



WAKE FOREST UNIVERSITY

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

Year Ended June 30, 2022

(With Independent Auditors' Report Thereon)

WAKE FOREST UNIVERSITY

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KPMG LLP
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Independent Auditors' Report

The Board of Trustees
Wake Forest University:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Wake Forest University (the University), which comprise the consolidated balance sheet as of June 30, 2022, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



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

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

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

Report on Summarized Comparative Information

We have previously audited Wake Forest University's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2022, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Winston-Salem, North Carolina
October 26, 2022

WAKE FOREST UNIVERSITY

Consolidated Balance Sheet

June 30, 2022

(with summarized comparative financial information as of June 30, 2021)

(Dollars in thousands)

	Supplementary information			
	Reynolda Campus	WFUHS	2022	2021
Assets:				
Cash and cash equivalents	\$ 47,005	24,401	71,406	214,821
Accounts receivable, net	21,366	191,712	213,078	97,017
Patient receivables	—	74,326	74,326	77,899
Contributions receivable, net	137,255	9,844	147,099	139,311
Notes receivable, net	9,818	276	10,094	13,022
Investments	1,656,932	1,164,127	2,821,059	2,898,982
Direct investments in real estate	11,138	—	11,138	12,397
Other assets	9,883	29,757	39,640	36,557
Deposit with bond trustee	—	—	—	8,611
Right-of-use assets-operating	26,049	126,723	152,772	182,705
Land, buildings, and equipment, net	711,742	371,477	1,083,219	1,023,456
Total assets	\$ 2,631,188	1,992,643	4,623,831	4,704,778
Liabilities:				
Accounts payable and accruals	\$ 55,341	422,861	478,202	397,952
Other liabilities and deferrals	86,690	128,076	214,766	240,356
Annuities payable	16,351	3,755	20,106	23,233
Operating lease obligations	25,069	131,675	156,744	186,944
Notes payable and finance leases	67,151	44,820	111,971	121,133
Bonds payable	525,338	126,970	652,308	661,766
Postretirement benefits	11,724	21,120	32,844	38,650
Government grants refundable	—	—	—	2,049
Total liabilities	787,664	879,277	1,666,941	1,672,083
Net assets:				
Without donor restrictions	811,338	825,472	1,636,810	1,724,281
Noncontrolling interest in affiliate	434	961	1,395	1,092
With donor restrictions	1,031,752	286,933	1,318,685	1,307,322
Total net assets	1,843,524	1,113,366	2,956,890	3,032,695
Total liabilities and net assets	\$ 2,631,188	1,992,643	4,623,831	4,704,778

See accompanying notes to consolidated financial statements.

WAKE FOREST UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2022

(with summarized comparative financial information for the year ended June 30, 2021)

(Dollars in thousands)

	Without donor restrictions	With donor restrictions	2022	2021
Operating revenues:				
Student tuition and fees	\$ 342,960	—	342,960	324,929
Government grants and contracts	222,714	—	222,714	234,536
Private grants and contracts	9,794	27,720	37,514	26,561
Contributions	28,628	26,079	54,707	51,375
Investment return designated for current operations	63,547	35,624	99,171	128,859
Patient revenue	715,862	—	715,862	691,518
Other	274,136	(72)	274,064	274,866
Sales and services of auxiliary enterprises	106,942	—	106,942	83,726
Net assets released from restrictions	82,861	(82,861)	—	—
Total operating revenues	1,847,444	6,490	1,853,934	1,816,370
Operating expenses:				
Salaries and wages	1,023,131	—	1,023,131	961,552
Employee benefits	232,500	—	232,500	207,261
Student aid	12,549	—	12,549	11,998
Services	245,000	—	245,000	225,292
Clinical and laboratory supplies	111,234	—	111,234	96,436
Other operating expenses	153,242	—	153,242	131,560
Depreciation and amortization	85,054	—	85,054	87,143
Interest on debt	25,747	—	25,747	23,535
Total operating expenses	1,888,457	—	1,888,457	1,744,777
Operating (deficit) / excess	(41,013)	6,490	(34,523)	71,593
Nonoperating activities:				
Restricted contributions	—	56,687	56,687	214,484
Net assets released from restriction	9,032	(9,032)	—	—
Investment return (less than) / in excess of amounts designated for current operations	(81,511)	(49,942)	(131,453)	335,221
Actuarial gains (losses) on annuity obligations	—	1,794	1,794	(6,896)
Unrealized gains on interest rate swaps	11,466	—	11,466	8,475
Postretirement related changes other than service costs	6,229	—	6,229	2,874
Gains from affiliates, equity method	9,910	—	9,910	88,317
Equity transfer (to) from affiliate	(2,004)	10,000	7,996	—
Other, net	420	(4,634)	(4,214)	6,272
Change from nonoperating activities	(46,458)	4,873	(41,585)	648,747
Change in net assets	(87,471)	11,363	(76,108)	720,340
Change in net assets attributable to noncontrolling interest	303	—	303	373
Net assets attributable to noncontrolling interest at beginning of year	1,092	—	1,092	719
Net assets at beginning of year	1,724,281	1,307,322	3,031,603	2,311,263
Net assets at end of year	\$ 1,638,205	1,318,685	2,956,890	3,032,695

See accompanying notes to consolidated financial statements.

WAKE FOREST UNIVERSITY

Consolidated Statement of Activities

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

Year ended June 30, 2022

(Dollars in thousands)

	Without donor restrictions	With donor restrictions	Total
Operating revenues:			
Student tuition and fees	\$ 301,689	—	301,689
Government grants and contracts	17,828	—	17,828
Private grants and contracts	9,256	—	9,256
Contributions	25,021	25,496	50,517
Investment return designated for current operations	31,961	27,187	59,148
Other	10,758	—	10,758
Sales and services of auxiliary enterprises	106,942	—	106,942
Net assets released from restrictions	41,270	(41,270)	—
Total operating revenues	544,725	11,413	556,138
Operating expenses:			
Salaries and wages	241,535	—	241,535
Employee benefits	63,075	—	63,075
Student aid	3,596	—	3,596
Services	68,173	—	68,173
Other operating expenses	64,346	—	64,346
Depreciation and amortization	49,906	—	49,906
Interest on debt	18,419	—	18,419
Total operating expenses	509,050	—	509,050
Operating excess	35,675	11,413	47,088
Nonoperating activities:			
Restricted contributions	—	48,629	48,629
Net assets released from restriction	9,032	(9,032)	—
Investment return less than amounts designated for current operations	(47,922)	(31,825)	(79,747)
Actuarial gains on annuity obligations	—	1,794	1,794
Unrealized gains on interest rate swaps	9,455	—	9,455
Postretirement related changes other than service costs	3,246	—	3,246
Other, net	120	(3,906)	(3,786)
Change from nonoperating activities	(26,069)	5,660	(20,409)
Change in net assets	9,606	17,073	26,679
Change in net assets attributable to noncontrolling interest	155	—	155
Net assets attributable to noncontrolling interest at beginning of year	279	—	279
Net assets at beginning of year	801,732	1,014,679	1,816,411
Net assets at end of year	\$ 811,772	1,031,752	1,843,524

See accompanying notes to consolidated financial statements.

WAKE FOREST UNIVERSITY
Consolidated Statement of Activities
Wake Forest University Health Sciences
(Supplementary Information)
Year ended June 30, 2022
(Dollars in thousands)

	Without donor restrictions	With donor restrictions	Total
Operating revenues:			
Student tuition and fees	\$ 41,271	—	41,271
Government grants and contracts	204,886	—	204,886
Private grants and contracts	538	27,720	28,258
Contributions	3,607	583	4,190
Investment return designated for current operations	31,586	8,437	40,023
Patient service revenue	715,862	—	715,862
Other	263,378	(72)	263,306
Net assets released from restrictions	41,591	(41,591)	—
Total operating revenues	<u>1,302,719</u>	<u>(4,923)</u>	<u>1,297,796</u>
Operating expenses:			
Salaries and wages	781,596	—	781,596
Employee benefits	169,425	—	169,425
Student aid	8,953	—	8,953
Services	176,827	—	176,827
Clinical and laboratory supplies	111,234	—	111,234
Other operating expenses	88,896	—	88,896
Depreciation and amortization	35,148	—	35,148
Interest on debt	7,328	—	7,328
Total operating expenses	<u>1,379,407</u>	<u>—</u>	<u>1,379,407</u>
Operating deficit	<u>(76,688)</u>	<u>(4,923)</u>	<u>(81,611)</u>
Nonoperating activities:			
Restricted contributions	—	8,058	8,058
Investment return less than amounts designated for current operations	(33,589)	(18,117)	(51,706)
Unrealized gains on interest rate swaps	2,011	—	2,011
Postretirement related changes other than service costs	2,983	—	2,983
Gain from affiliates, equity method	9,910	—	9,910
Equity transfer (to) from affiliate	(2,004)	10,000	7,996
Other, net	300	(728)	(428)
Change from nonoperating activities	<u>(20,389)</u>	<u>(787)</u>	<u>(21,176)</u>
Change in net assets	(97,077)	(5,710)	(102,787)
Change in net assets attributable to noncontrolling interest	148	—	148
Net assets attributable to noncontrolling interest at beginning of year	813	—	813
Net assets at beginning of year	<u>922,549</u>	<u>292,643</u>	<u>1,215,192</u>
Net assets at end of year	<u>\$ 826,433</u>	<u>286,933</u>	<u>1,113,366</u>

See accompanying notes to consolidated financial statements.

WAKE FOREST UNIVERSITY

Consolidated Statement of Cash Flows

Year ended June 30, 2022

(with summarized comparative financial information for the year ended June 30, 2021)

(Dollars in thousands)

	Supplementary information			
	Reynolda Campus	WFUHS	2022	2021
Cash flows from operating activities:				
Change in net assets	\$ 26,834	(102,639)	(75,805)	720,713
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	48,753	35,148	83,901	87,005
Amortization of debt related costs	(969)	(1,137)	(2,106)	(2,106)
Amortization of right-of-use operating assets	3,540	17,773	21,313	23,969
Net depreciation (gains) on investments	31,691	11,683	43,374	(448,562)
Noncash gifts	(160)	—	(160)	—
Private gifts restricted for capital and long-term investment	(48,915)	(89)	(49,004)	(64,595)
Losses (gains) on disposals of property and equipment	2,572	294	2,866	(60)
Losses (gains) on impairment of property held for sale	87	—	87	(88,024)
Gains from equity method affiliates	—	(9,910)	(9,910)	(1,398)
Unrealized (gains) losses on interest rate swaps	9,455	(2,011)	7,444	(7,018)
Bad debt expense and change in allowance for contributions receivable	4,162	306	4,468	(366)
Changes in operating assets and liabilities:				
Accounts and patient receivables	(1,752)	(111,285)	(113,037)	1,571
Contributions receivable	(14,457)	2,753	(11,704)	(9,425)
Notes receivable	—	26	26	643
Operating lease right-of-use assets, net	(2,025)	10,645	8,620	553
Other assets and other liabilities and deferrals	(9,297)	(26,154)	(35,451)	4,735
Accounts payable and accruals	7,893	92,679	100,572	145,786
Operating lease liabilities	(1,877)	(28,323)	(30,200)	(24,057)
Postretirement benefits	(2,818)	(5,167)	(7,985)	(1,136)
Annuities payable	(3,868)	(741)	(4,609)	4,288
Net cash provided by / (used in) operating activities	<u>48,849</u>	<u>(116,149)</u>	<u>(67,300)</u>	<u>342,516</u>
Cash flows from investing activities:				
Purchases of land, buildings, and equipment	(96,908)	(66,883)	(163,791)	(62,290)
Proceeds from sale of land, buildings, and equipment	1,297	8	1,305	1,800
Disbursements of loans to students and other	(175)	—	(175)	(464)
Repayments of loans to students and other	3,074	—	3,074	3,552
Purchases of investments	(349,758)	(37,487)	(387,245)	(642,713)
Net proceeds from sales and maturities of investments	345,390	76,103	421,493	279,137
Decrease (Increase) in deposits with bond trustees	6	—	6	(2)
Net cash used in investing activities	<u>(97,074)</u>	<u>(28,259)</u>	<u>(125,333)</u>	<u>(420,980)</u>
Cash flows from financing activities:				
Change in government grants refundable	(2,049)	—	(2,049)	(2,484)
Proceeds from notes payable	307	—	307	348
Principal payments on notes payable	(2,652)	(3,427)	(6,079)	(51,946)
Proceeds from issuance of bonds payable	—	—	—	125,000
Principal payments on bonds payable	(1,315)	(6,165)	(7,480)	(6,810)
Bond issuance costs	129	—	129	(740)
Proceeds from finance lease obligations	114	—	114	2,584
Payments on finance lease obligations	(2,129)	(1,376)	(3,505)	(5,116)
Proceeds from private gifts restricted for long-term investment	48,915	89	49,004	64,595
Other revenue restricted for long-term investment	8,166	—	8,166	(8,423)
Net cash provided by (used in) financing activities	<u>49,486</u>	<u>(10,879)</u>	<u>38,607</u>	<u>117,008</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	1,261	(155,287)	(154,026)	38,544
Cash, cash equivalents and restricted cash at beginning of year	45,744	181,578	227,322	188,778
Cash, cash equivalents and restricted cash at end of year	\$ <u>47,005</u>	<u>26,291</u>	<u>73,296</u>	<u>227,322</u>
Cash and cash equivalents	\$ 47,005	24,401	71,406	214,821
Restricted cash	—	1,890	1,890	12,501
Total cash, cash equivalents, and restricted cash	\$ <u>47,005</u>	<u>26,291</u>	<u>73,296</u>	<u>227,322</u>
Supplemental disclosures of cash flow information:				
Cash paid for interest, net of amounts capitalized	\$ 17,408	8,160	25,568	25,045
Capital expenditures included in account payable	18,151	623	18,774	4,161
Operating cash flows from finance leases	114	1,618	1,732	2,630
Operating cash flows from operating leases	4,506	28,067	32,573	4,455
Financing cash flows from finance leases	1,890	1,341	3,231	2,584
Income taxes paid	—	1,121	1,121	244

See accompanying notes to consolidated financial statements.

WAKE FOREST UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2022

(Dollars in Thousands)

(1) Organization and Summary of Significant Accounting Policies

(a) Description of Wake Forest University

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

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

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

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

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

(Continued)

WAKE FOREST UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2022

(Dollars in Thousands)

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

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

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

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

In addition to forming a unified health system, a second medical school campus of the School of Medicine will be established in Charlotte, which will operate under the authority of the University as stated above and which will be affiliated with Atrium and is scheduled to open to first year M.D. students in 2024. The addition of the second campus is expected to approximately double the enrollment of the School of Medicine. The integration transaction's objectives include fostering the mission of the School of Medicine through its new relationship with Atrium and the continued flourishing of the Medical Center.

(Continued)

WAKE FOREST UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2022

(Dollars in Thousands)

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

In May 2022, Atrium and Advocate Aurora Health, Inc., a Delaware nonprofit corporation (Advocate Aurora), signed an agreement to create a leading health and wellness delivery system to best meet patients' needs by redefining how, when and where care is delivered (the Proposed Combination). Advocate Aurora, which serves nearly 3 million patients annually in Illinois and Wisconsin, is one of the 12 largest not-for-profit, integrated health systems in the United States and is a national leader in clinical innovation, health outcomes, consumer experience and value-based care.

To facilitate the Proposed Combination, the Enterprise and Advocate Aurora plan to create a joint operating company to be known as Advocate Health, Inc. (Advocate Health). Atrium and Advocate Aurora will be the sole corporate members of Advocate Health, which will manage and oversee the combined organization. Advocate Health will be governed by a board of directors comprised of an equal number appointed by Atrium and by Advocate Aurora.

At the closing of the Proposed Combination, the Enterprise and Advocate Aurora will continue to own their respective assets. No assets will be transferred as part of the Proposed Combination, and the Enterprise and its related entities and Advocate Aurora and its related entities will maintain their separate legal existence and licensure status of their respective facilities. The overarching effect of the Proposed Combination will be to replace Atrium with Advocate Health as the management entity of the expanded Advocate Health System (including the Enterprise) but, as in the October 2020 Enterprise transaction, the University shall continue to hold and exercise, at minimum, the degree of academic and academically related administrative authority over WFUBMC, the School of Medicine, and WFUHS that the University exercised prior to the Proposed Combination.

