carnegie Foundation. A broad array of university-approved centers and institutes of excellence, involving faculty from multiple disciplines in public policy, biotechnology and health care discoveries, supports the University's research mission. Twenty-nine programs are ranked by U.S. News & World Report as among the best in the country.

VCU and VCU Health System Authority's accounting policies conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including all applicable GASB pronouncements. The accounting policies of the Medical College of Virginia Foundation, Virginia Commonwealth University Foundation, Virginia Commonwealth University Real Estate Foundation, Virginia Commonwealth University School of Business Foundation, Virginia Commonwealth University College of Engineering Foundation and Dentistry@VCU conform with the generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB).

The accompanying financial statements are prepared in accordance with generally accepted accounting principles as prescribed by GASB Statement 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* and GASB Statement 35 *Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities.* Because the University is a component unit of the Commonwealth of Virginia, it is included in the Annual Comprehensive Financial Report of the Commonwealth.

A. Reporting Entity

The accompanying financial statements include the accounts of all organizational units of Virginia Commonwealth University and the Virginia Commonwealth University Intellectual Property Foundation, a component unit which is blended (consolidated) with University operations. These statements are presented as stand-alone statements of the University.

The Virginia Commonwealth University Intellectual Property Foundation functions as a nonprofit charitable foundation solely to assist inventors, mainly from VCU, in licensing and patenting technologies. The sole purpose of this foundation is to promote, encourage and aid scientific investigation and research and to manage intellectual property developed at VCU for the benefit of the University.

In accordance with GASB Statement 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement 61, *The Financial Reporting Entity Omnibus*, amendments to GASB Statement 14, the financial statements include the Medical College of Virginia Foundation, Virginia Commonwealth University Foundation, Virginia Commonwealth University Real Estate Foundation, Virginia Commonwealth University College of Engineering Foundation, Virginia Commonwealth University School of Business Foundation, Dentistry@VCU and Virginia Commonwealth University Health System Authority which are presented discretely in the accompanying financial statements. Statement 39 provides additional guidance to determine whether certain organizations, for which the University is not financially accountable, should be reported as component units. Generally, it requires that an organization that raises and holds economic resources for the direct benefit of the University be reported as a component unit. As a result, where in the past the University presented summary financial information of certain of its foundations in the notes to the financial statements, the University is required under Statement 39 to include selected foundations in the body of its financial statements.

Virginia Commonwealth University Health System Authority (the Authority) is a public corporate body and political subdivision of the Commonwealth of Virginia created and established by an Act of the General Assembly of the Commonwealth of Virginia during 1996. The Authority is tax-exempt as an integral part of the Commonwealth of Virginia.

The Authority's principal activity is the operation of the Medical College of Virginia Hospitals (VCUMC), Medical College of Virginia Associated Physicians (MCVAP), Community Memorial Hospital (CMH), Tappahannock Hospital (TAPP), Children's Hospital (Children's), Virginia Children's Care Network (VCCN), Ambulatory Surgical Center (ASC), University Health Services, Inc. (UHS) and Aries Insurance Services, Ltd. (ARIES). Each of these component units are blended into the Authority for purposes of financial statement reporting.

VCUMC is an approximately 800-bed teaching hospital, which provides inpatient, outpatient and emergency care services primarily to patients in the Commonwealth of Virginia.

MCVAP, formed in 1991 as a non-stock, not-for-profit charitable educational organization with the Authority as sole corporate member, functions as the group practice plan for those physicians and health care professionals who have faculty appointments in the VCU School of Medicine (SOM).

CMH located in South Hill, Virginia, is a not for profit healthcare facility. CMH provides inpatient, outpatient, emergency care and long-term care of residents of Southside Virginia. CMH Physician Services, LLC (CMHP) is a component unit of CMH and operates outpatient clinics in South Hill, Clarksville, and Chase City, Virginia. CMHP is organized as a single member limited liability company, of which CMH is the sole member. CMHP is disregarded for tax purposes. Community Memorial Foundation (CMH Foundation), a component unit of CMH, was established to solicit, administer, and distribute funds to support the charitable purpose of CMH.

TAPP, located in the eastern neck of Virginia, is a not-for-profit healthcare facility. TAPP is a 67-bed hospital which provides services ranging from traditional hospital care to intensive care. In January 2021, the Authority purchased TAPP from Riverside Hospital.

Children's was created in 1920 and is a Virginia not-for-profit corporation. The 47-bed hospital provides pediatric specialty care to both inpatients and outpatients. On January 1, 2021, the outpatient therapy service and operating room from Children's now operate under the license of VCUMC. The dental clinic is still operated on site and is part of the overall business of Children's.

VCCN was created in April 2020 as a single member limited liability company in the Commonwealth of Virginia. It is the first clinically integrated network for VCUHSA. The network was established to improve the health of Virginia's children by improving access to medical services, coordinating care, enhancing communication and professional satisfaction, and expanding opportunities for quality, safety, research and education.

ASC was created in May 2021 as a single member limited liability company in the Commonwealth of Virginia. The ASC was created to provide ambulatory surgical services to preserve and restore the health of patients in the Richmond community, Virginia and beyond.

UHS is a not-for-profit, non-stock, tax-exempt corporation, which was incorporated on January 26, 1995 to support the educational, scientific, and charitable purpose and activities of the University and, in particular, the activities of the SOM and VCUMC. These activities include, but are not limited to, activities undertaken pursuant to Section 23-50.16B of the Code of Virginia. UHS is the sole member of UHS Professional Education Programs, Inc. (UHS PEP), which was also created in 1995 for the purpose of providing educational programs for VCUMC physicians and other physicians within and outside of Virginia.

ARIES is a wholly owned captive insurance company domiciled in the Cayman Islands, which was incorporated in May 2018 to manage certain insurance risks and reduce insurance costs to the companies that comprise the Authority. Polices may cover, but not limited to, health care professional liability, general liability, medical professional liability, commercial automobile liability, affiliated miscellaneous liability, worker compensation, excess umbrella coverage and related risks of the Authority and certain affiliates.

The Medical College of Virginia Foundation (MCV Foundation) is a not-for-profit corporation organized to aid, strengthen and extend the work, services and objectives of the MCV Campus of the University. This mission is achieved by receiving contributions, investing and managing funds, disbursing current funds and a portion of the total return on endowment and providing information about the activities of the MCV Campus and the MCV Foundation. The MCV Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3).

The Virginia Commonwealth University Foundation (VCU Foundation) is a Virginia corporation, which functions as a nonprofit charitable foundation solely to assist, support, and foster VCU in all proper ways that may, from time to time, be approved by the trustees of the VCU Foundation with the guidance of VCU. The VCU Foundation manages and distributes current and endowment gifts for schools, departments and programs throughout VCU with major emphasis on programs for the Monroe Park Campus. The VCU Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3).

The Virginia Commonwealth University Real Estate Foundation is a Virginia corporation, which functions as a nonprofit charitable foundation solely to assist and support VCU by holding and managing real estate for its benefit. The Virginia Commonwealth University Real Estate Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3). This foundation includes additional subsidiaries: 535 West Broad Street LLC, 501 West Broad Street LLC, 916-918 Grace LLC, Sunshine RVA LLC, 1609 Sherwood LLC and Venture Development LLC.

The Virginia Commonwealth University College of Engineering Foundation is a Virginia corporation, which functions as a nonprofit charitable foundation solely to provide financial and other support to the College of Engineering for the benefit of VCU. The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3).

The Virginia Commonwealth University School of Business Foundation is a Virginia corporation, which functions as a nonprofit charitable foundation solely to provide financial and other support to the School of Business for the benefit of VCU. The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3).

Dentistry@VCU, was incorporated on June 26, 1991 and commenced operations on January 1, 1992 as a non-stock, non-profit organization to support the education, research, service and patient care mission of the School of Dentistry of Virginia Commonwealth University. The financial statements include Dentistry@VCU, Dentistry – VCU

Continuing Education, LLC, VCU Diagnostic Services, LLC, VCU Dental Faculty Practice, LLC and VCU Oral-Facial Surgery and Services, LLC which are wholly-owned subsidiaries of Dentistry@VCU. The entity is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3).

The University also benefits from a number of organizations that exist mainly to support the various purposes and activities of the University and the Authority. The assets of these affiliated organizations, which are separately incorporated and managed by their own Boards, are not included in these statements. The affiliated organizations are listed below and are described in Note 12:

- Virginia Biotechnology Research Park Partnership Authority
- VCU Investment Management Company (VCIMCO)

Complete financial statements for the foundations can be obtained by writing the VCU Controller's Office, P.O. Box 843035, Richmond, VA 23284-3035.

B. Basis of Accounting

The financial statements of the University have been prepared using the economic resources measurement focus and the accrual basis, including depreciation expense relating to capitalized fixed assets. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has incurred. All significant intra-agency transactions have been eliminated.

Revenues, as reflected on the Statement of Revenues, Expenses and Changes in Net Position, include all exchange and non-exchange transactions earned in which all eligibility requirements have been satisfied, if measurable and probable for collections. Unearned revenue represents revenue collected, but not earned, as of June 30, 2023. This is primarily composed of revenue for grants and contracts and tuition and fees. Revenues for the summer term are prorated on the basis of student class days occurring before and after June 30.

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Allowance for Uncollectible Receivables

The allowance for uncollectible receivables is based on management's evaluation of the collectability of individual receivables. Receivables are charged against the allowance when deemed to be uncollectible. Added to the allowance is subsequent recoveries.

D. <u>Lease Receivable</u>

The University determines if an arrangement contains a long-term lease at the inception of a contract and the lease classification is determined at the commencement date. Short-term leases with an initial term of 12 months or less, including all renewal options, are not recorded on the Statement of Net Position and are recognized as inflows of resources in the period to which the payments relate. Long-term leases are capitalized and the lease term includes renewal options that are reasonably certain of being exercised. The University's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under some lease agreements, the University may receive variable payments based on future performance by the lessee. These variable payments are not included in the measurement of the lease receivable and are recognized as inflows of resources in the period to which those payments relate. Any component of the variable payments that is fixed in substance is included in the measurement of the lease receivable.

A deferred inflow of resources is recorded at the commencement of a lease in an amount equal to the initial recording of the lease receivable. This is amortized on a straight-line basis over the term of the lease.

E. <u>Pledges Receivable</u>

Unconditional gifts are recognized when the donor makes a promise to give that is, in substance, unconditional. Unconditional gifts expected to be collected within one year are recorded at their net realizable value. Unconditional gifts expected to be collected in future years are recorded at the net present value of the estimated future cash flows.

Donations or contributions of land, buildings, equipment and gifts-in-kind except contributed services are recorded at fair market value when received or pledged, if earlier.

F. <u>Investments</u>

Investments in open-end mutual funds, debt securities and equity securities that have readily determinable fair values are carried at fair value. The fair values of marketable equity securities, bonds and other investments are based on quoted market prices. Investments held in the liquidity fund of the University are reported as current assets with the remaining investments reported as noncurrent assets.

G. <u>Inventories</u>

Inventories are valued at the lower of cost (generally determined on the first-in, first-out method) or market.

H. <u>Investment Income</u>

Investment income, including net realized and unrealized gains or losses on investment transactions and investment expense, is recorded as non-operating revenue.

It is the practice of the VCU Foundation, MCV Foundation, Virginia Commonwealth University College of Engineering Foundation and Virginia Commonwealth School of Business Foundation to appropriate for distribution a set percentage of the average market value of endowment funds to be utilized for the purpose of the fund as stipulated by the donor and/or established by the Foundation. Distributions from underwater funds are prohibited.

I. Accrued Compensated Absences

University full-time classified, part-time classified and faculty employed on or after January 1, 1999, who are also active members of the Virginia Retirement System (VRS), are covered under the "Virginia Sickness and Disability Program" (VSDP). The plan provides for sick leave, family and personal leave, short-term disability benefits and long-term disability benefits. Full-time classified, part-time classified and faculty employed prior to January 1, 1999, who are active members of VRS, participate in VSDP under one of two options or remain under the traditional sick leave program in which classified employees and twelve month faculty earn 5 hours of leave each pay period regardless of the length of state service and nine month faculty accrue 48 hours per semester. One VSDP option permitted eligible employees to convert accumulated sick leave balances to short-term disability credits. The other allowed for the conversion of sick leave balances to VRS service credit. The University was not required to currently fund the cost of conversion to VRS service credit. Enrollment in the VSDP is irrevocable and no additional enrollments are planned. Under VSDP, unused VSDP sick leave and family and personal leave balances do not carry forward from one year to the next and employees are not paid for unused balances upon termination. The converted short-term disability credits of classified employees are payable upon termination in accordance with the Commonwealth of Virginia's sick leave payout policy discussed below. Faculty who converted sick leave balances to short-term disability credits are not compensated for these balances at termination.

Full-time and part-time, twelve-month faculty and classified employees earn annual leave based upon the number of years of continuous state service. Faculty and classified employees carry forward annual leave balances from one year to the next based on the years of service. Upon termination, the payout of unused annual leave balances is subject to the maximum payout policy for each category of employee.

University and academic professionals earn paid leave, university leave, based on their length of employment with the University. The equivalent of one year's leave accrual can be carried over. Upon termination, all leave earned, but not used, is paid to the employee.

Employees who are not subject to the overtime provisions of the Fair Labor Standards Act may be eligible to earn compensatory leave. Leave is earned on an hour-for-hour basis for having worked additional hours in a workweek, holidays or scheduled days off. Compensatory leave may be used for paid time off and is payable upon termination.

Accrued compensatory leave lapses, within 12 months from the date it is earned, and once lapsed may not be used or paid upon termination.

The University records a liability for all unused university leave, annual, non-VSDP sick and compensatory leave, unused short-term disability credits, as well as related fringe benefits. Compensatory and university leave balances are paid in full upon termination. Annual leave balances are paid in full up to a maximum number of hours, depending upon length of service. Non-VSDP sick leave and short-term disability credits are payable upon employment termination and are limited to 25 percent of the value accumulated or $5,000, whichever is less, under the Commonwealth of Virginia's sick leave pay-out policy for employees with 5 or more years of service.

The Authority records a liability for all paid time off and related payroll taxes expected to be paid.

J. Capital Assets

Capital assets are stated at cost or, if donated, at acquisition value; however, transfers between related reporting entities are recorded at the carrying value at time of transfer.

Equipment costing $5,000 or more with a useful life of 2 or more years is capitalized. Infrastructure assets are included in the financial statements and are depreciated. The threshold to capitalize right to use, lease and subscription assets is a value of $50,000 or greater with a term of 12 months or greater.

The University and the Authority record depreciation on property, plant and equipment, including capital finance purchases and excluding land and construction in progress, computed over the estimated useful lives of the assets based on the straight-line method. The general range of estimated useful lives is 10 to 50 years for buildings and fixtures and 5 to 20 years for equipment. The estimated useful life of library books is 5 years. The general range of estimated useful lives is 10 to 25 years for land improvements and infrastructure. Expenditures for construction in progress are capitalized as incurred and reflected in net investment in plant.

Right to use, lease and subscription assets are initially measured at the sum of lease payments made prior to the commencement of the lease term or subscription, less any incentives, indirect costs that are ancillary charges necessary to place the leased asset into service and the net present value of future lease payments. These assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Capital assets at the time of disposal revert to the Commonwealth of Virginia for disposition.

The VCU College of Engineering Foundation, VCU School of Business Foundation and VCU Foundation record the acquisition of real estate at cost, or if donated, at fair market value at the time of donation; however, transfers between related reporting entities are recorded at the carrying value at time of transfer. Depreciation is provided for properties that are actively rented, using the straight-line method, at rates adequate to amortize the cost of the property over its estimated useful life. The estimated lives of these properties are between 10 and 40 years.

The VCU Real Estate Foundation records the acquisition of equipment at cost, or if donated, at fair market value at the time of donation; however, transfers between related reporting entities are recorded at the carrying value at time of transfer. Depreciation is computed using the straight-line method over the estimated lives of the equipment. The estimated useful lives for equipment are between 5 and 20 years.

The MCV Foundation records property and equipment at cost for purchased items and at fair value for donated items; however, transfers between related reporting entities are recorded at the carrying value at time of transfer. Acquisitions of fixed assets, with a cost less than $5,000, are expensed as acquired. Depreciation is computed on a straight-line basis over the estimated useful life of the asset. The estimated useful lives range between 3 and 39 years.

K. Hospital Services

In addition to the services provided by the Authority to patients, the University provides facilities, graduate medical education, clinical support and administrative support to hospitals. The revenues and expenditures necessary to provide the services are classified as hospital services.

L. Charity Care

The Authority provides care to patients who meet certain criteria under its indigent care policy without charge or at amounts less than its established rates. Since the Authority does not pursue collection of charges determined to qualify as uncompensated care from the patients, they are not reported as revenue. The costs of providing these services are included in the Authority's operating expenses. Medicaid reimburses the Authority for a substantial portion of its costs of providing services to Medicaid and indigent patients. The Authority's estimated costs for the services provided for this care, net of reimbursement from the Commonwealth of Virginia, approximated $19,189,000 in 2023.

M. Net Patient Service Revenue

Net patient service revenue is reported in hospital services at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive adjustments under payment agreements with third-party payers and include estimated retroactive adjustments due to ongoing and future audits, reviews and investigations. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as adjustments and settlements become known or as years are no longer subject to such audits, reviews, appeals and investigations. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The effect of these settlement adjustments was to increase the Authority's net patient service revenue by approximately $44,823,000 in 2023. Estimated settlements due to and from third-party payers include amounts that are currently under appeal with various federal and state agencies. Net patient service revenue includes an estimate of uncollectable charges which is a deduction from gross revenue. The Authority's estimated cost associated with these charges is approximately $126,273,000 for the year ended June 30, 2023.

A summary of the payment arrangements with major third-party payers follows:

- Anthem – Inpatient acute care services rendered to Anthem subscribers are paid at prospectively determined rates per discharge or discounted rates. Outpatient services rendered to Anthem subscribers are paid at discounted rates or applicable fee schedule. The rates can be subject to retroactive adjustments based on quality standards or calculations above a predetermined charge increase percentage.

- Medicare – Inpatient acute care services and defined capital costs rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates may vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient non-acute services, certain outpatient services and education related to Medicare beneficiaries are paid based on prospectively determined rates and a discounted cost payment methodology. The Authority is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicare fiscal intermediary. The Authority's Medicare cost reports have been final audited by the Medicare fiscal intermediary through June 30, 2014.

- Medicaid – Inpatient acute care services rendered to Medicaid program beneficiaries are paid at a per diem rate and APDRG (rates per discharge) prospective payment system on an interim basis but eventually settle to a percentage of cost. Outpatient services rendered to Medicaid program beneficiaries are paid on prospectively determined rates and a cost reimbursement methodology. In addition to inpatient and outpatient services provided to Medicaid program beneficiaries, Medicaid reimburses the Authority most of its costs related to services provided to indigent patients and its education mission which resulted in total Medicaid and indigent reimbursement to the Authority of approximately $753,896,000 in 2023. The Authority's Medicaid cost reports have been audited by the Medicaid program representative through June 30, 2019.

N. <u>Uncollectible Patient Accounts</u>

A provision for uncollectible accounts is recorded during the period in which collection is considered doubtful.

O. <u>Net Position</u>

GASB standards require the classification of net position into three components: net investment in capital assets, amounts that are restricted and amounts that are unrestricted. These classifications are defined as follows:

- Net investment in capital assets represents the net value of capital assets less the debt incurred to acquire or construct the asset. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component.
- Nonexpendable restricted consists of gifts that have been received for endowment purposes, the corpus of which cannot be expended.
- Expendable restricted represents restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets may be restricted through external constraints imposed by grantors, contributors or creditors through bond covenants.
- Unrestricted is the net amount of assets, deferred outflows of resources, related liabilities and deferred inflows of resources that do not have external restrictions on the use of the funds.

Unexpended appropriations for capital projects are included in expendable restricted net position as they are not available for general operating purposes.

When an expense is incurred and both restricted and unrestricted resources are available that are properly chargeable to the restricted resources, the University's policy is to apply the expense towards restricted resources before unrestricted resources.

The Authority's investment balances include resources restricted for debt service under bond indenture agreements, by donors, including amounts held by CMH Foundation, and unrestricted resources appropriated or designated by the Board of Directors for quasi-endowment, capital acquisition, medical malpractice program, workers' compensation programs and other designated purposes are reported as assets whose use is limited and are carried at fair value.

The Authority's restricted net position consists principally of beneficial interests in perpetual trust funds established by split interest agreements. Split interest agreements are trust agreements established by donors under which the Authority receives benefits that are shared with other beneficiaries. The trust agreements established by donors provide for a third party to hold the trust assets. These trusts do not permit donors to revoke their charitable contributions. Trust assets of approximately $19,866,000 are restricted by donors for VCUMC in perpetuity and are included in assets whose use is limited at June 30, 2023 at fair value.

P. Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total University basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

Q. Revenue and Expense Classifications

Operating revenues include activities that have the characteristics of exchange transactions such as: (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises, net of scholarship allowances; and (3) federal, state, and nongovernmental grants and contracts.

Non-operating revenues include activities that have the characteristics of non-exchange transactions such as gifts, and other revenue sources that are defined as non-operating revenues by GASB 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB 34, such as state appropriations and investment and interest income.

Non-operating expenses include interest on debt related to the purchase of capital assets and losses on the disposal of capital assets. All other expenses are classified as operating expenses.

R. Noncurrent Cash and Investments

Cash and investments that are externally restricted to make debt service payments, reserve funds, or purchase or construct capital and other noncurrent assets are classified as noncurrent assets in the Statement of Net Position.

S. Cash and Cash Equivalents

Cash represents cash with the Treasurer of Virginia, on deposit, in receivable and undeposited receipts. This classification includes all highly liquid investments with an original maturity of 90 days or less.

T. Discounts, Premiums and Bond Issuance Costs

Notes and bonds payable on the Statement of Net Position are reported net of related discounts and premiums which are amortized over the life of the note or bond. Bond issue costs are expensed as incurred.

U. Deferred Outflows and Deferred Inflows

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period. The deferred outflows of resources have a positive effect on net position similar to assets. Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period. The deferred inflows of resources have a negative effect on net position similar to liabilities.

The composition of deferred outflows and inflows of resources at June 30, 2023 for the University is summarized as follows:

	Other Post Employment Benefits	Pension Related	Gain / Loss on Debt Refunding	Leases	Total
At June 30, 2023					
Deferred outflows of resources	$26,989,498	$54,561,001	$7,194,667	$0	$88,745,166
Deferred inflows of resources	$50,782,399	$58,279,812	$1,127,569	$11,649,363	$121,839,143

The composition of deferred outflows and inflows of resources at June 30, 2023 for the Authority is summarized as follows:

	Pension and Other Post Employment Benefits Related	Gain / Loss on Debt Refunding	Interest Rate Swap Agreements	Leases	Total
At June 30, 2023					
Deferred outflows of resources	$2,890,192	$20,057,260	-	-	$22,947,452
Deferred inflows of resources	$15,234,842	-	17,183,277	17,414,799	$49,832,918

V. Pensions

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officer's System (VaLORS) Retirement plan are single employer pension plans that are treated like cost-sharing plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS State Employee Retirement Plan and the VaLORS Retirement Plan; and the additions to/ deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

W. VRS Disability Insurance Program

The Virginia Retirement System (VRS) Disability Insurance Program (Virginia Sickness and Disability Program) is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The Disability Insurance Program was established pursuant to §51.1-1100 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Disability Insurance Program is a managed care program that provides sick, family and personal leave and short-term and long-term disability benefits for State Police Officers, state employees, and VaLORS employees. For purposes of measuring the net Disability Insurance Program OPEB Liability (asset), deferred outflows of resources and deferred inflows of resources related to the Disability Insurance Program OPEB, and Disability Insurance Program OPEB expense, information about the net fiduciary position of the VRS Disability Insurance Program OPEB Plan and the additions to/deductions from the VRS Disability Insurance Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

X. Line of Duty Act Program

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. The Line of Duty Act Program was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Line of Duty Act Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net Line of Duty Act Program OPEB Liability, deferred outflows of resources and deferred inflows of resources related to the Line of Duty Act Program OPEB, and Line of Duty Act Program OPEB expense, information about the net fiduciary position of the VRS Line of Duty Act Program OPEB Plan and the additions to/deductions from the VRS Line of Duty Act Program OPEB Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Y. State Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) State Employee Health Insurance Credit Program is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The State Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The State Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees. For purposes of measuring the net State Employee Health Insurance Credit Program OPEB Liability, deferred outflows of resources and deferred inflows of resources related to the State Employee Health Insurance Credit Program OPEB, and the State Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the VRS State Employee Health Insurance Credit Program; and the additions to/deductions from the VRS State Employee Health Insurance Credit Program's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Z. Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees or participating employers. For purposes of measuring the net Group Life Insurance Program OPEB Liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

AA. State Health Plans Program for Pre-Medicare Retirees

Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. This program was established by Title 2.2, Chapter 28 of the Code of Virginia for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by the Virginia Department of Human Resource Management. After retirement, the University no longer subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, retiree rates are effectively lower than what might otherwise be available outside of this benefit.

