



WAKE FOREST UNIVERSITY

Consolidated Financial Statements

June 30, 2025

(With Independent Auditors' Report Thereon)



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

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, 2025, 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 financial position of the University as of June 30, 2025, 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). 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 that 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited the University's 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, 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.

KPMG LLP

Winston-Salem, North Carolina
October 30, 2025

WAKE FOREST UNIVERSITY

Consolidated Balance Sheet

June 30, 2025

(with summarized comparative financial information as of June 30, 2024)

(Dollars in thousands)

Supplementary information				
	Reynolda Campus	WFUHS	2025	2024
Assets:				
Cash and cash equivalents	\$ 47,567	29,333	76,900	56,917
Accounts receivable, net	27,505	233,349	260,854	178,281
Patient receivables	—	109,826	109,826	111,327
Contributions receivable, net	123,849	11,090	134,939	125,622
Notes receivable, net	4,460	227	4,687	6,846
Investments	2,046,574	1,422,761	3,469,335	3,175,788
Direct investments in real estate	13,581	—	13,581	9,669
Other assets	24,972	25,809	50,781	39,362
Operating lease right-of-use assets	18,287	165,309	183,596	127,444
Land, buildings, and equipment, net	756,844	390,434	1,147,278	1,115,905
Total assets	\$ 3,063,639	2,388,138	5,451,777	4,947,161
Liabilities:				
Accounts payable and accruals	\$ 45,700	462,802	508,502	444,843
Other liabilities and deferrals	175,467	192,294	367,761	311,330
Annuities payable	19,656	2,848	22,504	20,933
Operating lease obligations	17,510	169,300	186,810	129,989
Notes payable and finance leases	74,188	1,421	75,609	68,666
Bonds payable	507,443	97,582	605,025	624,299
Postretirement benefits	12,625	15,323	27,948	27,615
Total liabilities	852,589	941,570	1,794,159	1,627,675
Net assets:				
Without donor restrictions	1,020,528	1,029,147	2,049,675	1,834,781
Noncontrolling interest in affiliate	1,167	—	1,167	1,884
With donor restrictions	1,189,355	417,421	1,606,776	1,482,821
Total net assets	2,211,050	1,446,568	3,657,618	3,319,486
Total liabilities and net assets	\$ 3,063,639	2,388,138	5,451,777	4,947,161

See accompanying notes to the consolidated financial statements.

WAKE FOREST UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2025

(with summarized comparative financial information for the year ended June 30, 2024)

(Dollars in thousands)

	Without donor restrictions	With donor restrictions	2025	2024
Operating revenues:				
Student tuition and fees	\$ 380,597	—	380,597	357,779
Government grants and contracts	291,946	—	291,946	261,450
Private grants and contracts	38,064	100,374	138,438	133,753
Contributions	31,885	43,452	75,337	59,800
Investment return designated for current operations	88,174	58,406	146,580	134,713
Patient service revenue	890,500	—	890,500	817,925
Other	712,601	—	712,601	520,848
Sales and services of auxiliary enterprises	121,542	—	121,542	122,020
Net assets released from restrictions	146,338	(146,338)	—	—
Total operating revenues	2,701,647	55,894	2,757,541	2,408,288
Operating expenses:				
Salaries and wages	1,434,709	—	1,434,709	1,226,086
Employee benefits	345,265	—	345,265	288,427
Student aid	18,460	—	18,460	17,799
Services	310,366	—	310,366	314,547
Clinical and laboratory supplies	167,360	—	167,360	117,850
Other operating expenses	182,475	—	182,475	184,452
Depreciation and amortization	86,843	—	86,843	87,688
Interest on debt	23,903	—	23,903	23,788
Total operating expenses	2,569,381	—	2,569,381	2,260,637
Operating excess	132,266	55,894	188,160	147,651
Nonoperating activities:				
Contributions for long-term purposes	—	75,579	75,579	46,052
Net assets released from restriction	9,106	(9,106)	—	—
Investment return in excess of/(less than) amounts designated for current operations	60,604	45,829	106,433	88,247
Actuarial losses on annuity obligations	—	(1,042)	(1,042)	(787)
Unrealized (losses)/gains on interest rate swaps	(279)	—	(279)	2,289
Postretirement related changes other than service costs	(612)	—	(612)	(169)
Gains/(Losses) from affiliates, equity method	41,325	—	41,325	(57,133)
Equity transfer from affiliate	—	10,000	10,000	10,000
Other, net	(27,516)	(53,199)	(80,715)	3,485
Change from nonoperating activities	82,628	68,061	150,689	91,984
Change in net assets	214,894	123,955	338,849	239,635
Change in net assets attributable to noncontrolling interest	(717)	—	(717)	376
Net assets attributable to noncontrolling interest at beginning of year	1,884	—	1,884	1,507
Net assets at beginning of year	1,834,781	1,482,821	3,317,602	3,077,968
Net assets at end of year	\$ 2,050,842	1,606,776	3,657,618	3,319,486

See accompanying notes to the 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, 2025

(Dollars in thousands)

	Without donor restrictions	With donor restrictions	2025	2024
Operating revenues:				
Student tuition and fees	\$ 338,225	—	338,225	316,946
Government grants and contracts	14,674	—	14,674	14,984
Private grants and contracts	24,063	—	24,063	10,727
Contributions	27,888	37,001	64,889	53,489
Investment return designated for current operations	53,661	33,888	87,549	79,249
Other	15,777	—	15,777	14,580
Sales and services of auxiliary enterprises	121,542	—	121,542	122,020
Net assets released from restrictions	52,172	(52,172)	—	—
Total operating revenues	648,002	18,717	666,719	611,995
Operating expenses:				
Salaries and wages	283,581	—	283,581	264,413
Employee benefits	74,996	—	74,996	70,504
Student aid	4,897	—	4,897	4,555
Services	100,567	—	100,567	80,184
Other operating expenses	79,820	—	79,820	72,415
Depreciation and amortization	53,629	—	53,629	55,755
Interest on debt	20,486	—	20,486	19,495
Total operating expenses	617,976	—	617,976	567,321
Operating excess	30,026	18,717	48,743	44,674
Nonoperating activities:				
Contributions for long-term purposes	—	58,560	58,560	36,394
Net assets released from restriction	9,106	(9,106)	—	—
Investment return in excess of amounts designated for current operations	37,684	44,856	82,540	67,760
Actuarial losses on annuity obligations	—	(1,169)	(1,169)	(1,028)
Unrealized losses on interest rate swaps	(152)	—	(152)	1,995
Postretirement related changes other than service costs	(849)	—	(849)	281
Other, net	(30,878)	167	(30,711)	(4,147)
Change from nonoperating activities	14,911	93,308	108,219	101,255
Change in net assets	44,937	112,025	156,962	145,929
Change in net assets attributable to noncontrolling interest	168	—	168	432
Net assets attributable to noncontrolling interest at beginning of year	999	—	999	566
Net assets at beginning of year	975,591	1,077,330	2,052,921	1,906,993
Net assets at end of year	\$ 1,021,695	1,189,355	2,211,050	2,053,920

See accompanying notes to the consolidated financial statements.

