VCU | Virginia Commonwealth University™

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

June 30, 2025

VIRGINIA COMMONWEALTH UNIVERSITY · 1838 · MCV · RPI

VCU

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MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025
(unaudited)

Virginia Commonwealth University's Management Discussion and Analysis (MD&A) provides a discussion and overview of the financial performance during the fiscal year ended June 30, 2025, with comparative information presented for the fiscal year ended June 30, 2024. While maintaining its financial health is crucial to the long-term viability of the University, the primary mission of a public institution of higher education is to provide education, research and public service.

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

Understanding the Financial Statements

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

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

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

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

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

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

Statement of Net Position

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

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

Condensed Statement of Net Position

as of June 30,	2025	2024, as restated	$ Change	% Change
Current and other assets	$1,316,046,344	$1,230,872,819	$85,173,525	7%
Capital assets – net	1,446,089,061	1,421,132,151	24,956,910	2%
Deferred outflows	133,687,549	119,127,092	14,560,457	12%
Total assets and deferred outflows	2,895,822,954	2,771,132,062	124,690,892	4%
Current liabilities	306,123,203	260,785,309	45,337,894	17%
Noncurrent liabilities	857,649,378	916,434,253	(58,784,875)	(6%)
Deferred inflows	74,948,996	75,708,983	(759,987)	(1%)
Total liabilities and deferred inflows	1,238,721,577	1,252,928,545	(14,206,968)	(1%)
Net Position:				
Net investment in capital assets	1,011,342,236	960,961,946	50,380,290	5%
Restricted	401,968,541	438,112,755	(36,144,214)	(8%)
Unrestricted	243,790,600	119,128,816	124,661,784	105%
Total net position	$1,657,101,377	$1,518,203,517	$138,897,860	9%

Total university assets and deferred outflows increased by $124.7 million or 4% during fiscal year 2025, bringing the total to $2,895.8 million at year-end. The University received an additional $26 million from the Commonwealth of Virginia for capital projects. Additionally, state appropriations increased by $62.1 million for Education and General programs, Medicines for All and Virginia Military Survivors and Dependent Education programs. As part of our continued growth in research, sponsors account receivable increased by $34 million in the current year. Increased deferred outflows is related to the pension expected verses actual experience.

Total university liabilities and deferred inflows decreased by $14.2 million or 1% during fiscal year 2025. Current liabilities increased due accounts payable and unearned revenue from sponsored programs. This increase was offset by a reduction in long-term liabilities. The reduction in long-term liabilities is a result of debt reductions though normal annual payments and decreased post-employment benefit liabilities.

Total Net Position

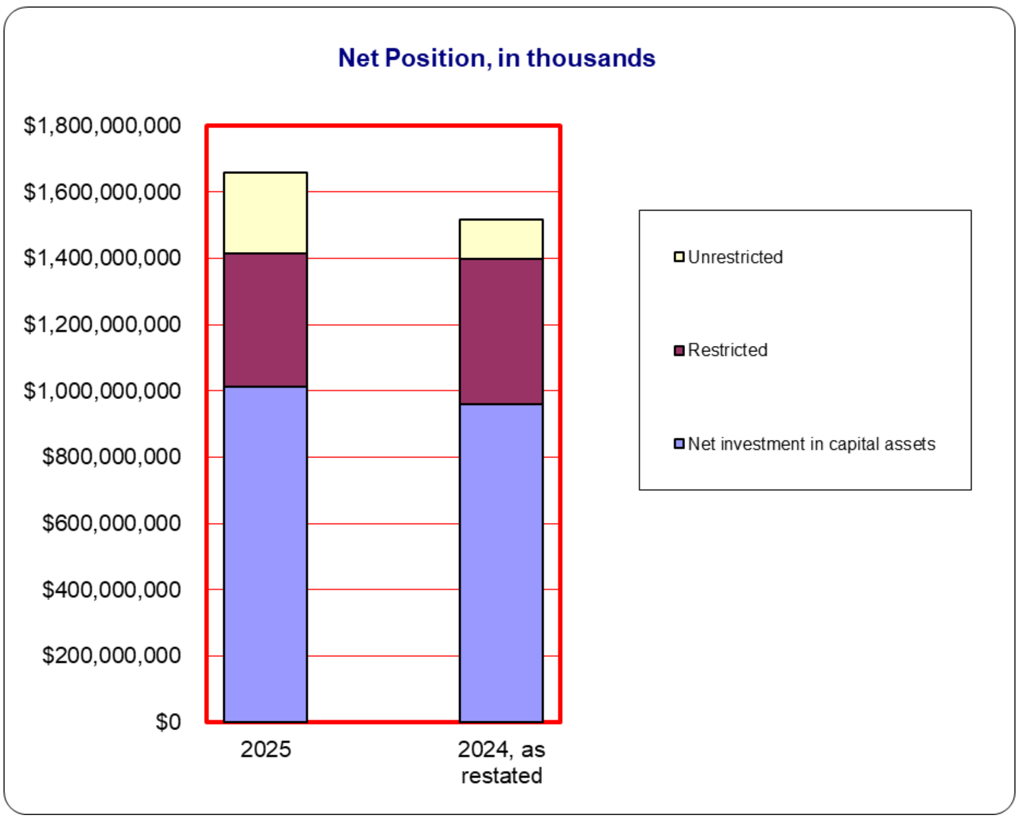
Net position is divided into three major categories:

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

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

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

The following graph and table illustrate the changes in the make-up of net position, between 2025 and 2024:



Total Net Position				
as of June 30,	2025	2024, as restated	$ Change	% Change
Net investment in capital assets	$1,011,342,236	$960,961,946	$50,380,290	5%
Restricted	401,968,541	438,112,755	(36,144,214)	-8%
Unrestricted	243,790,600	119,128,816	124,661,784	105%
Total net position	$1,657,101,377	$1,518,203,517	$138,897,860	9%

The fiscal year ending June 30, 2024, was restated to reflect the implementation of GASB 101. In addition, changes in accounting principle and error corrections associated with capital assets resulted in an increase in net invested in capital assets by $3.7M. In the fiscal year ending June 30, 2025 net invested in capital assets increased mostly due to the construction in progress of the new Arts and Innovation building.