AB. Recently Adopted Accounting Pronouncements

In May 2020, GASB issued Statement No. 96, Subscription-based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This statement established that a SBITA results in a right to use, subscription asset and a corresponding liability.

This standard was applied retrospectively and as a result of the adoption, fiscal year ending June 30, 2022 has been restated. The University experienced an increase of $290,250 while the Authority experienced a decrease of $1,806,574 to its net position for fiscal year ending June 30, 2022.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

All cash of the University, except as described below, is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the Code of Virginia or covered by federal depository insurance. As of June 30, 2023 the carrying value of deposits totaled $82,995,074 and the account balances reported by the depositories or custodial financial institutions totaled $88,595,142. Of this total $562,743 is covered by federal depository insurance, $68,148,826 is collateralized in accordance with the Virginia Security for Public Deposits Act and $19,883,573 is held in support of VCU Qatar in Qatar.

Investments

Professional investment managers manage the University's investments. The University's investments are governed by an Investment Policy, adopted by its Board of Visitors. The primary investment objective is to provide a framework for prudent investment management, while allowing for sufficient flexibility to capture investment opportunities as they may occur. The investment policy is monitored by its Finance and University Resources Committee. Short-Term Tier investment managers may invest in the following types of investments: direct obligations of the

United States, obligations unconditionally guaranteed by the United States, non-negotiable CD's and time deposits, negotiable CD's and bank deposit notes, repurchase agreements, banker's acceptances, commercial paper, money market funds, corporate debt, municipal securities, asset-backed securities with AAA ratings by at least two nationally recognized rating agencies (one of which must be either Standard & Poor's or Moody's Investors Service), and International Bank for Reconstruction and Development, Asian Development Bank, and African Development Bank obligations. In accordance with the Investment Policy, the Long-Term Tier consists of gifts, local funds, and non-general fund reserves and balances that are endowments or have been designated by the Board to be treated as endowment ("quasi-endowments") and is invested in accordance with the Virginia Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), Chapter 11 (§ 64.2-1100 et seq.) of Title 64.2 of the Code of Virginia, as amended; and § 23-50.10:01 of the Code of Virginia, as amended, concerning the University's investment of endowment funds, endowment income, and gifts. The University engaged VCIMCO as its investment advisor for the Long-Term Tier in the year ending June 30, 2016. Long-Term Tier assets are invested in the Ram Fund, LP and the Ram Private Assets Fund, LP and are managed by VCIMCO. Given the uncertain and continuously evolving nature of investment markets, no static list of security types, asset classes, or definitions of investment management strategies can continuously express prudent practice. Therefore, in the process by which investment decisions are developed, analyzed, adopted and executed VCIMCO must satisfy relevant standards of care. However, based upon the University's risk tolerance together with capital market risk and return estimates, the Board sets a strategic asset allocation designed to achieve the objectives stated in the Investment Policy Statement. The strategic asset allocation is prudently diversified across asset classes. VCIMCO invests the Long-Term tier in keeping with the parameters of the Strategic Asset Allocation below.

Net Exposure %	Range	Target
Equity	40-70	65
Real Assets	0-20	5
Credit	5-45	10
Governmental Bonds	0-25	5
Cash/Residual	0-25	15

In 2022, the University received a gift to fund a new liver institute. Rockefeller Capital Management was engaged to manage the funds until they are fully expended. The investment policy allows an independent manager to invest funds designated for a specific purpose or institute outside of the manner outlined in the investment policy, on the condition that any such investments, whether short term or long term, must still comply with relevant law (including the Uniform Prudent Management of Institutional Funds Act, as applicable).

The Authority's investments are governed by an Investment Policy Statement, adopted by its Board of Directors. In accordance with this policy, VCUMC's investment portfolio assets may be invested in numerous asset classes, with risk parameters established on the underlying exposure to equity, real assets, credit, government bonds and cash.

For management purposes, endowment funds and funds internally designated to function as an endowment, except the Glasgow Trust, are held in the investment pools of the VCU Foundation, VCU School of Business Foundation, VCU College of Engineering Foundation and MCV Foundation. These funds remain the property of the University. The investment pools consist of cash equivalents, bonds, preferred and common stocks, fixed asset instruments, hedge funds and real estate. The University's equity in the investment pools is based on units or shares in the investment pools. The University's share of the investments is shown as a Due from Component Unit on the Statement of Net Position.

The University received $31.230 million from the Margaret Branch Glasgow Trust on January 4, 2012 and $4.057 million from the Arthur Glasgow Trust on February 6, 2012. Additional contributions of $1.339 million and $8.036 million were received during fiscal years 2015 and 2013, respectively. This endowment is managed by VCIMCO. Net appreciation of the Margaret Glasgow Trust is recorded in the restricted-expendable net position to reflect the fact that the net appreciation must be spent in accordance with the stipulations set forth in the underlying endowment agreement. The Arthur Glasgow Trust placed no restrictions on spending so the net appreciation is recorded as unrestricted net position. As of June 30, 2023, net appreciation for the Glasgow Trust was $4,738,617.

The Glasgow Trust is governed by the University's Investment Policy and as part of the Long-Term Tier is governed by a spending policy, which is meant to maintain the purchasing power of the Long-Term Tier, with the goal of providing a predictable and sustainable level of income. Under this policy, spending for a given year equals the trailing three-year quarterly average market values of the Long-Term Tier multiplied by the long-term spending rate of 4.5% in addition to a 1% administrative fee.

If investment funds fall "underwater," the payout and distribution shall be in compliance with Virginia Uniform Prudent Management of Institutional Funds Act, determining what portion of investment funds is appropriate for expenditure or accumulation as the University and VCIMCO determine is prudent for the uses, benefits, purposes, and duration for which the investment funds were established.

The University's deposits and investments may be subject to the following risks:

- Custodial Credit Risk – This is the risk that in the event of the failure of a depository financial institution or financial counterparty, the agency will not be able to recover the value of its deposits or investments or recover collateral securities that are in the possession of an outside third party. The University had a minimal indirect exposure to custodial risk through its investments in the Short Term Tier with U.S. Bank and the Long-Term Tier with VCU Investment Management Company, ("VCIMCO") as of June 30, 2023.

- Interest Rate Risk – Interest rate risk is the risk that interest rate changes will adversely affect the fair value of an investment. The University holds investments where fair value may be adversely affected by changes in interest rates. The University invests in accordance with its Investment Policy, which establishes appropriate levels of interest rate exposure for each fixed-income fund through the use of a duration methodology. In accordance with the Investment Policy, the short-term tier consists of the University's operating funds and operating revenues, and is invested in accordance with the Virginia Investment of Public Funds Act, Chapter 45 (§ 2.2-4500 et seq.) of Title 2.2 of the Code of Virginia, as amended. Within the short-term tier, there are target durations for two funds, as outlined in the chart below.

	Target Duration
Primary liquidity pool	< 9 months
Extended duration fund	
Short duration portfolio	Per applicable benchmark
Intermediate duration portfolio	Per applicable benchmark
Long duration portfolio	Per applicable benchmark

  The Primary Liquidity Fund and Extended Duration Fund investment managers' maximum duration is limited to +10% of the target duration or the applicable benchmark duration. Applicable benchmarks for the Extended Duration Fund include such benchmarks as the BofA ML 1-3 year US Treasury Index, BofA ML 1-3 year Govt/Corp Index, Barclays 1-3 Year Government Bond Index, Barclays US Treasury Intermediate Index, Barclays US Intermediate Government Index, Barclays US Intermediate Gov/Credit Bond Index, Barclays US Aggregate Treasury Index, Barclays U.S. Aggregate Government Index, Barclays US Aggregate Bond Index, or other benchmark(s) that more appropriately reflects the investment manager(s) style within this portfolio.

  The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. At June 30, 2023 the Authority had $126,420k in fixed income investments, whose value could fluctuate over time due to interest rate fluctuations.
- Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University holds investments which carry varying levels of credit risk. The University invests in accordance with its Investment Policy, which establishes appropriate levels of credit risk though the use of minimum credit rating restrictions for individual securities in each fixed income fund in accordance with the Virginia Investment of Public Funds Act. The Authority's investment portfolio is monitored and evaluated on a quarterly basis by the Authority's investment advisor and Finance Committee of the Board of Directors to ensure credit risk is kept at an appropriate level.

- Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of investments in a single issuer of fixed income securities. As of June 30, 2023, the University does not have investments in any one issuer (excluding investments issued or explicitly guaranteed by the U.S. Government and mutual fund or pool investments) representing 5 percent or more of its total investments. Each individual portfolio within the Primary Liquidity Fund and the Extended Duration Fund will be diversified with no more than 3 percent of the value of the respective portfolios invested in the securities or individual trusts of any single issuer under normal market circumstances. This limitation shall not apply to the U.S. Government, an agency thereof, or U.S. Government sponsored enterprises, securities fully insured and/or fully guaranteed by the U.S. Government, or money market funds.
- Foreign Currency Risk – This is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University may, at times, be exposed to limited amounts of currency risk through its investments in VCU Investment Management Company, ("VCIMCO").

As of June 30, 2023, the University held the following investments:

	Rating Agency	Credit Rating	6/30/2023	Investment Maturities (in years)			
				<1	1 to 5	6 to 10	>10
Investments measured at fair value							
U.S. Treasury and agency securities		N/A	$52,437,594	$35,369,591	$17,068,003	-	-
Commercial Paper	Moody's	P-1	16,339,510	16,339,510	-	-	-
Corporate notes	Moody's	Aa3	539,879	-	539,879	-	-
	Moody's	A1	12,933,670	1,240,459	11,693,211	-	-
	Moody's	A2	7,797,479	4,427,965	3,369,514	-	-
	Moody's	A3	6,127,124	2,871,497	3,255,627	-	-
Corporate bonds	Moody's	Aaa	2,312,969	1,330,678	982,291	-	-
	Moody's	Aa2	1,738,186	32,777	1,438,326	-	267,083
	Moody's	Aa3	323,762	-	323,762	-	-
	Moody's	A1	19,707,099	6,012,186	13,185,992	-	508,921
	Moody's	A2	25,898,979	2,176,268	22,088,300	-	1,634,411
	Moody's	A3	20,850,471	7,923,667	11,391,114	-	1,535,690
	Moody's	Baa1	1,301,750	-	195,120		1,106,630
	Moody's	Baa2	2,227,725	-			2,227,725
Non-U.S. Government and agency bonds	Moody's	Aaa	3,755,464	978,322	2,777,142	-	-
Asset backed securities	Moody's	Aaa	74,506,451	-	49,030,069	3,376,837	22,099,545
	S&P	AAA	37,100,421	1,226,185	30,545,032	-	5,329,204
Agency mortgage backed securities	Moody's	Aaa	32,859,716	10,061,681	8,398,338	5,717,269	8,682,428
Money market funds and certificates of de	Moody's	Aaa	3,507,405	3,507,405	-	-	-
	Moody's	P-1	5,493,425	5,493,425	-	-	-
Exchange traded funds			3,793,945	-	-	-	-
Equity			9,753,561	-	-	-	-
Other investments measured at net asset value (NAV):							
Alternative investmenmts		N/A	333,855	-	-	-	-
Ram Private Assets Fund, LP		N/A	31,536,113	-	-	-	-
Ram Fund, LP		N/A	192,162,421	-	-	-	-
Total			$565,338,974	$98,991,616	$176,281,720	$9,094,106	$43,391,637

N/A-Investments are not subject to credit risk.

As of June 30, 2023, the Authority held the following investments, which includes assets whose use is limited:

		Investments Maturities (in years)			
Investment Type:	Fair Value	<1	1-5	6-10	>10
Cash and cash equivalents	$20,336,000	$20,336,000	-	-	-
U.S. Treasury notes	13,175,000	4,623,000	6,031,000	113,000	2,408,000
Asset backed securities	59,540,000	-	21,729,000	5,409,000	32,402,000
Agency backed mortgages	14,149,000	1,359,000	1,184,000	102,000	11,504,000
Money market funds	20,573,000	20,573,000	-	-	-
Corporate bonds, notes and municipal securities	39,556,000	10,630,000	19,066,000	4,561,000	5,299,000
Beneficial interest in perpetual trust	19,866,000	N/A	N/A	N/A	N/A
Equity interest in foundation	5,059,000	N/A	N/A	N/A	N/A
Index funds	45,767,000	N/A	N/A	N/A	N/A
Marketable equity securities	42,180,000	N/A	N/A	N/A	N/A
Real estate	1,298,000	N/A	N/A	N/A	N/A
Investment companies	1,259,031,000	N/A	N/A	N/A	N/A
Total	$1,540,530,000	$57,521,000	$48,010,000	$10,185,000	$51,613,000

N/A-Investment maturity not applicable to type of investments noted.

As of June 30, 2023 the credit quality ratings for the Authority's fixed income investments were 44% AAA (asset back securities, money market funds, corporate bonds and mortgage backed securities), 5% AA (asset-back securities and corporate bonds), 30% A (asset back securities, corporate and municipal bonds) and 21% below A (asset backs securities and corporate bonds).

As of June 30, 2023, the foundations held the following investments:

Investment Type:	VCU Foundation	VCU Real Estate Foundation	VCU School of Business Foundation	VCU College of Engineering Foundation	Medical College of Virginia Foundation	Dentistry@ VCU
US Treasury and agency securities	-	-	53,344	-	$70,562,000	$204,972
Municipal obligations					4,022,000	289,812
Common & preferred stocks	-	-	296,364	-	60,866,000	8,450,261
Corporate bonds	-	787,341	-	-	16,476,000	6,393,963
Mortgage and Asset backed securities	-	-	-	-	51,446,000	-
Alternative investments						
Real estate funds	702,127	-	330,947	-	3,557,000	-
Private equity	-	-	-	-	241,611,000	-
Hedge funds						
Opportunistic/macro	-	-	1,452	-	-	-
Hedged equities	-	-	-	-	113,684,000	-
Long only equities	-	-	-	-	183,407,000	-
Long/short equities	-	-	696	2,532,997	-	-
Event driven/merger arbitrage	-	-	20,112	-	-	-
Relative value	-	-	2,675	-	-	-
Absolute strategies	-	-	-	-	93,976,000	-
Other assets						
Ram Fund Private Assets Fund, LP	20,628,443	-	3,410,272	12,327,838	-	-
Ram Fund, LP	95,322,440	-	54,876,246	60,682,400	-	-
Life income investment	897,591	-	-	-	3,179,000	-
Short term investment and money market	-	-	-	-	2,091,000	-
Total	$117,550,601	$787,341	$58,992,108	$75,543,235	$844,877,000	$15,339,008

Fair value measurements are categorized within the fair value hierarchy established by generally accepted accounting principles.

Level 1: Inputs are quoted prices in active markets for identical assets.

Level 2: Inputs are significant other observable inputs. These can include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full contractual term of the assets or liabilities.

Level 3: Inputs are significant unobservable inputs. These can require management's judgement or estimation of assumptions that market participants would use in pricing the assets or liabilities. Therefore, the values are determined using factors that involve considerable judgement and interpretations, including but not limited to private and public comparable, discounted cash flow models and fund manager estimates.

The University establishes the fair value of its investments in funds that do not have a readily determinable fair value by using net asset value (NAV) per share, or its equivalent, as reported by the external fund manager when NAV per share is calculated as of the measurement date in a manner consistent with FASB's measurement principles for investment companies. The classifications of fair value measurements within the valuation hierarchy as of June 30, 2023 are as follows:

University

Investment Type:	Total	Level 1	Level 2	Level 3	Investments measured at the NAV
U.S. Treasury and agency securities	$52,437,594	$52,437,594	-	-	-
Commercial Paper	16,339,510	-	16,339,510	-	-
Corporate notes	27,398,152	-	27,398,152	-	-
Corporate bonds	74,360,941	-	74,360,941	-	-
Non-U.S. Government and agency bonc	3,755,464	-	3,755,464	-	-
Asset backed securities	111,606,872	-	111,606,872	-	-
Agency mortgage backed securities	32,859,716	-	32,859,716	-	-
Money market funds and certificates of (	9,000,830	3,507,405	5,493,425	-	-
Exchange traded funds	3,793,945	3,793,945	-	-	-
Equity	9,753,561	9,753,561	-	-	-
Other assets					
Alternative investmenmts	333,855	-	-	-	333,855
Ram Private Assets Fund, LP	31,536,113	-	-	-	31,536,113
Ram Fund, LP	192,162,421	-	-	-	192,162,421
Total	$565,338,974	$69,492,505	$271,814,080	-	$224,032,389

Authority

Investment Type:	Total	Level 1	Level 2	Level 3	Investments Measured at the NAV
Investments by fair value level					
Cash and cash equivalents	$20,336,000	$20,336,000	-	-	-
Beneficial trust	19,866,000	-	-	19,866,000	-
Beneficial interest in foundation	5,059,000	-	-	5,059,000	-
Debt securities					
US treasury notes	13,175,000	13,175,000	-	-	-
Asset backed securities	59,540,000	-	59,540,000	-	-
Agency backed mortgages	14,149,000	-	14,149,000	-	-
Corporate bonds and notes	39,430,000	-	39,430,000	-	-
Municipal securities	126,000	-	126,000	-	-
Equity securities					
Consumer discretionary	3,438,000	3,438,000	-	-	-
Consumer staples	961,000	961,000	-	-	-
Financials	8,351,000	8,351,000	-	-	-
Health care	2,292,000	2,292,000	-	-	-
Industrials	8,382,000	8,382,000	-	-	-
Information technology	10,734,000	10,734,000	-	-	-
Energy	1,540,000	1,540,000	-	-	-
Material	796,000	796,000	-	-	-
Telecommunication	5,686,000	5,686,000	-	-	-
Real estate investment trust	1,298,000	1,298,000	-	-	-
Equity mutual funds & EFT's	44,291,000	44,291,000	-	-	-
Fixed income bond fund	1,476,000	1,476,000	-	-	-
Money market funds	20,573,000	20,573,000	-	-	-
Investments measured at NAV					
Equity long only hedge funds	184,715,000	-	-	-	184,715,000
Equity long/short hedge funds	63,106,000	-	-	-	63,106,000
Event-driven hedge funds	12,628,000	-	-	-	12,628,000
Relative value/credit	1,744,000	-	-	-	1,744,000
Opportunistic/macro	1,000	-	-	-	1,000
Absolute strategies funds	53,239,000	-	-	-	53,239,000
Private investments	180,503,000	-	-	-	180,503,000
Multi-strategy investment fund	763,095,000	-	-	-	763,095,000
Bond funds	-	-	-	-	-
Total	$1,540,530,000	$143,329,000	$113,245,000	$24,925,000	$1,259,031,000

VCU School of Business Foundation

Investment Type:	June 30,2023	Level 1	Level 2	Level 3	Measured at NAV
US Treasury and agency securities	$53,344	$53,344	-	-	-
Common & preferred stocks	296,364	296,364	-	-	-
Alternative investments					
Real estate funds	330,947	-	-	330,947	-
Hedge funds					
Opportunistic/macro	1,452	-	-	-	1,452
Long/short equities	696	-	-	-	696
Event driven/merger arbitrage	20,112	-	-	-	20,112
Relative value	2,675	-	-	-	2,675
Ram Fund Private Assets Fund, LP	3,410,272	-	-	-	3,410,272
Ram Fund, LP	54,876,246	-	-	-	54,876,246
Total	$58,992,108	$349,708	$0	$330,947	$58,311,453

VCU Foundation

Investment Type:	June 30,2023	Level 1	Level 2	Level 3	Measured at NAV
Alternative investments					
Real estate funds	702,127	-	-	702,127	-
Other assets					
Ram Fund Private Assets Fund, LP	20,628,443	-	-	-	20,628,443
Ram Fund, LP	95,322,440	-	-	-	95,322,440
Life income investment	897,591	-	-	897,591	-
Total	$117,550,601	-	-	$1,599,718	$115,950,883

VCU Resl Estate Foundation

Investment Type:	June 30,2023	Level 1	Level 2	Level 3	Measured at NAV
Corporate bonds	787,341		787,341		
Total	$787,341	-	$787,341	-	-

VCU College of Engineering Foundation

Investment Type:	June 30,2023	Level 1	Level 2	Level 3	Measured at NAV
Hedge funds					
Long/short equities	2,532,997	-	-	-	$2,532,997
Other assets					
Ram Fund Private Assets Fund, LP	12,327,838	-	-	-	12,327,838
Ram Fund, LP	60,682,400	-	-	-	60,682,400
Total	$75,543,235	-	-	-	$75,543,235

MCV Foundation

Investment Type:	June 30,2023	Level 1	Level 2	Level 3	Measured at NAV
US Treasury and agency securities	$70,562,000	-	$70,562,000	-	-
Municipal obligations	$4,022,000	-	$4,022,000	-	-
Common & preferred stocks	60,866,000	40,277,000	12,175,000	-	8,414,000
Corporate bonds	16,476,000	-	16,476,000	-	-
Asset backed securities	51,446,000	-	51,446,000	-	-
Alternative investments					
Real estate funds	3,557,000	-	-	1,397,000	2,160,000
Private equity	241,611,000	-	-	241,611,000	-
Hedge funds					
Long only equities	183,407,000	-	61,012,000	6,125,000	116,270,000
Hedged equities	113,684,000	-	-	34,707,000	78,977,000
Absolute strategies	93,976,000	-	-	18,747,000	75,229,000
Life income investment	3,179,000	-	-	-	3,179,000
Short term investment and money market	2,091,000	2,091,000	-	-	-
Total	$844,877,000	$42,368,000	$215,693,000	$302,587,000	$284,229,000

Dentistry@VCU

Investment Type:	June 30,2023	Level 1	Level 2	Level 3	Measured at NAV
US Treasury and agency securities	$204,972	$204,972	-	-	-
Common & preferred stocks	8,450,261	8,450,261	-	-	-
Corporate bonds	6,393,963	-	6,393,963	-	-
Mutual and money market funds	289,812	289,812	-	-	-
Alternative investments					
Real estate funds	-	-	-	-	-
Total	$15,339,008	$8,945,045	$6,393,963	-	-

For investments in entities that calculate net asset value or its equivalent whose fair value is not readily determinable, the following tables provide information about the liquidity of these investments as of June 30, 2023:

University

Investment Type:	June 30, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative investmenmts	333,855	150,579	N/A	N/A
Ram Private Assets Fund, LP	31,536,113	18,660,161	N/A	N/A
Ram Fund, LP	192,162,421	-	Quarterly	90 days
Total	$224,032,389	$18,810,740		

Authority

Investment Type:	June 30, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity long only hedge funds	184,715,000	-	Annually/quarterly/monthly/daily	14-90 days
Equity long/short hedge funds	63,106,000	-	Annually/semi annually/quarterly	45-90 days
Event-driven hedge funds	12,628,000	-	Annually	60-90 days
Relative value/credit	1,744,000	-	N/A	N/A
Opportunistic/macro	1,000	-	N/A	N/A
Absolute strategies funds	53,239,000	-	Annually/semi annually/quarterly	60-180 days
Private investments	180,503,000	106,355	N/A	N/A
Multi-strategy investment fund	763,095,000	-	Quarterly /Monthly	120 days
Total	$1,259,031,000	$106,355		

VCU School of Business Foundation

Investment Type:	June 30,2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Opportunistic/macro	1,452	-	N/A	N/A
Long/short equities	696	-	N/A	N/A
Event driven/merger arbitrage	20,112	-	N/A	N/A
Relative value	2,675	-	N/A	N/A
Ram Fund Private Assets Fund, LP	3,410,272	-	N/A	N/A
Ram Fund, LP	54,876,246	-	Quarterly	30 days
Total	$58,311,453	-		

VCU Foundation

Investment Type:	June 30,2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Ram Fund Private Assets Fund, LP	20,628,443	-	N/A	N/A
Ram Fund, LP	95,322,440	-	Quarterly	120 days
Total	$115,950,883	-		

VCU College of Engineering Foundation

Investment Type:	June 30,2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Long/Short Equities	$2,532,997	-	N/A	N/A
Ram Fund Private Assets Fund, LP	12,327,838	-	N/A	N/A
Ram Fund, LP	60,682,400	-	Quarterly	120 days
Total	$75,543,235	-		

MCV Foundation

Investment Type:	June 30,2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedged equities	78,977,000	-	Semi annually/ Quarterly/Illiquid	60-90 days/ N/A
Real estate funds	2,160,000	-	Illiquid	N/A
Absolute strategies	75,229,000	3,147,000	Annually/Semi annually/ Quarterly/other	15-120 days
Domestic equity	25,491,000	-	Every 3 yrs/Quaterly/Daily	3-60 days
Global equity	17,970,000		Quarterly	60-90 days
International equity	81,223,000		Every 4 yrs/Annually/Quarterly/Daily	14-120 days
Life income investment	3,179,000	-	Annually/quarterly/other	N/A
	284,229,000	3,147,000		

*Also includes certain assets that are only liquid upon sale of investment

3. JOINT VENTURES AND EQUITY INVESTMENTS

Investment in 7th and Marshall Corporation

Included in other long-term assets on the accompanying Statement of Net Position is a capital contribution to 7th and Marshall Corporation of $500,000. UHS and The Doorways (formerly known as Hospital Hospitality House, Inc.) are the sole members of the 7th and Marshall Corporation, a not-for-profit corporation formed to support the charitable, educational and scientific activities of UHS and The Doorways. The investment is carried at $220,875.