WAKE FOREST UNIVERSITY

Consolidated Statement of Activities

Wake Forest University Health Sciences
(Supplementary Information)

Year ended June 30, 2025

(Dollars in thousands)

	Without donor restrictions	With donor restrictions	2025	2024
Operating revenues:				
Student tuition and fees	\$ 42,372	—	42,372	40,833
Government grants and contracts	277,272	—	277,272	246,466
Private grants and contracts	14,001	100,374	114,375	123,026
Contributions	3,997	6,451	10,448	6,311
Investment return designated for current operations	34,513	24,518	59,031	55,464
Patient service revenue	890,500	—	890,500	817,925
Other	696,824	—	696,824	506,268
Net assets released from restrictions	94,166	(94,166)	—	—
Total operating revenues	2,053,645	37,177	2,090,822	1,796,293
Operating expenses:				
Salaries and wages	1,151,128	—	1,151,128	961,673
Employee benefits	270,269	—	270,269	217,923
Student aid	13,563	—	13,563	13,244
Services	209,799	—	209,799	234,363
Clinical and laboratory supplies	167,360	—	167,360	117,850
Other operating expenses	102,655	—	102,655	112,037
Depreciation and amortization	33,214	—	33,214	31,933
Interest on debt	3,417	—	3,417	4,293
Total operating expenses	1,951,405	—	1,951,405	1,693,316
Operating excess	102,240	37,177	139,417	102,977
Nonoperating activities:				
Contributions for long-term purposes	—	17,019	17,019	9,658
Investment return in excess of amounts designated for current operations	22,920	973	23,893	20,487
Actuarial gains on annuity obligations	—	127	127	241
Unrealized losses on interest rate swaps	(127)	—	(127)	294
Postretirement related changes other than service costs	237	—	237	(450)
Gains from affiliates, equity method	41,325	—	41,325	(57,133)
Equity transfer from affiliate	—	10,000	10,000	10,000
Other, net	3,362	(53,366)	(50,004)	7,632
Change from nonoperating activities	67,717	(25,247)	42,470	(9,271)
Change in net assets	169,957	11,930	181,887	93,706
Change in net assets attributable to noncontrolling interest	(885)	—	(885)	(56)
Net assets attributable to noncontrolling interest at beginning of year	885	—	885	941
Net assets at beginning of year	859,190	405,491	1,264,681	1,170,975
Net assets at end of year	\$ 1,029,147	417,421	1,446,568	1,265,566

See accompanying notes to the consolidated financial statements.

WAKE FOREST UNIVERSITY

Consolidated Statement of Cash Flows

Year ended June 30, 2025

(with summarized comparative financial information for the year ended June 30, 2024)

(Dollars in thousands)

	Supplementary information			
	Reynolda Campus	WFUHS	2025	2024
Cash flows from operating activities:				
Change in net assets	\$ 157,130	181,002	338,132	240,011
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization	52,028	33,214	85,242	82,058
Amortization of debt related costs	—	(1,138)	(1,138)	(1,270)
Amortization of right-of-use operating assets	3,479	32,926	36,405	30,381
Net gains on investments	(130,060)	(82,348)	(212,408)	(143,644)
Private gifts restricted for capital and long-term investment	(58,560)	(17,992)	(76,552)	(46,109)
Losses (gains) on disposals of property and equipment	1,080	166	1,246	(106)
Losses on impairment of property held for sale	359	—	359	4,661
Losses (gains) from equity method affiliates	—	(41,325)	(41,325)	57,133
Unrealized gains on interest rate swaps	(152)	127	(25)	(2,289)
Bad debt expense and change in allowance for contributions receivable	1,342	149	1,491	4,755
Changes in operating assets and liabilities:				
Accounts and patient receivables	(2,896)	(79,182)	(82,078)	13,446
Contributions receivable	(6,728)	(3,077)	(9,805)	(1,269)
Notes receivable	—	20	20	12
Operating lease right-of-use assets, net	(1,254)	(91,303)	(92,557)	(22,824)
Other assets and other liabilities and deferrals	24,429	20,363	44,792	(58,650)
Accounts payable and accruals	2,811	43,190	46,001	9,744
Operating lease liabilities	(1,912)	58,733	56,821	(8,674)
Postretirement benefits	1,128	(795)	333	(3,347)
Annuities payable	1,698	(127)	1,571	(1,207)
Net cash provided by operating activities	<u>43,922</u>	<u>52,603</u>	<u>96,525</u>	<u>152,812</u>
Cash flows from investing activities:				
Purchases of land, buildings, and equipment and investments in real estate	(64,396)	(66,686)	(131,082)	(122,119)
Proceeds from sale of land, buildings, and equipment	(72)	13	(59)	(64)
Disbursements of loans to students and other	(120)	—	(120)	(180)
Repayments of loans to students and other	2,262	—	2,262	1,408
Purchases of investments	(549,117)	(108,162)	(657,279)	(487,182)
Net proceeds from sales and maturities of investments	<u>516,936</u>	<u>126,482</u>	<u>643,418</u>	<u>425,981</u>
Net cash used in investing activities	<u>(94,507)</u>	<u>(48,353)</u>	<u>(142,860)</u>	<u>(182,156)</u>
Cash flows from financing activities:				
Proceeds from notes payable	8,858	—	8,858	7,319
Principal payments on notes payable	(1,973)	(1,471)	(3,444)	(3,604)
Principal payments on bonds payable	(7,540)	(9,759)	(17,299)	(15,660)
Bond issuance costs	132	—	132	—
Proceeds from finance lease obligations	4,036	—	4,036	3,117
Payments on finance lease obligations	(2,376)	(131)	(2,507)	(38,278)
Proceeds from private gifts restricted for long-term investment	<u>58,560</u>	<u>17,992</u>	<u>76,552</u>	<u>46,119</u>
Net cash provided by (used in) financing activities	<u>59,697</u>	<u>6,631</u>	<u>66,328</u>	<u>(987)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	9,112	10,881	19,993	(30,331)
Cash, cash equivalents and restricted cash at beginning of year	38,455	19,202	57,657	87,988
Cash, cash equivalents and restricted cash at end of year	<u>\$ 47,567</u>	<u>30,083</u>	<u>77,650</u>	<u>57,657</u>
Cash and cash equivalents	\$ 47,567	29,333	76,900	56,917
Restricted cash	—	750	750	740
Total cash, cash equivalents, and restricted cash	<u>\$ 47,567</u>	<u>30,083</u>	<u>77,650</u>	<u>57,657</u>
Supplemental disclosures of cash flow information:				
Cash paid for interest, net of amounts capitalized	\$ 21,586	4,497	26,083	25,475
Capital expenditures included in account payable	6,048	458	6,506	15,814
Operating cash flows from finance leases	3,846	19	3,865	3,177
Operating cash flows from operating leases	3,544	32,926	36,470	34,212
Financing cash flows from finance leases	1,874	54	1,928	1,825
Income taxes paid	14	670	684	872

See accompanying notes to the consolidated financial statements.