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

(b) Basis of Presentation

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

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

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

- *Net Assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.
- *Net Assets with donor restrictions* – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the University and/or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity; generally, the donors of these assets permit the University to use all or part of the income earned on related investments for general or specific purposes.

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

(c) Operating (Deficiency) Excess

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

(d) Fair Value Measurements

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

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

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

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

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

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

(e) Cash and Cash Equivalents

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

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

(f) Restricted Cash

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

(g) Contributions Receivable

Pledges that represent unconditional promises to give are recognized at fair value as contributions with donor restrictions in the period such promises are made by donors. Pledges are recorded after discounting, using rates ranging from 0.62% - 1.71% in order to derive the present value of future cash flows. An allowance for uncollectible contributions receivable is provided based upon management's judgement, considering such factors as prior collection history, type of contribution, relationship with donor, and nature of fund-raising activity.

(h) Notes Receivable

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

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

(i) **Investments**

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

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

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

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

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

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(j) Investments in Real Estate

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

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

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

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

(l) Other Assets

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

(m) Land, Buildings, and Equipment

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

(n) Impairment of Long-Lived Assets

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

(o) Asset Retirement Obligations

The University has asset retirement obligations (AROs) arising from regulatory requirements to perform certain asset retirement activities at the time that certain buildings and equipment are disposed of or renovated. The liability was initially measured at fair value and subsequently is adjusted for accretion

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expense and changes in the amount or timing of the estimated cash flows. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset's useful life. The University revalues asset retirement obligations as remediation costs are incurred or as additional cost information becomes available.

(p) Leases

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

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

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

(q) Derivative Instruments

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

(r) Postretirement Plans

The University records annual amounts relating to its postretirement plans based on calculations that incorporate various actuarial and other assumptions including discount rates, mortality, retirement rates, and healthcare cost trend rates. The University reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded as a change in unrestricted net assets and amortized to net periodic benefit cost over future periods using the corridor method. The University

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believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions. The net periodic benefit costs are recognized as employees render the services necessary to earn the postretirement benefits. The University records the service cost component of net benefit cost in the employee benefits expense line item and all other costs associated with net benefit costs are reflected in nonoperating activities.

(s) Revenue Recognition

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

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

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

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

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

Patient revenue – Patient revenue is reported at the amount that reflects the consideration to which WFUHS expects to be entitled for providing patient care. These amounts are due from patients, third party payers, and others, and includes variable consideration for retroactive revenue

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adjustments due to settlement of reviews and audits. Revenue is recognized as performance obligations are satisfied.

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

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

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

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

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are determined based on historical collection experience, current market conditions, and other factors.

Generally, patients who are covered by third party payers are responsible for patient responsibility balances, including deductibles and coinsurance, which vary in amount. WFUHS estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any explicit price concessions, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in fiscal year 2022 or 2021. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended June 30, 2022 and 2021 was not material to the consolidated statement of activities.

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

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

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

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

(t) Use of Estimates

The University prepares its consolidated financial statements in accordance with GAAP that requires management to make estimates and assumptions relating to the reporting of assets and liabilities and

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the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of right of use assets – operating, land, buildings, and equipment, the valuation of non-readily marketable investments, investments in real estate, allowances for receivables, third-party payer settlements, and any other implicit price concessions, AROs, professional liabilities, operating lease obligations, interest rate swap obligations and obligations related to employee benefits. Actual results could differ from those estimates.

(u) *Income Taxes*

The University is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. If applicable, unrelated business income is reported by all member and subsidiary organizations on IRS Form 990-T. Fiscal years ending on or after June 30, 2019 remain subject to examination by federal and state tax authorities. The University has evaluated uncertain tax positions for the year ended June 30, 2022, including a quantification of tax risks in areas such as unrelated business income and taxation of its for-profit subsidiaries. This evaluation did not identify any material items that effect the consolidated financial statements for the year ended June 30, 2022.

(v) *Comparative Financial Information*

The consolidated financial statements include certain prior year information for comparative purposes, which does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the University's consolidated financial statements for the year ended June 30, 2021 from which this information was derived.

(2) *Liquidity and Availability*

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

	2022			2021
	Reynolda Campus	WFUHS	Total	
Cash and cash equivalents	\$ 41,780	24,401	66,181	214,821
Accounts receivable, net	21,366	191,712	213,078	97,017
Patient receivables	—	74,326	74,326	77,899
Investments available to be liquidated	401,964	564,646	966,610	880,139
Total financial assets available within one year	\$ 465,110	855,085	1,320,195	1,269,876

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In addition to amounts included above, as part of the University's liquidity management, it invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, Reynolda Campus and WFUHS have committed lines of credit with a total borrowing capacity of \$150,000 and \$300,000, respectively, at June 30, 2022 and, 2021, respectively, which could be drawn upon. Additionally, Reynolda Campus and WFUHS have board-designated endowment funds of \$261,738 and \$496,692, respectively at June 30, 2022 and \$270,018 and \$522,371 at June 30, 2021, respectively. Although the University does not intend to spend from the board-designated endowment funds other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation, amounts from the board-designated endowment funds could be made available, subject to certain lock-up provisions that reduce the total investments that could be made available if necessary.

(3) Accounts Receivable

The following is an analysis of accounts receivable at June 30, 2022 and 2021:

	2022			2021
	Reynolda Campus	WFUHS	Total	Total
Accounts receivable	\$ 16,979	154,470	171,449	44,255
Grants receivable	4,871	38,483	43,354	55,574
Total accounts receivable	21,850	192,953	214,803	99,829
Less allowance for bad debts	(484)	(1,241)	(1,725)	(2,812)
Accounts receivable, net	\$ 21,366	191,712	213,078	97,017

(4) Student Services Revenue

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

	2022						2021					
	Reynolda Campus			WFUHS			Reynolda Campus			WFUHS		
	Published rates	Financial aid	Net revenue	Published rates	Financial aid	Net revenue	Published rates	Financial aid	Net revenue	Published rates	Financial aid	Net revenue
Student tuition and fees	\$ 410,698	(109,009)	301,689	60,033	(18,762)	41,271	395,351	(110,422)	284,929	58,541	(18,541)	40,000
Housing and dining	46,367	(18,177)	28,190	—	—	—	37,185	(15,813)	21,372	—	—	—
Total	\$ 457,065	(127,186)	329,879	60,033	(18,762)	41,271	432,536	(126,235)	306,301	58,541	(18,541)	40,000

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(5) Patient Revenue and Patient Receivables

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

	2022		2021	
Medicare	\$ 244,784	34 %	235,348	34 %
Medicaid	81,778	11	80,682	12
Managed care and commercial insurance	368,599	51	340,561	49
Self-pay, after insurance	2,542	1	7,320	1
Self-pay, uninsured	4,489	1	5,639	1
Other	13,670	2	21,968	3
Patient service revenue	\$ <u>715,862</u>	<u>100 %</u>	<u>691,518</u>	<u>100 %</u>

Concentration of Credit Risk

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

	2022	2021
Medicare	26 %	25 %
Medicaid	20	14
Managed care and commercial insurance	25	24
Self-pay, after insurance	13	14
Self-pay, uninsured	7	11
Other	9	12
	<u>100 %</u>	<u>100 %</u>

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

WFUHS maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone and estimated costs incurred for services and supplies furnished under its charity care policy and equivalent service statistics. Costs incurred are estimated based on the ratio of total operating expenses to gross charges applied to charity care charges foregone. The amounts of direct and indirect costs incurred for services and supplies furnished under WFUHS' charity care policy totaled \$11,162 and \$4,698 in 2022 and 2021, respectively.

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(6) Contributions Receivable

The following is an analysis of the maturities of the University's contributions receivable at June 30, 2022 and 2021:

		2022			2021
		Reynolda Campus	WFUHS	Total	Total
One year or less	\$	45,438	8,760	54,198	34,644
Between one and five years		68,443	2,350	70,793	75,575
More than five years		91,605	600	92,205	95,310
Contributions receivable, gross		205,486	11,710	217,196	205,529
Estimated uncollectible amounts		(10,785)	(1,291)	(12,076)	(8,401)
Discount to present value		(57,446)	(575)	(58,021)	(57,817)
Contributions receivable, net	\$	<u>137,255</u>	<u>9,844</u>	<u>147,099</u>	<u>139,311</u>

Contributions receivable are discounted at a rate commensurate with the scheduled timing of receipt. Such amounts outstanding as of June 30, 2022, and 2021, were discounted at rates ranging from 0.62% to 2.41% for Reynolda Campus, respectively, and 1.43% to 4.24% for WFUHS, respectively.

Contributions receivable, net for Reynolda Campus included significant pledges from a few donors and perpetual commitments from a foundation with a long-standing history of support to the University. These long-term unconditional promises to give represented 58% and 61% of Reynolda Campus' net contributions receivable as of June 30, 2022 and 2021, respectively.

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(7) Notes Receivable

The following is an analysis of notes receivable at June 30, 2022 and 2021:

		2022			2021
		Reynolda Campus	WFUHS	Total	Total
Student loans receivable	\$	7,420	310	7,730	10,151
Other notes receivable		2,978	240	3,218	3,605
Total notes receivable		10,398	550	10,948	13,756
Less estimated uncollectible amounts		(580)	(274)	(854)	(734)
Notes receivable, net	\$	<u>9,818</u>	<u>276</u>	<u>10,094</u>	<u>13,022</u>

The University makes uncollateralized loans to students based on financial need. Student loans are funded through Federal government loan programs or institutional resources. At June 30, 2022 and 2021, student loans receivable consisted of Federal loan programs of \$7,061 and \$9,271, respectively, and institutional loan programs of \$669 and \$880, respectively. The University participates in the Perkins federal revolving loan program. Cumulative funds advanced by the Federal government of \$0 and \$2,049 at June 30, 2022 and 2021, respectively, are ultimately refundable to the federal government and are reported as government grants refundable on the consolidated balance sheet. Outstanding loans canceled under the program result in a decrease in the liability to the federal government. The Federal Perkins Loan Program expired on September 30, 2017, and the University has implemented procedures to wind-down the program. The University plans to continue servicing the Perkins loan portfolio during the wind-down period until it is no longer administratively feasible. Based on review of the prior collection history the University has recorded an allowance for uncollectible Perkins loan amounts of \$458 for June 30, 2022 and 2021. Allowances for uncollectible institutional student loans are based on prior collection experience and current economic factors, which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Institutional student loan balances are written off only when they are deemed to be permanently uncollectible. At June 30, 2022 and 2021, the allowance for uncollectible institutional student loan amounts was \$396 and \$276, respectively.

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(8) Investments

Investments at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Short-term investments ^(a)	\$ 20,380	25,046
Absolute return ^(b)	1,854,674	1,877,649
Commodities ^(c)	16,963	14,060
Fixed income: ^(d)		
Domestic	446,673	475,221
International	8,826	9,970
Private equity ^(e)	1,000	1,046
Public equity: ^(f)		
Domestic	42,397	50,105
International	35,771	44,428
Real estate ^(g)	12,078	12,953
Beneficial interest in perpetual trusts and assets held by others ^(h)	30,225	33,733
Other ⁽ⁱ⁾	<u>352,072</u>	<u>354,771</u>
Total investments	\$ <u>2,821,059</u>	<u>2,898,982</u>

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

(b) Includes investments in hedge funds and hedge fund-of-funds that invest both long and short on a global basis primarily in: equity securities (common stocks), credit securities (both investment grade and noninvestment grade), commodities, and currencies. In aggregate, the expectation is that the returns of this segment should not be highly correlated to the broad equity market. Includes \$1,846,020 and \$1,867,495 of funds managed by Verger valued under the NAV practical expedient in fiscal years 2022 and 2021, respectively, whose underlying investments were comprised of 55.4% and 56.1% of equities, 14.3% and 12.8% of real assets, 18.9% and 15.8% of absolute return, and 11.4% and 15.3% fixed income in fiscal years 2022 and 2021, respectively.

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

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

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

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

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

(9) Endowment

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

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

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

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

The University has adopted investment and spending policies for endowment assets that support the objectives of optimizing long-term returns and providing a sustainable level of endowment income distribution to support the University's activities through the annual operating budget while preserving the real (inflation adjusted) purchasing power of the endowment. The University's primary investment objective is to maximize total return within reasonable and prudent levels of risk while maintaining sufficient liquidity to meet disbursement needs. The endowment spending rate is calculated as a percentage of the average of the previous three-year semiannual moving market value per unit and subject to a 10% maximum annual growth or decline in per-unit spending. The endowment spending rate for the years ended June 30, 2022 and 2021, was 4.70% for Reynolda Campus, and 5.30% for WFUHS.

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

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

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Endowment net assets consist of the following at June 30, 2022 and 2021:

	2022			2021
	Without donor restriction	With donor restriction	Total	Total
Reynolda Campus:				
Donor-restricted endowment funds:				
Historical value	\$ —	496,667	496,667	472,515
Appreciation	—	308,562	308,562	335,618
Total donor-restricted endowment funds	—	805,229	805,229	808,133
Board-designated endowment funds	261,738	—	261,738	270,018
Underwater endowments	—	(2,315)	(2,315)	(1,451)
Total endowment net assets	\$ <u>261,738</u>	<u>802,914</u>	<u>1,064,652</u>	<u>1,076,700</u>
WFUHS:				
Donor-restricted endowment funds:				
Historical value	\$ —	181,912	181,912	173,842
Appreciation	—	52,096	52,096	66,788
Total donor-restricted endowment funds	—	234,008	234,008	240,630
Board-designated endowment funds	496,692	—	496,692	522,371
Underwater endowments	—	(799)	(799)	(623)
Other non-pooled endowment funds	46	25,177	25,223	23,832
Total endowment net assets	\$ <u>496,738</u>	<u>258,386</u>	<u>755,124</u>	<u>786,210</u>

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Changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	2022			2021
	Without donor restriction	With donor restriction	Total	Total
Reynolda Campus:				
Endowment, beginning of year \$	270,018	806,682	1,076,700	849,033
Investment returns, net	758	2,294	3,052	238,896
Contributions	1,000	23,602	24,602	24,284
Transfers	—	27	27	472
Appropriation for expenditure	(10,038)	(29,691)	(39,729)	(35,985)
Endowment, end of year \$	<u>261,738</u>	<u>802,914</u>	<u>1,064,652</u>	<u>1,076,700</u>
WFUHS:				
Endowment, beginning of year \$	524,231	261,979	786,210	501,154
Investment returns, net	(4,706)	(4,499)	(9,205)	147,364
Contributions	—	9,151	9,151	9,736
Transfers	944	—	944	153,870
Appropriation for expenditure	(23,731)	(8,245)	(31,976)	(25,914)
Endowment, end of year \$	<u>496,738</u>	<u>258,386</u>	<u>755,124</u>	<u>786,210</u>

A donor-restricted endowment fund is considered to be underwater if the fair value of the fund is less than either the original gift amount or the amount required by law. At times, the University may have individual donor-restricted endowment funds that are underwater. The University has a policy that permits spending from underwater funds depending on the degree to which the fund is underwater, unless specifically prohibited by the donor or relevant laws and regulations. At June 30, 2022, and 2021 the amount by which funds were underwater was calculated as follows:

	2022			2021
	Reynolda Campus	WFUHS	Total	Total
Aggregate original gift amount \$	28,377	9,818	38,195	18,218
Aggregate fair value	<u>26,062</u>	<u>9,019</u>	<u>35,081</u>	<u>16,144</u>
Aggregate deficiency \$	<u>(2,315)</u>	<u>(799)</u>	<u>(3,114)</u>	<u>(2,074)</u>

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The purpose of endowed net assets as of June 30, 2022 and 2021 are as follows:

		2022		
		Without donor restriction	With donor restriction	Total
				2021 Total
Reynolda Campus:				
Instruction and research	\$	8,149	207,051	215,200
Student aid		19,216	540,842	560,058
Program support		234,373	55,021	289,394
Total endowment net assets	\$	<u>261,738</u>	<u>802,914</u>	<u>1,064,652</u>
WFUHS:				
Instruction and research	\$	201,567	76,422	277,989
Student aid		5,390	62,172	67,562
Healthcare services		11,615	1,201	12,816
Program support		278,166	118,591	396,757
Total endowment net assets	\$	<u>496,738</u>	<u>258,386</u>	<u>755,124</u>

(10) Fair Values of Financial Instruments

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

		2022			
		Level 1	Level 2	Level 3	NAV
					Total
Financial assets:					
Cash and cash equivalents	\$	71,406	—	—	—
Investments:					
Short-term investments		20,380	—	—	—
Absolute return		8,654	—	—	1,846,020
Commodities		16,963	—	—	—
Fixed income:					
Domestic		446,673	—	—	—
International		8,826	—	—	—
Private equity		—	—	902	98
Public equity:					
Domestic		42,397	—	—	—
International		35,771	—	—	—
Real estate		12,078	—	—	—
Beneficial interest in perpetual trusts and assets held by others		—	—	30,225	—
Other		—	111,432	—	240,640
Total assets	\$	<u>663,148</u>	<u>111,432</u>	<u>31,127</u>	<u>2,086,758</u>

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		2022				
		Level 1	Level 2	Level 3	NAV	Total
Financial liabilities:						
Other liabilities and deferrals:						
Employee benefits – nonrecurring	\$	—	111,432	—	—	111,432
Interest rate swap agreements		—	12,446	—	—	12,446
Annuities payable		—	20,106	—	—	20,106
Total liabilities	\$	—	143,984	—	—	143,984
		2021				
		Level 1	Level 2	Level 3	NAV	Total
Financial assets:						
Cash and cash equivalents	\$	214,821	—	—	—	214,821
Investments:						
Short-term investments		25,046	—	—	—	25,046
Absolute return		10,154	—	—	1,867,495	1,877,649
Commodities		14,060	—	—	—	14,060
Fixed income:						
Domestic		475,221	—	—	—	475,221
International		9,970	—	—	—	9,970
Private equity		—	—	948	98	1,046
Public equity:						
Domestic		50,105	—	—	—	50,105
International		44,428	—	—	—	44,428
Real estate		12,860	—	—	93	12,953
Beneficial interest in perpetual trusts and assets held by others		—	—	33,733	—	33,733
Other		—	124,417	—	230,354	354,771
Total assets	\$	856,665	124,417	34,681	2,098,040	3,113,803
Financial liabilities:						
Other liabilities and deferrals:						
Employee benefits – nonrecurring	\$	—	124,417	—	—	124,417
Interest rate swap agreements		—	23,911	—	—	23,911
Annuities payable		—	23,233	—	—	23,233
Total liabilities	\$	—	171,561	—	—	171,561

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks or liquidity of each investment's underlying assets and liabilities. In general, for Level 2 and Level 3 investments, the University utilizes the investment manager to provide a valuation estimate based on

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disclosed techniques and processes, which have been reviewed for propriety and consistency with consideration given to type and investment strategy.

