

VANDERBILT

FINANCIAL REPORT

2024 FINANCIAL REPORT



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Letter from Chancellor Daniel Diermeier

I am pleased to report that fiscal 2024 was another strong year for Vanderbilt. Indeed, our university is stronger than at any other time in its history.

As of year-end, our endowment, which Cornelius Vanderbilt established with his founding gift in 1873, now stands at \$10.2 billion, with a return of 9.2%. Among other programs, our endowment supports Opportunity Vanderbilt, our nationally recognized need-based, no-loan financial aid program, which now covers full tuition for admitted students of families whose annual income is \$150,000 or less. More broadly, our endowment supports faculty and students in a myriad of essential ways.

Vanderbilt also continues to enjoy generous philanthropic support from alumni and other donors. Our Dare to Grow fundraising campaign, the most ambitious in our history, continued to make substantial progress last year, with \$2.94 billion of its \$3.2 billion goal raised.

Our university's momentum continues to build in every respect. Today's Vanderbilt students are our most qualified ever and come from the broadest range of backgrounds. Our faculty are our most expert and accomplished and are concerned with addressing society's most urgent problems. Combined external research funding for Vanderbilt and Vanderbilt University Medical Center has exceeded \$1 billion. And our technology licensing continues to earn high levels of revenue as we translate basic research into applicable solutions.

We are proud of our accomplishments, but we are not satisfied. As we seek to boldly extend Vanderbilt's impact and reach, we are exploring opportunities to expand our presence in the U.S. and abroad. We are establishing our College of Connected Computing, our first new college in 43 years, to provide future students with essential skills in AI, data science and more. We are working closely with Nashville Mayor Freddie O'Connell and other partners to build Nashville's nascent innovation economy so that our faculty can more readily turn their ideas and discoveries into solutions available at scale. And through our Dialogue Vanderbilt initiative, we continue to embrace our long-held value of free expression and make Vanderbilt a model of civil discourse in a polarized time.

We do all of this grounded in our shared values and common purpose, with one overarching, ambitious aim: to make Vanderbilt the great university of the 21st century.



Daniel Diermeier
Chancellor

Vanderbilt University Statistics

	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020
STUDENTS					
Undergraduate	7,152	7,151	7,111	7,057	6,886
Graduate and professional	6,304	6,559	6,685	6,480	6,245
Total fall enrollment	13,456	13,710	13,796	13,537	13,131
Undergraduate admissions					
Applied	45,313	46,377	47,152	36,646	37,310
Accepted	2,844	3,093	3,368	4,259	3,402
Enrolled	1,622	1,619	1,626	1,698	1,604
Selectivity	6.3%	6.7%	7.1%	11.6%	9.1%
Yield	57.0%	52.3%	48.3%	39.9%	47.1%
Degrees conferred					
Baccalaureate	1,855	1,820	1,715	1,712	1,691
Master's	1,634	1,797	1,674	1,459	1,512
M.D.	95	104	99	97	82
Other doctoral	769	796	735	671	568
Total degrees conferred	4,353	4,517	4,223	3,939	3,853
Undergraduate six-year graduation rate	93.5%	92.6%	92.6%	93.4%	92.6%
Undergraduate tuition	\$ 61,618	\$ 58,130	\$ 54,840	\$ 52,780	\$ 50,800
% increase over prior year	6.0%	6.0%	3.9%	3.9%	4.5%

FACULTY AND STAFF ¹

Full-time faculty	1,542	1,514	1,465	1,442	1,466
Full-time staff	4,879	4,700	4,362	3,937	4,555
Part-time faculty	299	282	271	298	324
Part-time staff	639	547	370	277	448
Total faculty and staff	7,359	7,043	6,468	5,954	6,793

GRANT AND CONTRACT FUNDING

(in thousands)

Government sponsors	\$ 209,597	\$ 209,608	\$ 181,007	\$ 188,306	\$ 165,532
Private sponsors	32,949	31,454	22,540	31,551	30,199
Facilities and administrative costs recovery	77,062	75,241	68,277	64,709	62,233
Total grants and contracts	\$ 319,608	\$ 316,303	\$ 271,824	\$ 284,566	\$ 257,964

ENDOWMENT

Market value (in thousands)	\$ 10,247,728	\$ 9,684,196	\$ 10,206,068	\$ 10,928,512	\$ 6,917,371
Endowment return	9.2%	-2.0%	-4.4%	57.1%	-0.1%
Endowment per student	\$ 761,573	\$ 706,360	\$ 739,785	\$ 807,307	\$ 526,797
Endowment payout	4.7%	4.2%	3.5%	3.9%	4.7%

¹ On April 29, 2016, Vanderbilt University ("VU") and Vanderbilt University Medical Center ("VUMC") became two separate legal entities. Vanderbilt transferred clinical services operations, post-graduate training programs, and clinical department research activities, along with related assets and liabilities, to VUMC as a newly incorporated Tennessee not-for-profit corporation in exchange for \$1,230 million of consideration. In addition to the faculty employed by VU for all the years presented, some employees of VUMC held VU faculty appointments. These additional VUMC-employed, VU faculty comprised:

VUMC-employed, VU faculty appointments	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020
Full-time	3,053	3,044	3,018	2,970	2,892
Part-time	118	184	160	104	101
Total	3,171	3,228	3,178	3,074	2,993



Financial Overview

FINANCIAL OVERVIEW

The university ended fiscal 2024 with \$154 million of net operating results compared with \$176 million in fiscal 2023. Vanderbilt's net assets without donor restrictions increased \$345 million from fiscal 2023 to 2024 primarily driven by investment returns.

OPERATING REVENUES

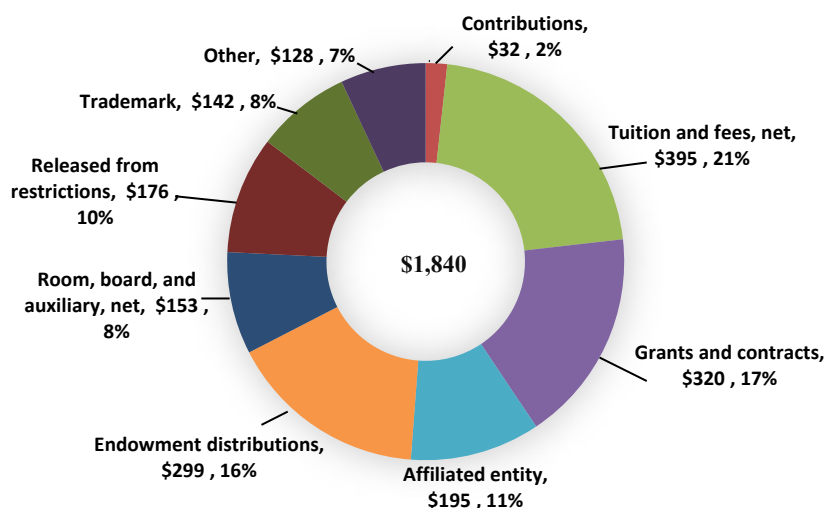
Vanderbilt's operating revenues without donor restrictions for the years ended June 30, 2024, and June 30, 2023, were as follows:

<i>(in millions)</i>	2024	2023
Tuition and educational fees, net	\$ 395	\$ 396
Government grants and contracts	210	210
Private grants and contracts	33	31
F&A costs recovery	77	75
Contributions	32	29
Endowment distributions	299	270
Room, board, and other auxiliary services, net	153	148
Trademark, license, and royalty revenue	142	174
Affiliated entity revenue	195	196
Other sources	128	116
Net assets released from restrictions	176	147
Total operating revenue	\$ 1,840	\$ 1,792

Operating revenues without donor restrictions increased \$48 million, or 3%, to \$1,840 million in fiscal 2024 from \$1,792 million in fiscal 2023. Endowment distributions increased by \$29 million due to growth in the endowment investment base. Vanderbilt calculates payouts based on the endowment spending policy. An increased number of expirations of donor restrictions on net assets for the passage of time and/or fulfilling donor-imposed stipulations resulted in an increase in net assets released from restrictions of \$29 million. Other sources increased by \$12 million as a result of higher interest rates and related investment income. These increases were offset by a decrease in trademark, license, and royalty revenue of \$32 million related to decreased royalty revenues associated with technology transfer.

Operating Revenues without Donor Restrictions by Type (Fiscal 2024)

(in millions)



TUITION, ROOM, AND BOARD

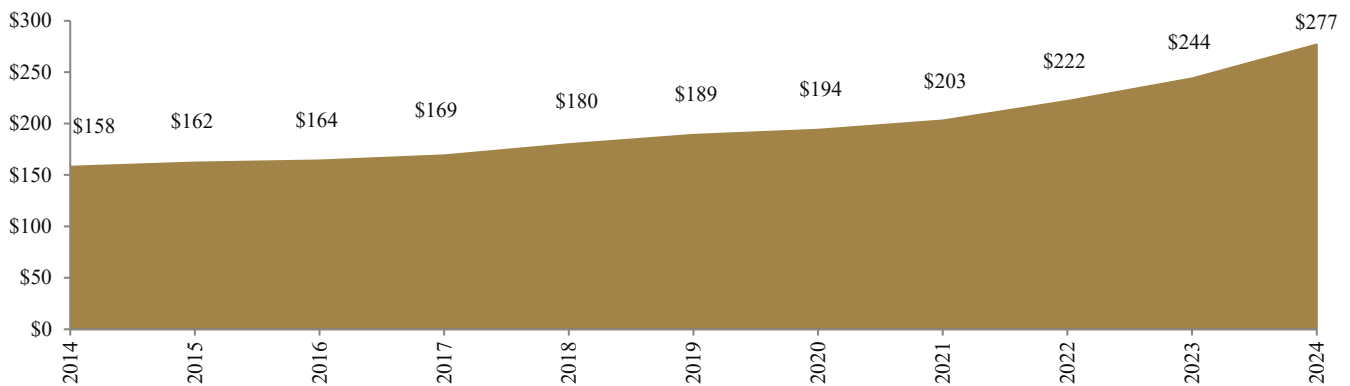
Supporting Vanderbilt’s commitment to student access and affordability, the university provides significant financial aid to students and their families. In fiscal 2024, Vanderbilt provided \$401 million in support to its students for tuition, room, and board as shown in the table below.

	Undergraduate	Professional	Graduate	Total
<i>Student count</i>	7,152	3,925	2,379	13,456
<i>(in millions)</i>				
Tuition and fees	\$ 456	\$ 211	\$ 74	\$ 741
Financial aid ⁽¹⁾	(222)	(63)	(61)	(346)
Tuition and fees, net	\$ 234	\$ 148	\$ 13	\$ 395
Room and board	114	-	-	114
Financial aid ⁽¹⁾	(55)	-	-	(55)
Room and board, net	\$ 59	\$ -	\$ -	\$ 59
Total financial aid⁽¹⁾	\$ 277	\$ 63	\$ 61	\$ 401
Average financial aid per student⁽²⁾	\$ 39,000	\$ 16,000	\$ 26,000	\$ 30,000

¹ Financial aid excludes Pell Grants of \$8 million as these amounts represent agency funds.

² Rounded to the nearest thousand.

Undergraduate Financial Aid fiscal 2014–2024 (in millions)



Vanderbilt expanded its undergraduate financial aid significantly over the past decade. In fiscal 2024, undergraduate aid as a percentage of gross tuition, room and board, and educational fees was 49%. Since fiscal 2014, undergraduate aid has grown by 75%. The university’s Opportunity Vanderbilt no-loan initiative, which began in fiscal 2009, is crucial to this support. Through fiscal 2024, generous donors have committed, through gifts and pledges, \$616 million to support undergraduate financial aid. A portion of operations (\$177 million), endowment distributions and gifts (\$93 million), and external agencies (\$7 million) funded fiscal 2024 undergraduate aid (excludes Pell Grants of \$8 million).

GRANTS AND CONTRACTS

Direct grant revenue increased by \$2 million, or 1%, to \$243 million in fiscal 2024 from \$241 million in fiscal 2023. Government grants and contracts revenue remained consistent at \$210 million in fiscal 2024 and fiscal 2023. Private grants and contracts revenues increased \$2 million, or 6%, over the same period to \$33 million in fiscal 2024 from \$31 million in fiscal 2023, due to increased activity in various academic units related to new awards.

As shown in the following table, the largest source of direct government grant and contract revenue was the Department of Health and Human Services (primarily the National Institutes of Health, or NIH).

Grants and Contracts Revenues by Funding Source

<i>(in millions)</i>	2024	%	2023	%
Department of Health and Human Services	\$ 120	57%	\$ 111	53%
National Science Foundation	28	13%	24	11%
Department of Education	21	10%	16	8%
Department of Defense	14	7%	16	8%
Department of Homeland Security	-	0%	12	6%
Department of Energy	8	4%	9	4%
Other government agencies	19	9%	22	10%
Total government grants and contracts by funding source	\$ 210	100%	\$ 210	100%

Sponsored research and project awards represent research funding commitments not yet expended by Vanderbilt and include multiple-year grants and contracts from government sources, foundations, associations, and corporations. Such awards totaled \$301 million as of June 30, 2024, and 2023, as shown in the following table.