WAKE FOREST UNIVERSITY

Notes to the Consolidated Financial Statements

June 30, 2025

(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 consolidated subsidiaries of the University, such as Verger Capital Management, LLC (VCM), Reynolda House, Inc., and Wake Forest University Health Sciences (WFUHS), and all entities over which the University has control, including all of the subsidiaries of WFUHS.

WFUHS is a wholly owned subsidiary of the University and is a North Carolina nonprofit corporation with the University as its sole member. WFUHS 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. Wholly owned affiliates of WFUHS 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, Wake Forest Ambulatory Ventures, LLC, and RegenMed Development Organization.

Effective July 1, 2010, the governing boards of the University, WFUHS, North Carolina Baptist Hospital (NCBH), and Wake Forest University Baptist Medical Center (WFUBMC) approved a Medical Center Integration Agreement (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, 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 "Atrium Health Enterprise") managed and overseen by Atrium Health, Inc., a new joint operating company without members ("Atrium"). Atrium's seven person board of directors (the "Atrium Board") consists of five CMHA designees and two WFUBMC designees. The health system integration transaction's objectives include fostering the mission of the School of Medicine through its relationship with Atrium and the continued flourishing of the Medical Center. As a result of the health system integration agreement, the MCIA was amended to include Atrium as a third member of WFUBMC and the WFUBMC Board was reconstituted to include seventeen voting directors of whom the University designates six, NCBH designates six, Atrium designates three, and the WFUBMC board elects two. Additionally, the Medical Center (including WFUHS and the School of Medicine) was established as the academic core of the Atrium Health Enterprise responsible for its academic and research activities.

WAKE FOREST UNIVERSITY

Notes to the Consolidated Financial Statements

June 30, 2025

(Dollars in thousands)

Under this arrangement, each Atrium Health 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 Atrium Health Enterprise participant will remain the debt and liabilities of such Atrium Health Enterprise participant regardless of when incurred (unless otherwise agreed); and no Atrium Health Enterprise participant assumes or guarantees the debt or other liabilities of any other Atrium Health 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 Atrium Health 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 Atrium Health Enterprise) and its capital and operating budgets.

Effective December 2022, Atrium and Advocate Aurora Health, Inc., a Delaware nonprofit corporation (Advocate Aurora), entered into a joint operating 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 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 a national leader in clinical innovation, health outcomes, consumer experience and value-based care. As part of this agreement, the Atrium Health Enterprise and Advocate Aurora created a joint operating company known as Advocate Health, Inc. (Advocate Health). Atrium and Advocate Aurora are the sole corporate members of Advocate Health, which manages and oversees the combined organization. Advocate Health is governed by a board of directors comprising an equal number of members from the Atrium Health Enterprise and Advocate Aurora. The Atrium Health Enterprise and Advocate Aurora continue to own their respective assets. No assets were transferred as part of the combination, and the Atrium Health Enterprise and its related entities and Advocate Aurora and its related entities maintain their separate legal existence and licensure status of their respective facilities.

The overarching effect of the combination is that Advocate Health replaced Atrium as the management entity of the expanded Advocate Health System (including the Atrium Health Enterprise); but, as with the October 2020 Atrium Health Enterprise transaction, the University shall continue to hold and exercise, at a 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 combination.

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 continues to be

WAKE FOREST UNIVERSITY

Notes to the Consolidated Financial Statements

June 30, 2025

(Dollars in thousands)

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 Atrium Health Enterprise and Advocate Health.

In addition to forming a unified health system, a second medical school campus of the School of Medicine has been established in Charlotte and will operate under the authority of the University as stated above and will be affiliated with Atrium. This campus opened to first year M.D. students in July 2025. By 2029, the addition of the second campus is expected to approximately double the enrollment of the School of Medicine.

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, Advocate Health 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, Advocate Health 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.

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.

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.

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- *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. 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 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 excess or deficiency 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 in excess of (less than) 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, estimates for one-time legal settlements 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.

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.

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Net asset value (NAV) – Certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient to fair value 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 intermediate and long term investments, including the unitized endowment 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 2.77% – 5.77% 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.

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

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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 long-term 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. VCM also manages long-term investments for the University outside of the Verger Fund I and Verger Fund II portfolios.

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 8) 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.

(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

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40 years or the life of the asset. 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 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

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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 the 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 net assets without donor restriction and amortized to net periodic benefit cost over future periods using the corridor method. The University 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

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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'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 result in the 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 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 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

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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 GAAP 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 for contracts related to 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 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

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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 2025 or 2024. 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, 2025 and 2024 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 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 patient service 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 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

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obligations, obligations related to employee benefits, and settlement obligations. 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, 2022 remain subject to examination by federal and state tax authorities. The University has evaluated uncertain tax positions for the year ended June 30, 2025, 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 affect the consolidated financial statements for the year ended June 30, 2025.

(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, 2024 from which this information was derived.

(w) *New Accounting Pronouncements*

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326) Measurement of Credit Losses on Financial Statements. Based on updated guidance, ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. In fiscal year 2024, the University implemented the new standard and evaluated its impact. There was no material impact to the financial statements or related disclosures.

(2) *Liquidity and Availability*

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

	2025			
	Reynolda Campus	WFUHS	Total	2024
Cash and cash equivalents	\$ 47,567	29,333	76,900	56,917
Accounts receivable, net	27,505	233,349	260,854	178,281
Patient receivables	—	109,826	109,826	111,327
Investments available to be liquidated	600,885	619,394	1,220,279	1,126,318
Total financial assets available within one year	\$ 675,957	991,902	1,667,859	1,472,843

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For Wake Forest University Health Sciences, the investments above include \$609,392 of endowment funds available to be liquidated.

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, 2025 and 2024, which could be drawn upon. Additionally, Reynolda Campus and WFUHS have board-designated endowment funds of \$270,757 and \$545,901, respectively at June 30, 2025 and \$261,644 and \$516,576 at June 30, 2024, 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, 2025 and 2024:

	2025			2024
	Reynolda Campus	WFUHS	Total	Total
Accounts receivable	\$ 23,086	150,719	173,805	68,157
Grants receivable	5,216	83,812	89,028	111,870
Total accounts receivable	28,302	234,531	262,833	180,027
Less allowance for bad debts	(797)	(1,182)	(1,979)	(1,746)
Accounts receivable, net	\$ 27,505	233,349	260,854	178,281

(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

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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.