Changes in unrestricted net position are attributable to gains from investments, reductions in long term liabilities and increased state support. The reduction in restricted net position is driven primarily by a $37.6M reduction in Expendable for Capital Projects. This was spending down the appropriations for the Arts and Innovation Building received in the prior year.

Statement of Revenues, Expenses and Changes in Net Position

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

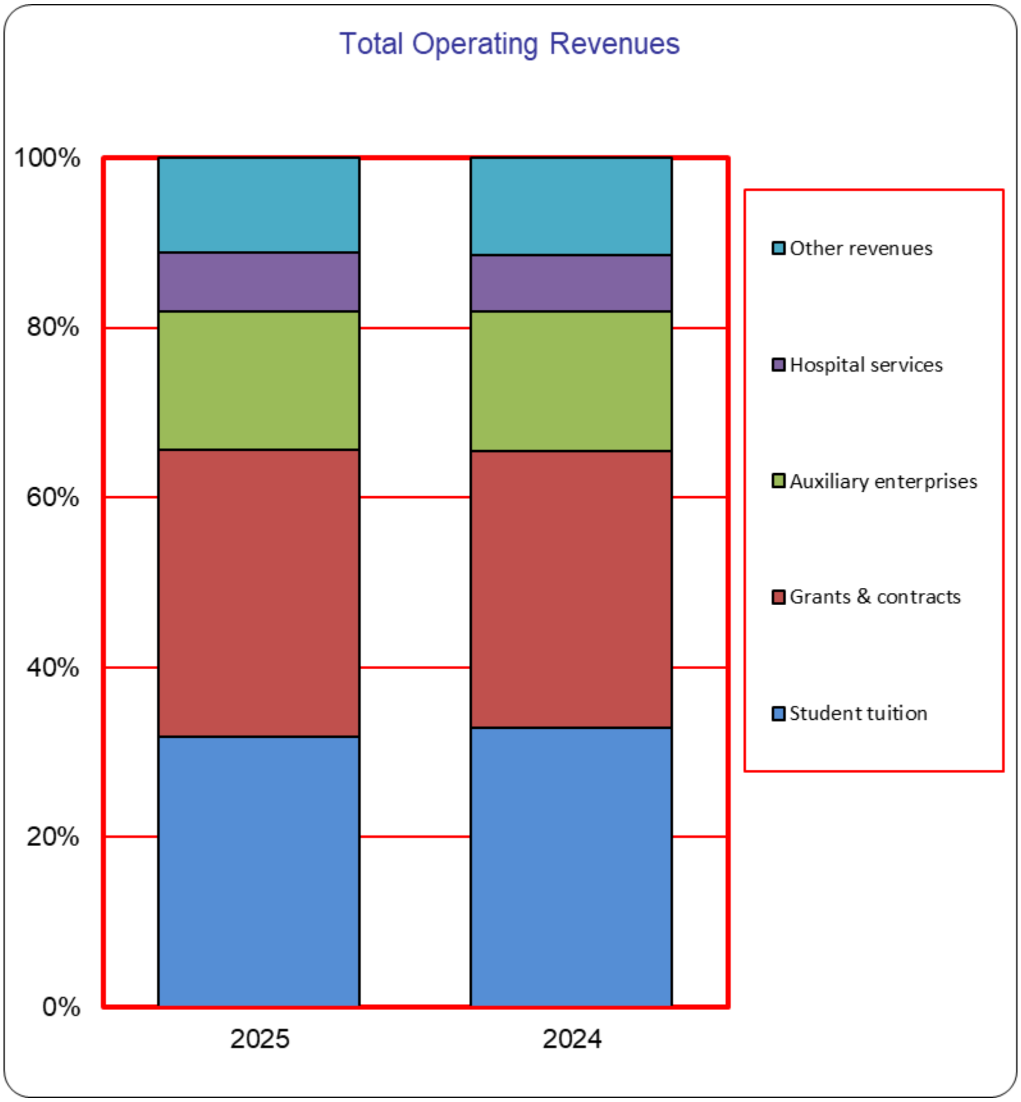
The following is a summarized schedule of the revenues and expenses for the University:

Condensed Statement of Revenues, Expenses and Changes in Net Position				
For the Year Ended June 30,	2025	2024, as restated	$ Change	% Change
Operating revenue	$917,662,891	$891,367,830	$26,295,061	3%
Operating expense	1,463,561,101	1,356,233,430	107,327,671	8%
Operating loss	(545,898,210)	(464,865,600)	(81,032,610)	(17%)
Non-operating revenues, net of expenses	658,609,039	550,738,411	107,870,628	20%
Other revenues (expenses)	26,187,031	218,247,573	(192,060,542)	(88%)
Increase in net position	138,897,860	304,120,384	(165,222,524)	(54%)
Net position - beginning of year	1,518,203,517	1,214,083,133	304,120,384	25%
Net position - end of year	$1,657,101,377	$1,518,203,517	$138,897,860	9%

The growth in non-operating revenues is due to increased state appropriations and gifts. Capital contributions from the state, mostly for the Arts and Innovation building, decreased from $217.9M in fiscal year ending June 30, 2024 to $26M in the fiscal year ending June 30, 2025. This decrease is reflected in the statements as other revenues.

Revenues

Operating revenues increased $26.3 million, or 3%, in 2025 compared to the prior year.