Sponsored Program Awards

<i>(in millions)</i>	2024	2023
Government awards	\$ 255	\$ 263
Private awards	46	38
Total sponsored research and project awards	\$ 301	\$ 301

PHILANTHROPY

Vanderbilt reports contributions revenue within the consolidated financial statements based on U.S. GAAP. This basis for measurement differs from guidelines established by the Council for Advancement and Support of Education (CASE). CASE guidelines focus on philanthropic distributions of private resources (primarily gifts and foundation grants) to benefit the public.

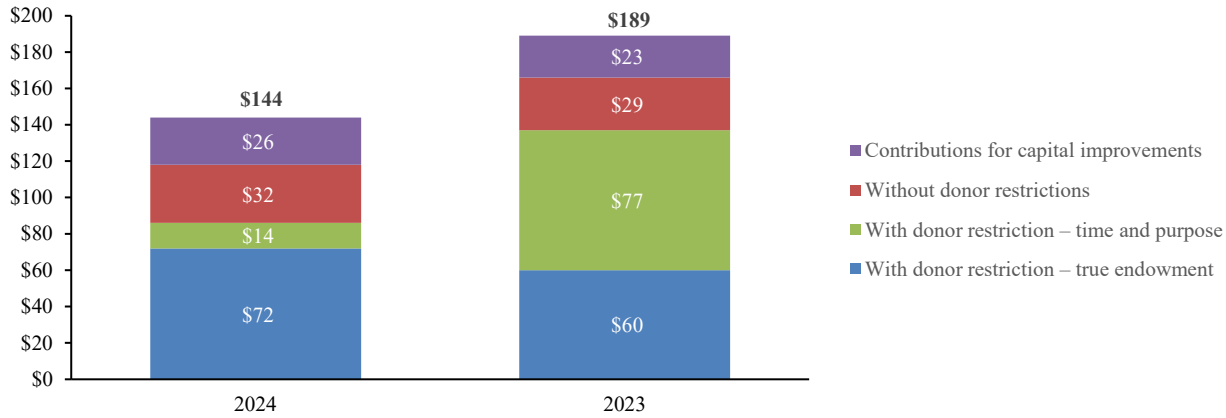
GAAP to CASE Reconciliation

<i>(in millions)</i>	2024	2023
Contributions revenue		
Without donor restriction	\$ 32	\$ 29
With donor restriction – time and purpose	14	77
With donor restriction – true endowment	72	60
Total contributions revenue	118	166
Total contributions for capital improvements	26	23
Total consolidated GAAP contributions revenue	\$ 144	\$ 189
Net (increase) decrease in contributions receivable	\$ 7	\$ (61)
Grants and similar agreements meeting CASE guidelines (gifts per CASE standards)	20	14
Other	(3)	(5)
Total CASE reported gifts (cash basis)	\$ 168	\$ 137

Vanderbilt reported \$144 million in consolidated contributions revenue, including pledges and contributions for capital improvements, which is \$45 million lower than the \$189 million fiscal 2023 level due to large contributions received in fiscal 2023 in support of the comprehensive campaign.

Consolidated Contributions (GAAP Basis)

(in millions)



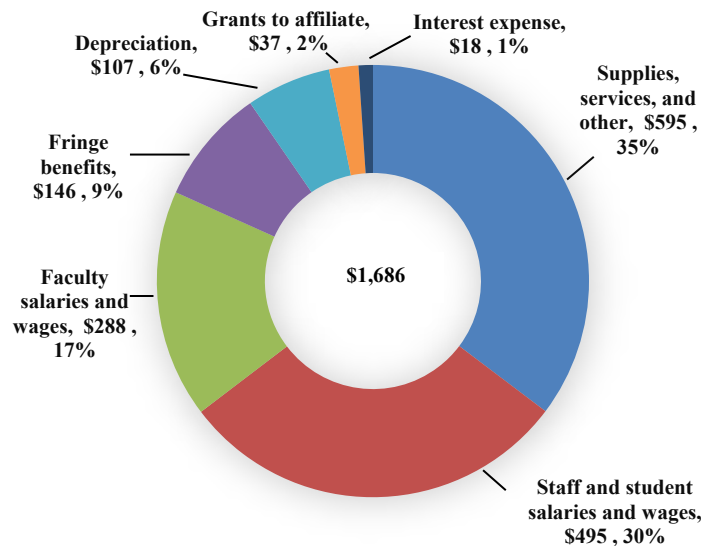
OPERATING EXPENSE

(in millions)	2024	2023
Salaries, wages, and benefits	\$ 929	\$ 833
Supplies, services, and other	595	630
Interest expense	18	21
Depreciation	107	101
Grants to affiliate	37	31
Total operating expenses	\$ 1,686	\$ 1,616

Consolidated operating expenses increased \$70 million to \$1,686 million in fiscal 2024 from \$1,616 million in fiscal 2023. The primary driver of this increase was a \$96 million increase in salaries, wages, and benefits as a result of headcount, and merit increases. The increases were offset by a decrease of \$35 million in supplies, services, and other expenses driven by a decrease in distributions for technology transfer and a decrease in professional services fees.

Operating Expenses by Type (Fiscal 2024)

(in millions)



OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

<i>(in millions)</i>	2024	2023
Change in appreciation of endowment, net of distributions	\$ 246	\$ (367)
Change in appreciation of other investments, net of distributions	1	19
Capital contributions and releases from restriction	8	24
Nonoperating net asset reclassifications	1	-
Other nonoperating activity	(55)	-
Total changes from nonoperating	\$ 201	\$ (324)

Fiscal 2024 nonoperating activity primarily consisted of a change in appreciation of endowment, net of distributions of \$246 million, an increase of \$613 million compared with fiscal 2023. The change in value for the endowment resulted from an 9.2% investment return offset by 4.7% of the endowment utilized for distributions during fiscal 2024, compared to a -2.0% investment return and 4.2% of the endowment utilized for distributions during fiscal 2023. Change in appreciation of other investments, net of distributions, decreased \$18 million. As of June 30, 2023, \$175 million total notional of the original \$200 million notional Treasury Lock agreement entered into during fiscal 2022 to hedge a portion of a future debt issuance was terminated for \$56 million in total proceeds. The positive mark-to-market on the remaining \$25 million notional of the Treasury Lock was \$9 million in Vanderbilt's favor in fiscal 2023. In August 2023, Vanderbilt terminated the remaining \$25 million notional of the Treasury Lock for \$10 million in proceeds. In addition, releases from restrictions for capital contributions totaled \$8 million in fiscal 2024. Releases from restrictions for capital contributions occurred at the time the asset or building was placed into service and included \$3 million for housing projects, \$3 million related to athletics facilities, and \$2 million for the Owen Graduate School of Management renovations in fiscal 2024. Other nonoperating activity in fiscal 2024 includes \$55 million for a legal settlement related to a class action lawsuit in which Vanderbilt had been named a co-defendant along with sixteen other universities.

Noncontrolling Interests

Net assets related to noncontrolling interests decreased \$10 million to \$543 thousand in fiscal 2024 from \$10 million in fiscal 2023 due to distributions of \$8 million and a change in appreciation of investment of \$2 million during fiscal 2024.

SUMMARY OF FINANCIAL POSITION

Vanderbilt's summarized Statements of Financial Position as of June 30, 2024, and June 30, 2023, were as follows:

<i>(in millions)</i>	2024	2023
ASSETS		
Cash and cash equivalents	\$ 806	\$ 937
Accounts and contributions receivable, net	279	267
Investments	10,523	10,048
Right of use assets	39	50
Property, plant, and equipment, net	2,098	1,817
Prepaid expenses and other assets	62	62
Total assets	\$ 13,807	\$ 13,181
LIABILITIES		
Payables and accrued liabilities	\$ 412	\$ 329
Deferred revenue	54	48
Deferred trademark revenue	1,750	1,797
Long-term debt and commercial paper	698	665
Securities sold short	532	579
Lease liabilities	41	52
Total liabilities	3,487	3,470
NET ASSETS		
Without donor restrictions	5,822	5,477
With donor restrictions	4,498	4,234
Total net assets	10,320	9,711
Total liabilities and net assets	\$ 13,807	\$ 13,181

Vanderbilt's assets increased \$626 million, or 5%, from fiscal 2023 to fiscal 2024. Investments increased \$475 million, or 5%, to \$10,523 million in fiscal 2024 from \$10,048 million in fiscal 2023. The endowment, net of securities sold short, returned 9.2%, and its value increased to \$10,248 million in fiscal 2024 from \$9,684 million in fiscal 2023 after the impact of distributions in support of operations and the addition of new gifts and quasi-endowments. Property, plant, and equipment, net, increased by \$281 million, or 15%, driven by \$378 million in additions, net, offset by \$97 million in accumulated depreciation. These increases are offset by a decrease in cash and cash equivalents of \$131 million, or 14%, from fiscal 2023 to fiscal 2024 primarily attributable to a shift of working capital investments with maturities over 90 days from cash and cash equivalents to short-term investments.

Total liabilities increased \$17 million from fiscal 2023 to fiscal 2024 primarily attributable to increased payables and accrued liabilities of \$83 million from fiscal 2023 to fiscal 2024. Long-term debt and commercial paper increased \$33 million, or 5%, to \$698 million in fiscal 2024 from \$665 million in fiscal 2023. These increases are offset by a decrease of \$47 million in deferred trademark revenue and a decrease of \$47 million in the fair value of securities sold short. The fair value of open short positions is recorded as a liability, \$532 million in fiscal 2024, and the university records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of the open short position. By entering short sales, the university bears the market risk of increases in the value of the security sold short in excess of the proceeds received.

Cash and Liquidity

Vanderbilt continues to invest operating assets in a conservative, diversified manner to ensure adequate security and liquidity under a variety of stress scenarios. Investments, along with cash and cash equivalents, provide liquidity support for Vanderbilt's operations. Of these combined amounts, based on prevailing market conditions as of June 30, 2024, \$946 million of liquid assets were available on a same-day basis and an additional \$3,731 million was available within 30 days. This strong liquidity position contributes to the university's ability to satisfy potential liquidity risks. Vanderbilt maintains the highest short-term ratings from the major credit rating agencies.

To provide supplemental liquidity support, Vanderbilt maintains two separate lines of credit in the amounts of \$250 million and \$100 million with two different banks. These lines of credit may be drawn upon for any general use purpose.

Capital Expenditures

Maintaining the university's campus, which dates back to 1873, and investing in the university's capital assets are fundamental to achieving Vanderbilt's mission.

Over the past decade, Vanderbilt has focused increasingly on revitalizing the campus and student experience through the continued investment in infrastructure, athletics facilities, and residential colleges.

These investments serve to support FutureVU, Vanderbilt's land use planning initiative, the goal of which is to ensure the Vanderbilt University campus is designed and prepared at every level to support its students, faculty, and staff in their work each day to carry out the university's mission and values.

Capital Projects

<i>(in millions)</i>	2024	2023
Infrastructure projects	\$ 122	\$ 43
Athletics projects	106	37
Minor capital expenditures	71	39
Academic projects	42	41
Housing projects	37	59
Administrative support	19	40
Property acquisitions	5	35
Total capital projects	\$ 402	\$ 294

During fiscal 2024, Vanderbilt University invested \$402 million in capital projects as compared to \$294 million in fiscal 2023. This enabled progress on several significant projects, including, but not limited to:

- Renovation of Kirkland Hall to transform the building into a welcoming, energetic, and innovative space that reflects the ideals espoused by the university;
- Continued extensive upgrades to utilities and other infrastructure in support of the Central Utilities Initiative;
- Renovations and additions to athletics facilities, including the basketball practice facility and visitor locker rooms and south end zone, that enhance the experience for student-athletes and fans;
- Continued expansion of the available space in the Engineering and Science Building that positions the School of Medicine, the College of Arts and Science, and the School of Engineering to build collaborations that grow and transform Vanderbilt's national and international reputation; and
- Continued expansion of the residential college program which contributes to the living and learning experience of upper-division students.

As capital projects conclude or new acquisitions occur during the fiscal year, capital asset balances increase. A total of \$125 million of completed projects and purchased property and equipment came into service during fiscal 2024.

The Board of Trust Executive Committee reviews the university's five-year capital plan annually; however, major capital projects are approved individually. The fiscal 2024–29 capital plan brings a continued focus on the academic strategic plan, including the student experience, through investments in new residential colleges, science buildings, acquisitions, infrastructure, and athletics.

ENDOWMENT

For fiscal 2024, Vanderbilt’s endowment portfolio returned 9.2%. For the five years ending June 30, 2024, the endowment’s annualized gain was 9.9%. The endowment ended fiscal 2024 with a total market value of \$10,248 million compared to \$9,684 million at the end of fiscal 2023. The difference between the investment return and change in absolute value of the endowment was attributable to the net impact of new endowment gifts, additions to institutional endowments (quasi-endowments), costs for managing the endowment (including internal management costs of \$21 million and endowment and other taxes of \$10 million) and the distribution of endowment funds to support university operations. During fiscal 2024, the university added \$150 million to the endowment portfolio through new gifts, recapitalizations, and additions to institutional endowments. Endowment distributions totaled \$463 million in fiscal 2024, compared to \$416 million in fiscal 2023. These distributions support the university’s education, research, and public service missions.