	2025						2024					
	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	\$ 459,570	(121,345)	338,225	68,463	(26,091)	42,372	438,817	(121,871)	316,946	63,404	(22,571)	40,833
Housing and dining	54,277	(18,035)	36,242	—	—	—	53,710	(16,409)	37,301	—	—	—
Total	\$ 513,847	(139,380)	374,467	68,463	(26,091)	42,372	492,527	(138,280)	354,247	63,404	(22,571)	40,833

(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:

	2025		2024	
Medicare	\$ 279,188	31 %	\$ 273,388	34 %
Medicaid	147,287	17	95,309	12
Managed care and commercial insurance	417,863	47	415,447	50
Self-pay and other	46,162	5	33,781	4
Patient service revenue	\$ 890,500	100 %	\$ 817,925	100 %

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:

	2025	2024
Medicare	28 %	29 %
Medicaid	20	20
Managed care and commercial insurance	31	29
Self-pay and other	21	22
	100 %	100 %

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

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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 \$21,389 and \$10,527 in 2025 and 2024, respectively.

(6) Contributions Receivable

The following is an analysis of the maturities of the University's contributions receivable at June 30, 2025 and 2024:

		2025			2024
		Reynolda Campus	WFUHS	Total	Total
One year or less	\$	43,688	7,812	51,500	47,223
Between one and five years		62,828	4,996	67,824	61,023
More than five years		83,809	—	83,809	84,210
Contributions receivable, gross		190,325	12,808	203,133	192,456
Estimated uncollectible amounts		(9,272)	(1,252)	(10,524)	(9,698)
Discount to present value		(57,204)	(466)	(57,670)	(57,136)
Contributions receivable, net	\$	123,849	11,090	134,939	125,622

Contributions receivable are discounted at a rate commensurate with the scheduled timing of receipt. Such amounts outstanding as of June 30, 2025, and 2024, were discounted at rates ranging from 2.87% to 3.14% for Reynolda Campus, respectively, and 4.93% to 5.77% 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 42% and 41% of Reynolda Campus' net contributions receivable as of June 30, 2025 and 2024, respectively, a portion of which are from related parties.

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(7) Investments

Investments at June 30, 2025 and 2024 consist of the following:

	2025	2024
Short-term investments ^(a)	\$ 20,116	18,499
Absolute return ^(b)	2,210,765	2,053,446
Commodities ^(c)	25,409	32,131
Fixed income: ^(d)		
Domestic	510,899	478,429
International	13,347	9,800
Private equity ^(e)	309	350
Public equity: ^(f)		
Domestic	77,195	76,440
International	85,807	66,871
Real estate ^(g)	17,017	18,851
Beneficial interest in perpetual trusts and assets held by others ^(h)	56,237	38,994
Other ⁽ⁱ⁾	452,234	381,977
Total investments	\$ 3,469,335	3,175,788

(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 \$2,209,497 and \$2,048,626 of funds managed by Verger valued under the NAV practical expedient in fiscal years 2025 and 2024, respectively, whose underlying investments were comprised of 58.4% and 55.3% of equities, 13.4% and 13.4% of real assets, 18.6% and 19.9% of absolute return, and 9.6% and 11.4% fixed income in fiscal years 2025 and 2024, respectively.

(c) Includes primarily funds that invest 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 equity method investments and funds held under retirement and benefit plans which are held in readily marketable securities.

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.

(8) Endowment

The University's unitized pooled endowment (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. Separately managed long-term investments, planned giving investments, 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 until those amounts meet the donor's restriction and are appropriated for expenditure.

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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, 2025 and 2024, was 4.4% and 4.5%, respectively, for Reynolda Campus, and 5.3% 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, 2025 and 2024:

	2025			2024
	Without donor restriction	With donor restriction	Total	Total
Reynolda Campus:				
Donor-restricted endowment funds:				
Historical value	\$ —	588,837	588,837	543,801
Appreciation	—	373,762	373,762	334,431
Underwater endowments	—	(1,256)	(1,256)	(1,680)
Total donor-restricted endowment funds	—	961,343	961,343	876,552
Board-designated endowment funds	274,442	—	274,442	261,644
Total endowment net assets	\$ 274,442	961,343	1,235,785	1,138,196
WFUHS:				
Donor-restricted endowment funds:				
Historical value	\$ —	255,353	255,353	247,772
Appreciation	—	77,632	77,632	63,474
Underwater endowments	—	(330)	(330)	(472)
Total donor-restricted endowment funds	—	332,655	332,655	310,774
Board-designated endowment funds	545,901	—	545,901	516,576
Underwater endowments	—	—	—	—
Other non-pooled endowment funds	164	35,184	35,348	31,754
Total endowment net assets	\$ 546,065	367,839	913,904	859,104

Included above for Wake Forest University Health Sciences are endowment assets totaling \$56,175 and \$51,698 as of June 30, 2025 and 2024, respectively, received for a conditional gift which has not yet been recognized as revenue.

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Changes in endowment net assets for the years ended June 30, 2025 and 2024 are as follows:

	2025			2024
	Without donor restriction	With donor restriction	Total	Total
Reynolda Campus:				
Endowment, beginning of year	\$ 261,644	876,552	1,138,196	1,083,498
Investment returns, net	23,634	77,299	100,933	85,376
Contributions	278	44,892	45,170	22,650
Transfers	—	52	52	(8,212)
Appropriation for expenditure	(11,114)	(37,452)	(48,566)	(45,116)
Endowment, end of year	\$ <u>274,442</u>	<u>961,343</u>	<u>1,235,785</u>	<u>1,138,196</u>
WFUHS:				
Endowment, beginning of year	\$ 516,740	342,364	859,104	816,951
Investment returns, net	45,935	27,655	73,590	65,336
Contributions	—	8,163	8,163	9,968
Transfers	10,309	—	10,309	2,858
Appropriation for expenditure	(26,919)	(10,343)	(37,262)	(36,009)
Endowment, end of year	\$ <u>546,065</u>	<u>367,839</u>	<u>913,904</u>	<u>859,104</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, 2025, and 2024 the amount by which funds were underwater was calculated as follows:

	2025			2024
	Reynolda Campus	WFUHS	Total	Total
Aggregate original gift amount	\$ 10,372	3,748	14,120	20,886
Aggregate fair value	<u>9,116</u>	<u>3,418</u>	<u>12,534</u>	<u>18,734</u>
Aggregate deficiency	\$ <u>(1,256)</u>	<u>(330)</u>	<u>(1,586)</u>	<u>(2,152)</u>