Total Operating Revenues

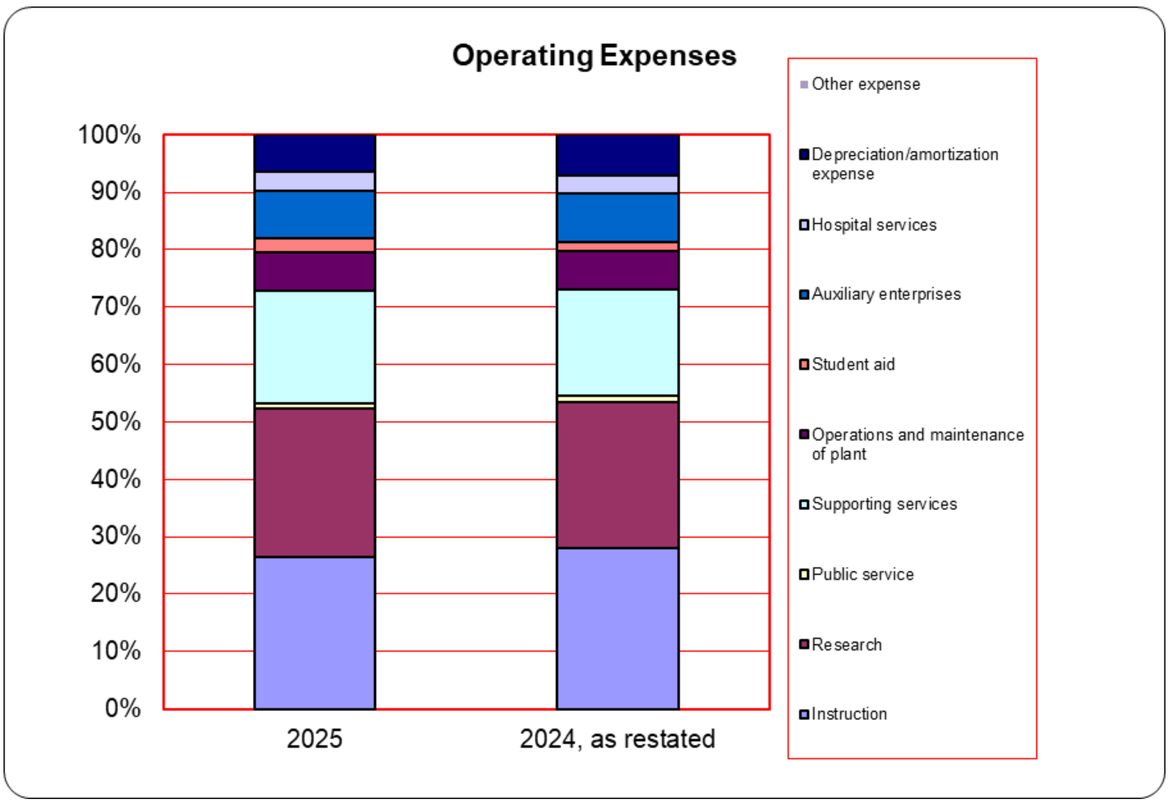
For the Year Ended June 30,	2025	2024	$ Change	% Change
Student tuition	$292,665,015	$293,641,345	($976,330)	(0%)
Grants & contracts	309,479,056	290,084,756	19,394,300	7%
Auxiliary enterprises	149,884,803	145,923,380	3,961,423	3%
Hospital services	63,069,099	59,711,044	3,358,055	6%
Other revenues	102,564,918	102,007,305	557,613	1%
Total operating revenues	$917,662,891	$891,367,830	$26,295,061	3%

As a premier urban research institution and part of its mission, the University has been consistently growing its grant and contracts revenues. VCU's research and innovation team has been growing sponsored research funding through years of work in various disciples as well as transdisciplinary and collaborate efforts within and across the campuses.

Hospital support services and clinical support attributed to the remainder of the increased revenues.

Expenses

Operating expenses increased $107.3 million, or 8%, over 2024 to $1.5 billion. The following chart summarizes operating expenses by functional classification:



Operating Expenses by Function

For the Year Ended June 30,	2025	2024, as restated	$ Change	% Change
Instruction	$386,972,657	$380,023,687	$6,948,970	2%
Research	378,742,385	343,951,405	34,790,980	10%
Public service	13,640,951	14,735,092	(1,094,141)	(7%)
Supporting services	287,842,868	253,128,893	34,713,975	14%
Operations and maintenance of plant	97,746,484	88,274,448	9,472,036	11%
Student aid	35,323,332	22,919,991	12,403,341	54%
Auxiliary enterprises	120,029,495	114,286,858	5,742,637	5%
Hospital services	49,156,436	43,352,030	5,804,406	13%
Depreciation/amortization expense	94,106,493	95,506,679	(1,400,186)	(1%)
Other expense	-	54,347	(54,347)	(100%)
Total operating expenses	$1,463,561,101	$1,356,233,430	$107,327,671	8%

Increased research and hospital services expenses are directly correlated to the increased grants and contract revenues and hospital revenues, respectively. Additional growth in research expenses is due to the "Every Ram's a Researcher" campaign which infuses research-supportive, project-based learning into general education courses.

Increases in supporting services are mostly in the institutional support area. These are a result of an increase in spending on salaries and benefits along with the increased cost of skilled services. New construction and projects expenses were the cause of the 11% increase in operations and maintenance costs.

The increase in student aid includes state, federal and sponsored awards.