The University's policy is to recognize transfers into and out of Levels 1, 2, and 3 as of the end of the year or when a change in level becomes known. There were no transfers between Level 1 and Level 2 securities during the years ended June 30, 2022 or 2021. Transfers into and out of Level 3 are typically the result of a change in observation of significant valuation inputs required by various models.

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

Obligations under split-interest agreements reported in annuities payable, which approximates fair value, were discounted at a rate that is equivalent to the University's tax-exempt borrowing rate of 3.02% and 1.21% at June 30, 2022 and 2021, respectively.

The following tables present the reconciliation of Level 3 assets measured at fair value for the years ended June 30, 2022 and June 30, 2021, respectively. Both observable and unobservable inputs may be used to determine the fair value of positions that the University has classified as Level 3.

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

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	Balances as of June 30, 2020	Total realized and unrealized (losses) gains	Purchases	Sales	Net transfers out of Level 3	June 30, 2021
Investments:						
Private equity	\$ 1,037	2	—	(91)	—	948
Beneficial interest in perpetual trusts and assets held by others	28,423	5,618	1,317	(1,625)	—	33,733
Total Level 3 investments	\$ 29,460	5,620	1,317	(1,716)	—	34,681

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

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As of June 30, 2022, redemption frequency and the corresponding notice period for all investments are as follows:

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

(11) Land, Buildings, and Equipment

Land, buildings, and equipment are summarized as follows at June 30, 2022 and 2021:

	2022			2021
	Reynolda Campus	WFUHS	Total	Total
Land	\$ 44,922	111,042	155,964	155,294
Buildings and other improvements	1,008,071	482,197	1,490,268	1,450,833
Equipment and furnishings	142,188	299,815	442,003	420,937
Construction in progress	63,038	66,893	129,931	55,568
	1,258,219	959,947	2,218,166	2,082,632
Less accumulated depreciation	(546,477)	(588,470)	(1,134,947)	(1,059,176)
	\$ 711,742	371,477	1,083,219	1,023,456

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Total depreciation expense on buildings, improvements, equipment, and furnishings was \$85,054 and \$87,143 for the years ended June 30, 2022 and 2021, respectively.

As of June 30, 2022, gross land, buildings, and equipment includes \$57,591 associated with land, building and equipment finance leases.

The University's policy is to capitalize interest cost incurred on debt during the construction of major projects exceeding one year. Interest cost of \$2,583 and \$1,669 was capitalized in the years ended June 30, 2022 and 2021, respectively.

The liabilities associated with AROs for the years ended June 30, 2022 and 2021 were \$5,342 and \$5,795, respectively, for Reynolda Campus, and \$2,659 and \$2,659, respectively, for WFUHS. These liabilities are reported in other liabilities and deferrals on the accompanying consolidated balance sheet.

(12) Leases

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

The University has lease agreements which require payments for lease and non-lease components and has elected to account for these as a single lease component. For leases that commenced before the effective date of ASU 2016-02, July 1, 2019, the University elected the permitted practical expedients to not reassess the following: (1) whether any expired or existing contracts contain leases; (2) the lease classification for any expired or existing leases; and (3) initial direct costs for any existing leases.

The following table presents the components of the lease right-of-use assets and lease liabilities and their classification in the consolidated balance sheet at June 30, 2022.

Components of lease balances	Classification in consolidated balance sheet	WFU	WFUHS	Total	2021 Total
Assets:					
Operating lease assets	Right-of-use assets-operating	\$ 26,049	126,723	152,772	182,705
Finance lease assets	Land, buildings, and equipment, net	3,529	34,605	38,134	42,217
Total leased assets		<u>29,578</u>	<u>161,328</u>	<u>190,906</u>	<u>224,922</u>
Liabilities:					
Operating lease liabilities	Operating lease obligations	25,069	131,675	156,744	186,944
Finance lease liabilities	Notes payable and finance leases	3,559	37,859	41,418	44,812
Total lease liabilities		<u>\$ 28,628</u>	<u>169,534</u>	<u>198,162</u>	<u>231,756</u>

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Components of lease expense	Classification in consolidated statement of activities	WFU	WFUHS	Total	2021 Total
Operating lease expense	Other operating expenses	\$ 4,072	28,588	32,660	32,932
Finance lease expense:					
Amortization of leased assets	Depreciation and amortization	2,176	1,918	4,094	4,192
Interest on lease liabilities	Interest on debt	41	1,618	1,659	1,891
Total finance lease expense		2,217	3,536	5,753	6,083
Variable and short-term lease expense	Other operating expenses	—	1,987	1,987	1,783
Total lease expense		\$ 6,289	34,111	40,400	40,798

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

Other information:

	2022		2021	
	Reynolda Campus	WFUHS	Reynolda Campus	WFUHS
Weighted average remaining lease term – finance leases	1.89 years	19.01 years	2.76 years	20.01 years
Weighted average remaining lease term – operating leases	8.81 years	5.59 years	9.90 years	6.58 years
Weighted average discount rate – finance leases	0.77 %	4.55 %	0.79 %	4.55 %
Weighted average discount rate – operating leases	1.98 %	2.89 %	2.04 %	2.91 %

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Payments due include options to extend finance leases through fiscal year 2032, are summarized below as of June 30, 2022:

	Reynolda Campus	WFUHS	Total
2023	\$ 2,224	3,093	5,317
2024	895	3,042	3,937
2025	440	3,034	3,474
2026	—	2,959	2,959
2027	—	2,959	2,959
In total hereafter	—	41,419	41,419
	<u>\$ 3,559</u>	<u>56,506</u>	<u>60,065</u>

Payments due include options to extend operating leases through fiscal year 2032, are summarized below as of June 30, 2022:

	Reynolda Campus	WFUHS	Total
2023	\$ 3,457	27,485	30,942
2024	3,064	25,960	29,024
2025	2,685	24,902	27,587
2026	2,193	24,240	26,433
2027	2,255	23,017	25,272
In total hereafter	11,415	18,123	29,538
	<u>\$ 25,069</u>	<u>143,727</u>	<u>168,796</u>

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

2023	\$ 6,909	1,204	8,113
2024	6,784	1,083	7,867
2025	6,754	560	7,314
2026	6,888	446	7,334
2027	7,024	455	7,479
	<u>\$ 34,359</u>	<u>3,748</u>	<u>38,107</u>

Total income from real estate was \$7,670 and \$8,608 for Reynolda Campus and \$1,089 and \$1,461 for WFUHS for the years ended June 30, 2022 and 2021, respectively.

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(13) Notes, Finance Leases, and Bonds Payable

Notes, finance leases, and bonds payable at June 30, 2022 and 2021 consist of the following:

Reynolda Campus	Years to nominal maturity	Interest rate at June 30, 2022		2022	2021
Notes payable and finance leases:					
Line of credit	>1	SOFR plus .56%	Variable	\$ 49,562	49,562
Promissory note	>1	LIBOR plus 0.75%	Variable	13,125	14,625
Finance leases	<1 to 4	0.37 to 2.55%	Fixed	3,559	5,575
Other installment loans	1 to 3	.53% to 1.46%	Fixed	905	1,749
Total notes payable and finance leases				<u>67,151</u>	<u>71,511</u>
Bonds payable:					
2012 Series serial taxable	21	2.60% to 3.10%	Fixed	20,425	20,425
2012 Series term taxable	21	3.45% to 3.70%	Fixed	104,575	104,575
2016 Series serial tax-exempt	25	4.00% to 5.00%	Fixed	134,165	135,480
2016 Series term tax-exempt	25	2.75% to 3.00%	Fixed	22,370	22,370
2018 Series serial tax-exempt	27	4.47%	Fixed	12,100	12,100
2018 Series term tax-exempt	27	3.38% to 5.00%	Fixed	15,920	15,920
2018 Series term tax-exempt	27	3.50% to 5.00%	Fixed	69,950	69,950
2021 Series term taxable	30	2.91%	Fixed	25,000	25,000
2021 Series bullet taxable	30	3.01%	Fixed	100,000	100,000
Unamortized bond premium				24,034	25,003
Unamortized bond issuance costs				<u>(3,201)</u>	<u>(3,330)</u>
Total bonds payable				<u>525,338</u>	<u>527,493</u>
Total notes payable, finance leases, and bonds payable				<u>\$ 592,489</u>	<u>599,004</u>

Reynolda Campus entered into a restated capital projects financing agreement with Truist Bank that permits the University to borrow up to \$150,000. The line of credit is due on July 3, 2025 and bears interest at the Secured Overnight Financing Rate (SOFR) plus 0.56%, 1.65% on June 30, 2022.

Reynolda Campus entered into a financing agreement with Truist Bank to finance the purchase and implementation of an enterprise resource planning program that permits the University to borrow up to \$12,000. The term loan is due on July 1, 2026 and bears interest at the one month LIBOR plus 0.75%, 1.81% at June 30, 2022.

Reynolda Campus entered into a promissory note with Winston-Salem First to finance the purchase of real property for which the University borrowed \$7,000. The note is due on January 5, 2023 and bears interest at the rate of 0.00%

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

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

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

The Series 2021 taxable bonds are evidenced by a loan agreement dated June 1, 2021, by and between the University and Truist Bank, as trustee. The Series 2021 taxable bonds have final maturities of January 1, 2044 for the term bonds and January 1, 2051 for the bullet bond. The 2021 bonds maturing on January 1, 2044 are subject to mandatory sinking fund redemptions from 2040 through 2044 with annual amounts of \$5,000. Interest is payable each January 1 and July 1. The University's obligation under the

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loan agreement is an unsecured, unconditional obligation. There are no related covenants underlying the bonds and the University has complied with all continuing disclosure requirements.

WFUHS	Years to nominal maturity	Interest rate at June 30, 2022		2022	2021
Notes payable and finance leases:					
Loan agreement	<1 to 1	LIBOR plus 0.65%	Variable	\$ 1,668	3,669
Loan agreement	<1 to 4	1.88%	Fixed	3,545	4,227
Loan agreement	<1 to 3	LIBOR plus 1.05%	Variable	1,748	2,489
Finance lease	19	4.50%	Fixed	37,583	38,801
Finance lease	3	4.25% to 6.16%	Fixed	276	436
Total notes payable				<u>44,820</u>	<u>49,622</u>
Bonds payable:					
Series 2019 A	<1 to 11	5.00 %	Fixed	37,030	38,485
Series 2012 B	<1 to 11	2.00% to 5.00%	Fixed	76,950	81,660
Unamortized bond premium				13,822	15,032
Unamortized bond issuance costs				(832)	(904)
Total bonds payable				<u>126,970</u>	<u>134,273</u>
Total notes payable, finance leases, and bonds payable				<u>\$ 171,790</u>	<u>183,895</u>

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

Bonds issued under the MTI are payable solely from the Obligated Group's revenues (as defined by the MTI). Additionally, the Combined Group must remain compliant with certain covenants and restrictions required by the MTI and loan agreements underlying the bonds. The Combined Group is subject to covenants under the MTI containing restrictions or limitations with respect to indebtedness, property encumbrance, consolidation or merger or transfer of assets. In addition, the Combined Group has agreed that it will not create any lien upon its property, accounts, or revenue now owned or hereafter acquired other than "permitted liens" as described in the MTI. WFUHS believes it is in compliance with such covenants and restrictions as of June 30, 2022. As of June 30, 2022, WFUHS is jointly and severally liable for \$712,556 of bonds payable borrowed by the other members of the Obligated Group and for \$19,199 and \$23,343, respectively, under WFUBMC's line of credit and notes payable. Because WFUHS does not expect to fund repayment of any of the amounts attributed to the other members of the Obligated Group

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under the MTI, no portion of these amounts meets the criteria for liability recognition in the accompanying consolidated financial statements.

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

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

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

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

WFUHS entered into an unsecured loan agreement, with a variable interest rate based upon the one month LIBOR plus a premium of 0.65% for \$20,014 to refinance two previously outstanding fixed rate notes. Fixed principal payments and accrued interest are due monthly with a final maturity date of April 1, 2023. This taxable loan is guaranteed by both NCBH and WFUBMC. The interest rate at June 30, 2022 was 1.77%.

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

Wake Forest Ambulatory Ventures, LLC entered into a notes payable obligation, with variable interest rates based on one month LIBOR plus a premium of 1.05% and final maturities in 2025. The interest rate at June 30, 2022 was 1.85%.

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

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

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WFUBMC entered into an unsecured credit facility with a total borrowing capacity of \$100,000 to provide for the working capital needs of NCBH, WFUHS, and WFUBMC. The line of credit is due on June 3, 2024, and bears interest at daily simple SOFR plus 0.55%, 2.05%. The facility is structured with WFUBMC as the Borrower and NCBH and WFUHS as Co-obligors. WFUHS has no outstanding balance on the facility at June 30, 2022.

An additional unsecured credit facility with a total borrowing capacity of \$200,000 was entered into in June 2021 to provide for the working capital needs of NCBH, WFUHS, and WFUBMC. The line of credit is due on May 27, 2024, and bears interest at the term SOFR rate plus 0.65%, 2.15%. The facility is structured with NCBH, WFUHS and WFUBMC as Co-borrowers. There is no outstanding balance on the facility at June 30, 2022.

Aggregate annual maturities of notes, finance leases, and bonds payable for each of the five fiscal years subsequent to June 30, 2022 and thereafter are as follows:

	Reynolda Campus	WFUHS	Total
2023	\$ 16,785	11,281	28,066
2024	12,936	11,819	24,755
2025	13,529	12,442	25,971
2026	50,902	10,618	61,520
2027	12,380	10,759	23,139
In total thereafter	465,124	101,881	567,005
	<u>\$ 571,656</u>	<u>158,800</u>	<u>730,456</u>

Costs related to the registration and issuance of bonds, totaling \$20,833 and \$13,822, respectively, for Reynolda Campus and WFUHS, are carried at cost less accumulated amortization and are amortized over the life of the bonds on a method that approximates the effective-interest method and are included in bonds payable on the accompanying consolidated balance sheet. Total amortization expense for issue costs and premium is included in interest expense in the consolidated statements of activities for Reynolda Campus and WFUHS totaled \$840 and \$1,137, respectively, for 2022 and \$865 and \$1,137, respectively, for 2021.