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The purpose of endowed net assets as of June 30, 2025 and 2024 are as follows:

	2025			2024
	Without donor restriction	With donor restriction	Total	Total
Reynolda Campus:				
Instruction and research	\$ 9,589	255,840	265,429	233,434
Student aid	24,929	637,393	662,322	613,351
Program support	239,924	68,110	308,034	291,411
Total endowment net assets	\$ 274,442	961,343	1,235,785	1,138,196
WFUHS:				
Instruction and research	\$ 223,064	148,284	371,348	343,828
Student aid	6,342	80,656	86,998	79,634
Healthcare services	12,878	2,458	15,336	14,199
Program support	303,781	136,441	440,222	421,443
Total endowment net assets	\$ 546,065	367,839	913,904	859,104

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(9) 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:

	2025				
	Level 1	Level 2	Level 3	NAV	Total
Financial assets:					
Cash and cash equivalents	\$ 76,900	—	—	—	76,900
Investments:					
Short-term investments	20,116	—	—	—	20,116
Absolute return	1,268	—	—	2,209,497	2,210,765
Commodities	25,409	—	—	—	25,409
Fixed income:					
Domestic	510,899	—	—	—	510,899
International	13,347	—	—	—	13,347
Private equity	—	—	309	—	309
Public equity:					
Domestic	77,195	—	—	—	77,195
International	85,807	—	—	—	85,807
Real estate	17,017	—	—	—	17,017
Beneficial interest in perpetual trusts and assets held by others	—	—	56,237	—	56,237
Other	—	189,271	—	262,963	452,234
Total assets	<u>\$ 827,958</u>	<u>189,271</u>	<u>56,546</u>	<u>2,472,460</u>	<u>3,546,235</u>
Financial liabilities:					
Other liabilities and deferrals:					
Interest rate swap agreements	\$ —	5,992	—	—	5,992
Total liabilities	<u>\$ —</u>	<u>5,992</u>	<u>—</u>	<u>—</u>	<u>5,992</u>

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	2024				
	Level 1	Level 2	Level 3	NAV	Total
Financial assets:					
Cash and cash equivalents	\$ 56,917	—	—	—	56,917
Investments:					
Short-term investments	18,499	—	—	—	18,499
Absolute return	4,820	—	—	2,048,626	2,053,446
Commodities	32,131	—	—	—	32,131
Fixed income:					
Domestic	478,429	—	—	—	478,429
International	9,800	—	—	—	9,800
Private equity	—	—	350	—	350
Public equity:					
Domestic	76,440	—	—	—	76,440
International	66,871	—	—	—	66,871
Real estate	18,851	—	—	—	18,851
Beneficial interest in perpetual trusts and assets held by others	—	—	38,994	—	38,994
Other	—	158,994	—	222,983	381,977
Total assets	<u>\$ 762,758</u>	<u>158,994</u>	<u>39,344</u>	<u>2,271,609</u>	<u>3,232,705</u>
Financial liabilities:					
Other liabilities and deferrals:					
Interest rate swap agreements	\$ —	5,713	—	—	5,713
Total liabilities	<u>\$ —</u>	<u>5,713</u>	<u>—</u>	<u>—</u>	<u>5,713</u>

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 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, 2025 or 2024. 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 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

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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.

The following tables present the reconciliation of Level 3 assets measured at fair value for the years ended June 30, 2025 and June 30, 2024, 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, 2024	Total realized and unrealized (losses) gains	Purchases	Sales	Net transfers out of Level 3	June 30, 2025
Investments:						
Private equity	\$ 350	—	—	(41)	—	309
Beneficial interest in perpetual trusts and assets held by others	<u>38,994</u>	<u>1,784</u>	<u>16,613</u>	<u>(1,154)</u>	<u>—</u>	<u>56,237</u>
Total Level 3 investments	<u>\$ 39,344</u>	<u>1,784</u>	<u>16,613</u>	<u>(1,195)</u>	<u>—</u>	<u>56,546</u>

	Balances as of June 30, 2023	Total realized and unrealized (losses) gains	Purchases	Sales	Net transfers out of Level 3	June 30, 2024
Investments:						
Private equity	\$ 862	—	—	(512)	—	350
Beneficial interest in perpetual trusts and assets held by others	<u>30,956</u>	<u>1,554</u>	<u>7,133</u>	<u>(649)</u>	<u>—</u>	<u>38,994</u>
Total Level 3 investments	<u>\$ 31,818</u>	<u>1,554</u>	<u>7,133</u>	<u>(1,161)</u>	<u>—</u>	<u>39,344</u>

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

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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.

As of June 30, 2025, 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

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(10) Land, Buildings, and Equipment

Land, buildings, and equipment are summarized as follows at June 30, 2025 and 2024:

	2025			2024
	Reynolda Campus	WFUHS	Total	Total
Land	\$ 55,578	112,791	168,369	167,295
Buildings and other improvements	1,123,597	546,818	1,670,415	1,633,371
Equipment and furnishings	169,444	240,740	410,184	405,390
Construction in progress	79,291	69,837	149,128	111,639
	1,427,910	970,186	2,398,096	2,317,695
Less accumulated depreciation	(671,066)	(579,752)	(1,250,818)	(1,201,790)
	<u>\$ 756,844</u>	<u>390,434</u>	<u>1,147,278</u>	<u>1,115,905</u>

Total depreciation expense on buildings, improvements, equipment, and furnishings was \$86,692 and \$87,462 for the years ended June 30, 2025 and 2024, respectively.

As of June 30, 2025, gross land, buildings, and equipment includes \$12,916 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 \$3,419 and \$2,084 was capitalized in the years ended June 30, 2025 and 2024, respectively.

The liabilities associated with AROs for the years ended June 30, 2025 and 2024 were \$3,879 and \$3,917, 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.

(11) Leases

The University has operating and finance leases for real estate and equipment. The University leases with an initial term of twelve months or less are not recorded on the consolidated balance sheet.

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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, 2025.

Components of lease balances	Classification in consolidated balance sheet	Reynolda Campus	WFUHS	Total	2024 Total
Assets:					
Operating lease assets	Operating lease right-of-use assets	\$ 18,287	165,309	183,596	127,444
Finance lease assets	Land, buildings, and equipment, net	7,576	—	7,576	5,763
Total leased assets		<u>25,863</u>	<u>165,309</u>	<u>191,172</u>	<u>133,207</u>
Liabilities:					
Operating lease liabilities	Operating lease obligations	17,510	169,300	186,810	129,989
Finance lease liabilities	Notes payable and finance leases	6,855	—	6,855	5,325
Total lease liabilities		<u>\$ 24,365</u>	<u>169,300</u>	<u>193,665</u>	<u>135,314</u>

Components of lease expense	Classification in consolidated statement of activities	Reynolda Campus	WFUHS	Total	2024 Total
Operating lease expense	Other operating expenses	\$ 3,875	32,926	36,801	33,923
Finance lease expense:					
Amortization of leased assets	Depreciation and amortization	1,823	27	1,850	2,128
Interest on lease liabilities	Interest on debt	190	19	209	458
Total finance lease expense		2,013	46	2,059	2,586
Variable and short-term lease expense	Other operating expenses	—	9,314	9,314	6,449
Total lease expense		<u>\$ 5,888</u>	<u>42,286</u>	<u>48,174</u>	<u>42,958</u>

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.