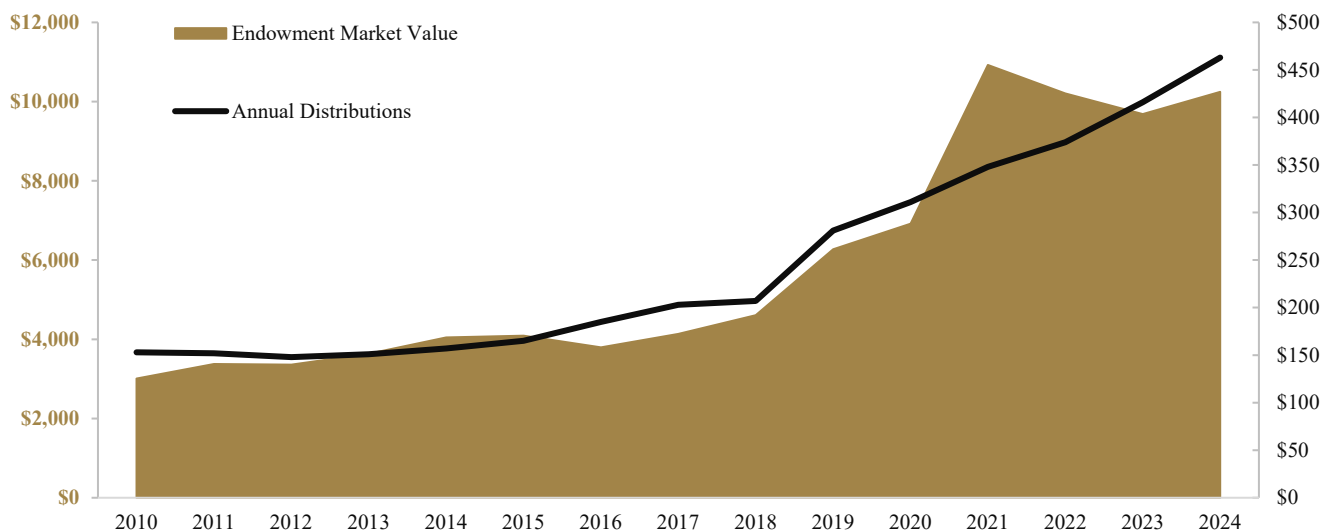
Global equity markets were strong for the second consecutive fiscal year across U.S. large caps (up 25%), U.S. small caps (up 10%), and non-U.S. developed markets (up 11%). Emerging markets generally benefited from a weakening dollar, with equities (ex-China) up 18%. Chinese equities, however, underperformed for the second consecutive fiscal year and were down 2% with ongoing concerns over geopolitical issues and economic growth. Dispersion in U.S. bond markets was quite wide, ranging from 12% losses in 20–30 year U.S. Treasury strips to 11% gains in U.S. leveraged loans. Commodity prices reversed course (up 15%, after losing 18% in the prior fiscal year). Precious metals led these gains, with gold and silver up 15% and 21%, respectively.

Global inflation moved closer to normalization during the fiscal year, but central bank policies are starting to diverge in response to country-specific differences. In the U.S. annualized inflation rates declined during the fiscal year, but absolute prices remain much higher than before the pandemic due to aggressive fiscal and monetary policy in response to that crisis. U.S. equity market concentration continued to increase in a handful of large U.S. technology companies. Artificial intelligence and machine learning continue to offer unknown opportunities across the economy and the potential to impact our daily lives.

In fiscal 2025, markets certainly face increasing headwinds. U.S. equity valuations are increasingly elevated. The U.S. Federal Reserve’s future actions on monetary policy are uncertain. European markets face ongoing uncertainty regarding the Russia/Ukraine war and the outcomes of elections. Geopolitical tensions between the U.S. and China, the world’s two largest economies, represent an ongoing risk to the global capital markets. Times of uncertainty often lead to volatility and temporary market dislocations. Vanderbilt’s endowment is poised to take advantage of such market opportunities through the combination of a strong asset base and partnerships with some of the world’s best investment managers across all major asset classes.

Endowment Market Value and Annual Distributions

(in millions)



Endowment Asset Allocation

<i>As of June 30, 2024 (% of portfolio)</i>	Allocation
Global equities	18%
Hedged strategies	20%
Commodities	2%
Fixed income	9%
Public real estate	2%
Cash and cash equivalents	4%
Total public investments	55%
Private capital	36%
Real estate	3%
Natural resources	6%
Total nonmarketable	45%
Total endowment	100%

LOOKING FORWARD

Vanderbilt is forging a bold and distinct strategic path to address burgeoning research and educational opportunities, including increasing demand for expertise in computing-related fields. Vanderbilt has begun work to establish a transformative college dedicated to computer science, AI, data science and related fields. In addition to meeting the growing demand for degrees in technological fields and advancing research in rapidly evolving, computing-related disciplines, the new, interdisciplinary college will collaborate with all of Vanderbilt's schools and colleges to advance breakthrough discoveries and strengthen computing education through a "computing for all" approach. It will be the first new college at Vanderbilt since the university and the Blair School of Music merged in 1981.

Vanderbilt believes that cost should never be a barrier to a world-class education. As such, Vanderbilt University is expanding Opportunity Vanderbilt, its nationally recognized no-loan financial aid program, by offering full-tuition scholarships to admitted students of families whose annual income is \$150,000 or less. Opportunity Vanderbilt has been a significant part of Vanderbilt's upward trajectory, contributing to student diversity, academic excellence and alumni philanthropy.

Further, the university launched Dialogue Vanderbilt, its core initiative to bridge divides, reestablish a vibrant culture of civil discourse and free expression, and showcase experts from on campus and around the world. During fiscal 2024, Dialogue Vanderbilt engaged in a wide range of topics and activities. These distinct, but interconnected, programs explored the definition and boundaries of free speech domestically and globally. The program brought a myriad of policymakers, nonprofit, corporate and faith leaders, journalists, academics and others to campus to model civil discourse on a range of challenging topics and mentor our students during and after their visits. These individuals provided our faculty and students with tools and opportunities to roll up their sleeves and practice civil discourse across difference through innovative instruction, debate and other unique experiences. At the center of Dialogue Vanderbilt are our students.

Vanderbilt's momentum continues to extend the university's impact while never losing focus on the core missions of education and research. Vanderbilt's strong results of operations and net asset position allow the university to continue to support students, faculty, staff, and the community of Nashville and beyond while simultaneously investing in growth and expansion to prepare the path for future generations.

Vanderbilt's audited financial statements and other key financial metrics for fiscal 2024 are included in the following pages.



Consolidated Financial Statements



Report of Independent Auditors

To the Board of Trust of Vanderbilt University

Opinion

We have audited the accompanying consolidated financial statements of Vanderbilt University and its subsidiaries (the “University”), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”).

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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 US 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Letter from Chancellor Daniel Diermeier, Vanderbilt University Statistics, and the Financial Overview, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

Nashville, TN
September 30, 2024

Vanderbilt University

Consolidated Statements of Financial Position

As of June 30, 2024 and June 30, 2023 (in thousands)

	June 2024	June 2023
ASSETS		
Cash and cash equivalents	\$ 805,431	\$ 937,070
Accounts receivable, net	120,329	101,503
Prepaid expenses and other assets	18,942	14,331
Contributions receivable, net	158,737	165,559
Student loans and other notes receivable, net	16,285	17,918
Investments	10,523,010	10,037,569
Investments allocable to noncontrolling interests	543	10,444
Right-of-use assets	38,765	49,602
Property, plant, and equipment, net	2,098,441	1,817,056
Interests in trusts held by others	26,727	30,071
Total assets	\$ 13,807,210	\$ 13,181,123
LIABILITIES		
Accounts payable and accrued liabilities	\$ 249,401	\$ 202,895
Accrued compensation and withholdings	114,445	81,471
Deferred revenue	53,715	47,803
Deferred trademark revenue	1,750,330	1,796,712
Actuarial liabilities	32,630	30,614
Government advances for student loans	14,890	15,502
Commercial paper and other short-term debt	100,000	49,688
Long-term debt	598,410	614,660
Fair value of securities sold short	531,860	579,171
Lease liabilities	41,015	52,027
Total liabilities	3,486,696	3,470,543
NET ASSETS		
Without donor restrictions, controlled by Vanderbilt	5,822,342	5,466,592
Without donor restrictions, related to noncontrolling interests	543	10,444
Total net assets without donor restrictions	5,822,885	5,477,036
With donor restrictions	4,497,629	4,233,544
Total net assets	10,320,514	9,710,580
Total liabilities and net assets	\$ 13,807,210	\$ 13,181,123

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

Vanderbilt University

Consolidated Statement of Activities

Year Ended June 30, 2024 (in thousands)

	2024		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT			
Tuition and educational fees, net	\$ 395,433	\$ -	\$ 395,433
Grants and contracts:			
Government sponsors	209,597	-	209,597
Private sponsors	32,949	-	32,949
Facilities and administrative costs recovery	77,062	-	77,062
Total grants and contracts	319,608	-	319,608
Contributions	31,804	85,953	117,757
Endowment distributions	298,712	164,520	463,232
Room, board, and other auxiliary services, net	153,178	-	153,178
Trademark, license, and royalty revenue	142,823	-	142,823
Affiliated entity revenue	194,610	-	194,610
Other sources	127,732	5,109	132,841
Net assets released from restrictions	175,812	(175,812)	-
Total revenues and other support	1,839,712	79,770	1,919,482
EXPENSES			
Salaries, wages, and benefits	929,267	-	929,267
Supplies, services, and other	594,992	-	594,992
Interest expense	17,495	-	17,495
Depreciation	107,191	-	107,191
Grants to affiliate	36,564	-	36,564
Total expenses	1,685,509	-	1,685,509
Results of operations	154,203		
OTHER CHANGES IN NET ASSETS			
Change in appreciation of endowment, net of distributions	245,637	168,498	414,135
Change in appreciation of other investments, net of distributions	1,186	-	1,186
Contributions for capital improvements	-	25,503	25,503
Net assets released from restrictions for capital improvements	8,527	(8,527)	-
Nonoperating net asset reclassifications	1,159	(1,159)	-
Other nonoperating activity	(54,962)	-	(54,962)
Total other changes in net assets	201,547	184,315	385,862
Changes in net assets controlled by Vanderbilt	355,750	264,085	619,835
Changes in net assets related to noncontrolling interests	(9,901)	-	(9,901)
Total changes in net assets	\$ 345,849	\$ 264,085	\$ 609,934
Net assets, June 30, 2023	\$ 5,477,036	\$ 4,233,544	\$ 9,710,580
Net assets, June 30, 2024	\$ 5,822,885	\$ 4,497,629	\$ 10,320,514

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

Vanderbilt University

Consolidated Statement of Activities

Year Ended June 30, 2023 (in thousands)

	2023		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT			
Tuition and educational fees, net	\$ 395,983	\$ -	\$ 395,983
Grants and contracts:			
Government sponsors	209,608	-	209,608
Private sponsors	31,454	-	31,454
Facilities and administrative costs recovery	75,241	-	75,241
Total grants and contracts	316,303	-	316,303
Contributions	28,963	136,416	165,379
Endowment distributions	269,705	146,345	416,050
Room, board, and other auxiliary services, net	148,124	-	148,124
Trademark, license, and royalty revenue	173,974	-	173,974
Affiliated entity revenue	195,411	-	195,411
Other sources	116,245	(1,342)	114,903
Net assets released from restrictions	147,104	(147,104)	-
Total revenues and other support	1,791,812	134,315	1,926,127
EXPENSES			
Salaries, wages, and benefits	832,612	-	832,612
Supplies, services, and other	630,222	-	630,222
Interest expense	20,820	-	20,820
Depreciation	101,355	-	101,355
Grants to affiliate	30,845	-	30,845
Total expenses	1,615,854	-	1,615,854
Results of operations	175,958		
OTHER CHANGES IN NET ASSETS			
Change in appreciation of endowment, net of distributions	(366,394)	(246,798)	(613,192)
Change in appreciation of other investments, net of distributions	18,580	-	18,580
Contributions for capital improvements	-	23,041	23,041
Net assets released from restrictions for capital improvements	23,795	(23,795)	-
Nonoperating net asset reclassifications	(248)	248	-
Other nonoperating activity	31	-	31
Total other changes in net assets	(324,236)	(247,304)	(571,540)
Changes in net assets controlled by Vanderbilt	(148,278)	(112,989)	(261,267)
Changes in net assets related to noncontrolling interests	(6,617)	-	(6,617)
Total changes in net assets	\$ (154,895)	\$ (112,989)	\$ (267,884)
Net assets, June 30, 2022	\$ 5,631,931	\$ 4,346,533	\$ 9,978,464
Net assets, June 30, 2023	\$ 5,477,036	\$ 4,233,544	\$ 9,710,580