Rehab Institute JV, LLC

Sheltering Arms Rehab Institute is a joint venture between Sheltering Arms Hospital and VCU Health System for the purpose of combining inpatient rehabilitation programs of Sheltering Arms and VCU Heath System, to provide comprehensive and innovative physical rehabilitative inpatient care for people who have sustained a stroke, brain injury, spinal cord injury or similar illnesses and injuries. As of June 30 2023, investment is carried at $259,888.

Joint Venture with Sentara Health

Virginia Premier Health Plan became a joint venture between Sentara Health and VCUHSA as of April 7, 2020 when VCUHSA sold an 80% share of VPHP to Sentara. Sentara Healthcare is now the majority owner and VCUHSA retains a 20% ownership stake. In September 2022, the remaining 20% share was sold to Sentara resulting in $62,213,000 gain from sale. The sale agreement includes reconciliation of actuarial estimates through December 2025, which could impact the gain from sale.

Joint Venture with BAYADA Home Health Care

VCU Health at Home by Bayada, collaboration with BAYADA Home Health Care. VCUHSA is a minority partner (49%) with an initial capital contribution of $1,813,000. The investment is carried at $1,807,982.

HealthEco CPP SPV I, LLC

UHS is a minority partner (45%) in HealthEco CCP SPV I, LLC with an initial capital contribution of $1,000,000. HealthEco is the holder of Kallaco equity securities. The investment is carried at $1,000,000.

4. LEASE RECEIVABLE

The University is the lessor in various contracts leasing out land, office space, retail space, and ATM space. Initial terms are range from 1-50 years and may contain rent escalation clauses, annual open market rent reviews and outperformance payments. As of June 30 2023, the University's accounts receivables include lease receivables of $12,259,609. Within the fiscal year, the University received $1,610,824 in rent revenues and $410,501 in interest revenue related to space leases. Of these amounts $9,185,217 of the receivables and $1,094,399 of the revenues were eliminated on the consolidated financial statements due to the leases being with component units.

Variable payments based on future performance are not included in the lease receivable. These payments are recognized as inflows of resources in the period, which those payments relate. The University has leases, which include percentage of sales, tiered royalties and out-performance agreements. In the year ending June 30, 2023, the University received $1,440,525 in royalty payments from its dining services provider.

5. CONTRIBUTION RECEIVABLE

University:	
Receivable in less than one year	$20,000,000
Receivable in one year or more	50,000,000
	70,000,000
Less:	
Discounts	(4,180,853)
Net contribution receivable	$65,819,147

Discount rate of 1.62% was used in determining the present value of the contributions receivable.

MCV Foundation:	
Receivable in less than one year	$6,676,000
Receivable in one to five years	4,140,000
Receivable in more than five years	502,000
	11,318,000
Less:	
Discounts	(354,000)
Allowances	(956,000)
Net contribution receivable	$10,008,000

Discount rate of 3.85% was used in determining the present value of the contributions receivable.

VCU Foundation:

Receivable in less than one year	$2,260,210
Receivable in one year or more	3,824,075
	6,084,285
Less:	
Discounts	(239,577)
Allowances	(349,582)
Net contribution receivable	$5,495,126

Discount rate between 0.054% and 5.369% were used in determining the present value of the contributions receivable.

VCU School of Business Foundation:

Receivable in less than one year	$1,078,145
Receivable in one to five years	93,480
	1,171,625
Less:	
Discounts	(5,810)
Allowances	(13,025)
Net contribution receivable	$1,152,790

Discount rate between .29% and 4.13% were used in determining the present value of the contributions receivable.

VCU College of Engineering Foundation:

Receivable in less than one year	$1,423,600
Receivable in one to seven years	225,625
	1,649,225
Less:	
Discounts	(22,679)
Allowances	(758,882)
Net contribution receivable	$867,664

Discount rate between .43% and 1.95% were used in determining the present value of the contributions receivable.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows. Beginning balances of the University and Authority have been restated due to the implementation of GASB 96.

University:	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$84,927,811	-	-	$84,927,811
Construction in progress	101,956,593	53,220,524	125,144,603	30,032,514
Total nondepreciable capital assets	186,884,404	53,220,524	125,144,603	114,960,325
Depreciable capital assets:				
Land improvements and infrastructure	23,870,868	438,058	-	24,308,926
Buildings	1,664,654,766	125,657,426	4,589,595	1,785,722,597
Equipment	260,281,108	26,129,423	6,940,269	279,470,262
Intangible assets	15,143,458	331,950	166,906	15,308,502
Library books	100,065,447	1,094,482	315,001	100,844,928
Total depreciable capital assets	2,064,015,647	153,651,339	12,011,771	2,205,655,215
Right to use assets:				
Leased parking lots	3,716,768	-	-	3,716,768
Leased buildings	116,069,971	3,336,647	-	119,406,618
Subscription based IT arrangements	22,388,582	6,428,173	-	28,816,755
Less accumulated depreciation/amortization for:				
Land improvements and infrastructure	20,591,164	536,430	-	21,127,594
Buildings	663,696,236	44,161,245	3,326,287	704,531,194
Equipment	190,682,942	16,496,088	6,483,885	200,695,145
Intangible assets	14,075,136	412,535	78,828	14,408,843
Library books	95,097,864	1,785,262	315,001	96,568,125
Leased buildings & parking lots	17,635,768	9,392,335	-	27,028,103
Subscription based IT arrangements	5,654,354	7,476,925	-	13,131,279
Total accumulated depreciation/amortization	1,007,433,464	80,260,820	10,204,001	1,077,490,283
Total depreciable capital assets, net	1,198,757,504	83,155,339	1,807,770	1,280,105,073
Total capital assets - net	$1,385,641,908	$136,375,863	$126,952,373	$1,395,065,398
Less Leased buildings & parking lots on component units	63,001,035	5,273,163	5,391,944	62,882,254
Total capital assets - net, after eliminations	$1,322,640,873	$131,102,700	$121,560,429	$1,332,183,144

Authority:	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$25,466,942	-	-	$25,466,942
Construction in progress	482,086,129	125,999,553	498,493,177	109,592,505
Total nondepreciable capital assets	507,553,071	125,999,553	498,493,177	135,059,447
Depreciable capital assets:				
Land improvements	6,984,481	-	-	6,984,481
Buildings	1,651,900,493	416,912,914	62,300	2,068,751,107
Equipment	662,747,445	72,195,870	6,605,332	728,337,983
Intangible assets	255,445,992	9,183,675	-	264,629,667
Total depreciable capital assets	2,577,078,411	498,292,459	6,667,632	3,068,703,238
Right to use assets:				
Leased land	436,239	-	-	436,239
Leased buildings	68,142,876	1,591,921	336,118	69,398,679
Leased equipment	1,863,196	-	-	1,863,196
Subscription based IT arrangements	44,255,851	12,422,686	-	56,678,537
Total right to use capital assets	114,698,162	14,014,607	336,118	128,376,651
Less accumulated depreciation/amortization for:				
Land improvements and infrastructure	5,291,974	402,750	-	5,694,724
Buildings	699,377,029	33,677,262	62,300	732,991,991
Equipment	541,370,004	46,413,831	6,211,677	581,572,158
Intangible assets	125,890,117	14,628,039	-	140,518,156
Leased land	317,264	50,199	-	367,463
Leased buildings	18,182,541	10,009,185	261,673	27,930,053
Leased equipment	1,490,556	372,640	-	1,863,196
Subscription based IT arrangements	11,004,499	15,394,926	-	26,399,425
Total accumulated depreciation/amortization	1,402,923,984	120,948,832	6,535,650	1,517,337,166
Total depreciable capital assets, net	1,288,852,589	391,358,234	468,100	1,679,742,723
Total capital assets - net	$1,796,405,660	$517,357,787	$498,961,277	$1,814,802,170

MCV Foundation:	Beginning Balance	Additions	Reductions	Ending Balance
Land	$217,000	-	-	$217,000
Total nondepreciable capital assets	217,000	-	-	217,000
Depreciable capital assets:				
Property and equipment	3,192,000	20,000	-	3,212,000
Less accumulated depreciation	1,757,000	278,000	-	2,035,000
Total depreciable capital assets, net	1,435,000	(258,000)	-	1,177,000
Total capital assets - net	$1,652,000	($258,000)	$0	$1,394,000

VCU Real Estate Foundation:	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$24,168,728	$2,648,839	-	$26,817,567
Construction in progress	1,305,417	468,453	1,507,715	266,155
Total nondepreciable capital assets	25,474,145	3,117,292	1,507,715	27,083,722
Depreciable capital assets:				
Buildings	88,236,031	2,976,082	-	91,212,113
Equipment	3,211,450	-	-	3,211,450
Total depreciable capital assets	91,447,481	2,976,082	-	94,423,563
Less accumulated depreciation	33,409,044	3,060,940	-	36,469,984
Total depreciable capital assets, net	58,038,437	(84,858)	-	57,953,579
Total before eliminations	83,512,582	3,032,434	1,507,715	85,037,301
Less included on University	1,257,290	-	1,257,290	-
Total capital assets - net	$82,255,292	$3,032,434	$250,425	$85,037,301

VCU School of Business Foundation:	Beginning Balance	Additions	Reductions	Ending Balance
Total nondepreciable capital assets	-	-	-	-
Total depreciable capital assets, net	20,824,868	-	1,339,937	19,484,931
Total capital assets - net	$20,824,868	$0	$1,339,937	$19,484,931

VCU Collage of Engineering Foundation:	Beginning Balance	Additions	Reductions	Ending Balance
Total nondepreciable capital assets	$4,307,317	-	-	$4,307,317
Total depreciable capital assets, net	27,917,603	-	2,325,146	25,592,457
Total before eliminations	32,224,920	-	2,325,146	29,899,774
Less included on University	5,435,465	-	-	5,435,465
Total capital assets - net	$26,789,455	$0	$2,325,146	$24,464,309

GASB 42, *Accounting and Reporting for the Impairment of Capital Assets and for Insurance Recoveries,* effective for periods beginning after December 15, 2004, requires disclosure of insurance recoveries for circumstances other than impairment of capital assets. Fiscal year 2023 insurance recoveries of $109,422 are reported as other non-operating income.

7. FUNDS HELD IN TRUST BY OTHERS

Under the provisions of the wills of certain benefactors, the University's portion of principal sums with market values of $15,452,835 at June 30, 2023, was held in trust by others. These assets are not included in the University's balance sheet.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following as of June 30, 2023:

	Vendor payable	Retainage payable	Accrued wages	Interest payable	Settlements due to third parties	Total
University	$25,074,311	$2,655,298	$85,628,259	$1,999,969	-	$115,357,837
Authority	141,518,008	9,505,667	67,519,520	12,666,961	124,841,361	356,051,517
MCV Foundation	1,092,514	-	342,486	-	-	1,435,000
VCU Foundation	109,514	-	-	-	-	109,514
VCU Real Estate Foundation	74,088	2,384	-	191,593	-	268,065
VCU School of Business	148,657	-	-	-	-	148,657
VCU College of Engineering	8,418	-	-	189,778	-	198,196
Dentistry@VCU	172,362	-	793,908	-	-	966,270
					Total	$474,535,056

9. UNEARNED REVENUE

Unearned revenue consisted of the following as of June 30, 203:

Prepaid tuition and fees	19,279,274.73
Grants and contracts	34,774,849
Other cash advances	15,794,920
	$69,849,044

10. SHORT TERM DEBT

Commercial Paper Program

On May 10 2019, the Board of Visitors approved the short-term financing of capital projects with commercial paper. This commercial paper financing program gives the University access to finance or refinance up to $75M for capital projects that have either been authorized by the Board or by appropriate legislation enacted by the General Assembly and for which the incurrence of indebtedness has been authorized.

The University has a $75M line of credit to support the risk of a failed commercial paper rollover. JPMorgan Chase provides the line at 0.20% annual cost.

As of June 30, 2023, the total amount outstanding was $8,501,000. The days to maturity is 55 days with an effective interest rate of 3.15% for the tax-exempt portion while the days to maturity is 6 with an effective interest rate of 5.05% for the taxable portion.

	Beginning Balance	Additions	Reductions	Ending Balance
Tax-exempt	$9,413,000	-	$5,179,000	$4,234,000
Taxable	$13,121,000	-	$8,854,000	$4,267,000
Total	$22,534,000	$0	$14,033,000	$8,501,000

11. FUNDS HELD IN TRUST

At June 30, 2023, the University held deposits for others, which are composed of the following:

	Funds Held for Others
Federal loan programs	$12,173,512
Student organizations and others	3,337,296
Total	$15,510,808

12. LONG TERM LIABILITIES

Long term liabilities consist of bonds, notes payable, installment purchases, leased assets, subscription-based IT arrangements, delayed compensation, compensated absences and estimated losses on malpractice claims.

Bonds Payable

The Commonwealth of Virginia may issues bonds for agencies and institutions of the Commonwealth. The University has received a portion of the proceeds of specific bonds to fund capital construction. The University recognizes a liability associated with its share of the bonds and remits principal and interest payments related to this liability to the Treasurer of Virginia.

Section 9(c) bonds are general obligation bonds issued by the Commonwealth on behalf of the University, which are secured by the net revenues of the completed project and the full faith, credit and taxing power of the Commonwealth. These bonds carry interest rates of 0.55% to 5.00% and are due through fiscal year 2037.

Section 9(d) bonds, are limited obligations of the University, payable from pledged general revenues. They can be issued either by the Commonwealth or the University, carry interest rates of 0.48% to 5.50% and are due through fiscal year 2051. Included in the total General Revenue Pledge Bonds are outstanding bonds payable in the amount of $28,674,357, which will be repaid by the VCU Real Estate Foundation.

New General Revenue Pledge Bonds Series 2022A and 2022B totaling $45,155,000 and Series 2023A totaling $22,755,000 were issued in December and February, respectively. The Series 2022A (tax-exempt) and 2022B (taxable) bonds were issued to finance construction of a new Technology

Operations Center on the Monroe Park Campus, refinance commercial paper which funded the acquisition of multiple real estate parcels and to provide for the cost of issuance of the bonds. The Series 2022A bonds carry an interest rate of 3.83% and have a final maturity of May, 2048. The Series 2022B bonds carry an interest rate of 4.85% and have a final maturity of May, 2043. The Series 2023A bonds were issued to refinance a portion of the Series 2013A and Series 2014A bonds. The bonds carry an interest rate of 3.95% and have a final maturity of May, 2043.

Callable Bonds

Series 2015B bonds are callable by the bondholder, TD Bank, with a put date of November 1, 2030. The amount outstanding at the put date will be $2,470,907. The University can request an extension no sooner than 180 days but no later than 60 days prior to the put date, and the bank, at its discretion, can choose to extend or not, with new proposed terms. If the bank exercises the put provision, the University will be required to make a principal payment in the amount referenced above. However, on or prior to the put date, it is the University's intention to either negotiate with the bank to extend the put date on the existing bonds, or to refinance the bonds in their entirety. Letters of credit and liquidity facilities supporting this issuance are not needed because there is a single put date in the future and it is not continuously callable by the bank/bondholder. There are no take out agreements, but per the terms noted above, the University intends to either request an extension or refinance these bonds on or prior to the put date. Thus, there are no fees paid for these types of facilities. Since the put date is greater than 1 year from the fiscal year end, these bonds are included in long-term liabilities.

Six University obligations are issued through private placement with the lenders:

The Series 2015A and 2015B bonds are issued with TD Bank, N.A. as the bondholder. The interest rate is subject to revision if the University's ratings change to less than A+ (Standard and Poor's) or A1 (Moody's Investors Service). Conditions of default include: failure to pay principal or interest; inability to fulfill the obligations of the agreements; receivership not remedied or stayed on appeal within 60 days; upon an order or decree with the consent of the University to adjust claims of creditors; ratings drop below BBB+ (Standard and Poor's) or Baa1 (Moody's Investor Service); or the occurrence or continuance of any default of any obligation over $10 million. The Trustee may enforce terms of the agreements, bring suit or take other actions for the general representation of the bondholder. Both Series may be redeemed at a premium based on US Treasury rates at any time. The Series 2015B has an automatic put of the bonds on November 1, 2030; with notification of no more than 180 days nor less than 60 days, the University can request an extension of the obligation with a new interest rate. Extension of the obligation beyond that put date is at the Lender's discretion.

The Series 2021A bonds are issued with Capital One Public Funding, LLC as the bondholder. The interest rate is subject to change if the bonds are deemed taxable in which case the bonds can be optionally redeemed by the University at 100% without premium. Conditions of default include: failure to pay principal or interest; inability to fulfill the obligations of the agreements; receivership not remedied or stayed on appeal within 60 days; or upon an order or decree with the consent of the University to adjust claims of its creditors. The Trustee may enforce terms of the agreements, bring suit or take other actions for the general representation of the bondholder. The bonds may be redeemed at the option of the University on or after May 1, 2030 at 100% of par without any premium.

The Series 2022A, Series 2022B and Series 2023A bonds are issued with SouthState Bank, N.A. as the bondholder. Conditions of default include: failure to pay principal or interest; inability to fulfill the obligations of the agreements; failure to institute corrective action within 30 days of notice that the unenhanced long term debt rating is below BBB- (by Standard & Poor's or Baa3 by Moody's), receivership not remedied or stayed on appeal within 60 days; or upon an order or decree with the consent of the University to adjust claims of its creditors. The bonds are subject to mandatory tender for purchase by the University in full prior to maturity on December 16, 2042 at the purchase price equal to the amount of outstanding principal of the bonds, together with all unpaid interest. However, if no Event of Default, as defined in the agreement, has occurred and is continuing on that date, then the tender date shall automatically be extended to May 1, 2048, the final maturity of the bonds, without further action by the University or lender. A trustee may be appointed and such trustee may enforce terms of the agreement, bring suit, or take other actions for the general representation of the bondholder. The Series 2022A and 2022B bonds may be redeemed at the option of the University on or after December 2024 at the indicated percentage (price) of par as follows:

Redemption Period	**Price**
To December 16, 2024	103%
Dec. 17, 2024 – Dec. 16, 2026	102%
Dec. 17, 2026 – Dec. 16, 2027	101%
Dec. 17, 2027 - thereafter	100%

The Series 2023A bonds may be redeemed at the option of the University at the indicated percentage (price) of par as follows:

Redemption Period	**Price**
To Feb. 1, 2025	103%
Feb. 2, 2025 – Feb. 1, 2027	102%
Feb. 2, 2027 – Feb. 1, 2028	101%
Feb. 2, 2028 - thereafter	100%

Virginia College Building Authority

The Virginia College Building Authority (VCBA) issues Educational Facilities Revenue Bonds (Public Higher Education Financing Program). As a participating institution in this program, the University issued a note payable to the VCBA. This note, along with the notes of other institutions, is held by the VCBA as security for the Educational Facilities Revenue Bonds. For accounting purposes, the financing arrangement is considered to represent a note payable.

Leases

The University is party to several real estate leases, which includes buildings, space within buildings, parking lots and green space. Terms range from 3-20 years with various options to extend. The liabilities are measured at the present value of payments expected to be made during the lease term. Measurement of the lease liability includes the following, if required by a lease: fixed payments, variable payments that are fixed in substance, amounts that are reasonably certain of being required to be paid under residual value guarantees, the exercise price of a purchase option if it is reasonably certain that the University will exercise that option, payments for penalties for terminating the lease, lease incentives, and other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement and if unavailable, the University will use its internal borrowing rate. Variable payments are not included in the measurement of the lease liability and are recognized as outflows of resources in the period to which those payments relate. These variable payments include rate changes based upon market rate at time of renewal or future rate changes set by the Board of Visitors. The University is also party to several leases who payments are completely variable due to varying rates, number of assets, number of users, etc. These payments along with all other variable payments are recognized as outflows of resources based upon the provisions of the contract.

The changes in long-term liabilities are as shown below. Beginning balances have been restated due to the implementation of GASB 96.

The changes in long-term liabilities are as shown below:

University:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General revenue pledge bonds	245,177,792	-	(27,857,507)	217,320,285	3,630,000
General revenue pledge bonds - Direct Placement	32,798,959	67,910,000	(3,759,603)	96,949,356	5,816,347
Commonwealth of Virginia revenue bonds	49,508,985	-	(2,351,939)	47,157,046	3,236,911
Total bonds payable	$327,485,736	67,910,000	(33,969,049)	$361,426,687	12,683,258
Notes Payable:					
Virginia College Building Authority	90,381,200	-	(10,491,644)	79,889,556	12,510,000
Lease liabilities	102,819,329	3,215,336	(7,522,551)	98,512,114	7,756,353
Subscription based technology arrangements	16,575,196	6,428,174	(7,038,409)	15,964,961	6,609,042
Installment purchases	531,722	425,000	(248,692)	708,030	281,200
Total long-term debt	$537,793,183	$77,978,510	($59,270,345)	$556,501,348	$39,839,853
Compensated absences	55,674,877	58,756,994	(55,169,414)	59,262,457	44,505,489
Deferred compensation	13,170,166	1,410,564	(9,955,964)	4,624,766	1,480,115
Net pension liability, net	203,178,324	51,035,631	-	254,213,955	-
Other post employment benefits, net	117,878,178	-	(6,949,350)	110,928,828	2,810,684
Total	$927,694,728	$189,181,699	($131,345,073)	$985,531,354	$88,636,141

Authority:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General revenue pledge bonds	$586,944,354	-	($45,750,636)	$541,193,718	$9,934,251
Notes payable	164,323,758	-	(2,989,992)	161,333,766	1,265,406
Finance purchases	143,751	-	(143,751)	-	-
Lease liabilities	56,140,568	1,884,208	(10,686,035)	47,338,741	9,299,061
Subscription based technology arrangements	30,553,785	12,422,686	(16,854,166)	26,122,305	14,723,622
Total long-term debt	$838,106,216	$14,306,894	($76,424,580)	$775,988,530	$35,222,340
Claims Payable - Estimated losses on malpractice claims and workers compensation	36,336,076	5,257,180	(4,113,000)	37,480,256	7,400,000
Compensated absences	38,222,381	91,161,630	(88,524,645)	40,859,366	40,859,366
Net pension liability, net	15,054,454	-	(285,528)	14,768,926	-
Other post employment benefits, net	5,932,626	-	(1,128,261)	4,804,365	100,991
Total	$933,651,753	$110,725,704	($170,476,014)	$873,901,443	$83,582,697

MCV Foundation:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	$2,920,000	$0	($985,000)	$1,935,000	$970,000

Collage of Engineering Foundation:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	$5,100,016	$0	($450,115)	$4,649,901	$461,263

Long-term debt matures as follows:

University

Fiscal Year	Revenue Bonds	Revenue Bonds Direct Placement	Notes Payable	Installment Purchases	Leases	Subscription-based Technology Arrangements	Total
2024	$6,866,912	$5,816,346	$12,510,000	$281,200	$7,756,353	$6,609,042	$39,839,853
2025	7,083,839	5,973,873	12,765,000	219,545	7,633,608	3,902,894	37,578,759
2026	9,245,159	5,600,365	12,165,000	86,838	7,135,687	3,054,624	37,287,673
2027	14,632,778	4,637,072	11,920,000	89,824	6,669,993	1,192,372	39,142,039
2028	15,603,390	4,759,334	12,115,000	30,623	6,906,896	363,265	39,778,508
2029-2033	95,369,373	19,335,843	10,430,000	-	34,134,979	842,764	160,112,959
2034-2038	34,275,000	19,496,523	3,235,000	-	13,243,446	-	70,249,969
2039-2043	2,130,000	22,485,000	-	-	8,618,674	-	33,233,674
2044-2048	56,785,000	8,845,000	-	-	4,776,067	-	70,406,067
2049-2053	11,840,000	-	-	-	449,964	-	12,289,964
2054-2058	-	-	-	-	542,206	-	542,206
2059-2063	-	-	-	-	506,936	-	506,936
2064-2068	-	-	-	-	137,305	-	137,305
Add Premium	10,645,880	-	4,749,556	-	-	-	15,395,436
Total	$264,477,331	96,949,356	$79,889,556	$708,030	$98,512,114	$15,964,961	$556,501,348

Authority:

Fiscal Year	Revenue Bonds	Revenue Bonds Direct Placement	Notes Payable	Leases	Subscription-based Technology Arrangements	Total
2024	$5,110,000	$4,824,251	1,265,406	$9,299,061	$14,723,622	$35,222,340
2025	5,365,000	9,037,296	938,975	7,322,105	8,166,688	30,830,064
2026	5,640,000	9,390,692	100,972,372	7,182,673	2,236,398	125,422,135
2027	5,910,000	9,719,447	1,006,956	6,580,042	995,597	24,212,042
2028	6,205,000	10,043,568	1,042,770	5,872,324	-	23,163,662
2029-2033	36,055,000	57,694,194	5,797,270	11,082,536	-	110,629,000
2034-2038	44,695,000	72,875,000	6,904,217	-	-	124,474,217
2039-2043	47,205,000	-	8,222,527	-	-	55,427,527
2044-2048	191,085,000	-	9,792,560	-	-	200,877,560
2049-2053	5,920,000	-	11,662,379	-	-	17,582,379
2054-2058	-	-	13,728,334	-	-	13,728,334
Premium	14,419,270	-	-	-	-	14,419,270
Total	$367,609,270	$173,584,448	$161,333,766	$47,338,741	$26,122,305	$775,988,530

- The direct placement debt of the Authority includes event of default provisions that could change the timing of the repayment of outstanding amounts to become immediately due. Generally, these provisions would take effect if the Authority were to become insolvent, or become unable to adhere to its covenant requirements.