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Other information:

	2025		2024	
	Reynolda Campus	WFUHS	Reynolda Campus	WFUHS
Weighted average remaining lease term – finance leases	3.74 years	— years	3.59 years	1.16 years
Weighted average remaining lease term – operating leases	6.05 years	9.04 years	7.09 years	4.00 years
Weighted average discount rate – finance leases	2.96 %	— %	2.60 %	6.39 %
Weighted average discount rate – operating leases	2.19 %	4.48 %	2.09 %	3.27 %

Payments due include options to extend finance leases through fiscal year 2030, are summarized below as of June 30, 2025:

	Reynolda Campus	WFUHS	Total
2026	\$ 2,778	—	2,778
2027	1,992	—	1,992
2028	1,323	—	1,323
2029	748	—	748
2030	14	—	14
In total thereafter	—	—	—
	<u>\$ 6,855</u>	<u>—</u>	<u>6,855</u>

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Payments due include options to extend operating leases through fiscal year 2032, are summarized below as of June 30, 2025:

	Reynolda Campus	WFUHS	Total
2026	\$ 3,249	32,718	35,967
2027	2,728	32,119	34,847
2028	2,447	19,415	21,862
2029	2,465	12,264	14,729
2030	2,565	7,140	9,705
In total thereafter	4,040	73,770	77,810
	<u>\$ 17,494</u>	<u>177,426</u>	<u>194,920</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:

	Reynolda Campus	WFUHS	Total
Year ending June 30:			
2026	\$ 5,105	468	5,573
2027	5,399	436	5,835
2028	4,512	219	4,731
2029	4,319	138	4,457
2030	4,481	113	4,594
	<u>\$ 23,816</u>	<u>1,374</u>	<u>25,190</u>

Total income from real estate was \$5,368 and \$5,021 for Reynolda Campus and \$1,267 and \$1,275 for WFUHS for the years ended June 30, 2025 and 2024, respectively.

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(12) Notes, Finance Leases, and Bonds Payable

Notes, finance leases, and bonds payable at June 30, 2025 and 2024 consist of the following:

Reynolda Campus	Years to nominal maturity	Interest rate at June 30, 2024		2025	2024
Notes payable and finance leases:					
Line of credit	>1	SOFR plus 0.56%	Variable	\$ 65,599	56,741
Promissory note	2	SOFR plus 0.11%	Variable	1,625	3,125
Finance leases	<1 to 5	2.36 to 3.14%	Fixed	6,855	5,195
Other installment loans	1 to 3	0.76% to 2.36%	Fixed	109	582
Total notes payable and finance leases				74,188	65,643
Bonds payable:					
2012 Series serial taxable	18	2.60% to 3.10%	Fixed	10,450	15,510
2012 Series term taxable	18	3.45% to 3.70%	Fixed	104,575	104,575
2016 Series serial tax-exempt	22	4.00% to 5.00%	Fixed	128,855	131,335
2016 Series term tax-exempt	22	2.75% to 3.00%	Fixed	22,370	22,370
2018 Series serial tax-exempt	24	4.47%	Fixed	12,000	12,000
2018 Series term tax-exempt	24	3.38% to 5.00%	Fixed	15,920	15,920
2018 Series term tax-exempt	24	3.50% to 5.00%	Fixed	69,950	69,950
2021 Series term taxable	27	2.91%	Fixed	25,000	25,000
2021 Series bullet taxable	27	3.01%	Fixed	100,000	100,000
Unamortized bond premium				21,128	22,097
Unamortized bond issuance costs				(2,805)	(2,937)
Total bonds payable				507,443	515,820
Total notes payable, finance leases, and bonds payable				\$ 581,631	581,463

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, 2028 and bears interest at the SOFR plus 0.56%, 4.9% at June 30, 2025.

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 one month SOFR plus 0.11%, 5.20%.

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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.

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. There are no related covenants underlying the bonds.

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.

WFUHS	Years to nominal maturity	Interest rate at June 30, 2025		2025	2024
Notes payable and finance leases:					
Loan agreement	<1 to 2	1.88%	Fixed	\$ 1,421	2,144
Loan agreement	N/A	N/A	N/A	—	748
Finance lease	N/A	N/A	N/A	—	131
Total notes payable				1,421	3,023
Bonds payable:					
Series 2019 A	<1 to 8	5.00 %	Fixed	26,600	30,920
Series 2012 B	<1 to 8	2.00% to 5.00%	Fixed	61,405	66,845
Unamortized bond premium				10,190	11,401
Unamortized bond issuance costs				(613)	(687)
Total bonds payable				97,582	108,479
Total notes payable, finance leases, and bonds payable				\$ 99,003	111,502

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 thereafter 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, 2025. As of June 30, 2025, WFUHS is jointly and severally liable for \$662,444 of bonds payable borrowed by the other members of the Obligated Group and for \$200,000 and \$9,358, respectively, under WFUBMC's line of credit and notes payable. Because WFUHS does not

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expect to fund repayment of any of the amounts attributed to the other members of the Obligated Group 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.

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 SOFR plus a premium of 1.05%. These notes reached final maturities in fiscal year 2025.

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%. The finance lease was terminated on August 7, 2023 when WFUHS purchased the building previously leased.

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 6.49% and final maturity dates through June 2025.

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 1, 2026, and bears interest at daily simple SOFR plus 0.55%, which is 4.94% at June 30, 2025. The facility is

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structured with WFUBMC as the Borrower and NCBH and WFUHS as Co-obligors. WFUHS had no outstanding balance on the facility at June 30, 2025 and 2024.

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 22, 2026, and bears interest at the term SOFR rate plus 0.55%, which is 4.87% at June 30, 2025. The facility is structured with NCBH, WFUHS and WFUBMC as Co-borrowers. WFUHS had no outstanding balance on the facility at June 30, 2025 and 2024.