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

Vanderbilt University

Consolidated Statements of Cash Flows

Years Ended June 30, 2024 and 2023 (in thousands)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in total net assets	\$ 609,934	\$ (267,884)
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:		
Change in net assets related to noncontrolling interests	9,901	6,617
Realized and unrealized (gain) loss on investments, net	(843,790)	336,342
Contributions for capital improvements and endowment	(59,929)	(40,251)
Contributions of donated securities	(28,565)	(26,624)
Proceeds from sale of donated securities	4,068	7,514
Depreciation	107,191	101,355
Amortization of bond discounts and premiums	(125)	41
Amortization of right-of-use assets	13,694	13,930
Loss from disposals of property, plant, and equipment	563	867
Change in:		
Accounts receivable, net	(18,826)	13,297
Prepaid expenses and other assets	(4,611)	592
Contributions receivable, net	6,822	(59,991)
Interests in trusts held by others	3,367	1,060
Accounts payable and accrued liabilities, net of nonoperating items	3,981	(20,256)
Accrued compensation and withholdings	32,974	(8,454)
Deferred revenue	5,912	(978)
Deferred trademark revenue	(46,382)	(44,898)
Actuarial liabilities	2,016	(5,694)
Lease liabilities	(13,870)	(14,012)
Net cash (used in) operating activities	(215,675)	(7,427)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(5,718,269)	(6,256,125)
Proceeds from sales of investments	5,965,603	5,931,958
Purchases of investments allocable to noncontrolling interests	-	(55)
Proceeds from sales of investments allocable to noncontrolling interests	7,520	7,340
Acquisitions of property, plant, and equipment	(346,614)	(264,376)
Student loans and other notes receivable disbursed	(2,288)	(2,805)
Principal collected on student loans and other notes receivable	3,921	2,813
Net cash (used in) investing activities	(90,127)	(581,250)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for capital improvements and endowment	59,929	40,251
Change in government advances for student loans	(612)	(1,268)
Principal payments of debt	(40,814)	(58,612)
Proceeds from new debt issuances	75,000	49,688
Proceeds from sale of donated securities restricted for capital improvements and endowment	24,497	19,110
Proceeds from noncontrolling interests in investment partnerships	-	55
Payments to noncontrolling interests in investment partnerships	(7,520)	(7,340)
Net cash provided by financing activities	110,480	41,884
Net decrease in cash, cash equivalents, and restricted cash	(195,322)	(546,793)
Cash and cash equivalents and restricted cash at beginning of year	\$ 1,553,843	\$ 2,100,636
Cash and cash equivalents and restricted cash at end of year	\$ 1,358,521	\$ 1,553,843
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 22,534	\$ 21,055
Accrued liabilities related to additions of property, plant, and equipment	\$ 104,079	\$ 61,534

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

Vanderbilt University

Notes to the Consolidated Financial Statements

1. ORGANIZATION

The Vanderbilt University (“Vanderbilt” or the “university”) is a private, coeducational, not-for-profit, nonsectarian institution located in Nashville, Tennessee. Founded in 1873, Vanderbilt owns and operates educational and research facilities as part of its mission to be a leading center for informed and creative teaching, scholarly research, and public service. Vanderbilt provides educational services to approximately 7,100 undergraduate and 6,300 graduate and professional students enrolled across its 10 schools and colleges.

The consolidated financial statements include the accounts of all entities in which Vanderbilt has a significant financial interest and over which Vanderbilt has control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles (“GAAP”). Vanderbilt eliminates all material intercompany accounts and transactions in consolidation.

Net Asset Classifications

Based on the existence or absence of donor-imposed restrictions, Vanderbilt classifies resources into two categories: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are free of donor-imposed restrictions. This classification includes all revenues, gains, and losses not restricted by donors. Vanderbilt reports all expenses as decreases in net assets without donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions that will be met by either actions of Vanderbilt or the passage of time. These net assets may include unconditional pledges, split-interest agreements, interests in trusts held by others, and donor-restricted endowments. Generally, the donor-imposed restrictions of these assets permit Vanderbilt to use a portion of the income earned on related investments for specific purposes.

Vanderbilt reports expirations of donor restrictions on net assets (i.e., the passage of time and/or fulfillment of donor-imposed stipulations) as net assets released from restrictions between the applicable net asset classes in the consolidated statements of activities.

Cash and Cash Equivalents

Cash and cash equivalents are liquid assets with minimal interest rate risk and maturities of three months or less when purchased. Such assets, reported at fair value, primarily consist of depository account balances, money market funds, and short-term U.S. Treasury securities. Cash designated for investment is included within investments in the accompanying consolidated statements of financial position.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position that correspond to the amounts reported in the consolidated statements of cash flows.

	2024	2023
Cash and cash equivalents	\$ 805,431	\$ 937,070
Cash included in investments	553,090	616,773
Total cash and cash equivalents and restricted cash shown in the consolidated statements of cash flows	\$ 1,358,521	\$ 1,553,843

Prepaid Expenses and Other Assets

Prepaid expenses and other assets primarily represent prepaid expenses and other segregated investment-related assets managed by third parties related to a legacy deferred compensation program that are earmarked to ultimately settle certain liabilities recorded in accrued payroll and withholdings. Vanderbilt excludes this latter group of assets, reported at fair value, from the investments category.

Fair Value Measurements

Fair value measurements represent the price received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP provides a hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Inputs to the valuation techniques used are prioritized to measure fair value by giving 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).

Vanderbilt University

Vanderbilt gives consideration to certain investment funds that do not have readily determinable fair values, including private investments, hedge funds, real estate, and other funds. Vanderbilt elected the practical expedient, which allows for the use of net asset value per share or its equivalent in estimating the fair value of interests in investment companies for which a readily determinable fair value is not available. Vanderbilt reports these assets separately from the fair value hierarchy in Note 12.

Investments

Vanderbilt reports investments at fair value using the three-level hierarchy established under GAAP. After review and evaluation, Vanderbilt utilizes estimates provided by fund managers for certain alternative investments, mainly investments in limited partnerships where a ready market for the investments does not exist.

Vanderbilt has exposure to a number of risks, including liquidity, interest rate, counterparty, basis, tax, regulatory, market, and credit risks for both marketable and nonmarketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities will occur to an extent that could materially affect the amounts reported in Vanderbilt's financial statements.

Vanderbilt sometimes uses derivatives to manage investment market risks and exposure. The consolidated financial statements contain derivatives, which consist of both internally managed transactions and those entered into through external investment managers, at fair value. The most common instruments utilized are futures contracts and hedges against currency risk for investments denominated in currencies other than U.S. dollars. For internally managed transactions, Vanderbilt utilizes futures contracts with durations of less than three months.

Vanderbilt records purchases and sales of securities on the trade dates, and realized gains and losses are determined based on the average historical cost of the securities sold. Vanderbilt reports net receivables and payables arising from unsettled trades as a component of investments.

Unless donor-restricted endowment gift agreements require separate investment, Vanderbilt manages all endowment investments as an investment pool.

Investments Allocable to Noncontrolling Interests and Net Assets Related to Noncontrolling Interests

Vanderbilt reports the respective assets for entities in which other organizations are minority equity participants at fair value as investments allocable to noncontrolling interests on the consolidated statements of financial position.

The balance representing such organizations' minority or noncontrolling interests is recorded based on contractual provisions, which represent an estimate of a settlement value assuming the entity was liquidated in an orderly fashion as of the report date.

Leases

Vanderbilt determines if an arrangement is or contains a lease at inception. Vanderbilt has both leases under which it is obligated as a lessee and leases for which it is a lessor. Operating leases in which Vanderbilt is a lessee are included in right-of-use assets and lease liabilities on the consolidated statements of financial position. These assets and liabilities are initially recognized based on the present value of the future minimum lease payments over the lease term at commencement date discounted using an appropriate incremental borrowing rate. Options to extend or terminate a lease are included in the amount recognized to the extent that Vanderbilt is reasonably certain to exercise those options. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Variable lease payments based on an index or rate, such as the consumer price index, are initially measured using the index or rate in effect at lease commencement. Rental revenue arising from operating leases in which Vanderbilt is a lessor is included in room, board, and other auxiliary services, net, in the consolidated statements of activities.

Vanderbilt has elected the short-term lease exception under ASU 2016-02, Leases (ASC Topic 842) for all leases, and therefore, leases with an initial term of 12 months or less are not included on the consolidated statements of financial position.

Split-Interest Agreements and Interests in Trusts Held by Others

Vanderbilt's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts, charitable gift annuities, and life income funds for which Vanderbilt serves as trustee. Vanderbilt reports assets held in these trusts in investments at fair value. Vanderbilt recognizes contribution revenue at the dates the trusts are established, net of the liabilities for the present value of the estimated future payments to the donors and/or other beneficiaries. Annually, Vanderbilt records the change in fair value of split-interest agreements based on the assets that are associated with each trust and recalculates the liability for the present value of the estimated future payments to the donors and/or other beneficiaries.

Vanderbilt is also the beneficiary of certain trusts held and administered by others. Vanderbilt records its share of these trust assets at fair value as interests in trusts held by others with any resulting gains or losses reported as investment income with donor restrictions.

Property, Plant, and Equipment

Purchased property, plant, and equipment, recorded at cost, includes, where appropriate, capitalized interest on construction financing. Vanderbilt capitalizes donated assets at fair value on the date of donation, expenses repairs and maintenance costs as incurred, and expenses additions to the fine art and library collections at the time of purchase.

Vanderbilt University

Vanderbilt calculates depreciation using the straight-line method to allocate the cost of various classes of assets over their estimated useful lives. Vanderbilt follows the half-year convention to calculate depreciation associated with construction-related assets (e.g., land improvements, buildings, leasehold improvements, and fixed equipment). Under the half-year convention, Vanderbilt treats fixed assets constructed during the year as if placed in service on January 1, regardless of in-service date. All other purchased assets (e.g., moveable equipment) begin depreciation on the in-service date. Vanderbilt removes property, plant, and equipment from the accounting records upon disposal.

Conditional asset retirement obligations related to legal requirements to perform certain future activities associated with the retirement, disposal, or abandonment of assets are accrued utilizing site-specific surveys to estimate the net present value for applicable future costs (e.g., asbestos abatement or removal).

Vanderbilt reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Vanderbilt recognizes an impairment charge when the fair value of the asset or group of assets is less than the carrying value.

Debt Portfolio Financial Instruments

Vanderbilt reports long-term debt at carrying value. The carrying value of Vanderbilt's debt is the par amount adjusted for the net unamortized amount of bond premiums and/or discounts.

Contributions

Vanderbilt recognizes unconditional promises to give (pledges) as contribution revenue upon receipt of a commitment from the donor, with payments due in future periods reported as increases in net assets with donor restrictions at the estimated present value of future cash flows. Vanderbilt recognizes pledges net of an allowance for amounts estimated to be uncollectible based upon past collection experience and other judgmental factors.

Vanderbilt records contributions with donor-imposed restrictions as net assets without donor restrictions revenue if the university receives the contribution and meets the restrictions in the same reporting period. Otherwise, Vanderbilt records contributions with donor-imposed restrictions as increases in net assets with donor restrictions.

After meeting donor stipulations, Vanderbilt releases contributions from restriction and recognizes these contributions as net assets without donor restrictions. Vanderbilt releases from restrictions contributions for capital improvements and recognizes these contributions as nonoperating net assets released from restrictions for capital improvements when the related asset is placed in service.

In contrast to unconditional promises, Vanderbilt does not record conditional promises (primarily bequest intentions and conditional grants) until the university meets donor stipulations.

Measure of Operations

The university's measure of operations, the change in net assets without donor restriction from operating activity, as presented in the consolidated statements of activities, includes revenue from tuition and fees (net of financial aid), grants and contracts, trademark revenue, revenue from affiliates, contributions for operating programs, endowment distributions in support of operations, and other revenues. Vanderbilt reports operating expenses on the consolidated statements of activities by natural classification.

The university's nonoperating activity within the consolidated statements of activities includes endowment and other investment returns, contributions for capital improvements, and other nonrecurring items.

Income Taxes

Vanderbilt is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code ("the Code") and generally is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Vanderbilt is, however, subject to federal and state income tax on unrelated business income, and provision for such taxes is included in the accompanying consolidated financial statements. Vanderbilt regularly evaluates its tax position and does not believe it has any material uncertain tax positions that require disclosure or adjustment to the consolidated financial statements.

The Tax Cuts and Jobs Act ("TCJA") impacts Vanderbilt in several ways, including imposing excise taxes on certain excess compensation and net investment income, and establishing rules for calculating unrelated business taxable income. Vanderbilt has reflected the tax assets, liabilities, and payables in the consolidated financial statements based on reasonable estimates.

Use of Estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Newly Adopted Accounting Standards

On July 1, 2023, Vanderbilt adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326) Measurement of Credit Losses on Financial Statements. ASU 2016-13 introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. The amendments of ASU 2016-13 are intended to provide financial statement users with more decision-useful information related to expected credit losses on financial instruments and other commitments to extend credit by replacing the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The adoption of this ASU did not materially impact the consolidated financial statements and related disclosures.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of June 30 were as follows (*in thousands*):

	2024	2023
Total assets	\$ 13,807,210	\$ 13,181,123
Less nonfinancial assets:		
Property, plant, and equipment, net	2,098,441	1,817,056
Prepaid expenses and other assets	18,942	14,331
Right-of-use assets	38,765	49,602
Less assets unavailable for general expenditure within one year:		
Endowment funds, including institutional endowments	10,337,634	9,930,677
Contributions receivable, greater than one year	92,759	95,059
Interests in trusts held by others and investments allocable to minority interests	27,270	40,515
Annuities, trusts and other illiquid investments ¹	22,394	31,333
Student loans and other notes receivable, net	16,285	17,918
Financial assets available within one year	\$ 1,154,720	\$ 1,184,632

¹ As of June 30, 2023, the balance includes an \$8.7 million positive mark-to-market on the remaining \$25.0 million notional of the Treasury Lock as of June 30, 2023. As of June 30, 2023, \$175.0 million total notional of the original \$200.0 million notional Treasury Lock was terminated. The positive mark-to-market balance is recorded in "Investments" on the consolidated statements of financial position. On August 4, 2023, the remaining \$25.0 million notional Treasury Lock was terminated for \$9.6 million in proceeds. The final mark-to-market was for \$1.0 million.