Capital Assets and Related Financing Activities

Capital Assets

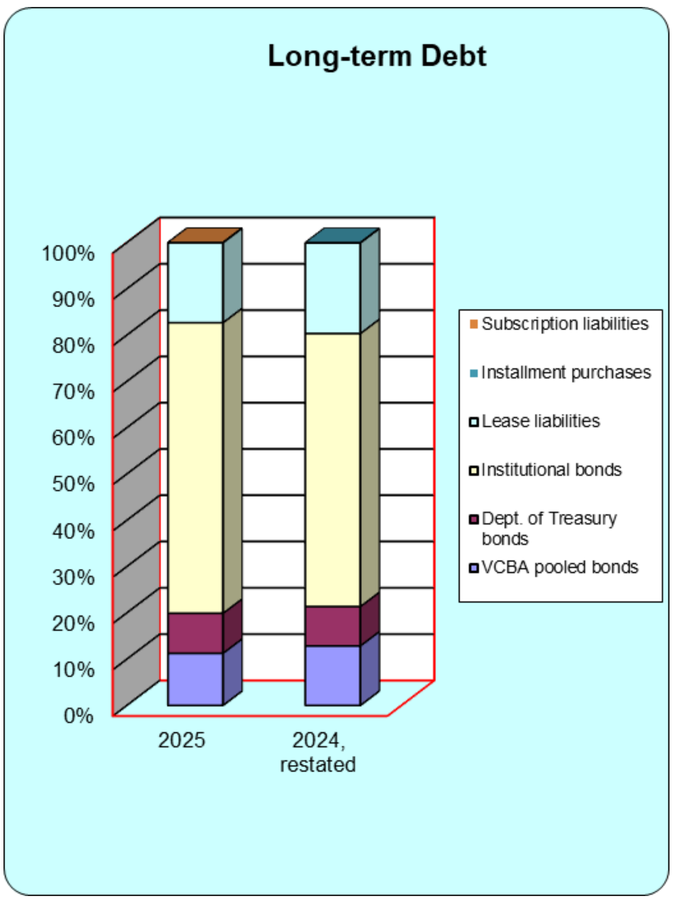
At June 30, 2025, VCU had $2.667 billion in capital assets, less accumulated depreciation of $1.221 billion, for net capital assets of $1.446 billion. VCU is committed to a comprehensive program of capital initiatives in support of the University's strategic plan.

Capital Assets, Net				
as of June 30,	2025	2024, as restated	$ Change	% Change
Land	$95,677,607	$93,762,019	$1,915,588	2%
Land improvements and infrastructure	4,037,236	3,304,220	733,016	22%
Buildings	1,035,424,719	1,054,646,455	(19,221,736)	(2%)
Equipment	119,703,291	119,302,504	400,787	0%
Intangible (computer software)	422,866	543,704	(120,838)	(22%)
Library books	3,532,933	3,939,944	(407,011)	(10%)
Construction in progress	79,337,991	26,280,757	53,057,234	202%
Lease fixed assets	78,334,049	99,147,680	(20,813,631)	(21%)
Subscription based IT arrangements	29,618,369	20,204,868	9,413,501	47%
Total	$1,446,089,061	$1,421,132,151	$24,956,910	2%

Construction of the new Arts and Innovation building, the new School of Dentistry building and the Athletic Village is attributable to the increased construction in progress.

Debt

At June 30, 2025, the University had $492.4 million in long-term debt outstanding.



Series 2025B 9-C bonds were issued to refund series 2015B. Throughout the year, the University entered into new lease commitments for vehicles, parking lots and buildings totaling $1.7M which were offset through $14.2M in lease terminations. New subscription-based technology arrangements totaled $20.7M.

Statement of Cash Flows

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

The statement is divided into four sections:

1. Cash used by operating activities shows operating cash flows of the University.
2. Cash provided by noncapital financing activities reflects cash received and disbursed for purposes other than operating, investing and capital financing. GASB requires general appropriations from the Commonwealth and noncapital gifts be shown as cash flows from noncapital financing activities.
3. Cash used by capital and related financing activities presents cash used for the acquisition and construction of capital and related items. Plant fund and related long-term debt activities (except depreciation and amortization), as well as gifts to endowments, are included in cash flows from capital financing activities.
4. Cash provided by investing activities reflects cash generated from investments which included purchases, proceeds and interest.

The following is a summary Statement of Cash Flows for the University for the years ended June 30, 2025 and 2024. For more detailed information, see the accompanying Statement of Cash Flows.

as of June 30,	2025	2024	$ Change	% Change
Cash provided (used) by:				
Operating activities	($492,814,754)	($442,095,141)	($50,719,613)	11%
Noncapital financing activities	601,608,113	515,929,947	85,678,166	17%
Capital and related financing activities	(98,744,051)	(99,122,216)	378,165	(0%)
Investing activities	17,316,119	20,924,390	(3,608,271)	(17%)
Net increase (decrease) in cash	27,365,427	(4,363,020)	31,728,447	(727%)
Cash and cash equivalents, beginning of year	$96,630,426	100,993,446	(4,363,020)	(4%)
Cash and cash equivalents, end of year	$123,995,853	$96,630,426	$27,365,427	28%

Cash used by operating activities increased due to the increase of overall operating expenses. The increase in non-capital financing activities is due to increased state appropriations, Pell Revenue and gifts.

Economic Outlook

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

State appropriations in FY25 were expected to increase by $87.4M. In June of 2025 the state allocated an additional $15.8M in one time funding, increasing the total to $103.2M. The one-time funding was made up of:

- Operating Funding -FY25 ($7.3M)
- Virginia Military Survivors and Dependents Education Program (VMSDEP) - $1.5M

- Financial Aid - ($2.2M)
- Maintenance Reserve - ($4.8M)

FY26 appropriations are projected to increase an additional $2.6M, which includes $3M for VMSDEP, $.5M for Financial Aid, and a loss of $1M in Higher Education Equipment Trust Fund (HEETF) allocation. This brings the total permanent increase in state appropriations to $90M during the FY25-26 biennium. Funding for state mandated salary increases in both FY25 and FY26 will be built into the permanent appropriation base in the FY27-28 biennium.

The VCU Board of Visitors approved a 2.5% increase in tuition for FY25 which is expected to yield an additional $12M in revenue.

The General Assembly approved a 3% salary increase and 1.5% bonus for faculty and staff effective in FY25 and a 3% salary increase for faculty and staff effective for the first payroll of FY26.

Fall 2025 enrollment increased by 422 students or roughly 1.5% over the previous year. VCU enrolled 4,500 freshmen students in Fall 2025, the second largest freshman class in the last five years.
Spring 2025 Point-in-time Admissions Highlights
Freshman applications (+14%) and offers accepted (-8%) over spring 2024.
Transfer applications (+13%) and offers accepted (+17%) over spring 2024.
Master's applications (+65%) and offers accepted (+54%) over spring 2024.
Doctoral applications (+32%) and offers accepted (+2%) over spring 2024.