Aggregate annual maturities of notes, finance leases, and bonds payable for each of the five fiscal years subsequent to June 30, 2025 and thereafter are as follows:

	Reynolda Campus	WFUHS	Total
2026	\$ 16,128	8,905	25,033
2027	14,371	9,231	23,602
2028	15,043	8,940	23,983
2029	80,617	9,340	89,957
2030	14,854	9,735	24,589
In total thereafter	422,295	43,275	465,570
	<u>\$ 563,308</u>	<u>89,426</u>	<u>652,734</u>

Costs related to the registration and issuance of bonds, totaling \$18,323 and \$9,577, 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 \$837 and \$1,138, respectively, for 2025 and \$837 and \$1,138, respectively, for 2024.

(13) 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.

The University has adhered to the ISDA 2020 IBOR Fallbacks Protocol. As a result, any interest rate swap agreements which referenced LIBOR have been amended to reflect a transition to SOFR effective July 1, 2023.

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

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University's criteria for financial stability and creditworthiness. Additionally, the University is exposed to tax 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 SOFR 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	1,625	15,161
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 SOFR	67% of one-month SOFR	67% of one-month SOFR
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, 2025 and 2024, was \$0 for Reynolda Campus, and \$750 and \$740, respectively, for WFUHS.

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

	2025		2024	
	Fair value	Gain (Loss)	Fair value	Gain (Loss)
Reynolda Campus:				
October 2008 interest rate swap	\$ (5,179)	(251)	(4,929)	1,906
July 2018 interest rate swap	16	99	(82)	89
Total	(5,163)	(152)	(5,011)	1,995
WFUHS:				
August 2002 interest rate swap	(829)	(127)	(702)	294
Grand total	\$ (5,992)	(279)	(5,713)	2,289

As of June 30, 2025, the University's adjusted debt portfolio, after taking into account the aforementioned swap agreements, was approximately 100% fixed or synthetically fixed rate for both the Reynolda Campus and WFUHS.

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(14) Net Assets

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

	2025		
	Without donor restriction	With donor restriction	Total
Reynolda Campus:			
Operating	\$ 547,857	—	547,857
Endowment	274,442	961,343	1,235,785
Investment in plant, net	199,396	—	199,396
Donor pledges and gifts	—	195,692	195,692
Trust (annuity, perpetual, split-interest) and loan agreements	—	32,320	32,320
Total net assets	\$ 1,021,695	1,189,355	2,211,050
WFUHS:			
Operating	\$ 168,856	—	168,856
Endowment	546,065	320,839	866,904
Investment in plant, net	314,226	—	314,226
Donor pledges and gifts	—	65,778	65,778
Trust (annuity, perpetual, split-interest) and loan agreements	—	30,804	30,804
Total net assets	\$ 1,029,147	417,421	1,446,568

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	2024		
	Without donor restriction	With donor restriction	Total
Reynolda Campus:			
Operating	\$ 513,336	—	513,336
Endowment	261,644	876,552	1,138,196
Investment in plant, net	201,610	—	201,610
Donor pledges and gifts	—	176,988	176,988
Trust (annuity, perpetual, split-interest) and loan agreements	—	23,790	23,790
Total net assets	\$ 976,590	1,077,330	2,053,920
WFUHS:			
Operating	\$ 70,657	—	70,657
Endowment	516,740	295,364	812,104
Investment in plant, net	272,678	—	272,678
Donor pledges and gifts	—	88,273	88,273
Trust (annuity, perpetual, split-interest) and loan agreements	—	21,854	21,854
Total net assets	\$ 860,075	405,491	1,265,566

(15) 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 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 2025 and 2024 were \$124,933 and \$168,619, respectively.

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Expenses are reported in the consolidated statements of activities in natural categories. Functional expenses for the years ended June 30, 2025 and 2024 are categorized as follows:

2025								
	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	\$ 246,186	276,336	—	831,449	37,395	43,343	283,581	1,151,128
Employee benefits	70,119	65,810	—	194,165	4,877	10,294	74,996	270,269
Student aid	4,897	13,563	—	—	—	—	4,897	13,563
Services	87,671	93,128	—	111,514	12,896	5,157	100,567	209,799
Clinical and laboratory supplies	—	41,895	—	125,465	—	—	—	167,360
Other operating expenses	76,074	32,667	—	53,612	3,746	16,376	79,820	102,655
Depreciation and amortization	47,707	10,879	—	13,851	5,922	8,484	53,629	33,214
Interest on debt	19,815	1,650	—	935	671	832	20,486	3,417
Total expenses	\$ 552,469	535,928	—	1,330,991	65,507	84,486	617,976	1,951,405

2024								
	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	\$ 227,980	244,494	—	713,348	36,433	3,831	264,413	961,673
Employee benefits	61,990	57,271	—	160,060	8,514	592	70,504	217,923
Student aid	4,555	13,244	—	—	—	—	4,555	13,244
Services	68,972	81,053	—	98,552	11,212	54,758	80,184	234,363
Clinical and laboratory supplies	—	18,654	—	99,196	—	—	—	117,850
Other operating expenses	70,154	37,853	—	66,233	2,261	7,951	72,415	112,037
Depreciation and amortization	50,460	8,528	—	16,146	5,295	7,259	55,755	31,933
Interest on debt	18,742	1,614	—	1,866	753	813	19,495	4,293
Total expenses	\$ 502,853	462,711	—	1,155,401	64,468	75,204	567,321	1,693,316

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(16) Contingencies and Other Commitments

The estimated cost to complete construction in progress at June 30, 2025 and 2024, respectively, were \$123,555 and \$63,562 for Reynolda Campus, and \$116,389 and \$46,301 for WFUHS.

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 receives significant funding from federal sources, including student financial aid, research grants, and other sponsored programs, as well as Medicare and Medicaid related to patient services. The University is monitoring developments in the federal and state regulatory environment that may impact the availability, timing, and terms of such funding and could materially affect the University's operations.

Management continues to assess the potential impact of proposed legislation, administrative actions, and judicial decisions that may affect the higher education and health care sectors. While the ultimate outcome of these matters cannot be predicted, the University believes it is taking appropriate steps to mitigate associated risks.

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 \$2,831 and \$2,699 at June 30, 2025 and 2024, respectively, for Reynolda Campus and \$18,893 and \$10,727 at June 30, 2025 and 2024, respectively, for WFUHS and are included in other liabilities and deferrals in the accompanying consolidated balance sheet.

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 self-insurance and 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 (HIPAA), the federal government has authority to complete fraud and abuse investigations. HIPAA has established substantial fines and penalties for offenders. WFUHS maintains policies, procedures and requires regular training sessions to

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employers to monitor compliance with HIPAA, 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.

(17) 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 for the years 2026 and 2027 are \$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 for the years 2026 and 2027 are \$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 \$3,610 and \$5,556 at June 30, 2025 and 2024, respectively, and is included in other liabilities and deferrals in the accompanying consolidated balance sheet.