Vanderbilt has \$1,154.7 million of financial assets that are available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$805.4 million, accounts receivable of \$120.3 million, contributions receivable, less than one year of \$66.0 million, and short-term investments of \$163.0 million.

Vanderbilt manages its financial assets for availability when its operating expenditures, liabilities, and other obligations come due. In addition, Vanderbilt invests cash in excess of daily requirements in short-term investments or fixed-income securities. To supplement working capital and investment commitments, Vanderbilt had two general lines of credit of \$250.0 million and \$100.0 million as of June 30, 2024. The line of credit agreement of \$250.0 million was renewed in September 2023 and matures in September 2024. The \$100.0 million line of credit matured in June 2024 and was replaced with a new \$100.0 million line of credit that matures in June 2025. In fiscal years 2024 and 2023, Vanderbilt did not borrow against any of its general use lines of credit to support operations. Vanderbilt's commercial paper limitation is \$300.0 million; Vanderbilt had \$100.0 million of tax-exempt commercial paper as of June 30, 2024, and \$25.0 million (par) of taxable commercial paper and \$25.0 million (par) tax-exempt commercial paper outstanding as of June 30, 2023.

Vanderbilt provides liquidity support for debt with short-term remarketing periods through self-liquidity. Additionally, Vanderbilt has institutional endowments of \$5,917.0 million and \$5,612.4 million as of June 30, 2024, and June 30, 2023, respectively. Although Vanderbilt does not intend to spend from its institutional endowment funds, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its institutional endowment funds could be made available if necessary. However, both the endowments with donor restrictions and institutional endowments contain investments with lock-up provisions that would reduce the total investments that could be made available (refer to Notes 7 and 12 for disclosures about investments).

4. ACCOUNTS RECEIVABLE

The major components of accounts receivable as of June 30 were as follows (*in thousands*):

	2024	2023
VUMC-related agreements	\$ 64,527	\$ 35,898
Research and sponsored programs	44,308	48,222
Tuition and fees	4,088	3,051
Royalty distributions receivable	2,990	4,664
Accrued investment income	590	571
Other	6,869	12,192
Accounts receivable	123,372	104,598
Less: Allowance for uncollectible amounts	(3,043)	(3,095)
Accounts receivable, net	\$ 120,329	\$ 101,503

Vanderbilt records allowances for uncollectible amounts based on management's assessment of expected net collections considering historical trends and current economic factors. Vanderbilt's accounts receivable balance on June 30, 2024, includes \$64.5 million related to agreements with VUMC and \$44.3 million related to research and sponsored programs. These receivables account for 90% of total net receivables as of June 30, 2024.

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30 were as follows (*in thousands*):

	2024	2023
Unconditional promises expected to be collected:		
less than one year	\$ 65,978	\$ 70,500
between one year and five years	124,697	127,659
in more than five years	5,466	3,151
Contributions receivable	196,141	201,310
Less: Discount	(18,615)	(20,204)
Less: Allowance for uncollectible promises	(18,789)	(15,547)
Contributions receivable, net	\$ 158,737	\$ 165,559

Vanderbilt discounts contributions receivable at a rate commensurate with the scheduled timing of receipt. Vanderbilt applied discount rates ranging from 4.3% to 5.1% and 4.0% to 5.4% to amounts outstanding as of June 30, 2024, and 2023, respectively. Vanderbilt's methodology for calculating the allowance for uncollectible promises consists of analyzing write-offs as a percentage of gross pledges receivable along with assessing the age and activity of outstanding pledges.

Contributions receivable, net as of June 30, were as follows (*in thousands*):

	2024	2023
Restricted for programs and other operational purposes	\$ 21,876	\$ 88,080
Restricted for capital improvements	76,129	36,060
Restricted for endowment	60,732	41,419
Contributions receivable, net	\$ 158,737	\$ 165,559

In addition to pledges reported as contributions receivable, Vanderbilt had cumulative bequest intentions, conditional grants, and conditional promises to give of approximately \$948.1 million and \$774.1 million as of June 30, 2024, and 2023, respectively. Due to their conditional nature, Vanderbilt does not recognize these intentions to give as assets.

6. STUDENT LOANS AND OTHER NOTES RECEIVABLE

Student loans and other notes receivable as of June 30 were as follows (in thousands):

	2024			2023		
	Receivable	Allowance	Net	Receivable	Allowance	Net
Student Loans: federal and institutional ¹	\$ 15,030	\$ (48)	\$ 14,982	\$ 16,842	\$ (238)	\$ 16,604
Faculty mortgages	1,303	-	1,303	1,314	-	1,314
Student loans, other notes receivable, and related allowances	\$ 16,333	\$ (48)	\$ 16,285	\$ 18,156	\$ (238)	\$ 17,918

¹ Balance of \$15.0 million as of June 30, 2024, includes \$14.5 million of federal student loans and \$0.5 million of institutional loans. Balance of \$16.6 million as of June 30, 2023, includes \$15.8 million of federal student loans and \$0.8 million of institutional loans.

Vanderbilt remains committed to “no loans” for its undergraduate students, meaning that the university is meeting full-demonstrated financial need with scholarship and grant assistance. For other groups (e.g., professional school students), participation in several federal revolving loan programs, including the Perkins, Nursing, and Health Professionals Student Loan programs, has continued.

Vanderbilt carries loans to students at cost, which, based on secondary market information, approximates the fair value of education loans with similar interest rates and payment terms. The availability of funds for new loans under these programs is dependent on reimbursements to the pool from repayments on outstanding loans.

Vanderbilt assigns loans receivable from students under governmental loan programs, also carried at cost, to the federal government or its designees. Vanderbilt classifies refundable advances from the federal government as liabilities in the consolidated statements of financial position. Outstanding loans canceled under a governmental program result in a reduction of the funds available for loan and a decrease in Vanderbilt’s liability to the government.

Vanderbilt establishes bad debt allowances based on prior collection experience and current economic factors, which, in management’s judgment, could influence the ability of loan recipients to repay amounts due. When deemed uncollectible, Vanderbilt writes off institutional loan balances.

In an effort to attract and retain a world-class faculty, Vanderbilt provides various incentives and historically provided home mortgage financing assistance in select situations. Deeds of trust on properties concentrated in the surrounding region collateralize these notes. Vanderbilt has not recorded an allowance for doubtful accounts for loans based on their collateralization and prior collection history.

7. INVESTMENTS

Investments consist of the following as of June 30 (*in thousands*):

	2024	2023
Short-term securities ¹	\$ 95,571	\$ 212
Global equities ¹	1,953,834	2,087,037
Fixed income ¹	955,878	839,102
Hedged strategies ²	2,137,519	2,218,995
Private capital ³	3,926,347	3,739,760
Real estate ³	567,022	297,715
Natural resources ³	559,449	580,514
Commodities ⁴	242,971	212,650
Trusts ⁵	22,394	22,677
Private credit ¹	38,532	15,327
Other investments ^{5,6}	24,036	34,024
Total value ⁷	\$ 10,523,553	\$ 10,048,013

¹ Quoted prices in active markets determine fair value, or fund managers provide the net asset value per share of the specific investment to establish fair value.

² Quoted prices in active markets determine fair value, or fund managers provide the net asset value per share of the specific investment to establish fair value. Includes \$553.1 million and \$616.8 million of cash and cash equivalents classified as investments in fiscal 2024 and 2023, respectively.

³ Fund managers provide the net asset value of Vanderbilt's ownership interests at the fund level to establish fair value.

⁴ Quoted prices in active markets determine fair value.

⁵ Carrying value provides a reasonable estimate of fair value for certain components.

⁶ Balance includes an \$8.7 million positive mark-to-market on the remaining \$25.0 million notional of the Treasury Lock as of June 30, 2023. As of June 30, 2023, \$175.0 million total notional of the original \$200.0 million notional Treasury Lock was terminated. The positive mark-to-market balance is recorded in "Investments" on the consolidated statements of financial position. On August 4, 2023, the remaining \$25.0 million notional Treasury Lock was terminated for \$9.6 million in proceeds. The final mark-to-market was for \$1.0 million.

⁷ Net of securities sold short of \$531.9 million and \$579.2 million, total value of investments is \$9,991.7 million and \$9,468.8 million in fiscal 2024 and 2023, respectively.

Included in the amounts above are investments allocable to noncontrolling interests (i.e., minority limited partners) reported at fair value. Changes in noncontrolling interests net assets for the fiscal year ended June 30, 2024, were as follows (*in thousands*):

Fair value as of June 30, 2023	\$ 10,444
Distributions to minority limited partners	(7,520)
Capital commitments funded by minority limited partners	-
Appreciation allocable to minority limited partners	(2,381)
Fair value as of June 30, 2024	\$ 543

Changes in noncontrolling interests net assets for the fiscal year ended June 30, 2023, were as follows (*in thousands*):

Fair value as of June 30, 2022	\$ 17,061
Distributions to minority limited partners	(7,340)
Capital commitments funded by minority limited partners	55
Appreciation allocable to minority limited partners	668
Fair value as of June 30, 2023	\$ 10,444

Short-term securities primarily comprise short-term U.S. Treasury bills.

Global equities consist of investment funds globally diversified across public markets including U.S. markets, other developed markets, and emerging and frontier markets. Fund managers of these investments have the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position.

Fixed income includes investments directed toward capital preservation and predictable yield as well as more opportunistic strategies focused on generating return on price appreciation. These investments are primarily public investments such as U.S. Treasuries and other government obligations, investment-grade corporate bonds, high-yield corporate bonds, bank debt, commercial mortgage-backed securities, residential non-agency mortgage-backed securities, asset-backed securities, direct lending, and below investment-grade developed and emerging market sovereign debt. Vanderbilt may make investments through commingled vehicles, separately managed accounts, synthetic transactions, and limited partnership interests.

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Hedged strategies investments reflect multiple strategies such as event driven, relative value, and equity funds to diversify risks and reduce volatility in the portfolio generally in hedge fund structures. These strategies also include investments in long and short primarily credit-oriented securities. Investments may include mortgage-backed securities, trade finance, debt and asset-backed securities, repurchase agreements, senior loans, bank loans, and cash designated for investment. The fair value of open short positions is recorded as a liability and Vanderbilt records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of the open short position. By entering into short sales, Vanderbilt bears the market risk of increases in the value of the security sold short in excess of the proceeds received. Possible losses from short sales differ from losses that could be incurred from purchases of securities because losses from short sales may be unlimited, whereas losses from purchases cannot exceed the total amount invested.

Private capital consists of illiquid investments in buyouts, distressed debt, mezzanine debt, growth equity, and venture capital. Vanderbilt may make investments through commingled vehicles, separately managed accounts, synthetic transactions, limited partnership interests, and direct investments.

Real estate comprises illiquid investments in residential and commercial real estate assets, projects, publicly traded REITs or land held directly through separately managed accounts, limited partnership interests, and direct investments in properties. The nature of the investments in this category is such that distributions generally reflect liquidation of the underlying assets of the funds.

Natural resources include illiquid investments in timber, oil and gas production, mining, energy, and related services businesses held directly or in commingled limited partnership funds.

Commodities include public investments such as commodity futures, commodity-related equities, and private investments in energy, power, infrastructure, and timber. Investments may be made through commingled vehicles, separately managed accounts, synthetic transactions, limited partnership interests, and direct investments.

Trusts are Vanderbilt's split-interest agreements with donors, including charitable gift annuities, life income funds, and other nonendowed trusts.

Private credit includes privately originated or negotiated investments, comprising potentially higher yielding, illiquid opportunities across a range of risk and return profiles. They are not traded on the public markets.

8. ENDOWMENT

Endowment-related assets include donor-restricted endowments and institutional endowments (quasi-endowments). Vanderbilt's endowment does not include gift annuities, interests in trusts held by others, contributions pending donor designation, or contributions receivable.

Interpretation of Relevant Law

The Board of Trust's interpretation of its fiduciary responsibilities for donor-restricted endowments under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") requirements, barring the existence of any donor-specific provisions, is to preserve intergenerational equity. Under this broad guideline, future endowment beneficiaries should receive at least the same level of real economic support as the current generation. The overarching objective is to preserve and enhance the real (inflation-adjusted) purchasing power of the endowment in perpetuity. Vanderbilt invests assets to provide a relatively predictable and stable stream of earnings to meet spending needs and attain long-term return objectives without the assumption of undue risks.

UPMIFA specifies that unless stated otherwise in a gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for expenditure. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, Vanderbilt reports both the historical value for such endowments and the net accumulated appreciation, including recapitalizations, as net assets with donor restrictions. In this context, historical value represents the original value of initial contributions restricted as perpetual endowments plus the original value of subsequent contributions and, if applicable, the value of accumulations made in accordance with the direction of specific donor gift agreements.

Spending Policy

Specific appropriation for expenditure of Vanderbilt's endowment funds occurs each spring when the Board of Trust approves the university's operating budget for the subsequent fiscal year. For fiscal years 2024 and 2023, Vanderbilt's Board of Trust approved endowment distributions based on 5.0% of the average of the previous three calendar year-end market values subject to a 10.0% per year maximum growth in per unit spending. Vanderbilt reinvests actual realized endowment return earned in excess of distributions. For years when the endowment return is less than the distribution, the endowment pool's cumulative returns from prior years cover the shortfall.