Other positive enrollment trends are:
Increased online program enrollment (+73%) over 2023.
New degree-seeking enrollment (+13.4%) since 2023.
Undergraduate retention: 1-year (85.4%), 2-year (75.8%), and transfer (86.7%)

VCU is being recognized nationally and internationally:

- A top 50 public research institution ranked by NSF
- In FY25 VCU's sponsored awards were $567M. This represents over a 100% increase over the last 7 years: a 12 percent increase over last year
- 23 academic programs in top 50
- Among public universities, five of our schools and departments rank in the top 15 in terms of funding from the National Institutes of Health
- Students are from 46 states, Washington, D.C., and 138 countries worldwide
- Top 20% of global universities
- One of only two Comprehensive Cancer centers in Virginia
- Recipient of the Innovation & Economic Prosperity Talent award from the Association of Public Land-grant Universities in 2023.
- $6 billion economic impact as Richmond's largest employer
- 930+ alumni-owned businesses in Richmond
- VCU is 1 of only 6 universities in the state to receive the Top Producing recognition under the Carnegie Classification for doctoral institutions.

Increasing support from the Commonwealth coupled with enrollment and tuition increases is allowing the university the flexibility to strategically align resources to drive student success and grow research and innovation.

FINANCIAL STATEMENTS

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2025

		University		VCU Health System Authority
Current assets:				
Cash and cash equivalents (Note 2)	$	122,789,710	$	420,445,322
Short-term investments (Note 2)		324,017,164		-
Accounts receivable:				
Student and other, Net of allowance of $7,797,262 (Note 4)		20,471,328		-
Sponsors		104,115,669		-
Patient, Net of allowance of $149,634,703		-		491,928,015
Third-party and non-patient		-		209,199,829
Contributions and gifts, Net of allowance of $412,304 (Note 5)		5,000,000		-
Due from University/component units		8,610,547		-
Due from VCBA		10,338,827		-
Loans receivable, current portion		1,589,982		-
Current portion of assets whose use is limited (Note 2)		-		8,100,000
Other assets		4,090,192		113,965,311
Total current assets		601,023,419		1,243,638,477
Noncurrent assets:				
Restricted cash and cash equivalents (Note 2)		1,206,143		10,714
Endowment investments (Note 2)		44,393,370		-
Other investments (Note 2)		296,884,099		85,980,669
Contributions and gifts, Net of discounts and allowance of $4,335,185 (Note 5)		37,234,712		-
Loans and Other receivable, Net of allowance of $917,140 (Note 4)		15,559,820		-
Due from University/component units		117,250,026		-
Appropriations available - capital projects, restricted		182,588,374		-
Assets whose use is limited, less current portion (Note 2)		-		1,873,876,200
Other long-term assets		-		52,410,134
Post Employment Benefits (Note 15)		19,906,381		-
Non-depreciable capital assets (Note 6)		175,015,598		58,727,543
Depreciable and amortizable capital assets (Note 6)		1,271,073,463		1,732,464,182
Total non-current assets		2,161,111,986		3,803,469,442
Total assets		2,762,135,405		5,047,107,919
Deferred outflows (Note 1U)		133,687,549		21,621,967
Total assets and deferred outflows		2,895,822,954		5,068,729,886

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2025, continued

		MCV Foundation		VCU Foundation
Current assets:				
Cash and cash equivalents (Note 2)	$	-	$	6,651,960
Short-term investments (Note 2)		121,991,000		-
Accounts receivable:				
Student and other, Net of allowance of $7,797,262 (Note 4)		-		808
Contributions and gifts, Net of allowance of $412,304 (Note 5)		3,711,000		1,958,699
Due from University/component units		167,000		5,501
Other assets		1,092,000		8,066
Total current assets		126,961,000		8,625,034
Noncurrent assets:				
Restricted cash and cash equivalents (Note 2)		8,450,000		36,844,295
Endowment investments (Note 2)		364,713,000		59,040,574
Other investments (Note 2)		544,152,000		91,074,194
Contributions and gifts, Net of discounts and allowance of $4,335,185 (Note 5)		5,426,000		2,805,230
Loans and Other receivable, Net of allowance of $917,140 (Note 4)		808,000		-
Other long-term assets		4,987,000		-
Non-depreciable capital assets (Note 6)		217,000		-
Depreciable and amortizable capital assets (Note 6)		3,816,000		-
Total non-current assets		932,569,000		189,764,293
Total assets		1,059,530,000		198,389,327
Total assets and deferred outflows		1,059,530,000		198,389,327

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2025, continued

	VCU Real Estate Foundation	VCU School of Business Foundation
Current assets:		
Cash and cash equivalents (Note 2)	$ 1,694,778	$ 6,934,231
Accounts receivable:		
Student and other, Net of allowance of $7,797,262 (Note 4)	752,636	-
Contributions and gifts, Net of allowance of $412,304 (Note 5)	-	423,278
Due from University/component units	-	15,470
Other assets	1,000	190,758
Total current assets	2,448,414	7,563,737
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	-	2,917,004
Endowment investments (Note 2)	-	24,992,386
Other investments (Note 2)	1,634,617	44,177,779
Contributions and gifts, Net of discounts and allowance of $4,335,185 (Note 5)	-	793,390
Due from University/component units	13,627,980	-
Non-depreciable capital assets (Note 6)	24,639,728	-
Depreciable and amortizable capital assets (Note 6)	53,570,950	16,805,057
Total non-current assets	93,473,275	89,685,616
Total assets	95,921,689	97,249,353
Total assets and deferred outflows	95,921,689	97,249,353