MCV Foundation

Fiscal Year	Notes Payable
2024	970,000
2025	965,000
Total	$1,935,000

College of Engineering Foundation

Fiscal Year	Notes Payable
2024	461,263
2025	473,297
2026	3,715,341
Total	$4,649,901

A summary of future interest requirements is as follows:

University

Fiscal Year	Revenue Bonds	Revenue Bonds Direct Placement	Notes Payable	Installment Purchases	Leases	Subscription-based Technology Arrangements	Total
2024	$9,051,657	$3,313,870	$2,440,091	$16,232	$2,679,821	$583,231	$18,084,902
2025	8,810,955	3,150,054	1,984,449	9,581	2,468,377	343,877	16,767,293
2026	8,490,787	2,981,323	1,570,743	5,679	2,262,112	201,261	15,511,905
2027	8,005,594	2,819,369	1,161,709	2,693	2,074,754	89,393	14,153,512
2028	7,436,679	2,696,640	763,556	216	1,887,654	45,467	12,830,212
2029-2033	29,030,552	11,639,550	1,159,986	-	6,482,505	48,236	48,360,829
2034-2038	17,002,710	8,539,821	248,175	-	3,035,105	-	28,825,811
2039-2043	14,719,462	4,480,516	-	-	1,642,025	-	20,842,003
2044-2048	14,666,212	1,041,760	-	-	586,873	-	16,294,845
2049-2053	922,040	-	-	-	278,736	-	1,200,776
2054-2058	-	-	-	-	186,494	-	186,494
2059-2063	-	-	-	-	75,342	-	75,342
2064-2068	-	-	-	-	5,218	-	5,218
Total	$118,136,648	$40,662,903	$9,328,709	$34,401	$23,665,016	$1,311,465	$193,139,142

Authority

Fiscal Year	Revenue Bonds	Revenue Bonds Direct Placement	Notes Payable	Leases	Subscription-based Technology Arrangements	Total
2024	$16,185,825	$5,921,707	$7,322,641	$816,453	$369,478	$30,246,626
2025	15,917,575	5,746,178	7,877,425	668,546	176,615	30,209,724
2026	15,635,575	5,562,061	2,054,028	534,874	74,062	23,786,538
2027	15,340,075	5,371,305	2,019,444	408,797	9,984	23,139,621
2028	15,029,825	5,173,329	1,983,630	292,074	-	22,478,858
2029-2033	56,685,800	21,584,605	9,334,730	342,446	-	87,947,581
2034-2038	63,003,226	6,977,703	8,227,783		-	78,208,712
2039-2043	53,213,851	-	6,909,473		-	60,123,324
2044-2048	16,917,849	-	5,339,440		-	22,257,289
2049-2053	207,762	-	3,469,621		-	3,677,383
2054-2058	-	-	1,242,773		-	1,242,773
Total	$268,137,363	$56,336,888	$55,780,988	$3,063,190	$630,139	$383,318,429

MCV Foundation

Fiscal Year	Notes Payable
2024	$32,907
2025	7,057
2026	2,316
Total	$42,280

13. FACULTY EARLY RETIREMENT INCENTIVE PLAN

The University established the Virginia Commonwealth University Faculty Early Retirement Incentive Plan for Faculty (Plan) to provide a financial early retirement incentive for certain tenured faculty that will facilitate the release of tenured faculty resources for budget reallocation or reduction in accordance with the University Strategic Plan goals, changes in enrollment and other University needs. Tenure is a permanent appointment granted to associate professors and professors, which continues until the faculty member leaves the University, is dismissed for cause or is terminated due to a financial crisis.

The Plan provides an annuity for five years from the date of retirement equal to 20% of the average University salary of the faculty members eligible to participate in the Plan, not to exceed 30% of the participant's base annual salary from University resources at the time the agreement was signed. In addition, the University provides a health care benefit supplement until the participant becomes Medicare eligible (currently age 65) if the participant retires, or up to 18 months of COBRA benefits if the participant does not retire.

As of June 30, 2023, 59 faculty members were enrolled in the plan. Payments during fiscal year 2023 were $1,701,607. The present value of the future plan payment schedule follows:

Fiscal Year	Plan Obligations
2024	1,480,115
2025	1,262,446
2026	992,429
2027	612,626
2028	274,489
2029	2,661
Total	$4,624,766

14. PENSIONS AND RETIREMENT PLANS

University

Pension Plan Description

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Retirement Plan or the VaLORS Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of

Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan – Plan 1, Plan 2, and Hybrid; and two different benefit structures for covered employees in the VaLORS Retirement Plan – Plan 1 and Plan 2. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

Retirement Plan Provisions by Plan Structure		
Plan 1	**Plan 2**	**Hybrid Retirement Plan**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** Same as Plan 1.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution

		component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, they were vested as of January 1, 2013, and they have not taken a refund.	**Eligible Members** Employees are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Full-time permanent, salaried state employees.* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014
Hybrid Opt-In Election VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election	**Hybrid Opt-In Election** Same as Plan 1.	***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.		• Members of the Virginia Law Officers' Retirement System (VaLORS) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit	**Service Credit**	**Service Credit**

Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Same as Plan 1.	**Defined Benefit Component:** Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan

qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.		when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **<u>Defined Contributions Component:</u>** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and

		may withdraw 100% of employer contributions. Distributions not required, except as governed by law.
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **<u>Defined Benefit Component:</u>** See definition under Plan 1 **<u>Defined Contribution Component:</u>** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **<u>VRS:</u>** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	**Service Retirement Multiplier** **<u>VRS:</u>** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.	**Service Retirement Multiplier** **<u>Defined Benefit Component:</u>** **<u>VRS:</u>** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement

<u>VaLORS:</u> The retirement multiplier for VaLORS employees is 1.70% or 2.00%.	**<u>VaLORS</u>:** The retirement multiplier for VaLORS employees is 2.00% applied to hazardous duty service and 1.70% applied to non-hazardous duty service and no supplement.	benefit for service credited in those plans. **<u>VaLORS:</u>** Not applicable. **<u>Defined Contribution Component:</u>** Not applicable.
Normal Retirement Age **<u>VRS</u>:** Age 65. **<u>VaLORS</u>:** Age 60.	**Normal Retirement Age** **<u>VRS</u>:** Normal Social Security retirement age. **<u>VaLORS:</u>** Same as Plan 1.	**Normal Retirement Age** **<u>Defined Benefit Component</u>:** **<u>VRS</u>:** Same as Plan 2. **<u>VaLORS</u>:** Not applicable. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **<u>VRS:</u>** Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. **<u>VaLORS</u>**: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	**Earliest Unreduced Retirement Eligibility** **<u>VRS:</u>** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. **<u>VaLORS</u>**: Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **<u>Defined Benefit Component</u>:** **<u>VRS</u>:** Same as Plan 2. **<u>VaLORS</u>:** Not applicable. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility **<u>VRS</u>**: Age 55 with at least five years (60 months) of service	**Earliest Reduced Retirement Eligibility**	**Earliest Reduced Retirement Eligibility** **<u>Defined Benefit Component:</u>**

credit or age 50 with at least 10 years of service credit. VaLORS: Age 50 with at least five years of service credit.	**VRS:** Age 60 with at least five years (60 months) of service credit. **VaLORS:** Same as Plan 1.	**VRS:** Same as Plan 2. **VaLORS:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:** Same as Plan 1. **Exceptions to COLA Effective Dates:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2. **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
Disability Coverage	**Disability Coverage**	**Disability Coverage**

For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. **Defined Contribution Component**: Not applicable.

Contributions

The contribution requirement for active employees is governed by § 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2023, was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60% of covered employee compensation. These rates were the final approved General Assembly rate which were based on an actuarially determined rates from an actuarial valuation as of June 30, 2021. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the state agency to the VRS State Employee Retirement Plan were $40,461,880 and $36,144,346 for the years ended June 30, 2023, and June 30, 2022, respectively. Contributions from the state agency to the VaLORS Retirement Plan were $1,521,754 and $1,232,008 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $219.1 million to the VRS State plan and $19.9 million to VaLORS. These special payments were authorized by Chapter 1 of the 2022 Appropriation Act, and are classified as special employer contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the University reported a liability of $243,534,340 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $10,679,615 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The University's proportion of the Net Pension Liability was based on the University's actuarially determined employer contributions to the pension plans for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the University's proportion of the VRS State Employee Retirement Plan was 5.36606% as compared to 5.42333% at June 30, 2021. At June 30, 2022, the University's proportion of the VaLORS Retirement Plan was 1.68707% as compared to 1.23862% at June 30, 2021.

For the year ended June 30, 2023, the University recognized pension expense of $16,038,785 for the VRS State Employee Retirement Plan and $2,613,817 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2021 and June 30, 2022 a portion of the pension expense was related to deferred amounts from changes in proportion and differences between University contributions and the proportionate share of University contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$121,933	($16,163,854)
Net difference between projected and actual earnings on pension plan investments	-	(36,371,151)
Change in assumptions	9,916,572	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,538,862	(5,744,807)
Employer contributions subsequent to the measurement date	41,983,634	-
Total	$54,561,001	($58,279,812)

The $41,983,634 reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	
FY 2024	($16,577,343)
FY 2025	(19,770,337)
FY 2026	(26,572,424)
FY 2027	17,217,659
	($45,702,445)

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

	State Employee Retirement Plan	VaLORS Retirement Plan

Inflation	2.50%	2.50%
Salary increases, including Inflation	3.5% – 5.35%	3.5% – 4.75%
Investment rate of return	6.75% percent, net of pension plan investment expenses, including inflation	6.75% percent, net of pension plan investment expenses, including inflation
Mortality rates		
Pre-Retirement	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

	State Employee Retirement Plan	**VaLORS Retirement Plan**
Mortality Rates (pre-retirement, post retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all	Increased rates at some younger ages, decreased at age 62, and changed final retirement from 65 to 70
Withdraw Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change	No change
Salary Scale	No change	No change
Line of Duty Disability	No change	No change
Discount Rate	No change	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan	VaLORS Retirement Plan
Total pension liability	$27,117,746	$2,474,068
Plan fiduciary net position	22,579,326	1,841,041
Employers' net pension liability (asset)	$4,538,420	$633,027
Plan fiduciary net position as a percentage of the total pension liability	83.26%	74.41%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategie	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
	Inflation		2.50%
	*Expected arithmetic nominal returr		7.83%

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the state agency for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the University's proportionate share of the VRS State Employee Retirement Plan and VaLORS Retirement Plan net pension liabilities using the discount rate of 6.75%, as well as what the University's proportionate share of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
University's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	$416,206,623	$243,534,340	$100,418,850
University's proportionate share of the VaLORS Retirement Plan Net Pension Liability	$16,250,185	$10,679,615	$6,138,127

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

Included in accounts payable and other liabilities is an outstanding liability as of June 30, 2023 of $2,772,928 due to VRS.

Optional Retirement Plans

Full-time faculty and certain administrative staff are eligible to participate in other retirement plans. These are fixed-contribution programs where the retirement benefits received are based upon the employer (5.4%) and employee (5%) contributions (all of which are paid by the University for faculty hired before July 1, 2010) plus interest and dividends. For faculty hired on or after July 1, 2010, the 5% employee contribution is paid by the employee and the employer contribution, paid by the University, is 8.5%. The two providers are TIAA-CREF and Fidelity. The total pension expense for fiscal year 2023 related to these optional retirement plans was $25,050,021. Included in accounts payable and other liabilities is an outstanding liability as of June 30, 2023 of $1,655,270 related to these plans.

Additionally, certain employees of Virginia Commonwealth University are participating in The Select Plan. The Select Plan is a 401(a) defined contribution plan and participation is limited to executives (Dean and above) by invitation. It is primarily designed to continue defined contributions at the regular other retirement plan percentages of salary (as applicable depending upon the faculty member's plan) for executives whose base salaries exceed the compensation maximum for the other retirement plan. Total pension expense related to The Select Plan for fiscal year 2023 was $356,451. Included in accounts payable and other liabilities is an outstanding liability as of June 30, 2023 of $113,548 related to this plan.

Individual contracts issued under these optional plans provide for full and immediate vesting of both the University's and the employee's contributions. Contributions to other retirement plans were calculated using the base salary $273,719,950 in fiscal year 2023. Total pension costs under these plans were $25,406,472 in fiscal year 2023. Included in accounts payable and other liabilities is an outstanding liability as of June 30, 2023 of $1,221,179 related to these plans.

Deferred Compensation Plan (DCP)

The Deferred Compensation Plan (DCP) gives full and part-time faculty and staff who contribute at least $10 each pay period through the Tax Deferred Annuity Program (TDA) a matching contribution of 50%, up to a maximum of $20 each pay period, of the amount faculty and staff contribute through the TDA Program. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Total employer contributions under the Deferred Compensation Plan including both VRS and other retirement plan participants, were approximately $1,720,809 for the fiscal year ending 2023.

Authority

VCUMC Virginia Retirement System Plan (VRS Plan)

Prior to July 1, 1997, employees of VCUMC were employees of the Commonwealth of Virginia (the Commonwealth). These employees were eligible to participate in a defined benefit pension plan administered by the Virginia Retirement System (VRS). After July 1, 1997, employees could choose to remain in the VRS Plan or enroll in the VCUMC Authority Defined Contribution Plan (the Plan). A description of the VRS pension plan, contributions, actuarial assumptions, net pension liability, long-term expected rate of return and discount rate can be found under the University's section described previously. Contributions from VCUMC to the VRS Plan were $1,745,203 and $2,058,185 for the years ended June 30, 2023 and 2022, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

VCUMC reported a liability of $14,768,926 for its proportionate share of the Net Pension Liability for the year ended June 30, 2023. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. VCUMC's proportion of the Net Pension Liability was based on VCUMC's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contribution for all participating employers. At June 30, 2022, VCUMC's proportion of the VRS Plan was .32542% as compared to 0.41504% at June 30, 2021.

VCUMC recognized pension income of ($4,578,547) for the Plan for the year ended June 30, 2023. At June 30, 2023, VCUMC reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	($976,852)
Net difference between projected and actual earnings on pension plan investm	-	(2,152,581)
Change in assumptions	592,545	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(7,054,467)
Employer contributions subsequent to the measurement date	1,745,203	-
Total	$2,337,748	($10,183,900)

Deferred outflows of resources related to employer contributions subsequent to the measurement date totaling $1,745,203 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
FY24	($4,978,957)
FY25	(3,499,159)
FY26	(2,131,416)
FY27	1,018,177
	($9,591,355)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the VCUMC's proportionate share of the Plan's net pension liability using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
The VCUMC's proportionate share of the VRS state employee retirement plan net pension liability	$25,240,485	$14,768,926	$6,089,813

VCUHS Retirement Plan (VCUHS 401(A) Plan)

The VCUMC Authority Defined Contribution Plan (the Plan) was amended and restated effective January 1, 2002 and is now referred to as the VCUHS Retirement Plan (VCUHS 401(a) Plan). All employees, excluding house staff, working at least 20 hours a week in a benefit-eligible position are eligible to participate in the VCUHS 401(a) Plan. Per the VCUHS 401(a) Plan document as approved by the Authority's Board of Directors, VCUMC contributes up to 10% of the participant's salary to the VCUHS 401(a) Plan not to exceed the lesser of (a) the amount in accordance with Code 415(d), or (b) one hundred percent (100%) of the Participant's Compensation for such limitation year. Contributions are a function of the employee's age plus years of service per the table below. Total contributions to the VCUHS 401(a) Plan for the year ended June 30, 2023 was approximately $39,670,000. VCUMC shall have the right at any time, and without the consent of any party, to terminate the VCUHS 401(a) Plan in its entirety. Any changes to the provisions of the VCUHS 401(a) Plan, including the contribution requirements, must be approved in writing by the Authority's Board of Directors.

Age Plus Years of Service	Employer Contribution 401(a) Plan
65+	10%
55-65	8
45-55	6
35-45	4
<35	2

VCUMC also sponsors the VCUHS Savings Plan (VCUHS 457(b) Plan), a savings plan that represents employee contributions and employees may also receive a 2% matching contribution in their VCUHS 401(a) Plan based on their 457(b) contribution.

VCUMC has also established the HCP Plan. All persons hired as a health care provider on or after July 1, 1993 and prior to July 1, 1997 and working at least 35 hours of service per week are eligible to participate in the HCP Plan. All significant provisions of the HCP Plan, including the contribution requirements, are similar to the VCUHS 401(a) Plan. Total contributions to the HCP Plan for the year ended June 30, 2023 was approximately $21k.

MCVAP

MCVAP sponsors the MCVAP 401(a) Retirement Plan (the 401(a) Plan), a noncontributory, defined contribution plan, which covers substantially all full-time clinical provider employees of MCVAP and the MCVAP 403(b) Salary Deferral Plan (the 403(b) Plan), a salary deferral plan that represents physician contributions. Contributions to the 401(a) Plan by MCVAP, as determined annually at the discretion of the Board of Directors, were approximately $28,583,000 for the year ended June 30, 2023.

MCVAP also participates in the VCUHS 401(a) Plan, which covers all benefited nonclinical provider employees of MCVAP; the VCUHS Savings Plan (VCUHS 457(b) Plan), a savings plan that represents employee contribution and the MCVAP 403(b) Supplemental Plan (the 403(b) Highly Compensated Plan), a noncontributory defined contribution plan for highly compensated employees. The VCUHS 401(a) Plan contributions (as a percentage of the employee's salary) are a function of the employee's age plus years of service per the table below. MCVAP employees may contribute to the VCUHS 457(b) Savings Plan. Employees may also receive a 2% matching contribution in their VCUHS 401(a) Plan based on their 457(b) contribution. Contributions to the VCUHS 401(a) Plan for the year ended June 30, 2023 was approximately $6,834,000.

Age Plus Years of Service	Employer Contribution VCUHS 401(a) Plan
65+	10%
55-65	8
45-55	6
35-45	4
<35	2

CMH and CMHP

CMH participants in the VCUHS 401(a) Plan and retirement plan expense was approximately $2,382,000 for the year ending June 30, 2023. Providers who were employees of CMHP participate in the MCVAP0401(a) Retirement Plan. Those plan expenses were $1,099,000 for the year ending June 30, 2023.

Children's

Children's has a noncontributory defined benefit pension plan (Pension Plan) covering substantially all Children's employees prior to the plan being frozen in June 2010. The Pension Plan provides benefits that are based on the five consecutive years for which an employee's compensation is highest. Children's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as Children's may determine to be appropriate from time to time. Effective June 30, 2010, Children's froze all future benefit accruals for those who were active plan participants and closed the plan to new participants.

The Pension Plan's fair value of plan assets of $13.139M as of June 30, 2023, is recorded in the net pension liability on the accompanying consolidated statements of net position. The Pension Plan's liability of $13,597M as of June 30, 2023 is included in net pension liability on the accompanying consolidated statement of net position. Children's participants in the VCUHS 401(a) Plan and retirement plan expense was approximately $499,000 for the year ended June 30, 2023.

15. OTHER POST-EMPLOYMENT BENEFITS

The University participates in post-employment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System (VRS) or the Department of Human Resources Management. These programs include the Group Life Insurance Program, Retiree Health Insurance Credit Program, Line of Duty Act Program, Virginia Sickness and Disability Program and the Pre-Medicare Retiree Healthcare Program. Prior to July 1, 1997, employees of VCUMC were employees of the Commonwealth of Virginia and also automatically covered by the Retiree Health Insurance Credit and the Pre-Medicare Retiree Healthcare Programs. After July 1, 1997, new employees are not eligible for the programs. For these employees, hired before July 1, 1997 VCUMC participates in the Retiree Health Insurance Credit Program and for those who remain in the VRS Plan and continued enrollment in the state health benefits program remain eligible for the Pre-Medicare Retiree Healthcare Program. The specific information about each program is described below:

Plan Descriptions

GROUP LIFE INSURANCE (GLI) PROGRAM: All full-time, salaried permanent employees of state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. The University deducts these premiums from members' paychecks and pays the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

HEALTH INSURANCE CREDIT (HIC) PROGRAM: All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Health Insurance Credit Program. VCUMC employees hired prior to July 1, 1997 are also automatically covered by the plan. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which the University pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

LINE OF DUTY ACT (LODA) PROGRAM: All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The University's contributions are determined by VRS's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

VIRGINIA SICKNESS AND DISABILITY (VSDP) PROGRAM: All full-time and part-time permanent salaried state employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) hired on or after January 1, 1999 are automatically covered by the Disability Insurance Program (VSDP) upon employment. The Disability Insurance Program also covers state employees hired before January 1, 1999 who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

PRE-MEDICARE RETIREE HEALTHCARE (PMRH) PROGRAM: The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the Code of Virginia for retirees who are not yet eligible to participate in Medicare. VCUMC employees who elected to remain in the VRS Plan and continued enrollment in the State Health Benefits Program remain eligible for the program. This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the Department of Human Resource Management. There were approximately 3,647 retirees and 92,839 active employees in the program as of June 30, 2022. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

Plan Provisions

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • **Natural Death Benefit**: The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • **Accidental Death Benefit:** The accidental death benefit is double the natural death benefit. • **Other Benefit Provisions:** In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: o Accidental dismemberment benefit o Seatbelt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,984 as of June 30, 2023.
STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS

Eligible Employees

The State Employee Retiree Health Insurance Credit Program was established January 1, 1990, for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.

Benefit Amounts

The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

- **<u>At Retirement</u>**: For State employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.
- **<u>Disability Retirement</u>:** For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher.

For State police officer employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is $120.00 or $4.00 per year of service, whichever is higher.

For State police officers with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.

Health Insurance Credit Program Notes:

- The monthly Health Insurance Credit benefit cannot exceed the individual's premium amount.
- Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS

Eligible Employees

The eligible employees of the LODA Program include paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under VRS, SPORS, or VaLORS.

Benefit Amounts

LODA provides death and health insurance benefits for eligible individuals:

- **<u>Death</u>:** The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:
    - $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
    - $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.
    - An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.
- **<u>Health Insurance</u>:** The LODA program provides health insurance benefits.

- The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

DISABILITY INSURANCE PROGRAM (VSDP) PLAN PROVISIONS

Eligible Employees

The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP).
- State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement.
- Public college and university faculty members who elect the VRS defined benefit plan. They may participate in VSDP or their institution's disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.

Benefit Amounts

The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:

- **Leave:** Sick, family and personal leave. Eligible leave benefits are paid by the employer.
- **Short-Term Disability:** The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer.
- **Long-Term Disability (LTD):** The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia Disability Insurance Program (VSDP) OPEB Plan.
- **Income Replacement Adjustment:** The program provides for an income replacement adjustment to 80% for catastrophic conditions.
- **VSDP Long-Term Care Plan:** The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

Disability Insurance Program (VSDP) Plan Notes:

- Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels.