Vanderbilt may not fully expend Board-appropriated endowment distributions in a particular fiscal year. In some cases, Vanderbilt will reinvest distributions into the endowment. Institutional endowments, which are Board-designated, include amounts for student scholarships and support for faculty research and teaching.

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The table below summarizes Vanderbilt's endowment for the fiscal years ended June 30 (*in thousands*):

2024	Without Donor Restrictions	With Donor Restrictions	Total
Endowments with donor restrictions	\$ -	\$ 4,042,009	\$ 4,042,009
Reinvested distributions	160,245	128,434	288,679
Institutional endowments	5,917,040	-	5,917,040
Endowment net assets as of June 30, 2024	\$ 6,077,285	\$ 4,170,443	\$ 10,247,728

2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowments with donor restrictions	\$ -	\$ 3,797,946	\$ 3,797,946
Reinvested distributions	153,789	120,035	273,824
Institutional endowments	5,612,426	-	5,612,426
Endowment net assets as of June 30, 2023	\$ 5,766,215	\$ 3,917,981	\$ 9,684,196

The purposes of endowments with donor restrictions as of June 30 were as follows (*in thousands*):

	2024	2023
Student scholarships	\$ 1,627,906	\$ 1,534,562
Endowed chairs	1,147,889	1,091,483
Operational support, not yet appropriated	729,052	694,479
Program support	356,351	313,378
Research	102,312	94,824
Faculty support and lectureships	74,477	68,516
Capital improvements	55,940	50,762
Other	76,516	69,977
Total endowments with donor restrictions	\$ 4,170,443	\$ 3,917,981

Return Objectives and Parameters

Currently, the endowment portfolio consists of three primary components designed to serve a specific role in establishing the right balance between risk and return. These three components are global, public, and private equity investments. Vanderbilt expects these three components, including private capital and many hedge funds, to produce favorable returns in environments of accelerated growth and economic expansion. Vanderbilt expects hedged strategies and fixed income investments to generate stable returns and preserve capital during periods of poor equity performance. Vanderbilt uses real estate and natural resources allocations to provide an inflation hedge.

Funds with Deficiencies

From time to time, the fair value of assets associated with an endowed fund may fall below the level that a donor or UPMIFA requires in terms of maintenance of perpetual duration endowments. Vanderbilt has a policy that permits spending from underwater funds, unless specifically prohibited by the donor or relevant laws and regulations. As of June 30, 2024, and 2023, Vanderbilt had 72 and 202 funds, respectively, with deficiencies of this nature resulting from unfavorable market declines that occurred after the investment of recent contributions with donor restrictions. Vanderbilt believes these declines are modest in relation to the total market value for donor-restricted endowments and that these deficiencies will be relatively short-term in nature. The amount of such deficiencies for the fiscal years ended June were as follows (*in thousands*):

	2024	2023
Aggregate original gift amount	\$ 39,188	\$ 76,946
Less aggregate fair value	37,086	72,330
Aggregate deficiency	\$ 2,102	\$ 4,616

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Changes in endowment net assets for the fiscal years ended June 30 were as follows (*in thousands*):

2024	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of June 30, 2023	\$ 5,766,215	\$ 3,917,981	\$ 9,684,196
Endowment investment return, net	521,076	355,740	876,816
Gifts and additions to endowment, net	66,034	83,914	149,948
Endowment distributions	(276,040)	(187,192)	(463,232)
Endowment net assets as of June 30, 2024	\$ 6,077,285	\$ 4,170,443	\$ 10,247,728

2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of June 30, 2022	\$ 6,108,670	\$ 4,097,398	\$ 10,206,068
Endowment investment return, net	(117,872)	(79,586)	(197,458)
Gifts and additions to endowment, net	24,269	67,367	91,636
Endowment distributions	(248,852)	(167,198)	(416,050)
Endowment net assets as of June 30, 2023	\$ 5,766,215	\$ 3,917,981	\$ 9,684,196

9. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment as of June 30 were as follows (*in thousands*):

	2024	2023
Land	\$ 273,936	\$ 271,234
Buildings and improvements	2,427,170	2,339,073
Moveable equipment	359,840	335,048
Construction in progress	532,366	269,765
Property, plant, and equipment	3,593,312	3,215,120
Less: Accumulated depreciation	(1,494,871)	(1,398,064)
Property, plant, and equipment, net	\$ 2,098,441	\$ 1,817,056

Buildings and improvements include \$14.4 million of leasehold improvements in both the years ended June 30, 2024, and 2023. Vanderbilt reports property, plant, and equipment at cost or, if a gift, at fair value as of the date of the gift, net of accumulated depreciation. Vanderbilt computes depreciation using the straight-line method over the estimated useful lives of the assets: 10 to 50 years for buildings, building improvements, and land improvements; the shorter of the asset life or life of the lease including renewal options for which we are reasonably certain of their exercise for leasehold improvements; and three to 25 years for machinery and equipment.

Purchases for the fine art and library collections are not included in the amounts above as Vanderbilt expenses such items at the time of purchase. As of June 30, 2024, the estimated replacement cost, including processing costs to properly identify, catalog, and shelf materials, for library collections totaled \$486.9 million and for fine art collections totaled \$50.3 million. Any proceeds from deaccessioned collection items are used for the direct care of existing collections. Direct care is an investment that enhances the life, usefulness, or quality of the collection.

Vanderbilt reported capitalized interest of \$5.8 million and \$2.2 million to construction in progress and/or buildings and improvements in the years ended June 30, 2024, and 2023, respectively.

Vanderbilt reviews property, plant, and equipment for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The university recognizes an impairment loss if the carrying amount of a long-lived asset exceeds its fair value and is not recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Vanderbilt did not recognize any impairment losses in fiscal 2024 or 2023.

Vanderbilt identified conditional asset retirement obligations, primarily for the costs of asbestos removal and disposal, resulting in liabilities of \$4.1 million and \$6.6 million as of June 30, 2024, and 2023, respectively. These liability estimates, included in accounts payable and accrued liabilities in the consolidated statements of financial position, use an inflation rate of 4.93% and 8.26% as of June 30, 2024, and 2023, respectively, and a discount rate of 5.29% and 4.98% as of June 30, 2024, and 2023, respectively, based on relevant factors at origination.

10. LONG-TERM DEBT

Long-term debt consists of bonds and notes payable with scheduled final maturity dates at least one year after the original issuance date.

Outstanding long-term debt reflected in the financial statements at carrying value as of June 30 were as follows (*in thousands*):

	Fiscal Year of Maturity	Fixed Coupon Interest Rates as of June 30, 2024	Fiscal 2024 Effective Interest Rate	Outstanding Principal	
				2024	2023
FIXED-RATE DEBT					
Series 2016 - Taxable	2047	2.24% - 3.44%	3.2%	\$ 109,125	\$ 112,490
Series 2018 – Private Placement	2049	3.93%	3.9%	293,000	300,000
Series 2019 – Private Placement	2038	2.51%	2.5%	97,365	103,125
Series 2020 – Private Placement	2050	3.00%	3.0%	100,000	100,000
Fixed-rate debt (par amount)			3.4%	\$ 599,490	\$ 615,615
Unamortized cost of issuance			-	(1,080)	(955)
Total long-term debt			3.4%	\$ 598,410	\$ 614,660
COMMERCIAL PAPER					
Tax-exempt commercial paper	< 1		3.4%	\$ 100,000	\$ 25,000
Taxable commercial paper	< 1		5.4%	-	24,688
Total commercial paper			3.5%	\$ 100,000	\$ 49,688
Total long-term debt and commercial paper			3.4%	\$ 698,410	\$ 664,348

All debt instruments are general obligations of Vanderbilt. Vanderbilt did not pledge any of its assets as collateral for this debt. Payments for interest costs occur on varying scheduled payment dates for debt. Vanderbilt calculates accrued interest expense for its debt based on applicable interest rates for the respective fiscal year. Interest expense of \$17.5 million in fiscal 2024 is net of capitalized interest of \$5.8 million. Interest expense of \$20.8 million in fiscal 2023 includes \$0.5 million of other interest expense and is net of capitalized interest of \$2.2 million.

Principal retirements and scheduled sinking fund requirements based on nominal maturity schedules for long-term debt due in subsequent fiscal years are as follows (*in thousands*):

2025	\$ 16,345
2026	16,605
2027	17,535
2028	17,815
2029	18,130
Thereafter	513,060
Total long-term debt principal retirements	\$ 599,490

In April 2024, Vanderbilt issued \$25.0 million (par) under its existing Tax-Exempt Commercial Paper Program Number One to finance various construction projects. In September 2023, Vanderbilt issued \$25.0 million (par) under its existing Tax-Exempt Commercial Paper Program Number One to finance various construction projects. In August 2023, Vanderbilt issued \$25.0 million (par) under its existing Tax-Exempt Commercial Paper Program Number One to finance various construction projects. In July 2023, Vanderbilt retired \$25.0 million (par) Commercial Paper under its existing Taxable Commercial Paper Program using working capital.

On December 6, 2021, Vanderbilt University executed a 24-month Treasury Lock (the “Lock”) with a national, United States bank using the underlying 30-year U.S. Treasury rate. The notional amount of the Lock was \$200.0 million. The all-in locked rate, including the forward and execution premium, was 1.8%. Maturity on the Lock was December 6, 2023. No collateral postings were required during the term of the Lock. Vanderbilt executed this Lock in anticipation of future long-term debt issuances. In August 2023, Vanderbilt terminated the remaining \$25.0 million notional of the Lock for \$9.6 million in proceeds.

11. NET ASSETS

The following is a summary of net assets as of June 30 (*in thousands*):

2024	Without donor restriction	With donor restriction	Total
Operations	\$ (113,553)	\$ -	\$ (113,553)
Deferred trademark license revenue	(1,750,330)	-	(1,750,330)
Net investment in plant	1,608,940	215	1,609,155
Endowment funds	6,077,285	4,170,443	10,247,728
Donor pledges and gifts	-	256,733	256,733
Split-interest agreements	-	70,238	70,238
Net assets attributable to Vanderbilt	5,822,342	4,497,629	10,319,971
Net assets related to noncontrolling interests	543	-	543
Total net assets as of June 30, 2024 ¹	\$ 5,822,885	\$ 4,497,629	\$ 10,320,514

¹ Total net assets with donor restrictions as of June 30, 2024, includes net asset with donor restrictions restricted in perpetuity of \$1,814,383.

2023	Without donor restriction	With donor restriction	Total
Operations	\$ 182,409	\$ -	\$ 182,409
Deferred trademark license revenue	(1,796,712)	-	(1,796,712)
Net investment in plant	1,314,680	206	1,314,886
Endowment funds	5,766,215	3,917,981	9,684,196
Donor pledges and gifts	-	242,647	242,647
Split-interest agreements	-	72,710	72,710
Net assets attributable to Vanderbilt	5,466,592	4,233,544	9,700,136
Net assets related to noncontrolling interests	10,444	-	10,444
Total net assets as of June 30, 2023 ¹	\$ 5,477,036	\$ 4,233,544	\$ 9,710,580

¹ Total net assets with donor restrictions as of June 30, 2023, includes net asset with donor restrictions restricted in perpetuity of \$1,714,305.

12. FAIR VALUE MEASUREMENT

Vanderbilt utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 consist of quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 include inputs other than quoted prices in Level 1 directly or indirectly observable for the assets or liabilities.

Level 3 are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety is classified depends on the lowest level input that is significant to the fair value measurement.

The significance of the unobservable inputs to the overall fair value measurement determines the classification of a financial instrument within level 3.

The fair values of alternative investments (interests in private equity, hedge, real estate, and other similar funds) for which quoted market prices are not available are generally measured based on the reported partner's capital or net asset value ("NAV") provided by the associated external investment managers. The reported partner's capital or NAV is subject to management's assessment that the valuation provided is representative of fair value.

The consolidated statements of activities reflect: all realized and unrealized gains and losses net of expenses on investments as appreciation of endowment or appreciation of other investments; gains and losses on investments allocable to noncontrolling interests as a component of appreciation of endowment; and net realized and unrealized gains and losses on interests in trusts held by others as other sources.

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Rollforwards of amounts for level 3 financial instruments for the fiscal years ended June 30 follow (in thousands):

	Beginning balance as of June 30, 2023	Net realized and unrealized gains(losses) ¹	Purchases	Sales	Transfers into/(out of) level 3	Ending balance as of June 30, 2024
LEVEL 3 ASSETS						
Real estate	\$ 12	\$ -	\$ -	\$ (4)	\$ -	\$ 8
Trusts	22,677	2,823	1,371	(4,477)	-	22,394
Other investments	2,412	16	500	-	-	2,928
Interests in trusts held by others	30,071	(1,971)	-	(1,373)	-	26,727
Total Level 3	\$ 55,172	\$ 868	\$ 1,871	\$ (5,854)	\$ -	\$ 52,057

¹Total unrealized gains/(losses) relating to level 3 investment assets held by the university at June 30, 2024, is \$400.0 and is reflected in "Appreciation of endowment, net of distributions" for private capital and natural resources categories as well as "Other sources" for remaining categories in the consolidated statement of activities.