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2025, continued

	VCU College of Engineering Foundation	Dentistry@ VCU
Current assets:		
Cash and cash equivalents (Note 2)	$ 2,433,807	$ 5,772,448
Accounts receivable:		
Student and other, Net of allowance of $7,797,262 (Note 4)	-	4,320
Patient, Net of allowance of $149,634,703	-	4,803,072
Contributions and gifts, Net of allowance of $412,304 (Note 5)	472,866	-
Due from University/component units	25,125	-
Other assets	13,688	237,424
Total current assets	2,945,486	10,817,264
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	98,251	-
Endowment investments (Note 2)	8,026,650	-
Other investments (Note 2)	73,647,894	22,423,475
Contributions and gifts, Net of discounts and allowance of $4,335,185 (Note 5)	596,418	-
Non-depreciable capital assets (Note 6)	4,307,317	-
Depreciable and amortizable capital assets (Note 6)	20,946,901	-
Total non-current assets	107,623,431	22,423,475
Total assets	110,568,917	33,240,739
Total assets and deferred outflows	110,568,917	33,240,739

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2025, continued

	Eliminations	Total
Current assets:		
Cash and cash equivalents (Note 2)	$ -	$ 566,722,256
Short-term investments (Note 2)	-	446,008,164
Accounts receivable:		
Student and other, Net of allowance of $7,797,262 (Note 4)	(419,757)	20,809,335
Sponsors	-	104,115,669
Patient, Net of allowance of $149,634,703	-	496,731,087
Third-party and non-patient	-	209,199,829
Contributions and gifts, Net of allowance of $412,304 (Note 5)	-	11,565,843
Due from University/component units	(8,823,643)	-
Due from VCBA	-	10,338,827
Loans receivable, current portion	-	1,589,982
Current portion of assets whose use is limited (Note 2)	-	8,100,000
Other assets	(878,390)	118,720,049
Total current assets	(10,121,790)	1,993,901,041
Noncurrent assets:		
Restricted cash and cash equivalents (Note 2)	-	49,526,407
Endowment investments (Note 2)	-	501,165,980
Other investments (Note 2)	(109)	1,159,974,618
Contributions and gifts, Net of discounts and allowance of $4,335,185 (Note 5)	-	46,855,750
Loans and Other receivable, Net of allowance of $917,140 (Note 4)	(3,346,854)	13,020,966
Due from University/component units	(130,878,006)	-
Appropriations available - capital projects, restricted	-	182,588,374
Assets whose use is limited, less current portion (Note 2)	-	1,873,876,200
Other long-term assets	-	57,397,134
Post Employment Benefits (Note 15)	-	19,906,381
Non-depreciable capital assets (Note 6)	-	262,907,186
Depreciable and amortizable capital assets (Note 6)	(47,718,243)	3,050,958,310
Total non-current assets	(181,943,212)	7,218,177,306
Total assets	(192,065,002)	9,212,078,347
Deferred outflows (Note 1U)	-	155,309,516
Total assets and deferred outflows	(192,065,002)	9,367,387,863

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2025, continued

		University		VCU Health System Authority
Current liabilities:				
Accounts payable and accrued liabilities (Note 8)		117,616,957		252,048,154
Unearned revenue (Note 9)		81,892,143		-
Long-term liabilities - current portion (Note 12)		101,964,103		139,125,071
Short-term liabilities (Note 10)		4,650,000		-
Total current liabilities		306,123,203		391,173,225
Noncurrent liabilities:				
Funds held for others (Note 11)		10,412,973		-
Other		-		50,983,044
Long-term liabilities (Note 12)		457,588,295		754,645,768
Pension obligations (Note 14)		288,546,345		10,480,651
Post Employment Benefits (Note 15)		101,101,765		2,888,341
Total noncurrent liabilities		857,649,378		818,997,804
Total liabilities		1,163,772,581		1,210,171,029
Deferred Inflows (Note 1U)		74,948,996		41,871,563
Total liabilities and deferred inflows		1,238,721,577		1,252,042,592
Net investment in capital assets		1,011,342,236		1,189,282,089
Restricted for:				
Nonexpendable:				
Scholarships and fellowships		6,860,319		-
Departmental uses		65,105,217		25,588,230
Expendable:				
Scholarships and fellowships		9,965,600		-
Research		124,992,294		-
Departmental uses		20,507,750		5,005,569
Loans		3,007,017		-
Capital projects		171,530,344		-
Unrestricted:		243,790,600		2,596,811,406
Total net position	$	1,657,101,377	$	3,816,687,294

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2025, continued

	MCV Foundation	VCU Foundation
Current liabilities:		
Accounts payable and accrued liabilities (Note 8)	3,272,000	17,713
Due to University/component units	1,938,000	1,285,071
Short-term liabilities (Note 10)	624,000	-
Total current liabilities	5,834,000	1,302,784
Noncurrent liabilities:		
Funds held for others (Note 11)	292,000	-
Due to University/component units	2,363,000	50,473,105
Other	2,426,000	299,566
Total noncurrent liabilities	5,081,000	50,772,671
Total liabilities	10,915,000	52,075,455
Total liabilities and deferred inflows	10,915,000	52,075,455
Net investment in capital assets	4,033,000	-
Restricted for:		
Departmental uses	359,344,000	60,648,571
Expendable:		
Departmental uses	611,800,000	41,818,132
Unrestricted:	73,438,000	43,847,169
Total net position	$ 1,048,615,000	$ 146,313,872

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2025, continued

	VCU Real Estate Foundation	VCU School of Business Foundation
Current liabilities:		
Accounts payable and accrued liabilities (Note 8)	275,278	35,582
Unearned revenue (Note 9)	2,178,145	99,550
Due to University/component units	2,484,338	1,687,436
Short-term liabilities (Note 10)	6,407,561	-
Total current liabilities	11,345,322	1,822,568
Noncurrent liabilities:		
Due to University/component units	20,528,222	20,777,787
Long-term liabilities (Note 12)	602,593	-
Total noncurrent liabilities	21,130,815	20,777,787
Total liabilities	32,476,137	22,600,355
Total liabilities and deferred inflows	32,476,137	22,600,355
Net investment in capital assets	48,799,529	5,440,239
Restricted for:		
Nonexpendable:		
Departmental uses	-	25,970,208
Expendable:		
Departmental uses	-	27,854,203
Unrestricted:	14,646,023	15,384,348
Total net position	$ 63,445,552	$ 74,648,998