(18) Retirement Plans

All employees of the University, unless they are part of an excluded class, are eligible to participate in the 403(b) Wake Forest University Retirement Plan, which is a defined contribution benefit plan. They may contribute on a pre – and/or post-tax basis immediately upon hire. Contributions for the years ended June 30, 2025 and 2024, respectively, were \$18,161 and \$17,035 for Reynolda Campus and \$74,360 and \$67,202 for WFUHS.

Certain employees of the University and WFUHS are eligible to participate in a 457(b) defined contribution plan. The Reynolda Campus and WFUHS have accrued \$25,721 and \$163,550 at June 30, 2025, respectively, and \$22,410 and \$136,584 at June 30, 2024, respectively, for liabilities associated with this plan.

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 \$2,472 and \$2,902 at June 30, 2025, respectively, and \$1,577 and \$2,983 at June 30, 2024, respectively, for liabilities associated with these plans. These liabilities are included in other liabilities and deferrals on the consolidated balance sheet.

(19) Postretirement Benefits

The University sponsors 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

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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 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.

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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, 2025 and 2024:

	2025			2024
	Reynolda Campus	WFUHS	Total	Total
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 11,497	16,118	27,615	30,962
Service cost	474	—	474	456
Interest cost	606	832	1,438	1,477
Participants' contributions	564	29	593	680
Actuarial loss (gain)	905	160	1,065	(2,697)
Benefits paid	<u>(1,421)</u>	<u>(1,816)</u>	<u>(3,237)</u>	<u>(3,263)</u>
Benefit obligation at end of year	<u>12,625</u>	<u>15,323</u>	<u>27,948</u>	<u>27,615</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	—	—	—	—
Employer's contributions	857	1,787	2,644	2,583
Participants' contributions	564	29	593	680
Benefits paid	<u>(1,421)</u>	<u>(1,816)</u>	<u>(3,237)</u>	<u>(3,263)</u>
Fair value of plan assets at end of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total liability	\$ <u>(12,625)</u>	<u>(15,323)</u>	<u>(27,948)</u>	<u>(27,615)</u>
Amounts recognized in unrestricted net assets:				
Prior service cost	\$ (1,178)	—	(1,178)	(1,560)
Net actuarial gain	<u>(5,472)</u>	<u>(3,258)</u>	<u>(8,730)</u>	<u>(12,484)</u>
Total increase	\$ <u>(6,650)</u>	<u>(3,258)</u>	<u>(9,908)</u>	<u>(14,044)</u>

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The following table provides the components of net periodic benefit cost for the years ended June 30, 2025 and 2024:

	2025			2024
	Reynolda Campus	WFUHS	Total	Total
Service cost	\$ 474	—	474	456
Interest cost	606	832	1,438	1,477
Amortization of prior service credit	(374)	(8)	(382)	(390)
Amortization of net actuarial gain	(415)	(2,275)	(2,690)	(3,245)
Net periodic benefit cost (gain)	\$ 291	(1,451)	(1,160)	(1,702)

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, 2025 for Reynolda Campus and WFUHS, respectively, was 5.53% and 5.48%, and at June 30, 2024 was 5.45% and 5.57%, respectively. The discount rate reflects the current yield curve results as of June 30, 2025 and 2024. Reynolda Campus used 8.80% and 8.70%, and WFUHS used 7.50% and 7.10% for 2025 and 2024, 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
2026	\$ 850	1,777	2,627
2027	924	1,738	2,662
2028	957	1,684	2,641
2029	1,006	1,605	2,611
2030	1,055	1,535	2,590
Five years thereafter	5,622	6,331	11,953

The expected benefits to be paid are based on the same assumptions used to measure the University's benefit obligation at June 30, 2025 and include estimated future employee service.

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Notes to the Consolidated Financial Statements

June 30, 2025

(Dollars in thousands)

(20) 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>2025</u>	<u>2024</u>
Revenue from MCIA	\$ 629,242	459,085
Corporate service allocation, net	42,570	116,311
Other professional fees, net	<u>111,887</u>	<u>(2,592)</u>
Total net revenue from NCBH	<u>\$ 783,699</u>	<u>572,804</u>
Accounts receivable from NCBH	\$ 526,659	284,159

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 1, 2026, and bears interest at daily simple SOFR plus 0.55%, which is 4.94% at June 30, 2025. The facility is structured with WFUBMC as the Borrower and NCBH and WFUHS as Co-obligors. There was no outstanding balance on the facility at June 30, 2025. WFUBMC's outstanding balance on the facility was \$19,199 at June 30, 2024. WFUHS had no outstanding balance on the facility at June 30, 2025 and 2024. 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 22, 2026, and bears interest at the term SOFR rate plus 0.55%, which is 4.87% at June 30, 2025. The facility is structured with NCBH, WFUHS, and WFUBMC as co-borrowers. NCBH's outstanding balance on the facility was \$200,000 at June 30, 2025. There was no outstanding balance on the facility at June 30, 2024. WFUHS had no outstanding balance on the facility at June 30, 2025 and 2024.

As part of the master agreement between the Atrium Health Enterprise and Advocate Aurora, CMHA contributed \$47,000 to WFUHS in fiscal year 2023 to create an academic endowment to be used to support academic enrichment activities such as recruitment of academic and research faculty, bridge funding for researchers, new or enhanced academic programs, and related development of flagship/destination clinical programs (the New Academic Endowment). The agreement stipulates that the New Academic Endowment should be invested without distribution until January 1, 2028, at which time and continuing each year thereafter, 4.75% of the prior year ending balance of the New Academic Endowment shall be made available in equal quarterly installments to WFUBMC.

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Additionally, the agreement has a “right of return” clause that states that if WFUBMC terminates its participation in the new Advocate Enterprise within the first ten years, the New Academic Endowment must be returned to CMHA within thirty days following the effective date of such termination. Because of this condition upon the contribution, WFUHS recorded the \$47,000 to other liabilities and deferrals upon receipt in February 2023. The funds are invested similarly to WFUHS’ traditional endowments, but the \$47,000 will not be moved from other liabilities and deferrals to restricted contributions until May 2032, when the “right of return” clause will expire.

(21) Professional Liability Insurance

WFUHS maintains professional liability coverage, which included a \$6,000 per occurrence self-insured retention (no aggregate), plus \$2,000 per loss buffer layer and \$6,000 aggregate buffer layer for the year ended June 30, 2025. The primary policy's aggregate of coverage was \$10,000 with tower of coverage through nine other carriers extending up to total of \$95,000 of coverage for the year ended June 30, 2025. WFUHS estimates its professional liability on an actuarial basis. WFUHS’ accrued professional liability costs, including estimated claims incurred but not reported, totaled \$19,758 and \$26,412 at June 30, 2025 and 2024, 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.

(22) Subsequent Events

Management has evaluated subsequent events from June 30, 2025 through October 30, 2025, the date the financial statements were issued, and determined that there are no items to disclose.