	Beginning balance as of June 30, 2022	Net realized and unrealized gains(losses) ¹	Purchases	Sales	Transfers into/(out of) level 3	Ending balance as of June 30, 2023
LEVEL 3 ASSETS						
Real estate	\$ 16	\$ (4)	\$ -	\$ -	\$ -	\$ 12
Trusts	23,195	1,814	568	(2,900)	-	22,677
Other investments	1,648	14	750	-	-	2,412
Interests in trusts held by others	31,063	(580)	-	(412)	-	30,071
Total Level 3	\$ 55,922	\$ 1,244	\$ 1,318	\$ (3,312)	\$ -	\$ 55,172

¹Total unrealized gains/(losses) relating to level 3 investment assets held by the university at June 30, 2023, is \$928.3 and is reflected in "Appreciation of endowment, net of distributions" for private capital and natural resources categories as well as "Other sources" for remaining categories in the consolidated statement of activities.

The following tables present the amounts within each valuation hierarchy level for those assets and liabilities carried at fair value: cash and cash equivalents; investments; investments allocable to noncontrolling interests (in Vanderbilt-controlled real estate and other partnerships); interests in trusts held by others; securities sold short; and the fair value of interest rate exchange agreements.

Also included in the following tables, as a measure of liquidity, are the redemption terms and restrictions of investments, along with the numbers of days' notice required to liquidate these investments. Most investments classified as levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings. Vanderbilt's ability to redeem its interest at or near the financial statement date determines the net assets' classification as level 2 or level 3. Vanderbilt defines near-term as within 90 days of the financial statement date. The total asset values for short-term securities, global equities, fixed income, hedged strategies, and commodities provide varying levels of liquidity, with daily to annual redemption frequencies. These strategies allow Vanderbilt to provide notice to the fund managers to exit from the respective funds in the time periods noted.

The total asset values for private capital, real estate, natural resources, private credit, and other investments are illiquid as of both June 30, 2024, and 2023. These amounts predominantly consist of limited partnerships. Under the terms of these limited partnership agreements, Vanderbilt is obligated to remit additional funding periodically as capital calls are exercised by the general partner. These partnerships have a limited existence, and the agreements may provide for annual extensions relative to the timing for disposing portfolio positions and returning capital to investors. Depending on market conditions, the ability or inability of a fund to execute its strategy, and other factors, the general partner may extend the terms or request an extension of terms of a fund beyond its originally anticipated existence or may liquidate the fund prematurely. Unforeseen events prevent Vanderbilt from anticipating such changes. As a result, the timing and amount of future capital calls or distributions in any particular year are uncertain and the related asset values are illiquid.

Trusts are restricted by donors according to the underlying gift agreement with assets held to satisfy annuity obligations or until a remainder portion becomes available upon termination. As such, trusts are illiquid until termination, the timing of which is unknown.

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The following tables summarize the fair value measurements and terms for redemptions or liquidations for those assets and liabilities carried at fair value as of June 30 (*in thousands*):

Assets Reported at Fair Value as of June 30, 2024						
	Fair Value Measurements					Total
	Level 1	Level 2	Level 3	NAV		
Cash and cash equivalents	\$ 805,431	\$ -	\$ -	\$ -	\$ -	\$ 805,431
Short-term securities	95,571	-	-	-	-	95,571
Global equities	1,675,210	78,636	-	199,988	-	1,953,834
Fixed income	347,421	512,790	-	95,667	-	955,878
Hedged strategies ¹	1,256,508	540,821	-	340,190	-	2,137,519
Private capital	(391)	2,246	-	3,924,492	-	3,926,347
Real estate	235,732	-	8	331,282	-	567,022
Natural resources	-	-	-	559,449	-	559,449
Commodities	242,971	-	-	-	-	242,971
Trusts	-	-	22,394	-	-	22,394
Private credit	-	-	-	38,532	-	38,532
Other investments ²	6,703	14,405	2,928	-	-	24,036
Interests in trusts held by others	-	-	26,727	-	-	26,727
Total assets reported at fair value	\$ 4,665,156	\$ 1,148,898	\$ 52,057	\$ 5,489,600	\$ -	\$ 11,355,711
Liabilities Reported at Fair Value as of June 30, 2024						
Securities sold short	\$ 456,032	\$ 75,828	\$ -	\$ -	\$ -	\$ 531,860
Total liabilities reported at fair value	\$ 456,032	\$ 75,828	\$ -	\$ -	\$ -	\$ 531,860

¹ Includes \$553.1 million of cash and cash equivalents classified as investments.

² On August 4, 2023, Vanderbilt terminated the remaining \$25.0 million notional of the Lock described in Note 10. Vanderbilt received \$9.6 million in proceeds as a result of the termination.

Assets Reported at Fair Value as of June 30, 2023						
	Fair Value Measurements					Total
	Level 1	Level 2	Level 3	NAV		
Cash and cash equivalents	\$ 937,070	\$ -	\$ -	\$ -	\$ -	\$ 937,070
Short-term securities	212	-	-	-	-	212
Global equities	1,876,446	59,909	-	150,682	-	2,087,037
Fixed income	232,568	543,860	-	62,674	-	839,102
Hedged strategies ¹	1,347,424	494,620	-	376,951	-	2,218,995
Private capital	18,368	31,269	-	3,690,123	-	3,739,760
Real estate	-	-	12	297,703	-	297,715
Natural resources	223	-	-	580,291	-	580,514
Commodities	212,650	-	-	-	-	212,650
Trusts	-	-	22,677	-	-	22,677
Private credit	-	-	-	15,327	-	15,327
Other investments ²	6,735	24,877	2,412	-	-	34,024
Interests in trusts held by others	-	-	30,071	-	-	30,071
Total assets reported at fair value	\$ 4,631,696	\$ 1,154,535	\$ 55,172	\$ 5,173,751	\$ -	\$ 11,015,154
Liabilities Reported at Fair Value as of June 30, 2023						
Securities sold short	\$ 513,571	\$ 65,600	\$ -	\$ -	\$ -	\$ 579,171
Total liabilities reported at fair value	\$ 513,571	\$ 65,600	\$ -	\$ -	\$ -	\$ 579,171

¹ Includes \$616.8 million of cash and cash equivalents classified as investments.

² Balance includes an \$8.7 million positive mark-to-market on the remaining \$25.0 million notional of the Treasury Lock as of June 30, 2023. As of June 30, 2023, \$175.0 million total notional of the original \$200.0 million notional Treasury Lock was terminated. The positive mark-to-market balance is recorded in "Investments" on the consolidated statements of financial position.

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Redemption Terms and Restrictions as of June 30, 2024

	2024 Fair Value	Redemption Terms	Redemption Restrictions
Cash and cash equivalents	\$ 805,431	Daily, with same-day to 90-day notice	No restrictions
Short-term securities	95,571	Daily, with 1-day notice	No restrictions
Global equities	1,953,834	Daily to annually, with 1- to 90-day notice	Lock-up provision ranging from none to 2 years
Fixed income	955,878	Daily to annually, with 1- to 365-day notice	No restrictions
Hedged strategies	2,137,519	Daily to annually, with 15- to 90-day notice	Lock-up provision ranging from none to 2 years
Private capital	3,926,347	N/A	Not redeemable
Real estate	567,022	N/A	Not redeemable
Natural resources	559,449	N/A	Not redeemable
Commodities	242,971	Daily, with 1- to 30-day notice	No restrictions
Trusts	22,394	N/A	Not redeemable
Private credit	38,532	N/A	Not redeemable
Other investments	24,036	N/A	Not redeemable
Interests in trusts held by others	26,727	N/A	Not redeemable

13. LEASES

Vanderbilt has recognized operating right-of-use assets (ROU) and lease liabilities for leases on its consolidated statements of financial position. The balances of prepaid and accrued rent, lease incentives, and unamortized assets and liabilities are presented within operating lease ROU assets on Vanderbilt's consolidated statements of financial position.

Vanderbilt is obligated under numerous operating leases to pay base rent through the respective lease expiration dates. Operating leases primarily consist of equipment and real property for educational campus facilities and office space with remaining lease terms of up to 10 years through fiscal 2032. Variable lease payments based on an index or rate, such as the consumer price index, are initially measured using the index or rate in effect at lease commencement. Vanderbilt has elected the short-term lease exception under Topic 842 for all leases and, as such, leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position. Vanderbilt recognizes lease expense for short-term leases on a straight-line basis over the lease term.

The following tables summarize the total lease expenses components incurred for the fiscal years ended June 30 (*in thousands*):

	2024	2023
Operating lease expense	\$ 14,743	\$ 13,505
Short-term lease expense	5,335	5,146
Total lease expense	\$ 20,078	\$ 18,651

Other lease information	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 15,185	\$ 13,857
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 835	\$ 2,750
Weighted-average remaining lease term - operating leases	4.61 years	4.37 years
Weighted-discount rate - operating leases	2.66%	3.00%

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The undiscounted cash flows due by fiscal year related to significant noncancelable operating leases with initial terms in excess of one year as of June 30, 2024, along with a reconciliation to the discounted amount recorded as of June 30, 2024, were as follows (*in thousands*):

2025	\$	15,377
2026		15,112
2027		6,059
2028		3,249
2029		1,106
Thereafter		2,816
Total undiscounted cash flows		\$ 43,719
Less amount representing imputed interest		2,704
Total lease obligation		\$ 41,015

Property leases for buildings owned by Vanderbilt University Medical Center (40%) and 2100 West End Avenue (25%) account for approximately 65% of the total future minimum rentals as of June 30, 2024.

Vanderbilt is the lessor in several long-term noncancelable operating leases for commercial space through fiscal year 2114. Property leases owned by Vanderbilt University and leased by Vanderbilt University Medical Center account for approximately 98% of the total future minimum operating rental revenue as of June 30, 2024. Operating rental income was \$25.4 million and \$25.2 million of June 30, 2024, and June 30, 2023, respectively.

Future minimum operating rental revenue due as of June 30, 2024, is summarized below (*in thousands*):

2025	\$	31,628
2026		31,175
2027		24,244
2028		23,560
2029		22,633
Thereafter		1,692,357
Total future minimum rentals		\$ 1,825,597

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14. REVENUE RECOGNITION

The following table presents Vanderbilt's sources of revenue as of June 30 as follows (*in thousands*):

	2024	2023
Tuition and educational fees, net		
Undergraduate [net of financial aid, \$221,416 and \$195,094, respectively]	\$ 234,273	\$ 234,307
Professional [net of financial aid, \$63,149 and \$64,503, respectively]	148,403	150,427
Graduate [net of financial aid, \$60,783 and \$57,547, respectively]	12,757	11,249
Total tuition and educational fees, net	395,433	395,983
Grants:		
Government sponsors ¹	163,580	168,926
Private sponsors ¹	14,369	11,274
Facilities and administrative costs recovery ¹	50,563	48,229
Contracts:		
Government sponsors ²	46,017	40,682
Private sponsors ³	18,580	20,180
Facilities and administrative costs recovery ⁴	26,499	27,012
Total grants and contracts	319,608	316,303
Contributions ¹	117,757	165,378
Endowment distributions ¹	463,232	416,051
Room, board, and other auxiliary services, net		
Room and board, net [net of financial aid, \$55,354 and \$48,768, respectively]	58,421	57,798
Auxiliary revenue from affiliates	38,288	36,486
West Trace	16,797	17,558
Vanderbilt Legends Club	11,672	11,328
External rental revenue ¹	11,200	9,907
Parking and vehicle registration	7,146	6,285
Commissions revenue	3,030	2,747
Other auxiliary services	6,624	6,015
Total room, board, and other auxiliary services, net	153,178	148,124
Trademark, license, and royalty revenue	142,823	173,974
Affiliated entity revenue	194,610	195,411
Other sources		
Television revenue	39,106	38,151
Investment (loss) income ¹	35,773	21,490
Tournament revenue	13,035	12,717
Student athletics ticket revenue	7,273	7,635
Conference and seminar revenue	6,024	4,334
Child care operations	4,780	4,497
Miscellaneous revenue from affiliate	3,188	2,900
Other miscellaneous revenue	23,662	23,179
Total other sources	132,841	114,903
Total revenues and other support	\$ 1,919,482	\$ 1,926,127

¹ Not considered revenue from contracts with customers.

² Revenue from government sponsors includes contracts with customers of \$45.9 million and contributions of \$0.1 million in fiscal 2024 and contracts with customers of \$40.3 million and contributions of \$0.4 million in fiscal 2023.

³ Revenue from private sponsors includes contracts with customers of \$18.6 million in fiscal 2024 and contracts with customers of \$20.0 million in fiscal 2023.

⁴ Revenue from facilities and administrative costs recovery includes contracts with customers of \$26.5 million in fiscal 2024 and contracts with customers of \$27.0 million in fiscal 2023.

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Vanderbilt's related revenue recognition policies are:

Tuition and educational fees, net—Vanderbilt recognizes student tuition and educational fees as performance obligations that are satisfied over time in the amount that reflects the consideration expected for providing academic services in the year those services occur. Vanderbilt reflects financial aid provided for tuition and educational fees as a reduction to the expected consideration. Financial aid does not include payments made to students for services provided to Vanderbilt or financial aid applied to undergraduate room and board. In addition, students who adjust their course load or withdraw completely within the first three weeks of the academic term may receive a full or partial refund in accordance with Vanderbilt's refund policy. Refunds issued reduce the amount of tuition recognized. Tuition payments from students are due approximately 30 days after the invoice date.