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2025, continued

	VCU College of Engineering Foundation	Dentistry@ VCU
Current liabilities:		
Accounts payable and accrued liabilities (Note 8)	208,727	1,088,586
Unearned revenue (Note 9)	-	2,038,482
Due to University/component units	1,428,798	-
Total current liabilities	1,637,525	3,127,068
Noncurrent liabilities:		
Due to University/component units	51,821,011	13,922,625
Long-term liabilities (Note 12)	3,715,341	-
Total noncurrent liabilities	55,536,352	13,922,625
Total liabilities	57,173,877	17,049,693
Total liabilities and deferred inflows	57,173,877	17,049,693
Net investment in capital assets	573,070	-
Restricted for:		
Nonexpendable:		
Departmental uses	8,029,384	-
Expendable:		
Departmental uses	19,671,386	-
Unrestricted:	25,121,200	16,191,046
Total net position	$ 53,395,040	$ 16,191,046

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2025, continued

	Eliminations	Total
Current liabilities:		
Accounts payable and accrued liabilities (Note 8)	-	374,562,997
Unearned revenue (Note 9)	(878,390)	85,329,930
Due to University/component units	(8,823,643)	-
Long-term liabilities - current portion (Note 12)	(2,791,417)	238,297,757
Short-term liabilities (Note 10)	-	11,681,561
Total current liabilities	(12,493,450)	709,872,245
Noncurrent liabilities:		
Funds held for others (Note 11)	-	10,704,973
Due to University/component units	(159,885,750)	-
Other	-	53,708,610
Long-term liabilities (Note 12)	(42,643,399)	1,173,908,598
Pension obligations (Note 14)	-	299,026,996
Post Employment Benefits (Note 15)	-	103,990,106
Total noncurrent liabilities	(202,529,149)	1,641,339,283
Total liabilities	(215,022,599)	2,351,211,528
Deferred Inflows (Note 1U)	(3,766,611)	113,053,948
Total liabilities and deferred inflows	(218,789,210)	2,464,265,476
Net investment in capital assets	(2,283,427)	2,257,186,736
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	-	6,860,319
Departmental uses	-	544,685,610
Expendable:		
Scholarships and fellowships	-	9,965,600
Research	-	124,992,294
Departmental uses	-	726,657,040
Loans	-	3,007,017
Capital projects	-	171,530,344
Unrestricted:	29,007,635	3,058,237,427
Total net position	$ 26,724,208	$ 6,903,122,387

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2025

	University	VCU Health System Authority
Operating revenues:		
Student tuition and fees, Net of scholarship allowances of $213,259,961	$ 292,665,015	$ -
Federal grants and contracts	239,870,316	-
State grants and contracts	23,808,599	-
Local grants and contracts	793,078	-
Nongovernmental grants and contracts	45,007,063	-
Sales and services of educational departments	69,646,076	-
Auxiliary enterprises:		
Sales and services	99,570,132	-
Student fees, Net of scholarship allowances of $16,997,416	50,314,671	-
Hospital services	63,069,099	3,718,265,682
Other revenues	32,918,842	-
Total operating revenues	917,662,891	3,718,265,682
Operating expenses:		
Instruction	386,972,657	-
Research	378,742,385	-
Public service	13,640,951	-
Supporting services:		
Academic support	140,872,041	-
Student services	22,582,407	-
Institutional support	124,388,420	-
Operations and maintenance of plant	97,746,484	-
Student aid	35,323,332	-
Auxiliary enterprises	120,029,495	-
Hospital services	49,156,436	3,435,856,129
Depreciation/amortization expense	94,106,493	128,170,036
Total operating expenses	1,463,561,101	3,564,026,165
Operating gain/(loss)	(545,898,210)	154,239,517
Non-operating revenues (expenses):		
State appropriations (Note 24)	439,451,037	-
Federal Funding: CARES Act/COVID19	-	106,437,496
Gifts	111,887,902	(6,619,761)
Investment income, Net of investment expense	72,670,775	232,715,117
Interest on capital asset-related debt	(17,330,601)	(29,292,353)
Pell revenue	47,940,242	-
Other	3,989,684	(9,431,595)
Net non-operating revenues	658,609,039	293,808,904
Income (loss) before other revenues and expenses	112,710,829	448,048,421
Other Revenues (expenses)		
Additions to permanent endowments	(283,841)	-
Capital appropriations	25,970,872	-
Capital gifts and grants	500,000	-
Increase (decrease) in beneficial interest in trusts	-	1,283,045
Increase (decrease) in net position	138,897,860	449,331,466
Net position - Beginning of year, as previously reported	1,514,715,064	3,400,950,096
Adjustments to net position (Note 1AC)	3,488,453	(33,594,268)
Net position - Beginning of year, restated	1,518,203,517	3,367,355,828
Net position - End of year	$ 1,657,101,377	$ 3,816,687,294