(14) Interest Rate Swap Agreements

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

Parties to interest rate swap agreements are subject to market risk for changes in interest rates as well as credit loss in the event of nonperformance by the counterparty. To minimize this exposure, the University verifies that the counterparties for these swap transactions are major financial institutions that meet the University's criteria for financial stability and creditworthiness. Additionally, the University is exposed to tax

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basis risk since a change in tax rate environments will change the level of correlation between the interest rate payments made on the variable rate bonds and the percentage of LIBOR payments being received from the counterparties.

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

	Reynolda Campus		WFUHS
	October 2008	July 2018	August 2002
	interest rate	interest rate	interest rate
	swap	swap	swap
Notional amount	\$ 50,000	6,125	18,340
Effective date	October 1, 2008	July 2, 2018	August 20, 2002
Maturity date	January 1, 2038	July 1, 2026	July 1, 2034
Rate received	67% of one-month LIBOR	67% of one-month LIBOR	67% of one-month LIBOR
Rate paid	3.61 %	2.44 %	3.67 %
Collateral provisions	100% liability if > \$20,000	None	100% asset/ liability – \$250 min
Settlement frequency	Monthly	Monthly	Weekly

The University records all interest rate swap agreements in other liabilities and deferrals on the consolidated balance sheet at their respective fair values. The estimated amount the University would pay to terminate the swap agreements at the reporting date, taking into account current forward interest rates and the current forward creditworthiness of the swap counterparties, approximates the fair value of the interest rate swap. All changes in fair value are reflected as a gain or loss in nonoperating activities in the consolidated statement of activities. Periodic net cash settlement amounts with counterparties are accounted for as adjustments to interest expense on the related debt and collateral to support the swaps is included in investments on the consolidated balance sheet. Collateral held by counterparties at June 30, 2022 and 2021, respectively, was \$0 and \$0 for Reynolda Campus, and \$1,890 and \$3,890 for WFUHS.

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

	2022		2021	
	Fair value	Gain (Loss)	Fair value	Gain (Loss)
Reynolda Campus:				
October 2008 interest rate swap	\$ (10,453)	9,127	(19,580)	6,814
December 2016 interest rate swap	(52)	328	(379)	263
Total	(10,505)	9,455	(19,959)	7,077
WFUHS:				
August 2002 interest rate swap	(1,941)	2,011	(3,952)	1,398
Grand total	\$ (12,446)	11,466	(23,911)	8,475

As of June 30, 2022, the University's adjusted debt portfolio, after taking into account the aforementioned swap agreements, was approximately 100% fixed or synthetically fixed rate for Reynolda Campus, and 100% fixed rate or synthetically fixed for WFUHS.

(15) Net Assets

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

	2022		
	Without donor restriction	With donor restriction	Total
Reynolda Campus:			
Operating	\$ 375,017	—	375,017
Endowment	261,738	802,914	1,064,652
Investment in plant, net	175,017	—	175,017
Donor pledges and gifts	—	210,722	210,722
Trust (annuity, perpetual, split-interest) and loan agreements	—	18,116	18,116
Total net assets	\$ 811,772	1,031,752	1,843,524

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2022			
	Without donor restriction	With donor restriction	Total
WFUHS:			
Operating	\$ 97,102	—	97,102
Endowment	496,738	258,386	755,124
Investment in plant, net	232,593	—	232,593
Donor pledges and gifts	—	9,684	9,684
Trust (annuity, perpetual, split-interest) and loan agreements	—	18,863	18,863
Total net assets	<u>\$ 826,433</u>	<u>286,933</u>	<u>1,113,366</u>
2021			
	Without donor restriction	With donor restriction	Total
Reynolda Campus:			
Operating	\$ 354,386	—	354,386
Endowment	270,018	806,682	1,076,700
Investment in plant, net	177,607	—	177,607
Donor pledges and gifts	—	187,230	187,230
Trust (annuity, perpetual, split-interest) and loan agreements	—	20,767	20,767
Total net assets	<u>\$ 802,011</u>	<u>1,014,679</u>	<u>1,816,690</u>
WFUHS:			
Operating	\$ 205,139	—	205,139
Endowment	524,231	261,979	786,210
Investment in plant, net	193,992	—	193,992
Donor pledges and gifts	—	7,981	7,981
Trust (annuity, perpetual, split-interest) and loan agreements	—	22,683	22,683
Total net assets	<u>\$ 923,362</u>	<u>292,643</u>	<u>1,216,005</u>

(16) Functional Expenses

Expenses are presented by functional classification in accordance with the overall mission of the University. The University's primary program services are academic, instruction and research, and health

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care and related services. Expenses for auxiliary enterprises, library, and student services are incurred in support of academic instruction and research, and as such are included therein. Plant operation and maintenance expense is allocated to program and supporting activities based upon direct costing or allocated using a variety of allocation techniques such as square footage. The amounts allocated in 2022 and 2021 were \$155,368 and \$142,256, respectively.

Expenses are reported in the consolidated statements of activities in natural categories. Functional expenses for the years ended June 30, 2022 and 2021 are categorized as follows:

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

2021								
	Academic, instruction, and research		Health care and other related services		Administration and other institutional support		Total	
	Reynolda Campus	WFUHS	Reynolda Campus	WFUHS	Reynolda Campus	WFUHS	Reynolda Campus	WFUHS
Salaries and wages	\$ 196,604	174,085	—	562,573	28,290	—	224,894	736,658
Employee benefits	52,827	34,493	—	111,108	8,833	—	61,660	145,601
Student aid	3,331	8,667	—	—	—	—	3,331	8,667
Services	50,775	54,850	—	88,537	8,235	22,895	59,010	166,282
Clinical and laboratory supplies	—	20,716	—	75,720	—	—	—	96,436
Other operating expenses	53,152	31,694	—	39,101	1,382	6,231	54,534	77,026
Depreciation and amortization	45,053	10,209	—	17,724	5,693	8,464	50,746	36,397
Interest on debt	15,066	2,949	—	3,322	685	1,513	15,751	7,784
Total expenses	\$ 416,808	337,663	—	898,085	53,118	39,103	469,926	1,274,851

(17) Contingencies and Other Commitments

The estimated cost to complete construction in progress at June 30, 2022 and 2021, respectively, were \$87,148 and \$39,608 for Reynolda Campus, and \$79,505 and \$30,889 for WFUHS.

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

The University is self-insured for dental benefits, self-insured or fully insured for retiree medical benefits (depending on retiree benefit elections), and self-insured for active employees receiving medical benefits. The University provides an accrual for actual claims reported but not paid and a provision for incurred but not reported claims based on historical trends. Accrued employee health and dental costs, including estimated claims incurred but not reported, amounted to approximately \$1,639 and \$1,144 at June 30, 2022 and 2021, respectively, for Reynolda Campus and \$7,061 and \$6,347 at June 30, 2022 and 2021, respectively, for WFUHS and are included in other liabilities and deferrals in the accompanying consolidated balance sheet.

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

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

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

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

The University is involved in various legal matters arising in the normal course of activities. Management, after taking into consideration advice of legal counsel, believes that the matters will not have a materially adverse effect, individually or in the aggregate, upon the University's consolidated financial statements. The University accrued \$400 and \$12,500 during June 30, 2022 and 2021, respectively, for legal obligations, including legal expenses. These costs were included in the consolidated financial statements.

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(18) Sale-Leaseback Agreement

In 2006, WFUHS entered into a sale-leaseback agreement to sell and lease back certain assets. The initial lease term is 20 years with four 5-year renewal options. The lease is classified as an operating lease. Operating lease expected payments in each year from 2023 to 2027 are \$8,139, \$8,220, \$8,302, \$8,385, and \$7,229 respectively.

In 2010, WFUHS entered into another sale-leaseback agreement to sell and lease back certain assets. The initial lease term is 16 years with three 5-year renewal options. The lease is classified as an operating lease. Operating lease payments are due monthly and expected payments each year from 2023 to 2027 are \$6,379, \$6,539, \$6,702, \$6,870 and \$7,041, respectively.

WFUHS has a deferred gain related to the sale and leaseback of certain assets, which is amortized over the remaining lease term using the straight-line method. The deferred gain was \$9,449 and \$11,395 at June 30, 2022 and 2021, respectively, and is included in other liabilities and deferrals in the accompanying consolidated balance sheet.

(19) Retirement Plans

Substantially all employees of the University are eligible to participate in defined contribution benefit plans. The University contributes a specified percentage of each employee's salary to the plans. Contributions for the years ended June 30, 2022 and 2021, respectively, were \$15,601 and \$15,125 for Reynolda Campus and \$51,011 and \$46,944 for WFUHS.

Certain employees of the University are eligible to participate in other benefit plans including a defined supplemental executive retirement plan, deferred compensation arrangements, and supplemental retirement agreements. The Reynolda Campus and WFUHS have accrued \$1,134 and \$3,302 at June 30, 2022, respectively, and \$1,885 and \$2,946 at June 30, 2021, respectively, for liabilities associated with these plans. These liabilities are included in other liabilities and deferrals on the consolidated balance sheet.

(20) Postretirement Benefits

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

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

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who is within 5 years of meeting the new retirement eligibility of age 62 with combined age and years of service equal to at least 75 as of January 1, 2012 will be grandfathered into this benefit.

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

The following table provides a reconciliation of the changes in each plan's benefit obligation, fair value of plan assets, and funded status for the years ended June 30, 2022 and 2021:

	2022			2021
	Reynolda Campus	WFUHS	Total	Total
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 14,542	26,287	40,829	42,056
Service cost	591	—	591	598
Interest cost	416	630	1,046	1,081
Participants' contributions	628	141	769	717
Actuarial gain	(2,918)	(4,075)	(6,993)	(1,419)
Benefits paid	(1,535)	(1,863)	(3,398)	(2,794)
Special termination benefits	—	—	—	590
Benefit obligation at end of year	11,724	21,120	32,844	40,829
Change in plan assets:				
Fair value of plan assets at beginning of year	—	—	—	—
Employer's contributions	907	1,722	2,629	2,077
Participants' contributions	628	141	769	717
Benefits paid	(1,535)	(1,863)	(3,398)	(2,794)
Fair value of plan assets at end of year	—	—	—	—
Total liability	\$ (11,724)	(21,120)	(32,844)	(40,829)
Amounts recognized in unrestricted net assets:				
Prior service cost	\$ (2,300)	(40)	(2,340)	(2,618)
Net actuarial (gain) loss	(6,839)	(7,266)	(14,105)	(275)
Total decrease	\$ (9,139)	(7,306)	(16,445)	(2,893)

(Continued)

WAKE FOREST UNIVERSITY
Notes to Consolidated Financial Statements
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(Dollars in Thousands)

The following table provides the components of net periodic benefit cost for the years ended June 30, 2022 and 2021:

	2022			2021
	Reynolda Campus	WFUHS	Total	Total
Service cost	\$ 591	—	591	598
Interest cost	416	630	1,046	1,081
Amortization of prior service credit	(374)	(16)	(390)	(393)
Amortization of net actuarial (gain) loss	(184)	(640)	(824)	(195)
Special termination benefits	—	—	—	590
Net periodic benefit cost	\$ <u>449</u>	<u>(26)</u>	<u>423</u>	<u>1,681</u>

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

The weighted average discount rate used to determine the accumulated postretirement benefit obligation at June 30, 2022 for Reynolda Campus and WFUHS, respectively, was 4.78% and 4.59%, and at June 30, 2021 was 2.94% and 2.48%, respectively. The discount rate reflects the current yield curve results as of June 30, 2022 and 2021. For management purposes, Reynolda Campus used 6.60% and 5.80%, and WFUHS used 7.45% and 7.80% for 2022 and 2021, respectively, for the annual rate of increase in the per capita cost of covered healthcare benefits for the first year, and a 4.50% rate was assumed in each year as the ultimate rate.

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

	Reynolda Campus	WFUHS	Total
2023	\$ 711	2,015	2,726
2024	736	1,992	2,728
2025	764	1,948	2,712
2026	755	1,898	2,653
2027	791	1,847	2,638
Five years thereafter	4,369	8,108	12,477

(Continued)

WAKE FOREST UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2022

(Dollars in Thousands)

The expected benefits to be paid are based on the same assumptions used to measure the University's benefit obligation at June 30, 2022 and include estimated future employee service.

(21) Related-Party Transactions

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

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

	<u>2022</u>	<u>2021</u>
Revenue from MCIA	\$ 223,296	228,263
Corporate service allocation, net	73,384	91,915
Other professional fees, net	<u>(29,114)</u>	<u>91,904</u>
Total net revenue from NCBH	\$ <u>267,566</u>	<u>412,082</u>
Accounts payable (to) from NCBH	\$ (24,861)	67,573

In 2015, WFUBMC entered into an unsecured, taxable line of credit with a total borrowing capacity of \$125,000 and a \$60,000 unsecured loan agreement that is guaranteed by both NCBH and WFUHS. In 2019, WFUBMC exercised an accordion feature on the line of credit, bringing its total borrowing capacity to \$150,000. In 2020, the line of credit was amended to increase the borrowing capacity to \$200,000. WFUBMC's outstanding balance on the line of credit was \$19,999 as of June 30, 2022 and 2021; WFUHS had no outstanding liability under the line of credit as of June 30, 2022 and 2021.

An additional unsecured credit facility with a total borrowing capacity of \$200,000 was entered into in June 2021 to provide for the working capital needs of NCBH, WFUHS, and WFUBMC. The line of credit is due on May 27, 2024, and bears interest at the term SOFR rate plus 0.65%, 2.15%. The facility is structured with NCBH, WFUHS, and WFUBMC as co-borrowers. There is no outstanding balance on the facility at June 30, 2022.

As part of the health system integration agreement, in fiscal year 2022, CMHA contributed \$150,000 to WFUHS to create an unrestricted academic endowment to be used for new, ongoing or enhanced academic or research initiatives of the WFB entities. WFUHS received the unrestricted contribution in March 2021, and its Board established a \$150,000 quasi-endowment fund.

(Continued)

WAKE FOREST UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2022

(Dollars in Thousands)

(22) Professional Liability Insurance

WFUHS maintains professional liability coverage, which included a \$6,000 per occurrence and a \$30,000 annual aggregate self-insurance retention for the year ended June 30, 2022. WFUHS estimates its professional liability on an actuarial basis. WFUHS' accrued professional liability costs, including estimated claims incurred but not reported, amounted to approximately \$45,784 and \$48,229 at June 30, 2022 and 2021, respectively, and are included in other liabilities and deferrals in the accompanying consolidated balance sheets. In the opinion of management, adequate provision has been made for the related risk.

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

(23) Subsequent Events

Management has evaluated subsequent events from June 30, 2022 through October 26, 2022, the date the financial statements were issued, and determined that there are no items to disclose.