- A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up five years of VSDP benefits.
- Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5.00% of the employee's compensation.

Cost-of-Living Adjustment (COLA)

- During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board.
    - Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).
    - Plan 1 employees non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).
- For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
    - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%
- For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
    - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.

Pre-Medicare Retiree Healthcare (PMRH) Plan Provisions

Eligible Employees

For a retiree to be eligible for the PMRH Plan, the participant must be a retiring state employee who is eligible for either a monthly benefit from the Virginia Retirement System (VRS) or one of the Commonwealth's qualified Optional Retirement Plans (ORP).

Following are eligibility requirements for VRS retirees:

- Be a retiring state employees who is eligible for a monthly retirement benefit from the VRS
- Start receiving (does not defer) his or her retirement benefit immediately upon retirement*
- His or her employer before retirement must be the Commonwealth of Virginia
- He/she was eligible for (even if not enrolled in) coverage as an active employee in the State Health Benefits Program until retirement date (not including Extended Coverage/COBRA),

- He/she must enroll no later than 31 days from retirement date.

*For VRS retirees, this means that the employing agency reported a retirement contribution or leave without pay status for retirement in the month immediately prior to retirement date. Some faculty members may also be eligible if they are paid on an alternate pay cycle but maintain eligibility for active coverage until their retirement date.

Following are following are eligibility requirements for qualified ORP retirees, effective January 1, 2017**:

- Be a terminating state employee who participates in one of the qualified Optional Retirement Plans
- His or her last employer before retirement must be the Commonwealth of Virginia
- He/she was eligible for (even if not enrolled in) coverage in the State Employee Health Benefits Program for active employees at the time of your termination
- He/she meets the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that he/she would have been eligible for on the date of hire had they not elected the ORP
- He/she must enroll in the State Retiree Health Benefits Program no later than 31 days from the date he/she loses coverage (or loses eligibility for coverage) in the State Health Benefits Program for active employees due to termination of employment.

**This change applies to ORP terminations effective January 1, 2017, or later. Eligibility for those who terminated employment prior to January 1 should be determined based on the policy in place at the time of their termination.

Contributions

GLI PROGRAM: The contribution requirements for the Group Life Insurance Program are governed by § 51.1-506 and § 51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the University and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the University were $3,022,890 and $2,758,341 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

HIC PROGRAM: The contribution requirement for active employees is governed by § 51.1-1400(D) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the University by the Virginia General Assembly. Each state agencies' contractually required employer contribution rate for the year ended June 30, 2023 was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Health Insurance Credit Program were $6,313,197 and $5,738,093 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions from VCUMC to the HIC Plan were $323,126 and $398,000 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $8.5 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act.

LODA PROGRAM: The contribution requirements for the LODA Program are governed by § 9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the University by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2023 was $681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the University were $62,047 and $52,364 for the years ended June 30, 2023 and June 30, 2022, respectively.

VSDP PROGRAM: The contribution requirements for the Disability Insurance Program (VSDP) are governed by § 51.1-1140 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the University by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2023 was 0.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the University were $1,705,338 and $1,511,349 for the years ended June 30, 2023 and June 30, 2022, respectively.

PMRH PROGRAM: The University does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, the University effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of the premiums for active employees.

Liabilities, Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Programs

At June 30, 2023, the University and VCUMC reported the following net liabilities (assets) of for its proportionate share of the total OPEB liability for each of the OPEB programs.

University	Liabilities (Assets)	VCUMC	Liabilities (Assets)
GLI	$28,581,274	HIC	$3,880,742
HIC	$55,483,230	PMRH	$923,623
LODA	$1,449,409		
VSDP	($15,927,668)		
PMRH	$25,414,915		

These liabilities were measured as of June 30, 2022. The total OPEB Liability used to calculate each OPEB liability for GLI, HIC, LODA, and VSDP was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The PMRH OPEB Liability was determined by an actuarial valuation as of June 30, 2022. The University's proportionate share of the GLI, HIC, LODA and VSDP liabilities was based on the University's actuarially determined employer contributions to each program for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. VCUMC's proportion of the Net HIC Plan OPEB Liability was based on VCUMC's actuarially determined employer contributions to the HIC Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. The University's and VCUMC's proportion of the PMRH OPEB liability was based on their calculated healthcare premium contributions, to include the December premium holiday amounts, as a percentage of the total employer's calculated healthcare premium contributions for all participating employers.

At June 30, 2022, the University's proportionate shares were:

GLI State Employees	2.34718% as compared to 2.34338% at June 30, 2021
GLI VaLORS	0.02649% as compared to 0.02114% at June 30, 2021
HIC State Employees	6.69765% as compared to 6.68244% at June 30, 2021
HIC VaLORS	0.07543% as compared to 0.05993% at June 30, 2021
LODA	0.38298% as compared to 0.48454% at June 30, 2021
VSDP State Employees	5.27384% as compared to 5.31980% at June 30, 2021
VSDP VaLORS	0.12258% as compared to 0.09544% at June 30, 2021
PMRH	6.99335% as compared to 6.96602% at June 30, 2021

At June 30, 2022, VCUMC's proportionate shares were:

HIC	0.46588% as compared to 0.54067% at June 30, 2021
PMRH	0.25415% as compared to 0.30440% at June 30, 2021

For the year ended June 30, 2023, the University and VCUMC recognized the following expenses for these programs:

University	**Expenses**	**VCUMC**	**Expenses**
GLI	$1,125,719	HIC	($423,749)
HIC	$4,913,018	PMRH	($1,158,118)
LODA	$155,874		
VSDP	$54,923		
PMRH	($13,186,049)		

Since there was a change in proportionate share between measurement dates, a portion of these expenses was related to deferred amounts from changes in proportion.

At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to the programs from the following sources:

		Deferred Outflows of Resources	**Deferred Inflows of Resources**
GLI	Differences between expected and actual experience	$2,263,277	($1,146,612)
	Net difference between projected and actual earnings on program investments	-	(1,785,909)
	Change in assumptions	1,066,037	(2,783,930)
	Changes in proportionate share	823,177	(546,305)
	University contributions subsequent to the measurement date	3,022,890	-
	Total	$7,175,381	($6,262,756)
HIC	Differences between expected and actual experience	9,503	(3,353,281)
	Net difference between projected and actual earnings on State plan investments	-	(30,101)
	Change in assumptions	1,856,135	(28,008)
	Changes in proportionate share	1,386,510	(872,479)
	University contributions subsequent to the measurement date	6,313,197	-
	Total	9,565,345	(4,283,869)

LODA	Differences between expected and actual experience	111,354	(270,891)
	Net difference between projected and actual earnings on plan investments	-	(6,198)
	Change in assumptions	404,200	(357,492)
	Changes in proportionate share	189,156	(487,973)
	University contributions subsequent to the measurement date	62,047	-
	Total	766,757	(1,122,554)
VSDP	Differences between expected and actual experience	1,603,357	(2,371,019)
	Net difference between projected and actual earnings on plan investments	-	(879,470)
	Change in assumptions	91,902	(312,907)
	Changes in proportionate share	252,550	(417,740)
	University contributions subsequent to the measurement date	1,705,338	-
	Total	3,653,147	(3,981,136)
PMRH	Difference between actual and expected experience	-	(11,606,399)
	Changes in assumptions	-	(23,525,685)
	Changes in proportion	3,049,940	-
	Sub Total	3,049,940	(35,132,084)
	Amounts associated with transactions subsequent to the measurement date	2,778,928	-
	Total	5,828,868	($35,132,084)

At June 30, 2023, VCUMC reported deferred outflows of resources and deferred inflows of resources related to the programs from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
HIC	Differences between expected and actual experience	$654	($230,652)
	Net difference between projected and actual earnings on State plan investments	-	(2,070)
	Change in assumptions	127,673	(1,926)
	Changes in proportionate share	-	(1,917,887)
	VCUMC contributions subsequent to the measurement date	323,126	-
	Total	$451,453	($2,152,535)
PMRH	Difference between actual and expected experience	-	($421,798)
	Changes in assumptions	-	(854,968)
	Changes in proportion	-	(1,621,641)
	Sub Total	-	(2,898,407)
	Amounts associated with transactions subsequent to the measurement date	100,991	-
	Total	100,991	(2,898,407)

The preceding amounts reported as deferred outflows of resources related to each program, resulting from the University's and VCUMC's contributions and amounts associated with transactions subsequent to the measurement date, will be recognized as a reduction of each programs net liability (asset) in the fiscal year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB programs will be recognized in each program's expense in future reporting periods as follows:

University **Year Ended June 30**	GLI	HIC	LODA	VSDP	PMRH
FY 2024	(285,769)	12,816	(39,050)	(793,244)	(13,808,676)
FY 2025	(344,414)	(54,946)	(38,918)	(779,768)	(8,782,375)
FY 2026	(1,410,450)	(495,023)	(38,777)	(918,379)	(4,958,958)
FY 2027	122,729	(287,011)	(23,580)	129,865	(3,049,754)
FY 2028	(192,361)	(201,771)	(36,670)	59,935	(1,482,378)
Thereafter	-	(5,786)	(240,851)	268,263	-
	($2,110,265)	($1,031,721)	($417,846)	($2,033,328)	($32,082,141)

VCUMC **Year Ended June 30**	HIC	PMRH
FY 2024	(692,045)	(1,107,544)
FY 2025	(576,117)	(766,335)
FY 2026	(394,187)	(512,434)
FY 2027	(230,523)	(339,866)
FY 2028	(127,617)	(172,228)
Thereafter	(3,719)	-
	(2,024,208)	($2,898,407)

Actuarial Assumptions (GLI, HIC, VSDP, LODA)

The total OPEB liability for the VRS Programs was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including Inflation:	
General state employees	3.50% – 5.35% (N/A LODA)
Teachers	3.50% – 5.95% (N/A LODA)
SPORS employees	3.50% – 4.75% (N/A LODA)
VaLORS employees	3.50% – 4.75% (N/A LODA)
JRS employees	4.00% (N/A LODA)
Locality - General employees	3.50% – 5.35% (N/A LODA)
Locality - Hazardous duty employees	3.50% – 4.75% (N/A LODA)
Investment rate of return*	GLI, HIC, and VSDP: 6.75%, net of OPEB plan investment expenses, including inflation LODA: 3.69%, including inflation
Medical cost trend rates assumption (LODA ONLY)	
Under age 65	7.00% – 4.75%
Ages 65 and older	5.25% – 4.75%
Year of ultimate trend rate (LODA Only)	
Under age 65	Fiscal year ended 2028
Ages 65 and	Fiscal year ended 2023

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

Mortality Rates (GLI, HIC, VSDP, LODA)

Pre-Retirement	
General State Employees (GLI, HIC, VSDP, LODA)	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.
Teachers (GLI)	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% rate for males
JRS Employees (GLI, HIC)	Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years.
SPORS Employees (GLI, HIC, VSDP, LODA), VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA) Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI)	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement	
General State Employees (GLI, HIC, VSDP, LODA)	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.
Teachers (GLI)	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
JRS Employees (GLI, HIC)	Pub-2020 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years.
SPORS Employees (GLI, HIC, VSDP, LODA), VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI),	Pub-2010 Amount weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% rates for females set forward 3 years.

Largest 10 Locality Employers – With Public Safety Employees (LODA), Non-Largest 10 Locality Employers – With Public Safety Employees (LODA),	
Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI)	Pub-2010 Amount weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement	
General State Employees (GLI, HIC, VSDP, LODA)	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.
Teachers (GLI)	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally, 110% of rates for males and females.
SPORS Employees (GLI, HIC, VSDP, LODA), VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA), Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	Pub-2010 Amount Weighted General Disabled Rates projected generationally, 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
JRS Employees (GLI, HIC)	Pub-2010 Amount Weighted General Disabled Rates projected generationally.
Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI)	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors	
General State Employees (GLI, HIC, VSDP, LODA)	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.
Teachers (GLI)	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

SPORS Employees (GLI, HIC, VSDP, LODA), VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA), Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
JRS Employees (GLI, HIC), Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI)	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale	
All employee classifications	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	
General State Employees (GLI, HIC, VSDP, LODA), Teachers (GLI), SPORS Employees (GLI, HIC, VSDP, LODA), VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI), Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI),	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality improvement Scale MP-2020.

Largest 10 Locality Employers – With Public Safety Employees (LODA) Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	
JRS Employees (GLI, HIC)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality improvement Scale MP-2020.

Retirement Rates	
General State Employees (GLI, HIC, VSDP, LODA), Teachers (GLI), Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI)	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
SPORS Employees (GLI, HIC, VSDP, LODA)	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70.
VaLORS Employees (GLI, HIC, VSDP, LODA)	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70.
JRS Employees (GLI, HIC)	Decreased rates at for ages 60-66 and 70-72
Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA) Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.

Withdrawal Rates	
General State Employees (GLI, HIC, VSDP, LODA), Teachers (GLI), VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – General Employees (GLI),	Adjusted rates to better fit experience at each year age and service through 9 years of service

Non-Largest 10 Locality Employers – General Employees (GLI),	
SPORS Employees (GLI, HIC, VSDP, LODA)	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
JRS Employees (GLI, HIC)	No change
Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA)	Decreased rates.
Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty.

Disability Rates	
All employee classifications	No change

Salary Scale	
JRS Employees (GLI, HIC)	Reduce increases across all ages by 0.50%
All other employee classifications	No change

Line of Duty Disability	
All employee classifications	No change

Discount Rate	
GLI, HIC, VSDP	No change
LODA	Increase rate from 2.16% to 3.69%

Actuarial Assumptions (PMRH)

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2022. The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 8.00 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.0 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end the fiscal year in which contributions are reported
Measurement Date	June 30, 2022 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	5.86 years
Discount Rate	3.54%
Projected Salary Increases	5.35% to 3.5% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 8.00% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2033
Mortality	Mortality rates vary by participant status and gender
Pre-Retirement	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years
Post-Retirement	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years
Beneficiaries and Survivors	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

Changes of Assumptions: The following actuarial assumptions were updated since the June 30, 2021 valuation based on recent experience:

Retiree Participation	Reduced from 40% to 35% based on a blend of recent experience and the prior year assumption.
Trend Rates	Updated based on economic conditions as of June 30, 2022.
Discount Rate	Increased from 2.16% to 3.54% based on the Bond Buyers Go 20 Municipal Bond Index.

There were no plan changes in the valuation since the prior year.

Net OPEB Liability (Asset)

The net OPEB Liability/Asset (NOL/NOA) for the GLI, HIC, LODA and VSDP programs represents the program's total OPEB Liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2022, NOL/NOA amounts for each program are as follows (amounts expressed in thousands):

	GLI	HIC	LODA	VSDP
Total OPEB liability	$3,672,085	$1,043,748	$385,669	$307,764
Plan fiduciary net position	2,467,989	224,575	7,214	602,916
Employer's net OPEB liability (asset)	$1,204,096	$819,173	$378,455	($295,152)
Plan fiduciary net position as a percentage of the total OBEB liability	67.21%	21.52%	1.87%	195.90%

The total OPEB Liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB Liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return (GLI, HIC, VSDP)

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Allocation	Arithmetic Long-Term Expected Rate of Return	Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.39%

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Long-Term Expected Rate of Return (LODA)

The long-term expected rate of return on the LODA Program's investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments' 6.75% assumption. Instead, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

Discount Rate (GLI, HIC, VSDP, LODA)

The discount rate used to measure the total OPEB Liability was 6.75% for GLI, HIC and VSDP; 3.69% for LODA. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by the University for the OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022, on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB Liability.

Discount Rate (PMRH)

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date, which is June 30, 2022.

Sensitivity of the Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents the University's and VCUMC's proportionate share of the net GLI, HIC and VSDP OPEB Liabilities (Assets) using the discount rate of 6.75%, as well as what the University's and VCUMC's proportionate share of the OPEB liabilities (assets) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
University's proportionate share of: GLI Net OPEB Liability	$41,589,102	$28,581,275	$18,069,172
University's proportionate share of: HIC Net OPEB Liability	$62,302,886	$55,483,230	$49,628,319
University's proportionate share of: VSDP Net OPEB Liability (Asset)	($14,659,982)	($15,927,668)	($17,041,505)
VCUMC's proportionate share of: HIC State Employees Net OPEB Liability	$4,285,446	$3,816,362	$3,413,638

The following presents the University's proportionate share of the net LODA OPEB liability using the discount rate of 3.69%, as well as what the University's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

	1.00% Decrease 2.69%	Current Discount Rate 3.69%	1.00% Increase 4.69%
University's proportionate share of:			
LODA Net OPEB Liability	$1,654,486	$1,449,409	$1,281,631

The following presents the University's and VCUMC's proportionate share of the PMRH OPEB liability using the discount rate of 3.54%, as well as what the University's proportionate share of the Pre- Medicare Retiree Healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

	1.00% Decrease 2.54%	Current Discount Rate 3.54%	1.00% Increase 4.54%
University's proportionate share of:			
PMRH OPEB Liability	$26,829,179	$25,414,914	$24,030,359
VCUMC's proportionate share of:			
PMRH OPEB Liability	$975,020	$923,623	$873,306

Sensitivity of the Proportionate Share of the OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA and PMRH programs contain provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the University's and VCUMC's proportionate share of the liabilities using current health care trend rates as well as one percentage point lower or one percentage point higher than the current rate:

	1.00% Decrease (6.00% decreasing to 3.75%)	Rates (7.00% decreasing to 4.75%)	1.00% Increase (8.00% decreasing to 5.75%)
University's proportionate share of: LODA Net OPEB Liability	$1,221,442	$1,449,409	$1,735,542

	1.00% Decrease (7.00% decreasing to 3.50%)	Trend Rate (8.00% decreasing to 4.50%)	1.00% Increase (9.00% decreasing to 5.50%)
University's proportionate share of: PMRH OPEB Liability	$23,137,359	$25,414,914	$28,037,555

	1.00% Decrease (7.00% decreasing to 3.50%)	Trend Rate (8.00% decreasing to 4.50%)	1.00% Increase (9.00% decreasing to 5.50%)
VCUMC's proportionate share of: PMRH OPEB Liability	$840,853	$923,623	$1,018,934

Fiduciary Net Position

Detailed information about the GLI, HIC, LODA and VSDP programs is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS OPEB Programs

Included in the University's accounts payable and other liabilities are the following outstanding liabilities as of June 30, 2023 due to VRS:

GLI	$494,099
HIC	$412,723
VSDP	$113,723

16. COMMITMENTS

The University, VCU Real Estate Foundation and the Authority are party to various construction commitments. As of June 30, 2023, the remaining commitments were $21,895,435 for the University and approximately $100,000,000 for the Authority. The Authority's commitments primarily relate to construction, purchases of medical equipment and information systems. The

VCU Real Estate Foundation held remaining commitments in the amount of $33,245 as June 30, 2023 in connection with the demolition of a building.

During the fiscal year, the VCU Real Estate Foundation entered into a purchase agreement for the acquisition of real property totaling $4,385,000 with a $100,000 deposit delivered on June 20, 2023. The unpaid commitment for the purchase of this real property is $4,285,000 as of June 30, 2023.

The VCU Real Estate Foundation has entered into 10 leases for residential properties located in Doha, Qatar for the purpose of providing housing for faculty and staff of VCU Qatar. The payments are approximately $518,407 (US Dollars) annually based upon the exchange rates as of June 30, 2023. The Qatar Foundation advances the funds to the University and the University makes all rent payments directly to the landlords.

As of June 30, 2023, the University and the Authority are committed to various leases which were excluded from capitalization due to having a calculated asset value of less than the capitalization threshold or a lease period of 12 months or less, including all renewal options regardless of the likelihood of the options being exercised. These outflows of resources are recognized in the periods in which they relate. Additionally, the Authority has leases and subscription-based information technology arrangements which are excluded from liabilities because the term did not start during the fiscal year.

17. LITIGATION

The University, Authority and/or individuals acting within their scope of employment on behalf of the University or Authority have been named as a defendant in a number of lawsuits. The final outcome of any of these lawsuits cannot be determined at this time. However, management is of the opinion that any ultimate liability to which the University and Authority may be exposed will not have a material effect upon the entity's financial position.

18. CONTINGENCIES

VCUMC is self-insured for professional liability claims, exclusive of insured excess retentions. There have been malpractice claims asserted against VCUMC by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. There are also known incidents that have occurred that may result in the assertion of additional claims. In addition, there may be other claims from unreported incidents arising from services provided to patients. Management of VCUMC accrues estimated losses on malpractice claims to the extent they fall within the limits of the VCUMC's self-insurance program or exceed the limits of the excess insurance coverage in place through ARIES at the date of the claim. The undiscounted liability is actuarially determined using industry data and VCUMC's historical experience.

Investments have been set aside based on actuarially determined reserves and are included in assets whose use is limited in the accompanying consolidated statements of net position. At June 30, 2023, the internally restricted funds for VCUMC include $3,485k for claims and related legal expenses for reported and unreported incidents occurring since July 1, 1998.

The Authority believes that its consolidated financial position would not be materially affected by the difference between the amounts recorded and the ultimate cost related to asserted or un-asserted VCUMC claims, if any, as of June 30, 2023.

VCUMC obtains automobile liability insurance and specific coverage of general liability and healthcare professional liability through ARIES. Management does not believe the amount of liability for any claims incurred but unreported as of June 30, 2023 is significant.

Beginning in July 2018, MCVAP obtained insurance coverage for malpractice claims through ARIES. Additionally, ARIES assumed the previously self-insured estimated liabilities from policy years July 2005 through July 2018. Due to coverage moving to ARIES in FY19, there are no estimated losses on malpractice claims for the years ended thereafter.

CMH is exposed to various risks of loss from torts, theft of, damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illness; natural disasters; malpractice; and employee health, dental and accidental benefits. Insurance coverage is provided through ARIES or purchased for claims arising from such matters. CMH can be involved in litigation during the ordinary course of business related to professional liability claims. Management and legal counsel believe all claims should be settled within the limits of insurance coverage. Management does not believe the amount of liability for any claims incurred but unreported as of June 30, 2023 is significant.

Children's obtains insurance coverage for professional liability through ARIES. Management and legal counsel believe all claims should be settled within the limits of insurance coverage. Management does not believe the amount of liability for any claims incurred but unreported as of June 30, 2023 is significant.

UHS and VCCN obtain general liability insurance coverage through ARIES. Management does not believe the amount of liability for any claims incurred but unreported as of June 30, 2023 is significant.

19. INDEMNIFICATIONS

The MCV Foundation has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Foundation's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The Foundation has a director and officer insurance policy that further limits its exposure and enables the Foundation to recover a portion of any future amounts paid.

20. RELATED PARTIES

The financial statements do not include the assets, liabilities or fund balances of affiliated organizations. All of these organizations are separately incorporated entities managed by their own Boards and audited by other independent certified public accounting firms. Each organization is described below.

Virginia Biotechnology Research Park Partnership Authority

The primary purpose of the Virginia Biotechnology Research Park Partnership Authority is to expand knowledge pertaining to scientific and technological research, and development among public and private entities, promote the economic and industrial development of the City of Richmond and the Commonwealth of Virginia. The Authority does not have taxing powers. Operations are funded from lease and ancillary service revenues. The Authority's operations, acquisition, and construction of capital assets have been funded by bond issuances, long-term notes payable, line of credit debt, appropriations from the Commonwealth, voluntary assessments from property owners located in the Research Park and contract support payments from VCU.

In November 2011, the Authority entered into a lease agreement with Virginia Commonwealth University for the use of the real property, building and improvements located at 800 East Leigh Street, otherwise known as Biotech Center. Biotech Center is the property from which the Authority conducts the majority of its operations. The rent under the lease agreement was $30 and was paid in a lump sum at the beginning of the lease; therefore, there is no related rent expense represented within these financial statements. The lease term ends November 2041.

VCU Investment Management Company

The VCU Investment Management Company, a non-profit, non-stock corporation, organized under Virginia law for exclusively charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code was formed to advise the University and its affiliated foundations on the management of its investments. Approved by the VCU Board of Visitors and VCU Health Board of Directors in June 2015, the VCU Investment Management Company (VCIMCO) will provide investment and investment management services to VCU, the Authority and affiliated foundations.

21. TRANSACTIONS BETWEEN COMPONENT UNITS

The University and its component units provide services and support to each other so as to avoid duplication of efforts as much as possible.

The VCU Foundation, the VCU School of Business Foundation and the VCU School of Engineering Foundation hold the University's investments that function as endowments, both true and quasi. As of June 30, 2023, the VCU Foundation and the VCU School of Engineering

Foundation held University investments of $29,436,172 and $7,352,576, respectively. Additionally, the VCU School of Business Foundation held investments of $1,301,491. The University has a due from component units for these investments, which is eliminated in the total column.