Grants and contracts—Vanderbilt records revenues related to grants and contracts in two portfolio categories based on the source of the funds:

Government Sponsors provide funding for research largely to advance knowledge for public or academic benefit in direct support of Vanderbilt's mission. Vanderbilt primarily considers these sponsored research agreements to be contributions (nonreciprocal transactions). Vanderbilt recognizes grant and contract revenue associated with contributions from government sponsors as earned when the conditions are met (allowable expenses have been incurred). Additionally, a small portion of government-sponsored awards qualifies as exchange (reciprocal) transactions. The transaction price for exchange transactions is the stated amount of the award. Vanderbilt recognizes grants and contracts revenue related to these exchange transactions as performance obligations that are satisfied based on the terms of the agreement.

Private Sponsors consist of private agencies, professional associations, private foundations, corporate foundations and corporations and may be either donors or sponsors depending on the nature, intent, and expectations of the funding they are providing. Vanderbilt recognizes revenue associated with contributions from private sponsors as the conditions are met. Additionally, some private sponsor awards qualify as exchange (reciprocal) transactions. The transaction price for exchange transactions is the stated amount of the award. Vanderbilt recognizes grants and contracts revenue related to these exchange transactions at the time services are provided.

Facilities and administrative (F&A) costs recovery is recognized by Vanderbilt as revenue. This activity represents reimbursement, primarily from the federal government, of F&A costs on sponsored activities. Vanderbilt's federal F&A cost recovery rate for on-campus research was 58.5% in fiscal 2024 and in fiscal 2023. Vanderbilt's federal F&A off-campus research remote cost recovery rate was 26.0% in fiscal 2024 and in fiscal 2023. Vanderbilt's federal F&A off-campus research adjacent cost recovery rate was 29.5% in fiscal 2024 and in fiscal 2023.

Endowment distributions—Endowment distributions reported as operating revenue consist of endowment return (regardless of when such income arose) distributed to support operational needs in the current period. Vanderbilt's Board of Trust approves the distribution amount from the endowment pool on an annual basis, determined by applying a spending rate to an average of the previous three calendar year-end market values. The primary objective of the endowment distribution methodology is to reduce the impact of capital market fluctuations on operational programs.

Trademark, license, and royalty revenue—The Trademark License Agreement ("TML") between Vanderbilt and VUMC comprises the majority of trademark, license, and royalty revenue. Vanderbilt recognizes all trademark, license, and royalty revenues upon satisfaction of the performance obligation in accordance with the terms of the underlying agreements, which generally result in recognition of the revenue over the term of the agreement. In July 2018, Vanderbilt recorded \$1.43 billion related to the securitized trademark revenue stream as deferred revenue on the statement of financial position and recognizes related revenue upon satisfaction of the performance obligation in accordance with the 30-year term of the underlying agreement. In December 2019, Vanderbilt sold 30 years of a portion of the 1%-of-VUMC revenue TML payment stream in exchange for cash consideration of \$331.6 million. In February 2021, Vanderbilt sold 29 years of an additional portion of the 1%-of-VUMC revenue TML payment stream in exchange for cash consideration of \$277.2 million.

Affiliated entity revenue—Affiliated entity revenue represents amounts received from VUMC to support and ensure sustainability of the upstream research pipeline and other academic initiatives and to compensate Vanderbilt for the provision of operating and capital infrastructure services to VUMC, primarily in campus infrastructure, campus safety and security, and various support functions. Vanderbilt recognizes affiliated entity revenues upon satisfaction of the performance obligation in accordance with the terms of the underlying agreements.

Investment income—Investment income consists of distributions associated with working capital assets invested in long-term pooled investments managed in conjunction with endowment funds and dividends, interest, and gains/losses on other university investments. Vanderbilt reports any difference between total returns for pooled working capital assets and the aforementioned distributions as nonoperating activity. Investment income is included in "Other sources" on the consolidated statements of activities.

Other revenue—Vanderbilt recognizes revenue from other sources as the related services are provided and/or amounts are otherwise earned upon satisfaction of the performance obligation in accordance with the terms of the underlying agreements.

15. FUNCTIONAL CLASSIFICATION OF EXPENSES AND ALLOCATIONS

Vanderbilt presents functional classification of expenses in accordance with the mission of the university. Vanderbilt's primary programs are instruction and academic support, research and public services, and student services. Support activities are incurred in support of these primary programs.

For operating expenses that benefit multiple functional categories, Vanderbilt allocates these expenses to reflect the full cost of all activities. Based on the functional uses of space on its campus, Vanderbilt allocated operation and maintenance of facilities, depreciation, and interest on indebtedness across functional expense categories.

The following tables summarize operating expenses by natural and functional classification for the fiscal years ended June 30 (*in thousands*):

	Instruction & academic support		Research & public service		Student services		Total program expenses	Support activities	Total expenses			
2024												
Salaries, wages, and benefits	\$	410,774	\$	162,998	\$	138,446	\$	712,218	\$	217,049	\$	929,267
Supplies, services, and other		193,283		97,899		95,809		386,991		208,001		594,992
Interest		1,776		900		654		3,330		14,165		17,495
Depreciation		20,793		13,464		10,271		44,528		62,663		107,191
Grants to affiliate		-		36,564		-		36,564		-		36,564
Total expenses	\$	626,626	\$	311,825	\$	245,180	\$	1,183,631	\$	501,878	\$	1,685,509

	Instruction & academic support		Research & public service		Student services		Total program expenses	Support activities	Total expenses			
2023												
Salaries, wages, and benefits	\$	391,854	\$	146,145	\$	76,383	\$	614,382	\$	218,230	\$	832,612
Supplies, services, and other		237,738		89,200		74,794		401,732		228,490		630,222
Interest		2,513		1,435		1,620		5,568		15,252		20,820
Depreciation		22,713		18,114		10,537		51,364		49,991		101,355
Grants to affiliate		-		30,845		-		30,845		-		30,845
Total expenses	\$	654,818	\$	285,739	\$	163,334	\$	1,103,891	\$	511,963	\$	1,615,854

16. RETIREMENT PLANS

Vanderbilt's eligible faculty and staff members participate in a defined contribution retirement plan administered by a third-party investment firm. For these employees, this plan requires employee and matching employer contributions. The employee immediately vests in these contributions upon eligibility.

Vanderbilt funds the obligations under these plans through payroll transfers to the respective retirement plan administrators with the corresponding expenses recognized in the year incurred. Vanderbilt's retirement plan contributions for fiscal 2024 and 2023 were \$34.3 million and \$23.3 million, respectively.

17. COMMITMENTS AND CONTINGENCIES

(A) *Construction.* As of June 30, 2024, Vanderbilt had contractual commitments for approximately \$227.8 million of projects under construction and equipment purchases. The largest components of this commitment amount were for the football stadium south end zone for \$63.1 million, underground corridors for \$45.4 million, Garland Hall renovation for \$38.0 million, and Highland plant and electrical substation for \$30.4 million.

(B) *Litigation.* On May 17, 2016, a former Vanderbilt football player filed suit against the NCAA, the SEC, and Vanderbilt in the Middle District of Florida in Orlando seeking class action status for students who played football at Vanderbilt between 1952 and 2010. The suit is styled *Walthour v. Vanderbilt University, et al.*, No. 16-cv-834 (M.D. FL.). Walthour alleged he suffered "several" concussions and now has cognitive functioning problems, such as loss of memory, mood swings, sensitivity to light, and blackouts. The suit has been transferred to the Northern District of Illinois for pretrial purposes as a tag-along action to the multidistrict litigation styled *In re: National Collegiate Athletic Association Student-Athlete Concussion Injury Litigation*, MDL No. 2492.

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Vanderbilt believes that the outcome of this action will not have a significant effect on its consolidated financial position. Vanderbilt is otherwise involved in various legal actions occurring in the normal course of activities, which will not have a material adverse effect on Vanderbilt's financial position.

In November 2023, Vanderbilt agreed to settle a class action lawsuit in which it had been named a co-defendant along with sixteen other universities. The court granted preliminary approval for the settlement in February 2024, and the court granted final approval for the settlement in July 2024. The agreed upon settlement amount of \$55.0 million is included in other nonoperating changes, net in the 2024 Consolidated Statement of Activities.

(C) *Regulations.* Vanderbilt's compliance with regulations and laws is subject to future government reviews and interpretations, as well as regulatory actions unknown at this time. Vanderbilt believes that any potential liability from such reviews would not have a significant effect on Vanderbilt's consolidated financial position.

(D) *Employee Health and Workers' Compensation Insurance.* Vanderbilt is self-insured for employee health insurance and workers' compensation coverage. Vanderbilt bases estimated liabilities upon studies conducted by independent actuarial firms.

(E) *Federal and State Contracts and Other Requirements.* 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 contract revenue as well as facilities and administrative cost recovery. Vanderbilt would not expect these costs to materially impact the consolidated financial position.

(F) *Partnership Investment Commitments.* Vanderbilt had \$1,363.5 million of commitments to venture capital, real estate, and private equity investments as of June 30, 2024. At the request of the general partners, Vanderbilt may be required to contribute funds over the next several years. Vanderbilt expects to finance these commitments with available cash and expected proceeds from the sales of securities. Included in these commitments is (\$2.6) million of commitments for which Vanderbilt is a secondary guarantor for commitments in certain investment vehicles where minority limited partners in subsidiaries that Vanderbilt controls have the primary obligations.

18. RELATED PARTIES

Intermittently, members of Vanderbilt's Board of Trust or Vanderbilt employees may be directly or indirectly associated with companies engaged in business activities with the university and may directly transact with the university (such as contributions, employee loans, etc.). Accordingly, Vanderbilt has a written conflict of interest policy that requires, among other things, that members of the university community (including trustees) may not review, approve, or administratively control contracts or business relationships when (a) the contract or business relationship is between Vanderbilt and a business in which the individual or a family member has a material financial interest or (b) the individual or a family member is an employee of the business and is directly involved with activities pertaining to Vanderbilt.

Furthermore, Vanderbilt's conflict of interest policy extends beyond the foregoing business activities in that disclosure is required for any situation in which an applicable individual's financial, professional, or other personal activities may directly or indirectly affect, or have the appearance of affecting, an individual's professional judgment in exercising any university duty or responsibility, including the conduct or reporting of research.

The policy extends to all members of the university community (including trustees, university officials, and faculty and staff and their immediate family members). Each applicable person is required to certify compliance with the conflict of interest policy on an annual basis. This certification includes specifically disclosing whether Vanderbilt conducts business with an entity in which he or she (or an immediate family member) has a material financial interest as well as any other situation that could appear to present a conflict with Vanderbilt's best interests. When situations exist relative to the conflict of interest policy, Vanderbilt takes active measures to manage appropriately the actual or perceived conflict in the best interests of the university, including periodic reporting of the measures taken to the Audit Committee of the Vanderbilt University Board of Trust.

Additionally, certain entities in which the university has invested (within our investment portfolio) could potentially meet the definition of a related party under ASC Topic 850 Related Party Disclosures.

19. VANDERBILT UNIVERSITY MEDICAL CENTER

Vanderbilt has an ongoing economic relationship with VUMC in the form of an Academic Affiliation Agreement ("AAA"), a Trademark License Agreement, a Ground Lease, and a Master Service Agreement ("MSA").

The AAA recognizes the ongoing academic, research, and clinical affiliation between the university and VUMC for all of the university's degree-granting, certificate, and research programs. The AAA serves to allocate responsibility between the university and VUMC for jointly

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administered academic programs, residency programs, and ongoing roles and rights of the university. The AAA will remain in effect until termination of the TML or Ground Lease.

Pursuant to the TML, the university grants, subject to certain consents and approvals, a perpetual license to VUMC to use various university-owned licensed marks in connection with VUMC's fundamental activities. The licensed marks, which VUMC will continue to use as the primary brands of VUMC, include virtually all those currently in use by VUMC. The TML will remain in effect until termination of the AAA or Ground Lease.

In July 2018, Vanderbilt securitized 30 years of one of the university's trademark revenue streams and sold the remaining \$89.6 million balance of a promissory note receivable. This securitization occurred on a true-sale basis to a group of external investors in exchange for net cash consideration of \$1.43 billion and a special interest obligation equivalent to the remaining future promissory note interest stream. In December 2019, Vanderbilt securitized 30 years of a portion of the 1%-of-VUMC revenue TML payment stream in exchange for cash consideration of \$331.6 million. This securitization occurred on a true-sale basis. In February 2021, Vanderbilt securitized 29 years of a portion of the 1%-of-VUMC revenue TML payment stream in exchange for cash consideration of \$277.2 million. This securitization occurred on a true-sale basis.

The Ground Lease allows VUMC to use the land on which its campus and related buildings are located. The initial term of the Ground Lease ends June 30, 2114, with the option to extend for up to two additional terms of 50 to 99 years each upon mutual agreement by Vanderbilt and VUMC.

Vanderbilt and VUMC provide specified services to one another for agreed-upon consideration as outlined in the MSA. Vanderbilt continues to provide services to VUMC such as IT support, utilities, and law enforcement staffing. VUMC will continue to provide graduate medical education and training to Vanderbilt. The terms of these service agreements between Vanderbilt and VUMC are unique to each agreement.

20. SUBSEQUENT EVENTS

Vanderbilt evaluated events subsequent to June 30, 2024, through September 30, 2024, the date of issuance of the consolidated financial statements.

On August 1, 2024, Vanderbilt issued the Series 2024 tax-exempt bonds in the par amount of \$320.0 million.

Vanderbilt did not identify any other material subsequent events for recognition or disclosure.