WAKE FOREST UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Federal Asset Listing no. or other grant identifying no.</u>	<u>Pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Federal expenditures</u>
Federal award expenditures:				
Research and Development Cluster:				
Wake Forest University Health Sciences:				
U.S. Department of Health and Human Services:				
National Institutes of Health Direct Programs:				
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077		\$ 816,613	2,253,476
Environmental Health	93.113		160,534	798,627
Research Related to Deafness and Communication Disorders	93.173		—	327,915
Telehealth Programs	93.211		49,500	264,105
Research and Training in Complementary and Integrative Health	93.213		—	77,240
Mental Health Research Grants	93.242		—	457,166
Alcohol Research Programs	93.273		17,271	4,672,412
Drug Abuse and Addiction Research Programs	93.279		232,210	7,734,919
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		47,780	766,912
Minority Health and Health Disparities Research	93.307		—	401,104
Trans-NIH Research Support	93.310		58,359	379,213
National Center for Advancing Translational Sciences	93.350		87,218	5,001,025
Research Infrastructure Programs	93.351		—	1,517,029
21st Century Cures Act – Beau Biden Cancer Moonshot	93.353		282,226	921,996
Nursing Research	93.361		172,534	2,216,422
Cancer Cause and Prevention Research	93.393		483,405	2,905,411
Cancer Detection and Diagnosis Research	93.394		—	315,304
Cancer Treatment Research	93.395		949,089	2,462,698
Cancer Biology Research	93.396		387,615	3,319,026
Cancer Centers Support Grants	93.397		11,232	1,771,156
Cancer Research Manpower	93.398		11,429	553,117
Cancer Control	93.399		490,166	5,148,993
Cardiovascular Diseases Research	93.837		1,757,466	6,775,206
Lung Diseases Research	93.838		238,575	641,570
Blood Diseases and Resources Research	93.839		—	24,706
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		—	195,610
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		1,672,971	8,182,234
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		147,520	1,661,843
Allergy and Infectious Diseases Research	93.855		307,908	4,557,381
Biomedical Research and Research Training	93.859		198,921	2,336,240
Child Health and Human Development Extramural Research	93.865		218,000	1,216,927
Aging Research	93.866		5,780,289	21,065,011
Vision Research	93.867		—	1,187,123
Multi-Ethnic Study of Atherosclerosis (MESA)	93.UNKNOWN		—	575,714
ATHEROSCLEROSIS RISK IN COMMUNITIES (ARIC) FIELD CENTER	93.UNKNOWN		—	313,911
WHIMS-ECHO Hormone Therapy and Cognitive Aging in Older Postmenopausal Women	93.UNKNOWN		65,413	415,645
WHIMS Investigating the Biology of Cognitive Resilience	93.UNKNOWN		—	42,432
Women Health Initiative – Regional Center	93.UNKNOWN		49,199	742,615
Department of Defense	93.UNKNOWN		—	17,643
A Phase II Study of Inotuzumab Ozogamicin	93.UNKNOWN		—	7,501
A Randomized Phase II/III Study of Conventional Cancer Research	93.UNKNOWN		—	20,259
			—	13,198
Subtotal National Institutes of Health Direct Programs			15,293,443	94,258,035
Family Smoking Prevention and Tobacco Control Act Regulatory Research:				
University of North Carolina at Chapel Hill	93.077	5118449	—	16,950
University of North Carolina at Chapel Hill	93.077	None Identified	—	40,618
University of Oklahoma Health Sciences	93.077	None Identified	—	39,797
University of Vermont	93.077	1R01DA51001-01	—	8,293
Virginia Commonwealth University	93.077	None Identified	—	7,966
Total Family Smoking Prevention and Tobacco Control Act Regulatory Research			—	113,624
Environmental Health:				
University of Southern California	93.113		—	46,505
University of North Carolina Chapel Hill	93.113	93343187	—	14,681
Total Environmental Health			—	61,186
Oral Diseases and Disorders Research:				
New York University School of Medicine	93.121	F7834-01	—	22,698
University of Texas – Houston	93.121	0012976A	—	24,935
Total Oral Diseases and Disorders Research			—	47,633
Research Related to Deafness and Communication Disorders:				
Johns Hopkins University	93.173	R01DC019408	—	58,721
Ohio State University	93.173	60068546	—	3,707
Total Research Related to Deafness and Communication Disorders			—	62,428
Research and Training in Complementary and Alternative Medicine:				
Mt. Sinai Med Ctr of Florida Inc	93.213	590624427	—	18,210
New York University School of Medicine	93.213	U01AT011005	—	47,975
University of Arizona	93.213	494064	—	154,617
Total Research and Training in Complementary and Alternative Medicine			—	220,802
Mental Health Research Grants:				
Duke University Medical Center	93.242	R34MH124986	—	44,205
Vanderbilt University	93.242	R01MH116675	—	101,018
Vanderbilt University	93.242	None Identified	—	73,091
Virginia Polytechnic Institute and State University	93.242	412600-19541	—	220,894
Total Mental Health Research Grants			—	439,208

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Federal grantor/pass-through grantor/program or cluster title	Federal Asset Listing no. or other grant identifying no.	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
Alcohol Research Programs:				
National Institute on Alcohol Abuse and Alcoholism	93.273	R01AA029926	\$ 24,950	180,306
National Institute of Environmental Health Sciences	93.273	U01AA014091	—	46,945
Pennsylvania State University	93.273	R01AA026666	—	28,536
Total Alcohol Research Programs			24,950	255,787
Drug Abuse and Addiction Research Programs:				
Duke University Medical Center	93.279	A030186	—	305,764
Emory University	93.279	None Identified	—	47,136
Indiana University	93.279	IN-4679749-HHC	—	106,146
Medical University of South Carolina	93.279	UG1DA013727	—	381,316
Medical University of South Carolina	93.279	None Identified	—	81,984
Medical University of South Carolina	93.279	MUSC18-040-8D268	—	116,839
University of California – San Diego	93.279	7U01DA044451	—	67,709
University of California – San Diego	93.279	7U01DA043799	—	64,475
University of California – San Diego	93.279	None Identified	—	272,884
University of Kentucky	93.279	PO# 7800004964	—	1,905
University of N Carolina-Chapel Hill	93.279	5118065	—	39,820
University of Pittsburgh	93.279	None Identified	—	32,250
Total Drug Abuse and Addiction Research Programs			—	1,518,228
Discovery and Applied Research for Technological Innovations to Improve Human Health:				
University of Kansas	93.286	P41EB020594	—	37,961
University of Maryland	93.286	48414-Z0005203	—	234,756
Total Discovery and Applied Research for Technological Innovations to Improve Human Health			—	272,717
Minority Health and Health Disparities Research:				
Duke University	93.307	A033206	—	12,824
Kaiser Permanente Southern California	93.307	RNG210374-WF-01	—	6,009
Medical University of South Carolina	93.307	None Identified	—	36,682
Washington University – St. Louis	93.307	None Identified	—	2,906
Total Minority Health and Health Disparities Research			—	58,421
Trans-NIH Research Support:				
Albert Einstein College of Medicine	93.310	None Identified	—	93,400
Albert Einstein College of Medicine	93.310	311818	—	46,953
Ball State University	93.310	U01AR071133	—	12,485
Buck Institute for Research on Aging	93.310	1U54AG075932-01A1	—	43,580
Duke University	93.310	U2COD023375	—	4,636
National Institute on Minority Health and Health Disparities	93.310	U01MD017431	—	49,874
University of Florida	93.310	SUB00001766	—	862,767
University of Florida	93.310	None Identified	—	22,939
University of Florida	93.310	SUB00001764	—	27,947
University of N Carolina-Chapel Hill	93.310	5118547	—	223,468
University of North Carolina Chapel Hill	93.310	UH3OD023348	—	27,421
University of Pittsburgh – 10909	93.310	None Identified	—	5,181
Women & Infants Hospital	93.310	5001441	—	292,428
Total Trans-NIH Research Support			—	1,713,079
National Center for Advancing Translational Sciences:				
Duke University	93.350	WBSE: A034559, SPS:266338	—	222,247
RTI International	93.350	None Identified	—	22,362
The Rockefeller University	93.350	None Identified	—	75,718
University of Colorado	93.350	U24TR002306	—	67,987
Total National Center for Advancing Translational Sciences			—	388,314
21st Century Cures Act – Beau Biden Cancer Moonshot:				
University of Alabama – Birmingham	93.353	000526841-SC005	—	46,571
University of Pennsylvania	93.353	U01CA243702	—	27,040
Total 21st Century Cures Act – Beau Biden Cancer Moonshot			—	73,611
Nursing Research:				
National Institute of Nursing Research	93.361	R01NR020307	10,053	392,788
SUNY Upstate Medical University	93.361	R01NR018979	—	26,774
University of California – Irvine	93.361	R21NR019338	—	15,584
Total Nursing Research			10,053	435,146
Cancer Cause and Prevention Research:				
Alliance for Clinical Trials in Oncology	93.393	None Identified	—	22,800
Alliance for Clinical Trials in Oncology	93.393	A071102	—	329
Alliance for Clinical Trials in Oncology	93.393	A011106	—	2,604
Brown University	93.393	1077	—	7,371
Dana-Farber Cancer Institute	93.393	1204002	—	179,363
Massachusetts General Hospital	93.393	232008	—	39,573
Mount Sinai School of Medicine	93.393	0255-0851-4609	—	11,207
National Cancer Institute	93.393	K00CA245799	—	65,657
National Cancer Institute	93.393	R01CA261834	—	53,420
Northwestern University Feinberg School	93.393	None Identified	—	91,201
Purdue University	93.393	None Identified	—	8,683
The University of North Carolina at Chap	93.393	None Identified	—	17,980
University of Iowa – 10897	93.393	None Identified	—	55,014
Total Cancer Cause and Prevention Research			—	555,202

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Federal grantor/pass-through grantor/program or cluster title	Federal Asset Listing no. or other grant identifying no.	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
Cancer Detection and Diagnosis Research:				
ECOG-ACRIN Cancer Research Group	93.394	None Identified	\$ —	8,283
National Cancer Institute	93.394	None Identified	—	81,834
Total Cancer Detection and Diagnosis Research			—	90,117
Cancer Treatment Research:				
Adult Brain Tumor Consortium	93.395	ABTC1603	—	15,167
Adult Brain Tumor Consortium	93.395	ABTC1602	—	288
Adult Brain Tumor Consortium	93.395	ABTC1501	—	193
Adult Brain Tumor Consortium	93.395	1601	—	15,621
Alliance for Clinical Trials in Oncology	93.395	A051701	—	2,366
Alliance for Clinical Trials in Oncology	93.395	A051301	—	15,353
Alliance for Clinical Trials in Oncology	93.395	None Identified	—	2,216
Brigham & Women's Hospital	93.395	None Identified	—	41,570
Brigham & Women's Hospital	93.395	121507	—	30,677
Canadian Cancer Trials Group	93.395	CCTG CE.7	—	6,678
Cancer and Leukemia Group B Foundation	93.395	5-32014	—	4,922
Children's Hospital Of Philadelphia	93.395	9500080215-13C	—	57,806
Children's Hospital Of Philadelphia	93.395	None Identified	—	509
Children's Hospital Of Philadelphia	93.395	FP00013087_SUB206_01	—	16,566
ECOG-ACRIN Cancer Research Group	93.395	EA6174	—	3,760
ECOG-ACRIN Cancer Research Group	93.395	EA5142	—	8,499
ECOG-ACRIN Cancer Research Group	93.395	EA2165	—	6,480
ECOG-ACRIN Cancer Research Group	93.395	EA8143	—	8,523
ECOG-ACRIN Cancer Research Group	93.395	None Identified	—	9,606
ECOG-ACRIN Cancer Research Group	93.395	None Identified	—	7,914
ECOG-ACRIN Cancer Research Group	93.395	EA2186	—	6,472
ECOG-ACRIN Cancer Research Group	93.395	UG1CA189828	—	12,380
Gynecologic Oncology Group	93.395	27469 041	—	207
Icahn School of Medicine at Mount Sinai	93.395	0254-4022-4605	—	6,173
John Wayne Cancer Foundation	93.395	JWCIMSLTII	—	2,203
Johns Hopkins University	93.395	ABTC1802	—	12,716
Johns Hopkins University	93.395	None Identified	—	13,863
Johns Hopkins University	93.395	None Identified	—	7,736
Johns Hopkins University	93.395	PO#2002555394	—	8,176
Johns Hopkins University	93.395	ABTC 1701	—	13,565
Johns Hopkins University	93.395	None Identified	—	5,943
Johns Hopkins University	93.395	None Identified	—	16,997
Nat. Surgical Adjuvant Bowel&Breast Prj.	93.395	NSABP B-52	—	587
Nat. Surgical Adjuvant Bowel&Breast Prj.	93.395	None Identified	—	1,814
National Cancer Institute	93.395	R01CA264102	—	302,164
National Cancer Institute	93.395	R01CA256285	30,779	239,591
National Cancer Institute	93.395	R21CA267853	—	41,973
National Cancer Institute	93.395	R21CA263759	—	7,530
NRG Oncology	93.395	NRG-GY006	—	9,667
NRG Oncology	93.395	NRG-GI005	—	6,636
NRG Oncology	93.395	None Identified	—	11,314
NRG Oncology	93.395	NRG-GI004	—	11,742
NRG Oncology	93.395	NRG-LU005	—	51,691
NRG Oncology	93.395	GU002	—	23,215
NRG Oncology	93.395	Non-CTEP IND	—	990
NRG Oncology	93.395	None Identified	—	7,100
NRG Oncology	93.395	U10CA180868	—	1,478
Senex Biotechnology	93.395	None Identified	—	134,936
Southwest Oncology Group	93.395	SWOG S1801	—	50,533
Southwest Oncology Group	93.395	None Identified	—	1,735
Southwest Oncology Group	93.395	S1826	—	5,938
Southwest Oncology Group	93.395	S1929	—	4,025
The Emmes Corporation	93.395	PO1568GNA643	—	703
University of Michigan	93.395	R01CA261752	—	15,953
University of North Carolina Chapel Hill	93.395	5R01CA212014	—	13,678
University of Texas at Arlington	93.395	12616026862	—	24,695
University of Texas M.D. Anderson Canc	93.395	None Identified	—	23,358
Total Cancer Treatment Research			30,779	1,354,191
Cancer Biology Research:				
Georgia Tech	93.396	RJ409-G3SUP1	—	220,660
National Cancer Institute	93.396	R01CA248037	13,777	351,064
National Cancer Institute	93.396	R01CA264984	7,675	97,678
National Cancer Institute	93.396	R03CA256100	—	11,161
National Cancer Institute	93.396	R01CA256158	—	35,685
Pennsylvania State University	93.396	6072-WF-DHHS-7261	—	37,668
Pennsylvania State University	93.396	6080-WF-DHHS-9700	—	26,400
The Methodist Hospital Research Institute	93.396	R37CA251318	—	36,660
University of Tennessee	93.396	R01CA253329	—	8,109
Total Cancer Biology Research			21,452	825,085
Cancer Centers Support Grants:				
National Cancer Institute	93.397	P30CA012197	—	137,319
University of Texas M.D. Anderson Canc	93.397	3001068631	—	13,141
Total Cancer Centers Support Grants			—	150,460
Cancer Research Manpower:				
National Cancer Institute	93.398	None Identified	—	35,723
University of Alabama – Birmingham	93.398	000519795-001	—	11,046
Total Cancer Research Manpower			—	46,769