The VCU Foundation also holds investments for the VCU Intellectual Properties Foundation in the amount of $1,413,178 and for the VCU Real Estate Foundation in the amount of $10,585,018. The MCV Foundation holds investments for the VCU Intellectual Properties Foundation in the amount of $1,941,000. The University has a due from component units for these investments, which is eliminated in the total column.

The VCU School of Engineering Foundation has constructed two buildings with the proceeds of debt issued by the University. The School of Engineering Foundation transfers sufficient funds to the University annually to fund the debt service. The annual transfer is recorded at the University as a gift received. The University includes one of the buildings and the liability on the Statement of Net Position. The VCU School of Engineering Foundation has the phase I building, deferred bond issuance costs, prepaid bond interest, a liability and an accrued contribution to the University on their financial statements which are eliminated in the Statement of Net Position.

The VCU School of Business Foundation has constructed a building with the proceeds of debt issued by the University which is recorded as an asset on the Foundation's Statement of Net Position. The School of Business Foundation transfers sufficient funds to the University annually to fund the debt service. The University has the liability for the outstanding debt on the Statement of Net Position. The VCU School of Business Foundation has deferred issuance costs, a liability and an accrued contribution to the University on their financial statements which are eliminated in the Statement of Net Position.

The MCV Foundation, VCU Foundation, VCU School of Engineering Foundation and VCU School of Business Foundation solicit funds to benefit the University and transfer a portion of those funds to the University to support programs. These transactions have been eliminated from the Statement of Revenues, Expenses and Changes in Net Position from gift revenue and supporting services.

MCV Associated Physicians, a component of the VCU Health System, transfer a portion of their patient revenues to the University to support the academic and research missions. Those transfers are eliminated from hospital services expenses and other operating revenue.

The VCU Real Estate Foundation acquires facilities and rents them to the University and the VCU Health System. Those rental expenses are eliminated from operations and maintenance expenses and other revenues. Additionally, the leased assets and lease liabilities are eliminated in the consolidated statement of net position.

Dentistry@VCU bills and collects patient care revenue that is generated by VCU students, residents and employees to facilitate efficiency in billing and collection processes. The funds are either held in escrow with related earnings or transferred to VCU, less expenses. The University has a due from component units for these investments, which is eliminated in the total column.

The University and the VCU Health System support each other through the sharing of capabilities and resources. Reimbursements of costs are made between the entities to ensure that each entity bears the proper portion of costs. Those transactions are eliminated between the revenue recorded and the expense category so that the expense is included in the expense category that reflects the service delivered to the student or public.

VCU Health System leases property from the University. Due to the nature of the related parties, these leases are recognized in the substance of the transaction rather than merely its legal form. The related receivables and deferred inflows of resources are eliminated in the consolidated statement of net position.

22. NET PATIENT SERVICE REVENUE

The Authority's patient service revenue is as follows for the year ended June 30, 2023:

(in thousands)	
Gross Patient Revenue:	
Inpatient	$5,078,274
Outpatient	5,229,161
Provision for uncompensated care and contractual adjustments	(70,659)
Total VCUMC gross patient service revenue	10,236,776
Less contractual allowances and uncollectable amounts	(7,236,423)
Net patient service revenue VCUMC	3,000,353

This balance is included in the hospital services line item of the consolidated statement of revenues, expenses, and changes in net position.

23. RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; nonperformance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, air and watercraft plans. The University pays premiums to each of these departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available in the Commonwealth of Virginia's *Annual Comprehensive Financial Report*. The University also purchases certain contingency insurance coverage related to the VCU School of the Arts in Qatar.

24. STATE APPROPRIATIONS

The University receives state appropriations from the General Fund of the Commonwealth. The Appropriations Act specifies that such unexpended appropriations shall revert at the end of the biennium, as specifically provided by the General Assembly, unless the University meets management standards.

The following is a summary of the state appropriations for the year ended June 30, 2022:

Original Legislative Appropriation:	
Educational and general programs	$253,856,550
Higher education student financial assistance	42,365,386
Higher education research initiative for cancer research item 208	25,000,000
Governor's research initiative for biomedical engineering and regenerative medicine item 208	1,162,500
Parkinson's and movement disorder center item 208	350,000
Supplemental Adjustments:	
Virtual Library of Virginia- VIVA	15,739
Teacher Residency Program	1,212,600
Tech Talent Investment Program	1,345,125
Virginia Military Survivors and Dependent Education Program	736,128
Two Year College Transfer Grant Program	837,000
Clinical Faculty Grant	12,712
Online Special Education	37,472
PBIS of the VTSS	447,000
Higher education equipment trust fund	9,784,747
Higher education equipment trust fund NGF	(401,647)
Capital fee for out of state students	(2,359,266)
Total	$334,402,046

25. CORONAVIRUS RELIEF FUNDING

During the fiscal year, the University was awarded $23,019,470 from the Federal CARES Act funding. Of these funds, $18,370,554 was disbursed to students and $4,648,916 was used to reimburse the university for lost tuition and COVID-related expenses.

26. DERIVATIVE INSTRUMENT

VCUHSA uses interest rate swap agreements to limit this exposure to rising interest rates on its variable-rate debt. Interest rate differentials to be paid or received as a result of the swap agreements are accrued and recognized as an adjustment of interest expense related to the associated debts. Derivatives are recognized on the statements of net position at their fair value. Fair value is calculated using the zero-coupon method, which considers known and projected contractual cash flows. VCUMC assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items. Changes in fair value of a derivative that are effective and are designated and qualify as cash flow hedges are recorded as deferred inflows or outflows on the accompanying consolidated statements of net position.

In June 2007, VCUMC entered into two interest rate swap agreements in anticipation of the issuance of the Series 2008 tax-exempt bonds. The swaps have a combined initial notional amount of $125,000,000 which declines over time to $15,700,000 at the termination date of July 1, 2037. The nominal amount as of June 30, 2023 was $110,870,000. VCUMC pays a fixed rate of 3.84% and the counterparty pays 67% of 30-day LIBOR (3.52% as of June 30, 2023). The payments are settled monthly. Payments or receipts under the terms of the swap are recorded as interest expense. As of June 30, 2023, the fair market value of the swap was a liability of $13,192,852 which is included in other liabilities in the accompanying consolidated statements of net position. For the year ended June 30, 2023, the change in fair value of the swaps was -$7,307,119.

In June 2013, VCUMC refunded the Series 2008 Bonds using proceeds of the Series 2013A Bonds. At that time, the hedging relationship between the interest rate swap agreements and the Series 2008 bonds was terminated, and the accumulated change in fair value of the interest rate swaps was included in the calculation of the deferred loss on refunding. In June 2013, VCUMC reestablished hedge accounting by designating the Series 2013A Bonds as the hedged debt.

Below are debt service requirements of VCUMC's debt and net receipts/payments on associated derivative instruments. These amounts assume that current variable and reference rates on the hedging instruments will remain the same for their terms. As these rates vary, net receipt/payments on the hedging instruments will vary.

Maturity	Principal	Interest	Hedging Derivative Instruments, Net	Total
2024	$1,360,000	$5,051,587	$403,659	$6,815,246
2025	1,355,000	4,989,082	398,665	6,742,747
2026	1,465,000	4,921,503	393,265	6,779,768
2027	1,525,000	4,851,156	387,643	6,763,799
2028	1,605,000	4,777,119	381,727	6,763,846
2029-2033	30,685,000	21,179,900	1,692,431	53,557,331
2034-2038	72,875,000	6,977,703	557,570	80,410,273
Total	$110,870,000	$52,748,050	$4,214,960	$167,833,010

27. SUBSEQUENT EVENTS

On August 10, 2023, the VCU Real Estate Foundation closed on acquisitions of real property totaling $4,375,183.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY

For the 9 Years Ending up to June 30, 2023

University - State Employee

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability	5.37%	5.42%	5.53%	5.42%	5.26%	5.10%	5.12%	5.10%	4.97%
Employer's proportionate share of net pension liability	$243,534,340	$196,716,635	$400,932,598	$342,609,132	$284,679,000	$297,415,000	$337,179,000	$312,358,000	$277,982,000
Employer's covered payroll	$250,678,168	$239,100,966	$245,973,353	$227,265,042	$217,121,483	$204,261,684	$201,682,517	$196,421,847	$191,084,233
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	97.15%	82.27%	163.00%	150.75%	131.12%	145.60%	167.18%	159.02%	145.48%
Plan fiduciary net position as a percentage of the total pension liability	83.26%	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%	74.28%

University - VaLORS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability	1.69%	1.29%	1.39%	1.28%	1.22%	1.20%	1.15%	1.15%	1.06%
Employer's proportionate share of net pension liability	$10,679,615	$6,461,689	$10,855,733	$8,910,081	$7,602,000	$7,843,000	$8,914,000	$8,182,000	$7,120,000
Employer's covered payroll	$5,715,245	$4,318,450	$5,137,042	$4,493,320	$4,243,397	$4,082,915	$4,006,294	$3,900,759	$3,694,440
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	186.86%	149.63%	211.32%	198.30%	179.15%	192.09%	222.50%	209.75%	192.72%
Plan fiduciary net position as a percentage of the total pension liability	83.26%	78.18%	65.74%	68.31%	69.56%	67.22%	61.01%	62.64%	63.05%

Authority

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability	0.33%	0.42%	0.50%	0.60%	0.67%	0.74%	0.79%	0.87%	0.94%
Employer's proportionate share of net pension liability	$14,768,926	$15,054,454	$36,297,461	$37,635,271	$36,496,000	$43,367,000	$52,121,000	$53,472,000	$52,598,000
Employer's covered payroll	$14,187,470	$17,171,189	$21,048,090	$21,067,304	$24,977,594	$32,650,805	$34,987,924	$38,331,215	$41,277,334
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	104.10%	87.67%	172.45%	178.64%	146.11%	132.82%	148.97%	139.50%	127.43%
Plan fiduciary net position as a percentage of the total pension liability	83.26%	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%	74.28%

Schedule is intended to show information for 10 years. Since 2023 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available. The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
NET PENSION LIABILITY

University: State Employee

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$40,461,880	$40,461,880	$0	$281,435,940	14.4%
2022	$36,144,346	$36,144,346	$0	$250,678,168	14.4%
2021	$34,504,990	$34,504,990	$0	$239,100,966	14.4%
2020	$33,135,452	$33,135,452	$0	$245,973,353	13.5%
2019	$30,896,378	$30,896,378	$0	$227,265,042	13.6%
2018	$29,337,693	$29,337,693	$0	$217,121,483	13.5%
2017	$27,649,005	$27,649,005	$0	$204,261,684	13.5%
2016	$28,015,041	$28,015,041	$0	$201,682,517	13.9%
2015	$23,961,950	$23,961,950	$0	$196,421,847	12.2%

University: VaLORS Employee

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$1,521,754	$1,521,754	$0	$6,242,620	24.4%
2022	$1,232,008	$1,232,008	$0	$5,715,245	21.6%
2021	$955,841	$955,841	$0	$4,318,450	22.1%
2020	$1,108,315	$1,108,315	$0	$5,137,042	21.6%
2019	$1,011,096	$1,011,096	$0	$4,493,320	22.5%
2018	$893,608	$893,608	$0	$4,243,397	21.1%
2017	$856,350	$856,350	$0	$4,082,915	21.0%
2016	$751,154	$751,154	$0	$4,006,294	18.7%
2015	$684,450	$684,450	$0	$3,900,759	17.5%

Authority

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$1,745,203	$1,745,203	$0	$12,032,186	14.5%
2022	$2,058,185	$2,058,185	$0	$14,187,470	14.5%
2021	$2,490,373	$2,490,373	$0	$17,171,189	14.5%
2020	$2,859,065	$2,859,065	$0	$21,048,090	13.6%
2019	$3,114,190	$3,114,190	$0	$21,067,304	14.8%
2018	$3,602,983	$3,602,983	$0	$24,977,594	14.4%
2017	$3,926,430	$3,926,430	$0	$32,650,805	12.0%
2016	$4,761,770	$4,761,770	$0	$34,987,924	13.6%
2015	$4,145,864	$4,145,864	$0	$38,331,215	10.8%

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
GROUP LIFE INSURANCE PROGRAM
For the 6 Years Ending up to June 30, 2023

University

	2023	2022	2021	2020	2019	2018
Employer's portion of the net GLI OPEB liability (asset)	2.61%	2.36%	2.42%	2.37%	2.34%	2.30%
Employer's proportionate share of net GLI OPEB liability (asset)	$28,581,275	$27,529,429	$40,375,659	$38,559,536	$35,577,000	$34,569,000
Employer's covered payroll	$516,041,169	$488,185,466	$497,918,770	$464,513,764	$444,778,200	$422,276,388
Employer's proportionate share of the net GLI OPEB liability (asset) as a percentage of its covered payroll	5.54%	5.64%	8.11%	8.30%	8.00%	8.19%
Plan fiduciary net position as a percentage of the total GLI OPEB liability (asset)	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. 2023 was the sixth year for this presentation, and additional years will be included as they become available.
The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GROUP LIFE INSURANCE PROGRAM

University

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$3,022,890	$3,022,890	$0	$565,302,663	0.5%
2022	$2,758,341	$2,758,341	$0	$516,041,169	0.5%
2021	$2,617,410	$2,617,410	$0	$488,185,466	0.5%
2020	$2,603,903	$2,603,903	$0	$497,918,770	0.5%
2019	$2,441,940	$2,441,940	$0	$464,513,764	0.5%
2018	$2,319,624	$2,319,624	$0	$444,778,200	0.5%
2017	$2,193,253	$2,193,253	$0	$422,276,388	0.5%
2016	$2,433,216	$2,433,216	$0	$411,845,386	0.6%
2015	$2,340,317	$2,340,317	$0	$396,819,296	0.6%
2014	$1,808,327	$1,808,327	$0	$382,916,340	0.5%
2013	$1,323,357	$1,323,357	$0	$354,104,353	0.4%
2012	$389,172	$389,172	$0	$345,496,078	0.1%

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
HEATH INSURANCE CREDIT PROGRAM
For the 6 Years Ending up to June 30, 2023

University

	2023	2022	2021	2020	2019	2018
Employer's portion of the net HIC OPEB liability (asset)	6.77%	6.74%	6.88%	6.79%	6.59%	6.53%
Employer's proportionate share of net HIC OPEB liability (asset)	$55,483,230	$56,942,057	$63,153,677	$62,650,138	$60,142,000	$59,419,000
Employer's covered payroll	$512,467,132	$485,870,358	$495,637,268	$462,500,563	$443,037,262	$421,549,820
Employer's proportionate share of the net HIC OPEB liability (asset) as a percentage of its covered payroll	10.83%	11.72%	12.74%	13.55%	13.57%	14.10%
Plan fiduciary net position as a percentage of the total HIC OPEB liability (asset)	21.52%	19.75%	12.02%	10.56%	9.51%	8.03%

Authority

	2023	2022	2021	2020	2019	2018
Employer's portion of the net HIC OPEB liability (asset)	0.47%	0.54%	0.62%	0.69%	0.82%	0.90%
Employer's proportionate share of net HIC OPEB liability (asset)	$3,816,362	$4,566,178	$5,654,550	$6,373,900	$7,495,000	$8,180,000
Employer's covered payroll	$35,300,650	$38,961,735	$44,377,314	$49,072,000	$42,434,663	$47,623,512
Employer's proportionate share of the net HIC OPEB liability (asset) as a percentage of its covered payroll	10.81%	11.72%	12.74%	12.99%	17.66%	17.18%
Plan fiduciary net position as a percentage of the total HIC OPEB liability (asset)	21.52%	19.75%	12.02%	10.56%	9.51%	8.03%

Schedule is intended to show information for 10 years. 2023 was the sixth year for this presentation, and additional years will be included as they become available.
The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
HEATH INSURANCE CREDIT PROGRAM

University

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$6,313,197	$6,313,197	$0	$563,970,397	1.1%
2022	$5,738,093	$5,738,093	$0	$512,467,132	1.1%
2021	$5,460,793	$5,460,793	$0	$485,870,358	1.1%
2020	$5,782,268	$5,782,268	$0	$495,637,268	1.2%
2019	$5,436,235	$5,436,235	$0	$462,500,563	1.2%
2018	$5,228,683	$5,228,683	$0	$443,037,261	1.2%
2017	$4,951,561	$4,951,561	$0	$421,549,820	1.2%
2016	$4,313,368	$4,313,368	$0	$410,776,125	1.1%
2015	$4,146,910	$4,146,910	$0	$395,699,109	1.0%
2014	$3,818,857	$3,818,857	$0	$381,881,465	1.0%
2013	$3,405,310	$3,405,310	$0	$353,525,732	1.0%
2012	$344,424	$344,424	$0	$344,413,443	0.1%

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LINE OF DUTY ACT PLAN
For the 6 Years Ending up to June 30, 2023

University	2023	2022	2021	2020	2019	2018
Employer's portion of the net LODA OPEB liability (asset)	0.38%	0.48%	0.48%	0.43%	0.47%	0.42%
Employer's proportionate share of net LODA OPEB liability	$1,449,409	$2,136,781	$2,001,016	$1,547,122	$1,486,000	$1,093,000
Employer's covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Employer's proportionate share of the net LODA OPEB liability (asset) as a percentage of its covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Plan fiduciary net position as a percentage of the total LODA OPEB liability (asset)	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%

Schedule is intended to show information for 10 years. 2023 was the sixth year for this presentation, and additional years will be included as they become available.
The amounts presented have a measurement date of the previous year end.
* The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita-based contribution verses a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB Plan.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
LINE OF DUTY ACT PLAN

University

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a % of Covered Employee Payroll
2023	$62,047	$62,047	$0	N/A*	N/A*
2022	$52,364	$52,364	$0	N/A*	N/A*
2021	$66,710	$66,710	$0	N/A*	N/A*
2020	$64,931	$64,931	$0	N/A*	N/A*
2019	$57,873	$57,873	$0	N/A*	N/A*
2018	$50,496	$50,496	$0	N/A*	N/A*
2017	$44,822	$44,822	$0	N/A*	N/A*
2016	$48,252	$48,252	$0	N/A*	N/A*
2015	$48,252	$48,252	$0	N/A*	N/A*
2014	$48,021	$48,021	$0	N/A*	N/A*
2013	$35,561	$35,561	$0	N/A*	N/A*
2012	$0	$0	$0	N/A*	N/A*

The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita-based contributions versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
VIRGINIA SICKNESS AND DISABILITY PROGRAM
For the 6 Years Ending up to June 30, 2023

University	2023	2022	2021	2020	2019	2018
Employer's portion of the net VSDP OPEB liability (asset)	5.40%	5.42%	5.52%	5.39%	5.18%	5.07%
Employer's proportionate share of net VSDP OPEB liability (asset)	($15,927,668)	($18,667,436)	($12,185,877)	($10,567,921)	($11,677,000)	($10,418,000)
Employer's covered payroll	$248,388,290	$234,051,874	$239,275,953	$218,024,883	$203,545,787	$185,049,708
Employer's proportionate share of the net VSDP OPEB liability (asset) as a percentage of its covered payroll	(6.41%)	(7.98%)	(5.09%)	(4.85%)	(5.74%)	(5.63%)
Employer's proportionate share of the net VSDP OPEB liability (asset) as a percentage of its covered payroll	(6.41%)	(7.98%)	(5.09%)	(4.85%)	(5.74%)	(5.63%)
Plan fiduciary net position as a percentage of the total VSDP OPEB liability	195.90%	229.01%	181.88%	167.18%	194.74%	186.63%

Schedule is intended to show information for 10 years. 2023 was the sixth year for this presentation, and additional years will be included as they become available.
The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
VIRGINIA SICKNESS AND DISABILITY PROGRAM

University

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$1,705,338	$1,705,338	$0	$281,085,784	0.6%
2022	$1,511,349	$1,511,349	$0	$248,388,290	0.6%
2021	$1,429,849	$1,429,849	$0	$234,051,874	0.6%
2020	$1,476,448	$1,476,448	$0	$239,275,953	0.6%
2019	$1,361,365	$1,361,365	$0	$218,024,883	0.6%
2018	$1,343,402	$1,343,402	$0	$203,545,787	0.7%
2017	$1,221,414	$1,221,414	$0	$185,049,708	0.7%
2016	$1,192,441	$1,192,441	$0	$180,667,862	0.7%
2015	$1,141,021	$1,141,021	$0	$174,915,547	0.7%
2014	$796,824	$796,824	$0	$169,539,538	0.5%
2013	$786,113	$786,113	$0	$174,853,924	0.4%
2012	$0	$0	$0	$181,503,118	0.0%

SCHEDULE OF EMPLOYER'S SHARE OF OPEB LIABILITY
PRE-MEDICARE RETIREES HEALTH PROGRAM
For the 6 Years Ending up to June 30, 2023

University	2023	2022	2021	2020	2019	2018
Employer's portion of the OPEB liability (asset)	6.99%	6.97%	6.96%	6.81%	6.65%	6.48%
Employer's proportionate share of OPEB liability (asset)	$25,414,914	$31,269,910	$39,570,323	$46,230,342	$66,903,906	$84,150,119
Employer's covered-employee payroll	$613,189,533	$570,879,223	$506,250,943	$475,713,356	$452,007,927	$437,766,050
Employer's proportionate share of the Retiree Healthcare OPEB liability as a percentage of its covered employee payroll	4.1%	5.5%	7.8%	9.7%	14.8%	19.2%

Authority	2023	2022	2021	2020	2019	2018
Employer's portion of the OPEB liability (asset)	0.25%	0.30%	0.35%	0.39%	0.43%	0.47%
Employer's proportionate share of OPEB liability (asset)	$923,623	$1,366,448	$1,988,099	$2,655,024	$4,347,621	$6,163,705
Employer's covered-employee payroll	$18,239,000	$20,981,000	$22,472,000	$18,308,669	$18,552,352	$20,659,339
Employer's proportionate share of the Retiree Healthcare OPEB liability as a percentage of its covered employee payroll	5.1%	6.5%	8.8%	14.5%	23.4%	29.8%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data are available. Additional years will be included as they become available.
The amounts presented have a measurement date of the previous year end.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

VRS State Employee Pension Plan, Group Life Insurance Program, Health Insurance Credit Program, Line of Duty Act Program and Disability Insurance Program

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees (VRS, GLI, HIC, LODA, VSDP):

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate (VRS, GLI, HIC, VSDP):	No change

Teachers (GLI):

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all

Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate:	No change

SPORS Employees (GLI, HIC, LODA, VSDP):

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate (VRS, GLI, HIC, VSDP):	No change

VaLORS Employees (VRS, GLI, HIC, LODA, VSDP):

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service

Disability Rates	No change
Salary Scale	No change
Line of Duty Disability (VRS, GLI, HIC, VSDP):	No change
Discount Rate (VRS, GLI, HIC, VSDP):	No change

JRS Employees (GLI, HIC):

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate:	No change

Largest Ten Locality Employers – General Employees (GLI):

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change

Salary Scale	No change
Line of Duty Disability	No change
Discount Rate:	No change

Non-Largest Ten Locality Employers – General Employees (GLI):

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate:	No change

Largest Ten Locality Employers – Hazardous Duty Employees (GLI) and Largest Ten Locality Employers – Public Safety Employees (LODA):

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates

Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate (GLI):	No change

Non-Largest Ten Locality Employers – Hazardous Duty Employees (GLI) and Non-Largest Ten Locality Employers – Public Safety Employees (LODA):

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate (GLI):	No change

Pre-Medicare Retirees Health Program

There are no assets accumulated in a trust to pay related benefits.

Changes of benefit terms – There have been no changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following assumptions were updated since the June 30, 2021 valuation based on recent experience:

- Retiree Participation – reduced the rate from 40% to 35%

Retiree participation was based on a blend of recent experience and the prior year assumptions.

The trend rates were updated based on economic conditions as of June 30, 2022. Additionally, the discount rate was increased from 2.16% to 3.54% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2022

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 11, 2023

The Honorable Glenn Youngkin Governor of
Virginia

Joint Legislative Audit and
Review Commission

Board of Visitors
Virginia Commonwealth University

President Michael Rao
Virginia Commonwealth University

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

Opinions

We have audited the financial statements of the business-type activities and discretely presented component units of **Virginia Commonwealth University**, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component units of Virginia Commonwealth University as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component units of the University, which are discussed in Note 1. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the component units of the University, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Except for Dentistry@VCU, the financial statements of the component units of the University, which were audited by other auditors upon whose reports we are relying, were not audited in accordance with Government Auditing Standards.