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Federal grantor/pass-through grantor/program or cluster title	Federal Asset Listing no. or other grant identifying no.	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
Cancer Control:				
Alliance for Clinical Trials in Oncology	93.399	A041501	\$ —	6,589
Alliance for Clinical Trials in Oncology	93.399	None Identified	—	7,667
Alliance for Clinical Trials in Oncology	93.399	A011401	—	13,307
Alliance for Clinical Trials in Oncology	93.399	None Identified	—	3,415
Alliance for Clinical Trials in Oncology	93.399	None Identified	—	4,108
Alliance for Clinical Trials in Oncology	93.399	A081801	—	1,357
ECOG-ACRIN Cancer Research Group	93.399	None Identified	—	52,523
ECOG-ACRIN Cancer Research Group	93.399	None Identified	—	338,201
ECOG-ACRIN Cancer Research Group	93.399	None Identified	—	29,508
National Cancer Institute	93.399	None Identified	—	12,167
NRG Oncology	93.399	NSABP B-55	—	1,814
Oregon Health & Sciences University	93.399	None Identified	—	11,126
Southwest Oncology Group	93.399	S1616	—	3,760
Southwest Oncology Group	93.399	S1605	—	387
University of Massachusetts	93.399	None Identified	—	12,897
Total Cancer Control			—	498,826
Cardiovascular Diseases Research:				
Arizona State University	93.837	ASUB00000742	—	13,382
Beth Israel Deaconess Medical Center	93.837	01062872	—	1,576
Beth Israel Deaconess Medical Center	93.837	R01HL158622	—	6,121
Boston Medical Center	93.837	4500003578	—	78,865
Brigham & Women's Hospital	93.837	122799	—	83,077
Brigham & Women's Hospital	93.837	117349	—	48,456
Case Western Reserve University	93.837	RES513068	—	91,036
Elon University	93.837	None Identified	—	11,161
Johns Hopkins University	93.837	2004538358	—	1,193,740
Johns Hopkins University	93.837	2003635681	—	2,669
Kent County Memorial Hospital	93.837	5001381-SHUMAKER	—	4,486
National Heart Lung and Blood Institute	93.837	R01HL155420	—	236,459
National Heart Lung and Blood Institute	93.837	U24HL155802	—	314,548
National Heart Lung and Blood Institute	93.837	UG3HL155801	236,109	605,265
National Heart Lung and Blood Institute	93.837	U01HL160272	—	215,416
National Heart Lung and Blood Institute	93.837	R01HL150562	—	44,800
National Heart Lung and Blood Institute	93.837	R01HL159393	—	11,897
New England Research Institutes Inc.	93.837	None Identified	—	1,135
Regents of the University of Minnesota	93.837	None Identified	—	4,258
The Brigham and Women's Hospital, Inc.	93.837	225712	—	9,370
University of Minnesota	93.837	None Identified	—	111,759
University of Texas SW Med Cen -Dallas	93.837	GMO 190911	—	23,391
University of Texas SW Med Cen -Dallas	93.837	GMO 180101	—	35,772
University of Washington	93.837	UWSC9055	—	79,256
Vanderbilt University Medical Center	93.837	None Identified	—	22,331
Total Cardiovascular Diseases Research			236,109	3,250,226
Lung Diseases Research:				
Brigham & Women's Hospital	93.838	122287	—	565
Brigham & Women's Hospital	93.838	122869	—	146,852
Children's Hospital of Philadelphia	93.838	None Identified	—	65,964
Columbia University	93.838	33(GG015997-01)	—	207,333
Columbia University	93.838	8(GG015835-01)	—	92,266
Duke Clinical Res Inst	93.838	R33HL147833	—	775
Fred Hutchinson Cancer Research Center	93.838	UG3HL147011	—	2,101
Indiana University	93.838	8587	—	2,828
Intermountain Medical Center	93.838	CT component	—	13,079
Massachusetts General Hospital	93.838	U01HL123009	47,058	87,017
Massachusetts General Hospital	93.838	WFUHS Z17448	56,750	60,414
Massachusetts General Hospital	93.838	238369	—	4,279
Massachusetts General Hospital	93.838	U01HL123009	104,839	104,839
Tufts University	93.838	102680-00001	—	96,734
Tulane University Medical Center	93.838	TUL-HSC-558022-19/20	—	23,218
University of Arizona	93.838	435611	—	75,217
University of California – San Francis	93.838	10458sc	—	220,672
University of N Carolina-Chapel Hill	93.838	5111455	—	39,312
University of North Carolina Chapel Hill	93.838	5117256-H3WFUNIVER	—	80,814
University of Vermont	93.838	32723SUB52545	—	289,532
University of Vermont	93.838	32723SUB52545	—	174
University of Vermont	93.838	3148-01-004-SUB-0003	—	15,627
University of Vermont	93.838	3148-01-004-SUB-0003	—	286
Weill Cornell Medical College	93.838	192243-12	—	5,371
Total Lung Diseases Research			208,647	1,635,269
Blood Diseases and Resources Research:				
Fred Hutchinson Cancer Research Center	93.839	1043106	—	12,502
National Marrow Donor Program	93.839	None Identified	—	16,206
University of Pennsylvania	93.839	570994	—	97,672
University of Tennessee	93.839	R01HL159376	—	7,417
Total Blood Diseases and Resources Research			—	133,797
Arthritis, Musculoskeletal and Skin Diseases Research:				
Johns Hopkins University	93.846	None Identified	—	57,537
New York University School of Medicine	93.846	Subaward # 17-A1-00-005969-01/ Project # 110088CB	—	93,142
University of Michigan	93.846	U01AR073485	—	3,076
University of North Carolina Chapel Hill	93.846	None Identified	—	82,222
University of Pittsburgh	93.846	1U01AR076144	—	78
Total Arthritis, Musculoskeletal and Skin Diseases Research			—	236,055

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Diabetes, Digestive, and Kidney Diseases Extramural Research:				
Advent Health	93.847	120322	\$ —	9,967
Cedars-Sinai Medical Center	93.847	1338076	—	169,058
Duke University	93.847	A032809	—	11,301
George Washington University	93.847	None Identified	—	25,695
George Washington University	93.847	20-B02	—	45,728
George Washington University	93.847	S-DPP2122-JC01	—	27,666
Harvard Pilgrim Health Care	93.847	AH000650	—	31,399
Johns Hopkins University	93.847	R01DK127222	—	23,007
Johns Hopkins University	93.847	None Identified	—	58,112
Mt. Sinai Medical Center	93.847	5U54DK083909	—	142,051
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	R25DK132963	—	3,563
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	K01DK125633	—	90,813
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	R01DK128233	—	37,497
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	R00DK120876	—	16,632
Northern California Institute for Research	93.847	SHL2118-04	—	47,278
University of California – San Diego	93.847	R01DK128803	—	3,021
University of California – San Francisco	93.847	1R01DK120551	—	13,379
University of California – San Francisco	93.847	1R01DK120886-01A1 REVISED	—	6,884
University of Michigan	93.847	3004195235	—	15,394
University of Michigan	93.847	3003773938	—	(11)
University of N Carolina-Chapel Hill	93.847	5117125	—	21,163
University of N Carolina-Chapel Hill	93.847	None Identified	—	92,799
University of N Carolina-Chapel Hill	93.847	5115004	—	57,184
University of South Carolina	93.847	18-3668PO 2000039782	—	13,565
Vanderbilt University	93.847	VUMC71249	—	3,793
Total Diabetes, Digestive, and Kidney Diseases Extramural Research			—	966,968
Extramural Research Programs in the Neurosciences and Neurological Disorders:				
Georgia College & State University	93.853	36613-WFM-01	—	(619)
Massachusetts General Hospital	93.853	U01NS114001	—	8,115
Massachusetts General Hospital	93.853	227810	—	8,282
Massachusetts General Hospital	93.853	None Identified	—	14,093
Massachusetts General Hospital	93.853	None Identified	—	79,188
Mayo Clinic	93.853	U01NS080168WAK-224063-01 (effective 3/1/18)WAK187276	—	25,294
National Institute of Neurological Disorders and Stroke	93.853	T32NS115704	—	128,887
National Institute of Neurological Disorders and Stroke	93.853	R21NS125171	—	44,703
National Institute of Neurological Disorders and Stroke	93.853	R01NS122153	—	191,000
National Institute of Neurological Disorders and Stroke	93.853	P01NS119159	—	313,050
Northwestern University	93.853	60057482 WFUHS	—	4,579
Ohio State University	93.853	60065846	—	21,139
Stanford University	93.853	5U01NS038455-17	—	33,620
University of California – Davis	93.853	A20-2531-S001	—	41,350
University of California – Davis	93.853	R01NS058949	—	92,510
University of California – Los Angeles	93.853	None Identified	—	153,873
University of Cincinnati	93.853	013382-002	—	91,451
University of Cincinnati	93.853	012043-138224	—	2,783
University of Cincinnati	93.853	U01NS102289	—	3,771
University of Cincinnati	93.853	011337-138224	—	16,569
University of Cincinnati	93.853	011266-138224	—	16,534
University of Cincinnati	93.853	None Identified	—	115,633
University of Cincinnati	93.853	None Identified	—	117,037
University of Cincinnati	93.853	010785-138224	—	21,438
University of Cincinnati Medical Center	93.853	013215-002	—	209,048
University of N Carolina-Chapel Hill	93.853	5109025	—	39,427
University of Pittsburgh	93.853	1U24NS115708-01	—	14,461
Total Extramural Research Programs in the Neurosciences and Neurological Disorders			—	1,807,216
Allergy and Infectious Diseases Research:				
Cincinnati Children's Hospital	93.855	309362 (Admin)	—	2,427
Columbia University	93.855	2U19AI067773	—	7,321
Duke University	93.855	5UM1AI104681	—	775
Duke University Medical Center	93.855	U19AI067798	—	73,112
Duke University Medical Center	93.855	A0334212U19AI067798	—	327,828
Eldec Pharmaceuticals, Inc.	93.855	R42AI155107	—	23,178
Fred Hutchinson Cancer Research Center	93.855	1040695	—	72,234
Fred Hutchinson Cancer Research Center	93.855	1040874	—	45,098
Fred Hutchinson Cancer Research Center	93.855	1062475	—	40,835
Institute for Clinical Research Inc.	93.855	M52-WF-034-1101-3	—	11,571
National Institute of Allergy and Infectious Diseases	93.855	R21AI166642	—	54,057
New York University School of Medicine	93.855	17-A0-00-007347 Project# 108240	—	272,650
Stanford University	93.855	R01AI58569	—	12,618
Tufts University	93.855	None Identified	—	64,534
Total Allergy and Infectious Diseases Research			—	1,008,238
Biomedical Research and Research Training:				
National Institute of General Medical Sciences	93.859	R01GM144947	—	27,020
Tufts University	93.859	None Identified	—	610
Total Biomedical Research and Research Training			—	27,630

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Child Health and Human Development Extramural Research:				
CiceroDxInc.	93.865	R44HD097750	\$ —	76,166
Cincinnati Children's Hospital	93.865	None Identified	—	21,045
Michigan State University	93.865	R21HD103039	—	37,870
Michigan State University	93.865	None Identified	—	71,719
National Institute of Child Health and Human Development	93.865	R03HD104894	—	62,212
National Institute of Child Health and Human Development	93.865	R21HD108530	—	31,005
National Institute of Child Health and Human Development	93.865	R01HD108298	—	75,008
Saint Louis University	93.865	UH3HD096929	—	7,431
University of North Carolina Chapel Hill	93.865	P01HD106485	—	63,291
University of Pittsburgh	93.865	None Identified	—	35,688
Total Child Health and Human Development Extramural Research			—	481,435
Aging Research:				
AdventHealth	93.866	1534612-WFU	—	194,599
Beckman Research Institute	93.866	60254.2005087.669302	—	25,784
Boston Medical Center	93.866	7765	—	21,186
Brigham & Women's Hospital	93.866	1R01AG067507-01 / R01AG067507	—	74,608
Brigham & Women's Hospital	93.866	R01AG070867	—	60,467
Brown University	93.866	None Identified	—	17,081
Brown University	93.866	None Identified	—	232,454
Brown University	93.866	U54AG063546	—	34,080
California Pacific Medical Center	93.866	None Identified	1,788	1,379,231
California Pacific Medical Center	93.866	R21AG070804	—	91,407
Columbia University	93.866	6(GG015822-01)	—	116,639
Columbia University	93.866	6(GG015822-01)	—	1,386
Columbia University	93.866	R01AG071032	—	72,210
Drexel University	93.866	R01AG072634	—	67,259
Duke Clinical Res Inst	93.866	A03-2816	—	167,989
Duke Clinical Res Inst	93.866	A03-3865	—	1,334,391
Duke Clinical Res Inst	93.866	A03-2827	—	679,634
Duke University	93.866	A032814	46,400	75,888
Duke University	93.866	None Identified	—	124,574
Duke University Medical Center	93.866	A033976	—	67,614
Hennepin Healthcare Research Institute	93.866	15156-25-01FFS	—	56,540
Indiana University	93.866	8677	—	63,866
Johns Hopkins University	93.866	2004070511	—	23,754
Johns Hopkins University	93.866	2003589933	—	528,559
Johns Hopkins University	93.866	2004144882	—	22,400
Mayo Clinic	93.866	None Identified	—	126,682
Mayo Clinic	93.866	None Identified	—	103,590
Mount Sinai School of Medicine	93.866	U01AG073148	—	5,250
National Institute on Aging	93.866	U24AG058556	215,757	447,166
National Institute on Aging	93.866	P30AG072947	5,154	2,684,071
National Institute on Aging	93.866	K25AG068253	—	2,755
National Institute on Aging	93.866	R21AG073733	—	153,528
National Institute on Aging	93.866	U01AG073697	92,533	626,373
National Institute on Aging	93.866	K01AG073581	—	89,375
National Institute on Aging	93.866	K23AG073529	—	112,480
National Institute on Aging	93.866	RF1AG068629	—	245,992
National Institute on Aging	93.866	R24AG073199	7,984	661,236
National Institute on Aging	93.866	R01AG074562	96,047	597,892
National Institute on Aging	93.866	R21AG070371	—	140,711
National Institute on Aging	93.866	R01AG071807	—	14,126
National Institute on Aging	93.866	R01AG071803	140,412	404,273
National Institute on Aging	93.866	RF1AG070881	65,473	231,424
National Institute on Aging	93.866	U01AG073240	—	325,837
National Institute on Aging	93.866	R01AG073823	—	129,813
National Institute on Aging	93.866	F31AG071119	—	40,110
National Institute on Aging	93.866	K25AG068253	—	127,413
National Institute on Aging	93.866	R21AG075611	—	33,089
National Institute on Aging	93.866	K23AG070234	—	88,538
National Institute on Aging	93.866	R01AG071545	—	78,174
National Institute on Aging	93.866	R01AG075959	—	51,571
National Institute on Aging	93.866	R00AG064143	—	8,344
National Institute on Aging	93.866	R01AG076669	—	18,505
Northwestern University	93.866	60057255	—	9,451
Northwestern University	93.866	None Identified	—	29,040
Ohio State University	93.866	60067302PO RF1531329	—	31,812
Oregon Health & Sciences University	93.866	RF1AG062220	—	521
Pennington Biomedical Research Center	93.866	None Identified	—	49,298
The Regents of the University of Califor	93.866	10176	1,839,068	5,724,917
The Regents of the University of Califor	93.866	72755903 ADC-041-EXERT	—	41,253
Tulane University Medical Center	93.866	TUL-HSC-558413-20/21	—	42,035
UNCG	93.866	20170398	—	3,625
Univ of Texas Health Sciences Ctr-SA	93.866	P30AG013319	—	38,751
Univ. of California – San Diego	93.866	122385854 PO S9002402	—	404,146
Univ. of California – San Diego	93.866	42024655	—	209,054
University of California – Davis	93.866	A21-0198-S002	—	43,486
University of California – Davis	93.866	R01AG070647	—	83,932
University of California – Irvine	93.866	2018-3598	—	10,862
University of California – Los Angeles	93.866	None Identified	64,555	268,213
University of Connecticut Health Center	93.866	R25AG073119	—	5,717
University of Massachusetts	93.866	OSP2018115PO WA00741606	—	5,763
University of Miami	93.866	None Identified	—	54,171
University of Miami	93.866	None Identified	—	382,238
University of Miami	93.866	None Identified	—	16,649
University of N Carolina-Chapel Hill	93.866	5107610	—	44,409
University of N Carolina-Chapel Hill	93.866	5106148	—	5,392

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University of Pittsburgh	93.866	AWD00003000(135310-9)	\$ —	87,537
University of Pittsburgh	93.866	U19AG063720	—	4,329
University of Pittsburgh	93.866	None Identified	—	86,709
University of Southern California	93.866	None Identified	—	4,767
University of Southern California	93.866	133616791	—	32,686
University of Southern California	93.866	129211757	—	56,309
University of Southern California	93.866	81622748	—	5,261
University of Southern California	93.866	107786842	—	16,293
University of Southern California	93.866	118035962	—	25,606
University of Southern California	93.866	79634982	—	45,382
University of Southern California	93.866	105791377	—	171,594
University of Southern California	93.866	131392798	—	18,345
University of Southern California	93.866	Subaward No. 120188648	—	14,834
University of Utah	93.866	10055540-02PO U000265955	—	21,733
University of Washington	93.866	UWSC12160BPO# 50982	—	19,633
University of Washington	93.866	None Identified	—	25,525
University of Wisconsin	93.866	Subaward No. 0000001242R01AG070883	—	52,784
University of Wyoming	93.866	None Identified	—	342,320
Vanderbilt University	93.866	UNIV59652	—	312,042
Vanderbilt University	93.866	RF1AG060754	36,099	113,520
Washington State University	93.866	132471 SPC002273	—	12,503
Total Aging Research			2,611,270	22,056,365
Vision Research:				
Cincinnati Children's Hospital	93.867	None Identified	—	19,590
National Eye Institute	93.867	K23EY030897	—	162,067
National Eye Institute	93.867	R01EY019309	—	4,346
National Eye Institute	93.867	R01EY028949	—	2,887
National Eye Institute	93.867	R01EY012231	—	2,711
National Eye Institute	93.867	R01EY032930	—	23,736
University of Minnesota	93.867	R01EY030472	—	49,093
University of North Carolina Chapel Hill	93.867	R01EY032089	—	12,586
Vanderbilt University	93.867	None Identified	—	20,268
Total Vision Research			—	297,284
Medical Library Assistance:				
Brigham & Women's Hospital	93.879	117673	—	9,129
Fogarty International Center:				
University of Massachusetts	93.989	PTE: 5 R01TW010647-03 WFU SUBAWARD#OSP24660-00	—	11,461
Human Genome Research:				
Broad Institute	93.172	None Identified	—	24,553
Research Infrastructure Programs:				
Texas Biomedical Research Institute	93.351	None Identified	—	32,486
Nurse Education, Practice Quality and Retention Grants:				
NRG Oncology	93.359	NRG-BR004	—	20,021
Translation and Implementation Science Research for Blood Disease:				
Vanderbilt University Medical Center	93.840	OT2HL156812	—	210,858
National Bioterrorism Hospital Preparedness Prgm:				
NC Healthcare Foundation	93.889	U3REP200659	—	150,000
Lung Organ Tissue Equivalent Platform For Modeling Chlorine Gas Toxicology:				
Biomedical Advanced Research and Development Authority	93.UNKNOWN	None Identified	74,248	8,778,023
Impact of Nicotine Reduction on Adolescent Cigarette Use:				
Southwest Oncology Group	93.UNKNOWN	SWOG S1803	—	24,835
Electronic Health Record (EHR)-Embedded Decision Support:				
Children's Hosp. Med. Center-Cincinnati	93.UNKNOWN	None Identified	—	12,650
Change in Relative Cerebral Blood Volume as a Biomarker:				
ECOG-ACRIN Cancer Research Group	93.UNKNOWN	None Identified	—	12,726
Randomized Phase III Study of Ibrutinib (PCI-32765)-based Therapy:				
ECOG-ACRIN Cancer Research Group	93.UNKNOWN	None Identified	—	33,867
ECOG-ACRIN Cancer Research Group	93.UNKNOWN	None Identified	—	4,477
Subtotal Randomized Phase III Study of Ibrutinib (PCI-32765)-based Therapy			—	38,344
Randomized Phase III Trial of Bortezomib Lenalidomide a:				
ECOG-ACRIN Cancer Research Group	93.UNKNOWN	None Identified	—	8,332
Optimal Perioperative Therapy For Incidental Gallbladder:				
ECOG-ACRIN Cancer Research Group	93.UNKNOWN	None Identified	—	3,974
Effectiveness of HA mRNA-LNP vaccines in newborn NHP:				
Duke University	93.UNKNOWN	A035675	—	15,539
Sexually Transmitted Infections Clinical Trials Group Admin Core:				
University of Alabama-Birmingham	93.UNKNOWN	000500918-T006-004	—	57,615
University of Alabama-Birmingham	93.UNKNOWN	None Identified	—	9,405
Subtotal Sexually Transmitted Infections Clinical Trials Group Admin Core			—	67,020