Emphasis of Matter

Change in Accounting Principle

As discussed in Notes 1, 6, and 12 of the accompanying financial statements, for the year ended June 30, 2023, the University implemented Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements. Net capital assets and subscription based technology arrangements have been restated in Notes 6 and 12 of the accompanying financial statements, respectively, to reflect the provisions of this standard. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 financial statements.
- Conclude whether, in our judgement, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 3 through 11; the Schedule of Employer's Share of Net Pension Liability and the

Schedule of Employer Contributions Net Pension Liability on pages 127 through 128; the Schedule of Employer's Share of Net OPEB Liability and the Schedule of Employer Contributions for the Group Life Insurance Program, Health Insurance Credit Program, Line of Duty Act Plan, and the Virginia Sickness and Disability Program on pages 129 through 135; the Schedule of Employer's Share of OPEB Liability for the Pre-Medicare Retirees Health Program on page 136; and the Notes to the Required Supplementary Information on pages 138 through 143. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JMR/clj

Board of Visitors

Todd P. Haymore, Rector

Andrew C. Florance, Vice Rector

Anthony Bedell
Rooz Dadabhoy
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Tonya Parris-Wilkins
Clifton Peay, M.D.
Gurpreet "P2" Sandhu

Administrative Officers

Michael Rao, President

Fotis Sotiropoulos, Provost and Senior Vice President for Academic Affairs

Marlon Levy, Interim Senior Vice President for Health Sciences and Chief Executive Officer of the VCU Health System

Karol Gray, Senior Vice President and Chief Financial Officer

Meredith Weiss, Vice President for Administration

Aashir Nasim, Vice President and Senior Advisor to the President

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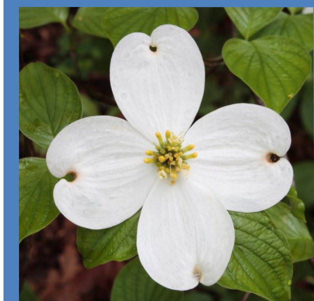
Jay Davenport, Vice President for Development and Alumni Relations

Grant Heston, Vice President for Enterprise Marketing and Communications

Ed McLaughlin, Vice President and Director of Athletics

Hernan Bucheli, InterimVice President for Strategy, Enrollment Management and Student Success



VIRGINIA COMMONWEALTH UNIVERSITY

REPORT ON AUDIT

FOR THE YEAR ENDED

JUNE 30, 2023

Auditor of Public Accounts
Staci A. Henshaw, CPA
www.apa.virginia.gov
(804) 225-3350

AUDIT SUMMARY

We have audited the basic financial statements of Virginia Commonwealth University (University) as of and for the year ended June 30, 2023, and issued our report thereon, dated December 11, 2023. Our report, included in the University's basic financial statements, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at the University's website at www.vcu.edu. Our audit found:

- the financial statements are presented fairly, in all material respects; and

- two internal control findings requiring management's attention that also represent instances of noncompliance or other matters required to be reported under Government Auditing Standards; however, we do not consider them to be material weaknesses.

Our audit also included testing over the major federal program of the Research and Development Cluster for the Commonwealth's Single Audit as described in the U.S. Office of Management and Budget Compliance Supplement; and found no internal control findings requiring management's attention or instances of noncompliance in relation to this testing.

In the section titled "Internal Control and Compliance Findings and Recommendations" we have included our assessment of the conditions and causes resulting in the internal control and compliance findings identified through our audits as well as recommendations for addressing those findings. Our assessment does not remove management's responsibility to perform a thorough assessment of the conditions and causes of the findings and developing and appropriately implementing adequate corrective actions to resolve the findings as required by the Department of Accounts in Section 10205 – Agency Response to APA Audit of the Commonwealth Accounting Policies and Procedures Manual. Those corrective actions may include additional items beyond our recommendations.

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INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Improve IT Service Provider Oversight
Type: Internal Control and Compliance
Severity: Significant Deficiency

Virginia Commonwealth University (University) does not appropriately monitor the effectiveness of the security controls of information technology (IT) service providers (providers) in accordance with the University's adopted Information Security Standard, the International Organization for Standardization and the International Electrotechnical Commission Standard ISO/IEC 27002 (ISO Standard), as well as the University's standards, including the University's Business Partner Security Standard. Providers are organizations that perform certain business tasks or functions on behalf of the University.

The ISO standard requires the University to implement certain controls to gain assurance over its providers and reduce the risk to the confidentiality, integrity, and availability of the University's sensitive data and information. During fiscal year 2023, the University did not review an independent audit assurance report for its enterprise resources planning system provider. Additionally, the University does not obtain and review independent audit assurance reports for the University's subservice providers. This is a result of the University's Information Security Office allocating resources to other initiatives during the year, and not having a policy or procedure that requires the assessment and documentation of the significance and risk of activities provided by subservice providers.

The Information Security Office should adhere to the University's Business Partner Security Standard and obtain and review independent audit assurance reports for all significant service providers on an annual basis. Additionally, the Information Security Office should evaluate and determine which subservice providers are significant to the University's operations. For all significant subservice providers, the University should determine the best way to obtain assurance over the relevant controls at the subservice provider and document the results of the procedures performed. This could include obtaining and reviewing independent audit assurance reports for the subservice providers. Doing so will help safeguard the confidentiality, integrity, and availability of the University's sensitive and mission critical data.

Improve Security Awareness Training
Type: Internal Control and Compliance
Severity: Significant Deficiency

The University does not meet certain requirements in the ISO Standard for security awareness training. Specifically, the University does not have an adequate process to ensure that all users complete security awareness training, and the University does not provide role-based training to users with specific information security roles and responsibilities. An established security awareness and training program is essential to protecting University IT systems and data by ensuring that employees understand their roles and responsibilities in securing sensitive information at the University. Our review of the University's security awareness and training program identified the following weaknesses:

- 974 of 8,063 (12%) users did not complete security awareness training within the past year. The ISO Standard requires that personnel should annually receive appropriate information security awareness, education, and training as relevant for their job function (*ISO 27002 Section: 6.3*).

- The University does not provide role-based training to all users with designated security roles, such as system owners, data owners, system administrators, and security personnel. The University's Personnel Standard requires that all applicable individuals must complete role-specific security awareness training. Additionally, the ISO Standard requires the implementation of an appropriate training plan for technical teams whose roles require specific skill sets and expertise (*ISO 27002 Section: 6.3*).

The University does not use an enforcement measure that forces users to complete training, such as disabling a user's account until training is complete. Without a process to ensure that all users receive security awareness training annually, the University increases the risk that users will be more susceptible to malicious attempts to compromise sensitive data, such as ransomware, phishing, and social engineering.

The University's Personnel Standard does not define the personnel with assigned security-based roles and responsibilities that must take role-specific training and does not define the specific training that each role should take. Lack of adequate role-based training increases the risk that users will be unaware or lack pertinent skills and knowledge to perform their security related functions, increasing the risk to sensitive data.

The University should improve their security awareness and training program to include an enforcement measure to ensure that all employees complete the training before accessing computer resources and on an annual basis thereafter. Additionally, the University should develop a formal process to provide role-based training to users with designated security roles. Improving the security awareness and training program will help protect the University from malicious attempts to compromise the confidentiality, integrity, and availability of sensitive data.

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 11, 2023

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Virginia Commonwealth University

President Michael Rao
Virginia Commonwealth University

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units of **Virginia Commonwealth University** as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated December 11, 2023. Our report includes a reference to other auditors who audited the financial statements of the component units of the University, as described in our report on the University's financial statements. The other auditors, excluding those of Dentistry@VCU, did not audit the financial statements of the component units of the University in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with those component units of the University. Additionally, this report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters for Dentistry@VCU, that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control titled "Improve IT Service Provider Oversight" and "Improve Security Awareness Training," which are described in the section titled "Internal Control and Compliance Findings and Recommendations," that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the section titled "Internal Control and Compliance Findings and Recommendations" in the findings titled "Improve IT Service Provider Oversight" and "Improve Security Awareness Training."

The University's Response to Findings

We discussed this report with management at an exit conference held on December 5, 2023. Government Auditing Standards require the auditor to perform limited procedures on the University's response to the findings identified in our audit, which is included in the accompanying section titled "University Response." The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Status of Prior Findings

The University has taken adequate corrective action with respect to prior audit findings identified as complete in the Findings Summary included in the Appendix.

Purpose of this Report

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

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JMR/clj

FINDINGS SUMMARY

Finding Title	Status of Corrective Action	First Issued
Improve IT Asset Management Process	Complete	2022
Improve Firewall Security	Complete	2022
Improve IT Change Management Procedures and Process	Complete	2022
Improve IT Service Provider Oversight	Ongoing	2023
Improve Security Awareness Training	Ongoing	2023

VCU

January 8, 2024

Patricia Perkins
AVP of Finance and University Controller

912 West Franklin Street
Box 842035
Richmond, Virginia 23284-2512

804 828-5474

Staci Henshaw, CPA
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

Dear Ms. Henshaw:

We have reviewed the audit findings and recommendations resulting from the fiscal year 2023 audit by the Auditor of Public Accounts and discussed during the exit conference.

Improve Information Technology Service Provider Oversight

Virginia Commonwealth University (University) does not appropriately monitor the effectiveness of the security controls of information technology (IT) service providers (providers) in accordance with the University's adopted Information Security Standard, the International Organization for Standardization and the International Electrotechnical Commission Standard ISO/IEC 27002 (ISO Standard), as well as the University's standards, including the University's Business Partner Security Standard. Providers are organizations that perform certain business tasks or functions on behalf of the University.

The ISO standard requires the University to implement certain controls to gain assurance over its providers and reduce the risk to the confidentiality, integrity, and availability of the University's sensitive data and information. During fiscal year 2023, the University did not review an independent audit assurance report for its enterprise resources planning system provider. Additionally, the University does not obtain and review independent audit assurance reports for the University's subservice providers. This is a result of the University's Information Security Office allocating resources to other initiatives during the year, and not having a policy or procedure that requires the assessment and documentation of the significance and risk of activities provided by subservice providers.

The Information Security Office should adhere to the University's Business Partner Security Standard and obtain and review independent audit assurance reports for all significant service providers on an annual basis. Additionally, the Information Security Office should evaluate and determine which subservice providers are significant to the University's operations. For all significant subservice providers, the University should determine the best way to obtain assurance over the relevant controls at the subservice provider and document the results of the procedures performed. This could include obtaining and reviewing independent audit assurance reports for the subservice providers. Doing so will help safeguard the confidentiality, integrity, and availability of the University's sensitive and mission critical data.

VCU Response:

VCU will adhere to its standards and procedures to ensure the annual review of assurance documentation for its core service providers. The university will also evaluate and determine which subservice providers are significant to the University's operations. The university will attempt to obtain additional third-party attestation or alternative documentation for these sub-service providers, evaluate them if they are made available through the service providers, and document the results of the procedures performed.

Responsible Person: Dan Han, Chief Information Security Officer

Completion Date: June 30, 2024

Improve Security Awareness Training

The University does not meet certain requirements in the ISO Standard for security awareness training. Specifically, the University does not have an adequate process to ensure that all users complete security awareness training, and the University does not provide role-based training to users with specific information security roles and responsibilities. An established security awareness and training program is essential to protecting University IT systems and data by ensuring that employees understand their roles and responsibilities in securing sensitive information at the University. Our review of the University's security awareness and training program identified the following weaknesses:

- 974 of 8,063 (12%) users did not complete security awareness training within the past year. The ISO Standard requires that personnel should receive appropriate information security awareness, education, and training as relevant for their job function (ISO 27002 section: 6.3).

- The University does not provide role-based training to all users with designated security roles, such as System Owners, Data Owners, System Administrators, and security personnel. The University's Personnel Standard requires that all applicable individuals must complete role- specific security awareness training. Additionally, the ISO Standard requires the implementation of an appropriate training plan for technical teams whose roles require specific skill sets and expertise (ISO 27002 section: 6.3).

The University does not use an enforcement measure that forces users to complete the training, such as disabling a user's account until training is complete. Without a process to ensure that all users receive security awareness training annually, the University increases the risk that users will be more susceptible to malicious attempts to compromise sensitive data, such as ransomware, phishing, and social engineering.

The University's Personnel Standard does not define the personnel with assigned security- based roles and responsibilities that must take role-specific training and does not define the specific training that each role should take. Lack of adequate role-based training increases the risk that users will be unaware or lack pertinent skills and knowledge to perform their security related functions, increasing the risk to sensitive data.

The University should improve their security awareness and training program to include an enforcement measure to ensure that all employees complete the training before accessing computer resources and on an annual basis thereafter. Additionally, the University should develop a formal process to provide role-based training to users with designated security roles. Improving the security awareness and training program will help protect the University from malicious attempts to compromise the confidentiality, integrity, and availability of sensitive data.

VCU Response:

VCU is actively revising how mandatory training is being managed and will identify methods to place consequences on individuals who fail to complete the required training. Additionally, VCU will implement a mandatory annual role-based training with associated tracking for its IT staff.

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Responsible Person: Dan Han, Chief Information Security Officer

Completion Date: June 30, 2024

Sincerely,

DocuSigned by:
Patricia Perkins
AB2B6C352A2449B...

Patricia Perkins
Associate VP of Finance and University Controller
Virginia Commonwealth University

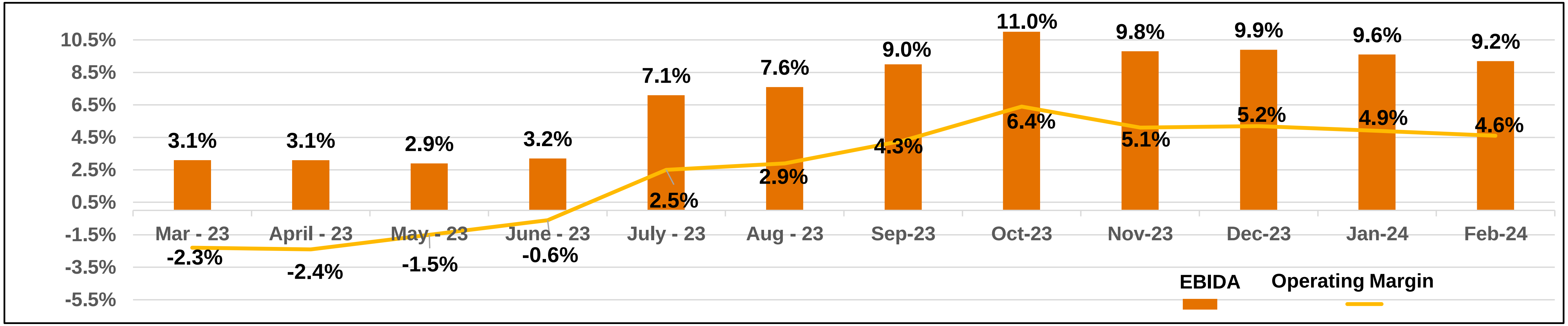
FY 2024 Strategic Finance Update:

- Eight months ending February 29, 2024

VCUHS – Consolidated Operating Margin & Liquidity

For the eight months ending February 29, 2024, with12-month Trending Performance

($s in 000s)	Actual FY21	Actual FY22	Actual FY23	Budget Feb YTD FY24	Actual Feb YTD FY24	S&P AA- Medians	Moodys Aa3 Medians
Total Operating Revenue	$ 2,553,422	$ 2,778,395	$ 3,063,278	$ 2,121,840	$ 2,245,023	N/A	N/A
Income for Operations	$ 46,774	$ (53,321)	$ (19,549)	$ 25,477	$ 102,608	N/A	N/A
Operating Margin %	1.8%	-1.9%	-0.6%	1.2%	4.6%	-0.9%	1.1
Operating EBIDA	$ 160,734	$ 98,357	$ 133,857	$ 105,571	$ 207,448	N/A	N/A
EBIDA %	6.3%	3.5%	4.4%	5.0%	9.2%	5.0%	4.9%
Debt to Capitalization	18.6%	21.7%	20.6%	19.4%	19.1%	28.1%	25.2%
Days Cash on Hand	339	234	225	229	239	233	262
Unrestricted Cash to Debt	337%	221%	238%	254%	270%	214%	241%
Maximum Annual Debt Service Coverage	4.9	2.3	3.4	3.4	6.2	3.4	5.7



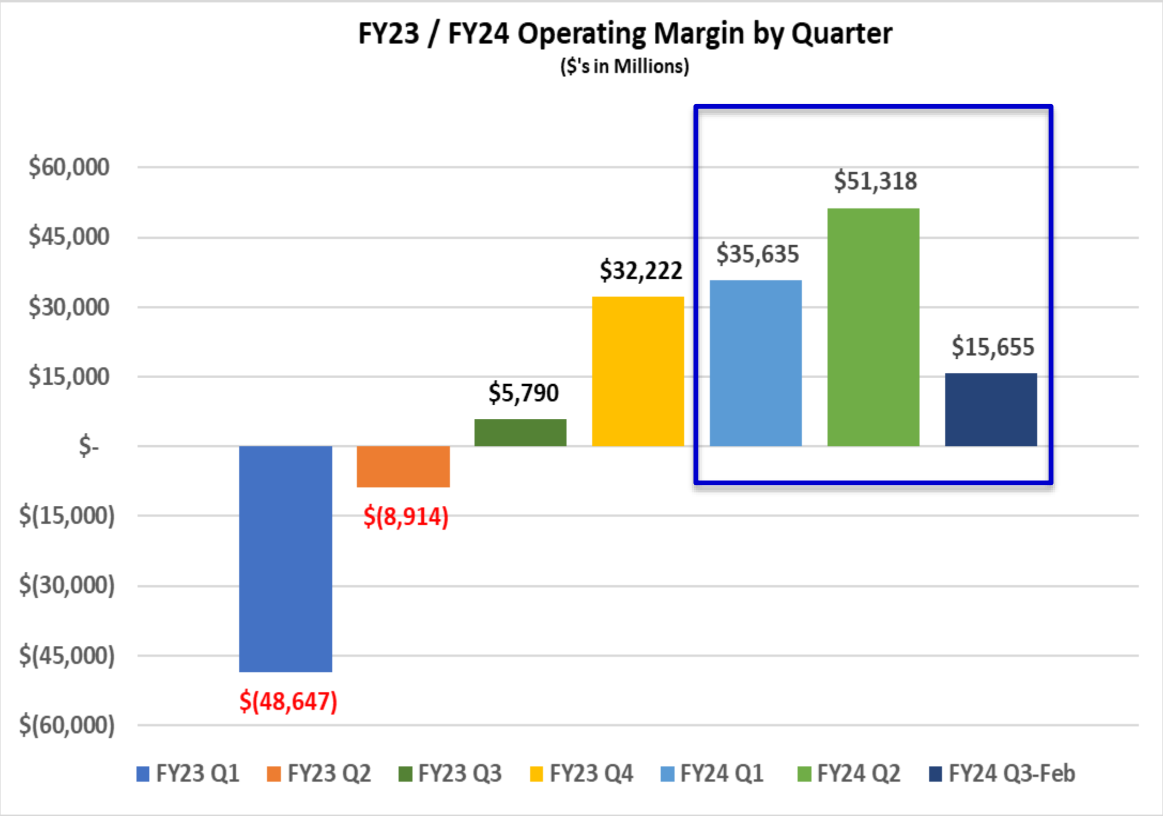
VCUHealth

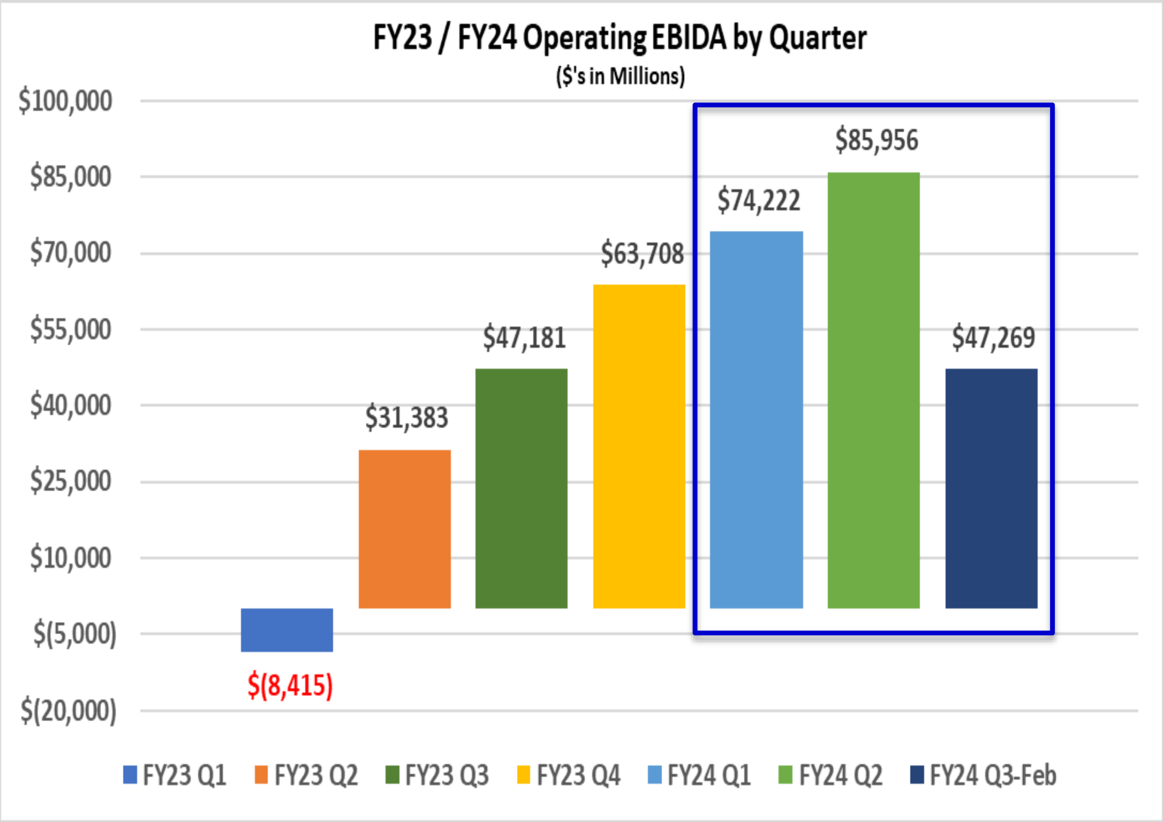
Note (1): October-23 operating performance includes a $24.9M favorable Medicare 340B settlement.

VCUHS – Operating Performance Trends

FY23 / FY24 by Quarter

Year to date operating performance, adjusted for quality of earnings, remains strong over both prior year and the FY24 Budget as the Health System continues to experience operating performance stabilization from FY22 / 23 challenges.