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Jackson Heart Surveillance Study (JHS Surveillance):				
University of Mississippi	93.UNKNOWN	66111350819-14	\$ —	41,094
University of Mississippi	93.UNKNOWN	66111350819-13	—	36,771
Subtotal JHS Surveillance			—	77,865
Atherosclerosis Risk in Communities (ARIC) – Field Center:				
University of North Carolina at Chapel Hill	93.UNKNOWN	5109427	—	206,382
Atherosclerosis Risk in Communities (ARIC) Study – Coordinating Center:				
University of North Carolina at Chapel Hill	93.UNKNOWN	5123232	—	51,698
University of North Carolina at Chapel Hill	93.UNKNOWN	5119570	—	37,490
Total Atherosclerosis Risk in Communities (ARIC) – Coordinating Center			—	89,188
Molecular Basis of Exercise-induced Changes in HDL Function:				
University of South Carolina	93.UNKNOWN	19-3841	—	64,878
Optopharmacology and Sensors for Dissecting Opiate Actio:				
University of Washington	93.UNKNOWN	1R61DA051489-01	—	47,398
COVID-19 Imaging Research Registry (CIRR):				
American College of Radiology	93.UNKNOWN	None Identified	—	10,440
AI-Based Multi-Functional Hand-Held:				
Oregon Health & Sciences University	93.UNKNOWN	75A50120C000097-1	—	9,108
Randomized Master Protocol for Immune Modulators:				
Duke University	93.UNKNOWN	None Identified	—	114,607
PETAL Network International Coordinating Center for ACTIV-3 Trial Initiative:				
Massachusetts General Hospital	93.UNKNOWN	237165	1,056,200	1,525,629
Massachusetts General Hospital	93.UNKNOWN	238447	224,900	236,050
Subtotal PETAL Network International Coordinating Center for ACTIV-3 Trial Initiative			1,281,100	1,761,679
ADCC Passive Transfer and Dengue Virus Challenge:				
Naval Medical Research Center	93.UNKNOWN	None Identified	—	6,105
Multicenter Platform Evaluating Putative Therapeutics for the Treatment of COVID-19 in Hospitalized Adults:				
Social and Scientific Systems, Inc.	93.UNKNOWN	None Identified	—	209,967
Clinical-trial of COVID-19 Convalescent Plasma in Outpatients (C3PO):				
University of Michigan	93.UNKNOWN	SUBK00013838-005	—	388
CHS Research for the Cardiovascular Health:				
University of Washington	93.UNKNOWN	UWSC12414BPO 52782	—	40,743
Characterizing Home Activity for Cancer Health Awareness (CHA-CHA):				
Smart Information Flow Technologies	93.UNKNOWN	None Identified	—	10,585
Medical Imaging and Data Consortium:				
University of Chicago	93.UNKNOWN	AWD101462-U	—	88,311
Piedmont Triad Regional Council Area Agency on Aging:				
CARES Act Nutrition Services	93.UNKNOWN	None Identified	—	12,837
COVID-19 Post-hospital Thrombosis Prevention Study:				
University of Pittsburgh	93.UNKNOWN	None Identified	—	161,019
Versiti Wisconsin, Inc.	93.UNKNOWN	:T2HL156812	—	135,276
Subtotal COVID-19 Post-hospital Thrombosis Prevention Study			—	296,295
Enhanced Rapid Assay For Monitoring Immunosuppressant:				
Intelligent Optical Systems, Inc.	93.UNKNOWN	W81XWH-20-C-0044	—	110,460
Adaptive Platform Treatment Trial for Outpatients With COVID-19 (Adapt Out COVID):				
PPD Investigator Services	93.UNKNOWN	ACTIV-2/A5401	—	16,637
Phase III Trial of Salvage Stereotactic Radiosurgery:				
NRG Oncology	93.UNKNOWN	None Identified	—	1,999
CHIPS (CHilled Platelet Study):				
University of Pittsburgh	93.UNKNOWN	FY2022-17829-SVC	—	4,571
Phase III Trial of Stereotactic Radiosurgery (SRS):				
NRG Oncology	93.UNKNOWN	None Identified	—	9,343
Subtotal National Institutes of Health Pass-Through Programs			4,498,608	53,691,054
Total National Institutes of Health			19,792,051	147,949,089
Food and Drug Administration Pass-Through Programs From:				
Food and Drug Administration_Research:				
University of Rochester	93.103	U01FD007474	—	35,691
Evaluating Fitness-for-Use of Electronic Health Records:				
Duke University	93.UNKNOWN	250543	—	5,379
Total Food and Drug Administration			—	41,070
Substance Abuse and Mental Health Services Administration Direct Program:				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243		—	774,017
Health Services and Resources Administration Direct Programs:				
Maternal and Child Health Federal Consolidated Programs	93.110		—	257,861
Nurse Anesthetist Traineeship	93.124		—	22,326
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		—	444,940
Geriatric Academic Career Awards	93.250		—	71,475

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Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease:	93.918		\$ —	401,772
Subtotal Health Services and Resources Administration Direct Programs			—	1,198,374
Health Services and Resources Administration Pass-Through Programs From:				
Area Health Education Centers:				
University of North Carolina at Chapel Hill	93.107	None Identified	—	124,131
Maternal and Child Health Federal Consolidated Programs:				
Hemophilia of Georgia, Inc.	93.110	None Identified	—	16,291
PPHF Geriatric Education Centers:				
University of North Carolina at Chapel Hill	93.969	5114463	—	4,511
Subtotal Health Services and Resources Administration Pass-Through Programs			—	144,933
Total Health Services and Resources Administration			—	1,343,307
Centers for Disease Control and Prevention Direct Programs:				
Epidemiology and Laboratory Capacity for Infectious Disease	93.323		—	78,139
HIV Demonstration, Research, Public and Professional Education Projects	93.941		47,377	208,626
Assistance Programs for Chronic Disease Prevention and Control	93.945		—	188,195
Sexually Transmitted Diseases (STD) Provider Education Grants	93.978		—	91,545
Intergovernmental Personnel Act Mobility Program	93.UNKNOWN		—	15,570
Intergovernmental Personnel Act of 1970	93.UNKNOWN		—	6,616
Subtotal Centers for Disease Control and Prevention Direct Programs			47,377	588,691
Centers for Disease Control and Prevention Pass-Through Programs From:				
Birth Defects and Developmental Disabilities – Prevention and Surveillance:				
Duke University	93.073	216069	—	5,854
Duke University	93.073	A03-2439	—	868
Subtotal Birth Defects and Developmental Disabilities - Prevention and Surveillance			—	6,722
Blood Disorder Program: Prevention, Surveillance, and Research:				
University of North Carolina at Chapel Hill	93.080	5119711	—	19,111
NCE for the Prevention of Childhood Agricultural Injury:				
Marshfield Clinic Research Foundation	93.262	U54OH009568	—	1,336
Epidemiology and Laboratory Capacity for Infectious Disease:				
University of North Carolina at Chapel Hill	93.323	5110457	—	2,160
Assistance Living – Healthy Brain Initiative:				
Alzheimers Association	93.334	None Identified	—	70,073
Strengthening Public Health Systems and Services:				
American Cancer Society	93.421	None Identified	—	5,973
National Association of County and City	93.421	2020-063001	—	474
The Task Force for Global Health	93.421	None Identified	—	80,208
Subtotal Strengthening Public Health Systems and Services			—	86,655
Sexually Transmitted Diseases (STD) Provider Education Grants:				
University of Alabama Birmingham	93.978	000526519-SC001	—	100,754
ELC Project K8 Threat of Antibiotic-Resistant Gonorrhea:				
Guilford Co Health Department	93.UNKNOWN	None Identified	—	396,465
NC CORVA SEQ Network:				
University of North Carolina Chapel Hill	93.UNKNOWN	None Identified	—	755,715
Applied Research to Address the COVID-19 Emerging Public:				
Vysnova Partners, Inc.	93.UNKNOWN	SC-75D30120C08405	—	694,947
IVY: COVID-19 Ancillary Studies:				
Vanderbilt University	93.UNKNOWN	VUMC81591	—	93,618
Subtotal Centers for Disease Control and Prevention Pass-Through Programs			—	2,227,556
Total Centers for Disease Control and Prevention			47,377	4,159,554
Agency for Healthcare Research and Quality Pass-Through Programs:				
Research on Healthcare Costs, Quality, and Outcomes:				
Atrium/Carolinas Healthcare System	93.226	A18-0236-S008	—	2,566
Boston University	93.226	R03HS027786	—	10,820
Children's Hosp. Med. Center-Cincinnati	93.226	None Identified	—	44,130
Ohio State University	93.226	R01HS027200	—	52,220
University of Florida	93.226	R18HS028584	—	13,281
University of North Carolina at Chapel Hill	93.226	1R18HS027078	—	21,459
University of North Carolina at Chapel Hill	93.226	5115013	—	11,279
University of North Carolina at Chapel Hill	93.226	5111272	—	58,433
Total Research on Healthcare Costs, Quality, and Outcomes			—	214,178
Total Agency for Healthcare Research and Quality			—	214,178
Total U.S. Department of Health and Human Services			19,839,428	153,137,908

WAKE FOREST UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Federal Asset Listing no. or other grant identifying no.	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
U.S. Department of Defense:				
U.S. Department of Defense Direct Programs:				
Military Medical Research and Development:				
Department of Army	12.420		\$ 508,955	4,954,123
Basic Scientific Research:				
Department of Army	12.431		164,660	665,074
Determining The Fundamental Differences Among Tissue Organoids From Different Species:				
Defense Threat Reduction Agency	12.UNKNOWN		249,836	1,232,904
Subtotal U.S. Department of Defense Direct Programs			923,451	6,852,101
U.S. Department of Defense Pass-Through Programs From:				
Naval Medical Research:				
National Marrow Donor Program	12.300	None Identified	—	5
Henry Jackson Foundation	12.340	None Identified	—	543,880
Subtotal Pass-Through Programs From Naval Medical Research			—	543,885
Military Medical Research and Development:				
American Burn Association	12.420	W81XWH-19-2-0043	—	49,031
Department of Defense	12.420	W81XWH2010864 USAMRAA	66,138	745,128
Duquesne University	12.420	W81XWH2010854	—	35,625
Duquesne University	12.420	FA8650-20-C-6215	—	76,300
Duquesne University	12.420	W81XWH-20-1-0276	—	13,750
Johns Hopkins University	12.420	2004438039	—	9,404
Lynntech Inc.	12.420	ARM-057II	—	70,717
Military & Health Research Foundation	12.420	Subcontract Number: SC-18-05	—	
		P.O. Number: 0087	—	479,329
RegenMed Development Organization	12.420	2017-601-001 (M)	(930,812)	156,843
The Geneva Foundation	12.420	S-1415-02	—	39,390
The Geneva Foundation	12.420	S-1414-03	—	29,698
The Metis Foundation	12.420	S-W81XWH-20-2-0024-02	—	135,686
The Metis Foundation	12.420	S-W81XWH-17-2-0002-003	—	87,214
Univ. of California – San Diego	12.420	105647161 MP Invoice #S90032013	—	5,562
University of Colorado-Denver	12.420	2-5-24328	—	9,253
University of Massachusetts Medical Scho	12.420	None Identified	—	10,327
University of Pittsburgh	12.420	0046827(411515-1)	—	4,615
University of Pittsburgh	12.420	0046853 (411562-1)	—	36,662
University of Pittsburgh	12.420	CNVA0056666 (413614-20)	—	543
Total Military Medical Research and Development			(864,674)	1,995,077
Basic Scientific Research:				
Ohio State University	12.431	60070860	—	111,261
Monitoring of Chemical and Biological Threat Agents:				
North Carolina A&T State University	12.630	210246A	—	88,124
Remdo ATI:				
Advanced Technology International	12.UNKNOWN	None Identified	753,364	812,414
Advanced Technology International	12.UNKNOWN	None Identified	571,850	650,547
Advanced Technology International	12.UNKNOWN	None Identified	432,107	468,301
Subtotal REMDO ATI			1,757,321	1,931,262
Prospective Study of Early Mechanical Stabilization and Bleeding in Disruption of the Pelvic Ring:				
Johns Hopkins University	12.UNKNOWN	None Identified	—	1,002
Development Of A Universal Bioreactor Platform For Regenerative Medicine Clinical Manufacturing:				
RegenMed Development Organization	12.UNKNOWN	2017-601-003 (BIOMFG)	(486,918)	59,785
NEOCARE Platform to Prolong Tissue Preservation:				
Duquesne University	12.UNKNOWN	FA8650-20-2-6224	—	31,246
Immunopathology, Fluorescent Imaging and Histomorphomet:				
Department of the Army	12.UNKNOWN	W81XWH20C0149	—	40,108
Subtotal U.S. Department of Defense Pass-Through Programs			405,729	4,801,750
Total U.S. Department of Defense			1,329,180	11,653,851
U.S. Department of Transportation:				
U.S. Department of Transportation Direct Programs:				
Crash Injury Research and Engineering Network Center:				
National Highway Traffic Safety Administration	20.UNKNOWN		36,685	572,161
National Aeronautics and Space Administration:				
National Aeronautics and Space Administration Direct Programs:				
Exploration	43.003		35,387	238,231
Subtotal National Aeronautics and Space Administration Direct Programs			35,387	238,231