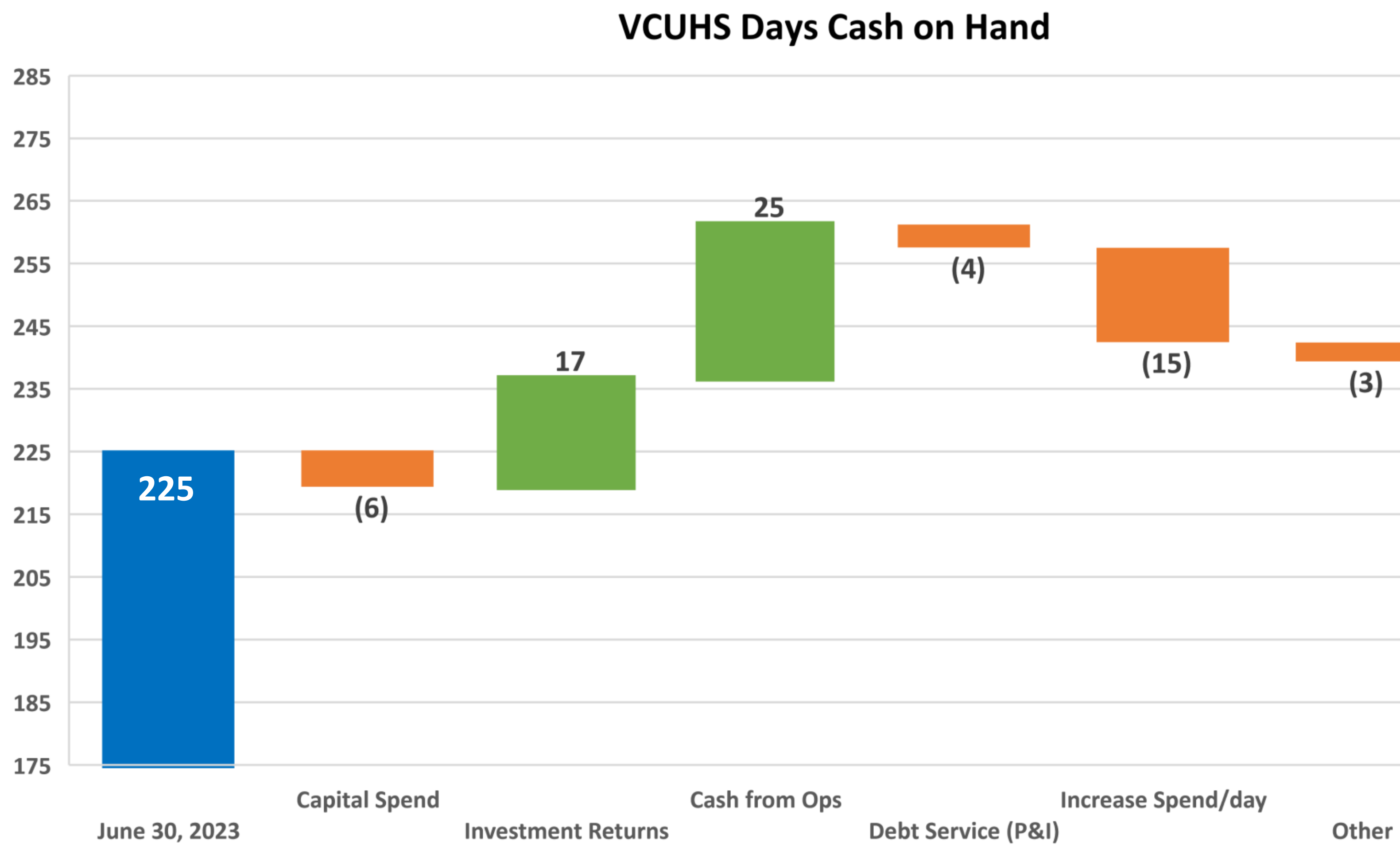


VCU Health

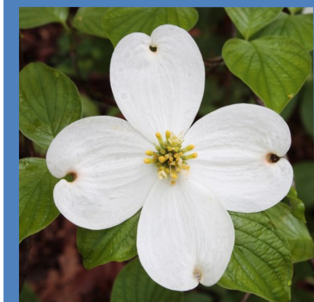
VCUHS – Days Cash on Hand

YTD as of February 29, 2024

Average Daily Expense increased by $349K since June 30, 2023, or 15 Days Cash on Hand.



S&P AA-	*Moodys* Aa3
232.8	262.4




VIRGINIA COMMONWEALTH UNIVERSITY

INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED
JUNE 30, 2023

Auditor of Public Accounts
Staci A. Henshaw, CPA
www.apa.virginia.gov
(804) 225-3350

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Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

February 12, 2024

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Virginia Commonwealth University

Michael Rao
President, Virginia Commonwealth University

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below on Virginia Commonwealth University's (University) Statement of Revenues and Expenses of Intercollegiate Athletics Programs (Statement) for the year ended June 30, 2023. University management is responsible for the Statement and its compliance with National Collegiate Athletic Association (NCAA) requirements.

University management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the Statement is in compliance with NCAA Constitution 20.2.4.17.1, for the year ended June 30, 2023. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Agreed-Upon Procedures Related to the Statement of Revenues and Expenses of Intercollegiate Athletics Programs

Procedures described below were limited to certain items. For the purpose of this report, and as defined in the agreed-upon procedures, revenue and expense reporting categories require detailed testing if they are greater than or equal to four percent of total revenues or total expenses, as applicable. Based on this defined threshold, we have not performed detailed testing on the following items:

Revenue Reporting Categories:

- Indirect institutional support
- Guarantees
- Media rights
- Conference distributions (non-media and non-football bowl)
- Program, novelty, parking, and concession sales
- Athletics-Restricted endowment and investments income
- Other operating revenue

Expense Reporting Categories:

- Guarantees
- Recruiting
- Sports equipment, uniforms, and supplies
- Game expenses
- Fundraising, marketing, and promotion
- Spirit groups
- Athletic facility leases and rental fees
- Indirect institutional support
- Medical expenses and insurance
- Memberships and dues
- Student-Athlete meals (non-travel)
- Other operating expenses

For purposes of performing these procedures, no exceptions were reported for differences of less than one tenth of one percent (0.10%) of revenues and expenses, as applicable. We have not investigated any differences and/or reconciling items below the reporting threshold while performing these agreed-upon procedures. We did not perform any procedures over reporting items with zero balances, which have been excluded from the Statement herein. The procedures we performed and associated findings are as follows:

Internal Controls

1. We reviewed the relationship of internal control over intercollegiate athletics programs to internal control reviewed in connection with our audit of the University's financial statements. In addition, we identified and reviewed those controls unique to the Intercollegiate Athletics Department, which were not reviewed in connection with our audit of the University's financial statements.

2. Intercollegiate Athletics Department management provided a current organizational chart. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, protection of

records and equipment, and controls regarding information systems with the Information Technology Department.

3. Intercollegiate Athletics Department management provided us with their process for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's intercollegiate athletics programs. We tested these procedures as noted below.

Affiliated and Outside Organizations

4. Intercollegiate Athletics Department management identified all related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.

5. Intercollegiate Athletics Department management prepared and provided to us a summary of revenues and expenses for or on behalf of the University's intercollegiate athletics programs by affiliated and outside organizations included in the Statement.

6. Intercollegiate Athletics Department management provided to us any additional reports regarding internal control matters identified during the audits of affiliated and outside organizations performed by independent public accountants. We were not made aware of any internal control findings.

Statement of Revenues and Expenses of Intercollegiate Athletics Programs

7. Intercollegiate Athletics Department management provided to us the Statement of Revenues and Expenses of Intercollegiate Athletics Programs for the year ended June 30, 2023, as prepared by the University and shown in this report. We recalculated the addition of the amounts in the Statement, traced the amounts on the Statement to management's trial balance worksheets, and agreed the amounts in management's trial balance worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. Certain adjustments to the Statement were necessary to conform to NCAA reporting guidance. We discussed the nature of adjusting journal entries with management and are satisfied that the adjustments are appropriate.

8. We compared each major revenue and expense account over ten percent of total revenues or total expenses, respectively, to prior period amounts and budget estimates. Variances exceeding ten percent of prior period amounts or budget estimates are explained below:

Line Item	Explanation
Direct institutional support	The University experienced an increase of $1.035 million or 21.25% due to prior year capital funding being reallocated as funding for new positions in the current year.
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	An increase of $1.032 million or 13.41% is attributable to employees receiving a five to seven percent merit increase along with the addition of multiple new support staff positions.
Direct overhead and administrative expenses	This expense category experienced an increase of $761,000 or 15.98 percent primarily attributable to the acquisition of the Athletic Village, thus increasing utility costs by $463,000. Intercollegiate Athletics also partnered with Aspire Group for outbound ticket sales in fiscal year 2023, representing a new cost of about $255,000.

Revenues

9. We compared ticket sales revenue by sport and the related number of tickets sold, complimentary tickets provided, and unsold tickets from the ticketing system to revenue recorded in the Statement. We reviewed internal controls for the recording, batch closeout and daily reconciliation of ticket sales from the third-party ticketing system. We reviewed total tickets sales generated from the third-party ticketing system and compared the amount recorded in the Statement. Revenue in the Statement was higher by $99,705 due to secondary sales and other online ticket processing services.

10. We obtained documentation of the University's methodology for allocating student fees to intercollegiate athletics programs. We compared student fees reported in the Statement to amounts reported in the accounting records and an expected amount based on fee rates and enrollment. We found a difference of $547,000 which we attribute to the methodology used to estimate student fee revenue compared to actual distributions of student fees to the department.

11. We compared amounts reported in the Statement for direct institutional support to institutional budget transfer documentation and/or other corroborative supporting documentation and noted them to be in agreement with no reportable differences.

12. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods or services received directly by its intercollegiate athletics programs from any affiliated or outside organization, agency or group of individuals that constitutes ten percent or more of all contributions received during the reporting period.

Except for contributions received from the Virginia Commonwealth University Foundation, an affiliated organization, we noted no individual contribution which constituted more than ten percent of total contributions received for intercollegiate athletics programs. We reviewed contributions from the Virginia Commonwealth University Foundation, which exceeded ten percent of all contributions, and agreed them to supporting documentation with no reportable differences.

13. Intercollegiate Athletics Department management provided us with general ledger detail for NCAA distributions. We agreed the amounts reported to supporting documentation and recalculated totals with no reportable differences.

14. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from royalties, licensing, advertisement, and sponsorships. We inspected the terms of the agreements and agreed selected amounts to proper posting in the accounting records and supporting documentation with no reportable differences.

Expenses

15. Intercollegiate Athletics Department management provided us a listing of student aid recipients during the reporting period. Since the University used the NCAA Compliance Assistant software to prepare athletic aid detail, we selected 40 individual student-athletes across all sports and obtained the students' account detail from the University's student information system. We agreed each student's information to the information reported in the NCAA Membership Financial Reporting System. We identified five students with a variance of $570 and 20 students with a difference of $1,140. The University noted the variances are attributable to estimated book fees and supplies for one or two terms, respectively. These amounts not reflected in the student information system as they represent books and supplies per student paid directly to the vendor by the University. We also ensured that the total aid amount for each sport agreed to amounts reported as financial aid in the student accounting system and performed a check of selected students' information as reported in the NCAA Membership Financial Reporting System to ensure proper calculation of revenue distribution equivalencies and noted no reportable differences.

16. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the University during the reporting period. We selected five coaches, including men's and women's basketball coaches, and five support and administrative personnel and compared amounts paid during the fiscal year from the payroll accounting system to their contract or other employment agreement document. We found that recorded expenses equaled amounts paid as salary and bonuses and were in agreement with approved contracts or other documentation with no reportable differences.

17. We obtained the Intercollegiate Athletics Department's written recruiting and team travel policies from Intercollegiate Athletics Department management and documented

an understanding of those policies. We compared these policies to existing University and NCAA policies and noted substantial agreement of those policies.

18. We selected a sample of five disbursements each for team travel and direct overhead and administrative expenses. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, reasonable to intercollegiate athletics, and properly recorded in the accounting records with no reportable differences.

19. We obtained a listing of debt service payments for the reporting year. We reviewed all debt payments included in the Statement and agreed them to supporting documentation with no reportable differences.

20. We obtained an understanding of the University's methodology for charging indirect cost to the athletic department. We evaluated indirect cost charges for reasonableness and noted proper reporting of these charges in the Statement with no reportable differences.

Other Reporting Items

21. We obtained repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. We recalculated annual maturities reported in the notes to the Statement and agreed total annual maturities and total outstanding athletic-related debt to supporting documentation.

22. We agreed total outstanding institutional debt to supporting debt schedules and the University's audited financial statements.

23. We agreed the fair value of athletics-dedicated endowments to supporting documentation provided by the University.

24. We agreed the fair value of institutional endowments to the audited financial statements of the University.

25. We obtained a schedule of athletics-related capital expenditures made during the period. We selected a sample of five transactions to validate the existence and accuracy of recording and recalculated totals.

Additional Procedures

26. We compared the sports sponsored by the University, as reported in the NCAA Membership Financial Reporting System, to the Squad List Report from the NCAA's Compliance Assistant software. We noted agreement of the sports reported.

27. We compared total current year grants-in-aid revenue distribution equivalencies to total prior year reported equivalencies per the NCAA Membership Financial Report submission and noted no variations exceeding four percent when compared to prior year.

28. We obtained the University's Sports Sponsorship and Demographics Forms Report for the reporting year. We validated that the countable sports identified by the institution met the minimum requirements for number of contests and minimum number of participants as defined in NCAA Bylaw 20.10.6.3. We ensured that countable sports have been properly identified in the NCAA Membership Financial Reporting System for the purpose of revenue distribution calculations.

29. We compared the current number of sports sponsored to the prior year's total reported in the University's NCAA Membership Financial Report submission and noted no variations when compared to the prior year.

30. We obtained a listing of student-athletes receiving Pell grant awards from the University's student information system and agreed the total value of these Pell grants to the amount reported in the NCAA Membership Financial Reporting System. We noted agreement of the amounts reported.

31. We compared the total number of Pell grant awards in the current year to the number reported in the prior year NCAA Membership Financial Report submission. We noted no variations greater than 20 grants when compared with the prior year.

We were engaged by University management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit, examination, or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Statement of Revenues and Expenses of Intercollegiate Athletics Programs or any of the accounts or items referred to above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Virginia Commonwealth University and its management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JRQ/clj

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF REVENUES AND EXPENSES OF
INTERCOLLEGIATE ATHLETICS PROGRAMS
For the year ended June 30, 2023

	Men's Basketball	Women's Basketball	Men's Baseball	Other Sports	Non-Program Specific	Total
Operating revenues:						
Ticket sales	$ 2,080,592	$ 15,330	$ 51,670	$ 19,102	$ 282,139	$ 2,448,833
Student fees	-	-	-	-	25,419,788	25,419,788
Direct institutional support	-	-	-	-	5,905,891	5,905,891
Indirect institutional support	-	-	-	-	265,228	265,228
Guarantees	-	-	10,000	5,000	-	15,000
Contributions	2,463,425	21,748	98,527	76,667	171,035	2,831,402
Media rights	-	-	-	-	210,230	210,230
NCAA distributions	1,286,661	-	-	-	753,257	2,039,918
Conference distributions (non-media and non-football bowl)	25,675	13,053	-	48,102	100,000	186,830
Program, novelty, parking, and concession sales	287,310	-	-	-	24,586	311,896
Royalties, licensing, advertisement and sponsorships	2,523,392	-	-	-	951,136	3,474,528
Athletics-Restricted endowment and investments income	12,100	1,200	3,700	31,700	24,140	72,840
Other operating revenue	-	-	-	38,987	1,637,696	1,676,683
Total operating revenues	8,679,155	51,331	163,897	219,558	35,745,126	44,859,067
Operating expenses:						
Athletic student aid	1,020,987	1,125,296	593,956	5,093,679	192,963	8,026,880
Guarantees	644,000	30,000	22,372	16,265	-	712,637
Coaching salaries, benefits, and bonuses paid by the university and related entities	2,702,283	1,139,243	426,807	2,736,337	-	7,004,671
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	664,404	404,928	83,895	266,577	7,313,064	8,732,868
Recruiting	163,196	105,227	19,604	201,549	-	489,576
Team travel	1,268,717	1,020,362	200,682	1,457,319	-	3,947,080
Sports equipment, uniforms, and supplies	156,229	109,984	127,078	628,509	109,589	1,131,390
Game expenses	169,472	72,730	51,986	87,713	-	381,901
Fundraising, marketing and promotion	-	-	-	-	608,927	608,927
Spirit groups	-	-	-	-	163,650	163,650
Athletic facility leases and rental fees	-	-	134,000	109,870	10,000	253,870
Athletic facility debt service	18,000	18,000	-	-	3,856,791	3,892,791
Direct overhead and administrative expenses	252,666	90,131	22,398	107,994	4,865,398	5,338,587
Indirect cost paid to the institution by athletics	-	-	-	-	1,248,364	1,248,364
Indirect institutional support	-	-	-	-	265,228	265,228
Medical expenses and insurance	10,803	38,550	6,073	77,030	715,017	847,474
Memberships and dues	1,040	1,916	566	8,095	35,210	46,827
Student-Athlete meals (non-travel)	215,483	132,109	40,552	215,814	-	603,958
Other operating expenses	88,010	106,356	69,317	86,021	464,289	813,992
Total operating expenses	7,375,290	4,394,832	1,799,286	11,092,772	19,848,490	44,510,671
Excess (deficiency) of revenues over (under) expenses	$ 1,303,865	$ (4,343,502)	$ (1,635,389)	$ (10,873,214)	$ 15,896,636	$ 348,396
Other Reporting Items:						
Total athletics-related debt						$ 38,528,759
Total institutional debt						$ 565,002,348
Value of athletics-dedicated endowments						$ 93,063
Value of institutional endowments						$ 446,502,850
Total athletics-related capital expenditures						$ 2,964,452

The accompanying Notes to the Statement of Revenues and Expenses of Intercollegiate Athletics Programs are an integral part of this Statement.

VIRGINIA COMMONWEALTH UNIVERSITY
NOTES TO STATEMENT OF REVENUES AND EXPENSES OF INTERCOLLEGIATE ATHLETICS PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2023

1. BASIS OF PRESENTATION

The accompanying Statement of Revenues and Expenses of Intercollegiate Athletics Programs has been prepared on the accrual basis of accounting. The purpose of the Statement is to present a summary of revenues and expenses of the intercollegiate athletics programs of the University for the year ended June 30, 2023. The Statement includes those intercollegiate athletics revenues and expenses made on behalf of the University's intercollegiate athletics programs by outside organizations not under the accounting control of the University. Because the Statement presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in financial position or cash flows for the year then ended. Revenues and expenses are directly identifiable with each category presented and are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. ENDOWMENT

The Intercollegiate Athletics Department has one restricted endowment established for the benefit of the Department. The recorded value of the endowment totaled $93,063 at June 30, 2023. The University has entrusted most, including Athletics, endowment funds to the VCU Foundation, an affiliated foundation, for investment in the Foundation's investment pool. Funds transferred to the VCU Foundation are subject to the investment policies of the VCU Foundation. University and component unit endowments totaled $446,502,850 at June 30, 2023.

The Foundation offers no guarantees relating to loss of investment value or rate of return on investments. Further, amounts transferred to the Foundation must remain with the Foundation unless the University Board of Visitors approves the use of these invested funds for specific University purposes.

3. CAPITAL ASSETS

The Intercollegiate Athletics Department follows the same policies and procedures as the University for acquiring capital assets. Capital assets are stated at cost or, if donated, at acquisition value on the date of acquisition. Equipment costing $5,000 or more with a useful life of two or more years is capitalized. Infrastructure assets are included in the financial statements and are depreciated. The threshold for capitalization of right to use assets and subscription-based technology arrangements is $50,000. The University records depreciation on property, plant, and equipment, including long-term leases and excluding land and construction in progress, computed over the estimated useful lives of the assets based on the straight-line method. The general range of estimated useful lives is ten to 40 years for buildings and fixtures and five to 20 years for equipment. The general range of estimated useful lives is ten to 25 years for land improvements and infrastructure. Expenditures for construction in progress are capitalized as incurred. Capital assets at the time of disposal revert to the Commonwealth of Virginia for disposition.

Athletics-related capital assets as of June 30, 2023, were as follows:

Non-depreciable assets:	
Land	$ 26,428,446
Total non-depreciable capital assets	26,428,446
Depreciable assets:	
Land improvements	5,334,308
Buildings	82,520,661
Equipment	3,926,353
Lease liabilities	1,161,081
Subscription-based technology arrangements	798,842
Total depreciable assets, at cost	93,741,245
Less accumulated depreciation and amortization:	
Land improvements	5,238,058
Buildings	34,056,151
Equipment	1,707,726
Lease liabilities	136,598
Subscription-based technology arrangements	387,935
Total accumulated depreciation and amortization	41,526,468
Total depreciable capital assets net of accumulated depreciation and amortization	52,214,777
Total capital assets, net of accumulated depreciation and amortization	$ 78,643,223

Total athletics-related capital expenditures for the fiscal year ending June 30, 2023, were $2,964,452. This schedule includes Athletic land and building locations that were excluded from prior years resulting in adjustments of $23,320,682 and $16,285,868 made respectively.

4. DEBT REPAYMENT SCHEDULE

General Revenue Pledge Bonds, Series 2015A, were issued to fund the capital construction of a basketball training facility in June 2015, totaling $10,384,615. The bonds carry an interest rate of 2.03 percent and are due May 1, 2030. In November 2018, additional General Revenue Pledge Bonds for Series 2018A were issued in the amount of $6,695,000 in addition for the construction of the basketball training facility. These carry an interest rate of 4 percent and are due May 2048.

General Revenue Pledge Bonds, Series 2020A, were issued to fund the capital construction of the Sports Medicine Building in June 2020, totaling $285,000. The bonds carry an interest rate of 5 percent and are due November 1, 2027.

General Revenue Pledge Bonds, Series 2020B, were issued to fund the capital construction of the Athletics Village location #1 (the former Greyhound building) in June 2020, totaling $11,840,000. The bonds carry an interest rate of 3.12 percent and are due November 1, 2050. The University's debt repayment schedule calls for a lump sum principal payment in fiscal year 2051. Athletics entered into an internal loan agreement with the University to provide annual funding towards the bond obligation starting in March 2020. This internal loan is due May 1, 2050, and carries an interest rate of 4.039 percent.

General Revenue Pledge Bonds, Series 2022B, were issued to fund the capital construction of the Athletics Village location #3 (the former Bourne building), in December 2022, totaling $8,880,000. The bonds carry an interest rate of 4.85 percent and are due May 1, 2043.

In fiscal year 2019, Athletics entered into a fixed rate internal loan agreement with the University to provide financing for the Siegel Center chiller replacement. In fiscal year 2021, Athletics entered into an internal loan agreement with the University to provide financing for the capital construction of the Athletics Village location #2 (the former Salvation Army facility), totaling $4,261,049.

An installment purchase contract was entered into in March 2015 to acquire capital equipment.

Long-term debt matures as follows:

Fiscal Year	Series 2015A Bonds	Series 2018A Bonds	Series 2020A Bonds	Series 2020B Bonds	Series 2022B Bonds	Internal Loans with University	Installment Purchase	Leases	Subscription-Based Technology Arrangements	Total
2024	$ 701,923	$ -	$ -	$ 234,954	$ 275,000	$ 836,767	$ 200,039	$ 23,680	$ 171,825	$ 2,444,188
2025	715,385	-	-	244,444	285,000	171,814	135,594	25,143	187,235	1,764,615
2026	730,769	-	70,000	254,317	300,000	178,755	-	26,663	152,120	1,712,624
2027	746,154	-	165,000	264,589	315,000	185,977	-	28,244	-	1,704,964
2028	761,538	-	50,000	275,276	330,000	193,490	-	29,886	-	1,640,190
2029 - 2033	1,569,231	-	-	1,552,411	1,905,000	1,091,217	-	176,416	-	6,294,275
2034 - 2038	-	-	-	1,892,290	2,415,000	1,330,187	-	234,785	-	5,872,262
2039 - 2043	-	-	-	2,306,580	3,055,000	384,037	-	337,015	-	6,082,632
2044 - 2048	-	6,695,000	-	2,811,573	-	-	-	216,434	-	9,723,007
2049 - 2053	-	-	-	1,290,032	-	-	-	-	-	1,290,032
Total	$ 5,225,000	$ 6,695,000	$ 285,000	$11,126,466	$ 8,880,000	$ 4,372,244	$ 335,633	$1,098,266	$ 511,180	$ 38,528,789

A summary of future interest requirements is as follows:

Fiscal Year	Series 2015A Bonds	Series 2018A Bonds	Series 2020A Bonds	Series 2020B Bonds	Series 2022B Bonds	Internal Loans with University	Installment Purchase	Leases	Subscription-Based Technology Arrangements	Total
2024	$ 106,068	$ 267,800	$ 14,250	$ 449,398	$ 430,680	$ 176,632	$ 4,877	$ 37,847	$ 18,625	$ 1,506,177
2025	91,818	267,800	14,250	439,908	417,343	142,833	1,017	37,000	12,370	1,424,339
2026	77,296	267,800	12,500	430,035	403,520	135,892	-	36,101	5,552	1,368,696
2027	62,462	267,800	6,625	419,763	388,970	128,670	-	35,148	-	1,309,438
2028	47,315	267,800	1,250	409,076	373,693	121,157	-	34,139	-	1,254,430
2029 - 2033	47,939	1,339,000	-	1,869,348	1,612,868	482,018	-	153,443	-	5,504,616
2034 - 2038	-	1,339,000	-	1,529,470	1,103,133	243,048	-	118,248	-	4,332,899
2039 - 2043	-	1,339,000	-	1,115,180	458,568	18,945	-	69,202	-	3,000,895
2044 - 2048	-	1,339,000	-	610,187	-	-	-	9,981	-	1,959,168
2049 - 2053	-	-	-	78,672	-	-	-	-	-	78,672
Total	$ 432,898	$ 6,695,000	$ 48,875	$ 7,351,037	$ 5,188,775	$ 1,449,195	$ 5,894	$ 531,109	$ 36,547	$ 21,739,330

Total University debt totaled $565,002,348 as of June 30, 2023.

5. CONTRIBUTIONS

During the fiscal year ended June 30, 2023, the University received $2,802,149 of Athletics-related contributions from the Virginia Commonwealth University Foundation to support operations. This constituted ten percent or more of total contributions. The majority of these contributions are included in revenue as “contributions” and additional amounts are included in various revenue and expense lines. Contributions received by the University from the Foundation for Athletics-related capital projects are not included in this Statement.