WAKE FOREST UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Federal Asset Listing no. or other grant identifying no.	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
National Aeronautics and Space Administration Pass-Through Programs From:				
Improving Cardiovascular Risk Prediction:				
Baylor College of Medicine	43.003	NNX16A069A	\$ —	55,103
Baylor College of Medicine	43.003	7000000458	—	170,176
Louisiana State University	43.003	80NSSC21K0544	—	86,378
Medical College of Wisconsin – 11290	43.003	80NSSC19K0498	—	82,458
Subtotal National Aeronautics and Space Administration Pass-Through Programs			—	394,115
Total National Aeronautics and Space Administration			35,387	632,346
National Science Foundation:				
National Science Foundation Direct Programs:				
Engineering Grants	47.041		—	190,205
Social, Behavioral, and Economic Sciences	47.075		—	56,570
Education and Human Resources	47.076		31,691	634,072
Subtotal National Science Foundation Direct Programs			31,691	880,847
National Science Foundation Pass-Through Programs From:				
Engineering Grants:				
North Carolina Agricultural and Technical College	47.041	260311A	—	23,294
Koda Health Inc.	47.041	None Identified	—	115,452
Winston Salem State University	47.041	None Identified	—	34,717
Subtotal Pass-Through Programs From Engineering Grants			—	173,463
Total National Science Foundation			31,691	1,054,310
U.S. Department of Veterans Affairs:				
U.S. Department of Veterans Affairs Direct Programs:				
Collaboration for developing a Virtual Reality app	64.UNKNOWN		—	10,000
U.S. Department of Veterans Affairs Pass-Through Programs From:				
Structural & Functional Neurobiology of Veterans Exposed to Primary Blast Forces:				
Charles George VA Medical Center	64.UNKNOWN	None Identified	—	11,198
Total U.S. Department of Veterans Affairs			—	21,198
U.S. Environmental Protection Agency:				
U.S. Environmental Protection Agency Pass-Through Programs From:				
Science to Achieve Results (STAR) Research Program:				
University of Washington	66.509	UWSC10118	—	3,667
U.S. Department of Education:				
U.S. Department of Education Pass-Through Programs:				
Special Education-Grants for Infants and Families:				
North Carolina Department of Health and Human Services	84.181	None Identified	—	3,332,252
Subtotal – Wake Forest University Health Sciences			21,272,371	170,407,693
Reynolda Campus:				
U.S. Department of Health and Human Services:				
National Institutes of Health Direct Programs:				
Aging Research	93.866		—	503,317
Allergy and Infectious Disease Research	93.855		10,400	157,228
Arthritis Musculoskeletal and Skin Diseases Research	93.846		216,314	293,638
Biomedical Research and Research Training	93.859		—	120,661
Blood Diseases and Resources	93.839		—	175,106
Mental Health Research	93.242		—	61,785
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		—	361,858
Subtotal National Institutes of Health Direct Programs			226,714	1,673,593
National Institutes of Health Pass-Through Programs From:				
Aging Research:				
Michigan State University	93.866	RC113018C	—	35,275
Ohio State University	93.866	60067306	—	24,779
University of North Carolina – Chapel Hill	93.866	5121902	—	26,701
Subtotal Pass-Through Programs From Aging Research			—	86,755
Allergy and Infectious Disease Research:				
Emory University	93.855	A321633	—	12,780
Arthritis Musculoskeletal and Skin Diseases Research:				
Brigham & Women's Hospital	93.846	119689	—	43,483
Diabetes, Digestive, and Kidney Diseases Extramural Research:				
Texas A&M University	93.847	M1902587	—	1,301
Biomedical Research and Research Training:				
Ohio State University	93.859	60067614	—	26,043
Blood Diseases and Resources Research:				
University of Pittsburgh	93.839	0060113 (131944-1)	—	134,378
University of Pittsburgh	93.839	CNVAA0062460	—	26,301
East Carolina University	93.839	A20-0023-S001	—	41,742
Augusta University (Board of Regents of the University System of Georgia on behalf of Augusta University)	93.839	33737-17	—	17,492
Subtotal Pass-Through Programs From Blood Diseases and Resources Research			—	219,913
Cardiovascular Diseases Research:				
Harvard University (President and Fellows of Harvard College)	93.837	111282-5116336	—	29,934

WAKE FOREST UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Federal Asset Listing no. or other grant identifying no.	Pass-through entity identifying number	Passed through to subrecipients	Federal expenditures
Cancer Cause and Prevention Research: Board of Regents, University of Nebraska	93.393	34-5250-2028-001	\$ —	9,148
Temporal Approach to Estimating County-Level Opioid Misuse Rates: University of Denver	93.242	SC37991-01	—	36,729
Minority Health and Health Disparities Research: Washington University	93.307	2940827H	—	25,091
Trans-NIH Research Support: University of Florida	93.310	SUB00002563	—	158,716
Subtotal U.S. Department of Health and Human Services Pass-Through Programs			—	649,893
Total U.S. Department of Health and Human Services			226,714	2,323,486
U.S. Department of Defense Pass-Through Programs From: Assembly of Topologic: Streamline Automation, LLC	12.UNKNOWN	1153-SC-01-R0	—	13,739
National Sciences Foundation Direct Programs:				
Engineering Grants	47.041		—	178,492
Mathematical and Physical Sciences	47.049		—	371,875
Geosciences	47.050		153,967	258,610
Computer and Information Science Engineering	47.070		—	183,570
Science and Technology Centers	47.073		—	44
Biological Sciences	47.074		37,628	579,145
Social, Behavioral, and Economic Sciences	47.075		—	49,983
Education and Human Resources	47.076		—	108,906
Subtotal National Science Foundation Direct Programs			191,595	1,731,625
National Sciences Foundation Pass-Through Programs:				
Mathematical and Physical Sciences: Occidental College	47.049	OXY-CURM0062	—	3,576
Engineering Grants: University of Texas at Austin	47.041	UTAUS-SUB00000228	—	15,594
Biological Sciences: Brown University	47.074	00001545	—	174,003
Social, Behavioral, and Economic Sciences: Board of Trustees of the University of Illinois	47.075	17342-00	—	1,356
University of Oregon	47.075	2012S0A	—	32,912
Subtotal Pass-Through Programs: Social, Behavioral, and Economic Sciences			—	34,268
Subtotal National Science Foundation Pass-Through Programs			—	227,441
Total National Sciences Foundation			191,595	1,959,066
Agency for International Development Direct Programs: USAID Foreign Assistance for Programs Overseas	98.001		—	1,293,220
U.S. Department of Energy Direct Programs: Office of Scientific Financial Assistance Program	81.049		244,798	407,361
U.S. Department of Energy Pass-Through Programs: Directed Electrode Nanostructure Engineering: Leidos	81.UNKNOWN	P010267277	—	20,000
Directed Electrode Nanostructure Engineering: Oak Ridge Associated Universities	81.UNKNOWN	606121	—	28,620
Subtotal U.S. Department of Energy Pass-Through Programs			—	48,620
Total U.S. Department of Energy			244,798	455,981
U.S. Department of Agriculture Direct Programs: Agriculture and Food Research Initiative	10.310		3,041	89,263
U.S. Department of Agriculture Pass-Through Programs: Agriculture and Food Research Initiative: University of Georgia	10.310	SUB00002497	4,345	63,758
U.S. Department of State: Public Diplomacy Programs	19.040		7,594	7,594
National Aeronautics and Space Administration Direct Programs: Science	43.UNKNOWN		—	139,351

WAKE FOREST UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Federal Asset Listing no. or other grant identifying no.</u>	<u>Pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Federal expenditures</u>
National Aeronautics and Space Administration Pass-Through Programs:				
Science:				
Trustees of Dartmouth College	43.UNKNOWN	R1491	\$ —	116,629
Total National Aeronautics and Space Administration			—	255,980
Subtotal – Reynolda Campus			678,087	6,462,087
Total Research and Development Cluster			21,950,458	176,869,780
Student Financial Assistance Cluster:				
Wake Forest University Health Sciences:				
U.S. Department of Education Direct Programs:				
Federal Direct Student Loans	84.268		—	39,413,925
Subtotal – Wake Forest University Health Sciences			—	39,413,925
Reynolda Campus:				
U.S. Department of Education Direct Programs:				
Federal Supplemental Educational Opportunity Grant	84.007		—	645,078
Federal Direct Student Loans	84.268		—	40,497,385
Federal Work Study Program	84.033		—	550,114
Federal Perkins Loan Program	84.038		—	9,270,692
Federal Pell Grant Program	84.063		—	2,537,548
Total U.S. Department of Education			—	53,500,817
Total Student Financial Assistance Cluster			—	92,914,742
Training and Other Programs:				
Wake Forest University Health Sciences:				
U.S. Department of Education:				
COVID-19 – Education Stabilization Fund:				
HEERF Student Portion	84.425E		—	414,764
Subtotal U.S. Department of Education Direct Programs			—	414,764
Reynolda Campus:				
U.S. Department of Education:				
COVID-19 – Education Stabilization Fund:				
HEERF Institutional Portion	84.425F		—	1,041,182
HEERF Student Portion	84.425E		—	3,839,223
Total Educational Stabilization Fund			—	4,880,405
Wake Forest University Health Sciences:				
U.S. Department of Treasury:				
Coronavirus Relief Fund Pass-Through Programs From:				
COVID-19 State Of North Carolina	21.019	None Identified	—	8,036,591
Subtotal U.S. Department of the Treasury Pass-Through Programs			—	8,036,591
Reynolda Campus:				
U.S. Department of the Treasury Pass-Through Programs:				
COVID-19 – Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local				
Governments:				
North Carolina State Education Assistance Authority	21.019	30-06-37	—	126,980
Total COVID-19 Coronavirus Relief Fund			—	8,163,571
Wake Forest University Health Sciences:				
U.S. Department of Health and Human Services Direct Programs:				
COVID-19 – HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19				
Coverage Assistance Fund	93.461		—	1,068,309
Health Resources and Services Administration Pass-Through Programs:				
HIV Care Formula Grants:				
Central Carolina Health Network	93.917	None Identified	—	41,134
North Carolina Department of Health & Human Services	93.917	None Identified	—	688,191
Total HIV Care Formula Grants			—	729,325
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease:				
Health Resources and Services Administration	93.918	None Identified	—	122,868
Total Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease			—	122,868
Central Carolina Health Network	93.153	CFY2019-2020-WFMC-Part D	—	31,109
Total Coordinated Services and Access to Research for Women, Infants, Children and Youth			—	31,109
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants:				
Health Resources and Services Administration	93.924	None Identified	—	24,692
Subtotal Pass-Through Programs from U.S. Department of Health and Human Services			—	907,994
Reynolda Campus:				
National Endowment for the Humanities:				
Promotion of the Humanities_Challenge Grants	45.130		—	410,981
Promotion of the Humanities_Public Programs	45.164		—	65,637
Subtotal National Endowment for the Humanities Direct Programs			—	476,618

WAKE FOREST UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Federal Asset Listing no. or other grant identifying no.</u>	<u>Pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Federal expenditures</u>
U.S. Small Business Administration:				
SBA Shuttered Venue Operators Grant Program	59.075		\$ —	215,735
Subtotal – Reynolda Campus			—	5,699,738
Total Training and Other Programs			—	16,127,396
Total Federal Award Expenditures			\$ 21,950,458	285,911,918

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

WAKE FOREST UNIVERSITY

Schedule of Expenditures of State Awards

Year ended April 30, 2022

State grantors/pass-through grantors/agencies	State expenditures
Wake Forest University Health Sciences:	
NC Department of Health and Human Services	\$ 2,172,113
North Carolina State Education Assistance Authority:	
Forgivable Education Loans for Services (FELS)	644,000
State of NC pass-through funds from:	
North Carolina Biotechnology Center	182,634
Cardinal Innovations Healthcare	294,274
Curamericas Global, Inc.	6,736
East Carolina University	7,021
Duke University	71,190
University of North Carolina at Chapel Hill	12,951,045
Governor's Institute on Alcohol and Substance Abuse	25,898
Subtotal – Wake Forest University Health Sciences	<u>16,354,911</u>
Reynolda Campus:	
Golden LEAF Scholarship Program (GOLD)	12,000
NC National Guard Tuition Assistance Program (NCTAP)	16,800
NC Veterans Scholarships (NCVET)	36,400
NC Need-Based Scholarships (NBS)	1,252,828
NC Attorney General's Office (EEG award)	10,766
Subtotal – Reynolda Campus	<u>1,328,794</u>
Total State Award Expenditures	<u>\$ 17,683,705</u>

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

WAKE FOREST UNIVERSITY

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

Year ended June 30, 2022

(1) Basis of Presentation

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

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

(2) Summary of Significant Accounting Policies

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

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

Expenditures for non-financial aid awards include indirect costs, related primarily to facilities operation and maintenance and general, divisional, and departmental administrative services, which are allocated to direct cost objectives (including federal awards) based on negotiated formulas commonly referred to as facilities and administrative cost rates. Facilities and administrative costs allocated to such awards for the year ended June 30, 2022 were based on predetermined rates negotiated with the University's cognizant federal agency, the U.S. Department of Health and Human Services. The University has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

WAKE FOREST UNIVERSITY

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

Year ended June 30, 2022

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

Facilities and administrative cost recoveries and administrative cost allowances for the University's academic and other divisions for the year ended June 30, 2022 are summarized as follows:

Federal:	
Research and development	\$ 49,633,979
Student financial aid	36,442
	<hr/>
Total	\$ 49,670,421
	<hr/>

(4) Federal Student Financial Aid Loan Programs

The Federal Perkins Loan, Health Professions Student Loan (HPSL), and the Primary Care Loan (PCL) programs are administered directly by the University and balances and transactions relating to these programs are included in the University's consolidated financial statements. There were no current year loaned amounts under the Federal Perkins Loan program, the HSPL or PCL programs. The balance of loans outstanding under the Federal Perkins Loan program was \$7,061,520 as of June 30, 2022. There were no loans outstanding for the HPSL and PCL programs as of June 30, 2022.

The University disbursed the following amounts of new loans under the Federal Direct Student Loan Program to students of the University during the year ended June 30, 2022:

Federal Direct Student Loan Program:	
Federal subsidized stafford loans	\$ 2,212,323
Federal unsubsidized stafford loans	43,107,667
Federal PLUS loans	34,591,320
	<hr/>
Total	\$ 79,911,310
	<hr/>

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in its basic financial statements. It is not practicable to determine the balance of loans outstanding to students and former students of the University under these programs as of June 30, 2022.

WAKE FOREST UNIVERSITY

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

Year ended June 30, 2022

(5) Matching

Under the FWS program, the University did not match any compensation to students for the year ended June 30, 2022.

Under the FSEOG program, the University matched \$236,455 in funds awarded to students for the year ended June 30, 2022 in addition to the federal share of expenditures in the accompanying schedule.



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

The Board of Trustees
Wake Forest University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Wake Forest University (the University), which comprise the University's consolidated balance sheet as of June 30, 2022, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 26, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of This Report

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

KPMG LLP

Winston-Salem, North Carolina
October 26, 2022



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

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

The Board of Trustees
Wake Forest University:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wake Forest University's (the University's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2022. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The University's financial statements include the operations of RegenMed Development Organization, an affiliate, which expended \$1,918,218 in federal awards and are not included in the University's major federal programs for the year ended June 30, 2022. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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



Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over



compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

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

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

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

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

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2022, and have issued our report thereon dated October 26, 2022 which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Winston-Salem, North Carolina
March 31, 2023

WAKE FOREST UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

(1) Summary of Auditors' Results

- (a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None Reported**
- (c) Noncompliance material to the financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by the audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **Yes – See finding 2022-001**
- (e) Type of report issued on compliance for major programs: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **Yes – See finding 2022-001**
- (g) Major program:
 - Student Financial Assistance Cluster – various AL numbers**
 - COVID-19 – Education Stabilization Fund (84.425)**
 - COVID-19 – HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund (93.461)**
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee: **Yes**

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

None

(3) Findings and Questioned Costs Relating to Federal Awards

Finding No. 2022-001: Allowability and Eligibility

Federal Program: COVID-19 – Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund (ALN 93.461)

Federal Award Year: July 1, 2021 through June 30, 2022

WAKE FOREST UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

Federal Award Agency

U.S. Department of Health and Human Services

Criteria or Requirement

Per the terms and conditions of the award, the recipient certifies that the patients identified on the claim form were uninsured individuals at the time the services were provided.

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

Condition Found, Including Perspective

For 2 out of 40 patients sampled, the patient had Medicaid or other insurance coverage that was applied subsequently, for the time-period of services provided. Wake Forest University Health Sciences did not refund Health Resources and Services Administration (HRSA) for the amount that was paid on these claims. The amount paid on these claims was \$1,504 and the sampled population was \$7,551.

Possible Cause and Asserted Effect

Wake Forest University Health Science's internal controls failed to prevent the subsequently identified insurance coverage from being added as secondary coverage to HRSA and therefore, the patient claim was submitted to and reimbursed by HRSA and not refunded.

Questioned Costs

\$1,504

Statistical Validity

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

Repeat Finding in the Prior Year

No.

Recommendation

We recommend the University enhance the precision of the control around timely identification of coverages added subsequent to the normal control process (but applies to earlier dates of service) which would require refund to HRSA.

View of Responsible Officials

We concur with the auditor's assessment, and we have taken steps to rectify billing and ensure HRSA is refunded for any payments made where insurance or Medicaid coverage existed.