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2025, continued

	MCV Foundation	VCU Foundation	VCU Real Estate Foundation
Operating revenues:			
Other revenues	$ 27,210,000	$ 1,863,831	$ 11,550,538
Total operating revenues	27,210,000	1,863,831	11,550,538
Operating expenses:			
Supporting services:			
Academic support	63,786,000	-	-
Institutional support	7,790,000	-	-
Operations and maintenance of plant	-	-	3,066,094
Student aid	9,754,000	-	-
Depreciation/amortization expense	264,000	-	3,351,837
Other expenses	-	11,942,269	218,726
Total operating expenses	81,594,000	11,942,269	6,636,657
Operating gain/(loss)	(54,384,000)	(10,078,438)	4,913,881
Non-operating revenues (expenses):			
Gifts	26,955,000	16,810,740	-
Investment income, Net of investment expense	99,892,000	12,598,237	1,718,113
Interest on capital asset-related debt	-	-	(1,072,034)
Other	439,000	(926,526)	1,394,654
Net non-operating revenues	127,286,000	28,482,451	2,040,733
Income (loss) before other revenues and expenses	72,902,000	18,404,013	6,954,614
Other Revenues (expenses)			
Additions to permanent endowments	14,334,000	3,383,607	-
Increase (decrease) in beneficial interest in trusts	-	(76,290)	-
Increase (decrease) in net position	87,236,000	21,711,330	6,954,614
Net position - Beginning of year, as previously reported	961,379,000	124,602,542	56,490,938
Net position - Beginning of year, restated	961,379,000	124,602,542	56,490,938
Net position - End of year	$ 1,048,615,000	$ 146,313,872	$ 63,445,552

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2025, continued

	VCU School of Business Foundation	VCU School of Engineering Foundation	Dentistry@ VCU
Operating revenues:			
Other revenues	$ 3,210,007	$ 4,022,933	$ 19,879,471
Total operating revenues	3,210,007	4,022,933	19,879,471
Operating expenses:			
Instruction	875,329	-	-
Depreciation/amortization expense	1,339,937	2,324,416	-
Other expenses	3,348,688	4,966,190	20,074,951
Total operating expenses	5,563,954	7,290,606	20,074,951
Operating gain/(loss)	(2,353,947)	(3,267,673)	(195,480)
Non-operating revenues (expenses):			
Gifts	1,353,842	4,995,805	-
Investment income, Net of investment expense	8,687,435	8,901,360	995,077
Interest on capital asset-related debt	(347,161)	(1,023,653)	-
Other	(25,879)	594,525	-
Net non-operating revenues	9,668,237	13,468,037	995,077
Income (loss) before other revenues and expenses	7,314,290	10,200,364	799,597
Other Revenues (expenses)			
Additions to permanent endowments	870,213	24,242	-
Increase (decrease) in net position	8,184,503	10,224,606	799,597
Net position - Beginning of year, as previously reported	66,464,495	43,170,434	15,391,449
Net position - Beginning of year, restated	66,464,495	43,170,434	15,391,449
Net position - End of year	$ 74,648,998	$ 53,395,040	$ 16,191,046

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2025, continued

	Eliminations	Total
Operating revenues:		
Student tuition and fees, Net of scholarship allowances of $213,259,961	$ (840,568)	$ 291,824,447
Federal grants and contracts	-	239,870,316
State grants and contracts	-	23,808,599
Local grants and contracts	-	793,078
Nongovernmental grants and contracts	-	45,007,063
Sales and services of educational departments	(706,803)	68,939,273
Auxiliary enterprises:		
Sales and services	(474,835)	99,095,297
Student fees, Net of scholarship allowances of $16,997,416	-	50,314,671
Hospital services	(59,363,287)	3,721,971,494
Other revenues	(35,884,991)	64,770,631
Total operating revenues	(97,270,484)	4,606,394,869
Operating expenses:		
Instruction	(78,356)	387,769,630
Research	(4,716,850)	374,025,535
Public service	(34,014)	13,606,937
Supporting services:		
Academic support	(44,323,963)	160,334,078
Student services	-	22,582,407
Institutional support	(32,047)	132,146,373
Operations and maintenance of plant	(1,454,177)	99,358,401
Student aid	(1,000)	45,076,332
Auxiliary enterprises	(174,114)	119,855,381
Hospital services	(71,677,363)	3,413,335,202
Depreciation/amortization expense	(5,351,262)	224,205,457
Other expenses	(32,695,255)	7,855,569
Total operating expenses	(160,538,401)	5,000,151,302
Operating gain/(loss)	63,267,917	(393,756,433)
Non-operating revenues (expenses):		
State appropriations (Note 24)	-	439,451,037
Federal Funding: CARES Act/COVID19	-	106,437,496
Gifts	(70,492,992)	84,890,536
Investment income, Net of investment expense	-	438,178,114
Interest on capital asset-related debt	3,786,066	(45,279,736)
Pell revenue	-	47,940,242
Other	(998,096)	(4,964,233)
Net non-operating revenues	(67,705,022)	1,066,653,456
Income (loss) before other revenues and expenses	(4,437,105)	672,897,023
Other Revenues (expenses)		
Additions to permanent endowments	-	18,328,221
Capital appropriations	-	25,970,872
Capital gifts and grants	(500,000)	-
Increase (decrease) in beneficial interest in trusts	-	1,206,755
Increase (decrease) in net position	(4,937,105)	718,402,871
Net position - Beginning of year, as previously reported	31,661,313	6,214,825,331
Adjustments to net position (Note 1AC)	-	(30,105,815)
Net position - Beginning of year, restated	31,661,313	6,184,719,516
Net position - End of year	$ 26,724,208	$ 6,903,122,387

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

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

	University
Cash flows from operating activities:	
Tuition and fees	$ 290,603,311
Grants and contracts	289,949,283
Auxiliary enterprise charges	149,701,069
Sales and services of education departments	69,646,076
Hospital services charges	65,095,429
Payments to suppliers	(367,739,755)
Payments to employees	(981,117,434)
Payments for scholarships and fellowships	(35,323,332)
Loans issued to students	(46,825)
Direct lending receipts	201,427,557
Direct lending disbursements	(201,650,935)
Custodial receipts	62,823,972
Custodial disbursements	(63,484,728)
Collection of loans to students	(1,349,766)
Other receipts (payments)	28,651,324
Net cash used by operating activities	(492,814,754)
Cash flows from noncapital financing activities:	
State appropriations	439,451,037
Insurance recoveries	511,899
Pell revenue	47,940,242
Gifts	113,704,935
Net cash provided by noncapital financing activities	601,608,113
Cash flows from capital and related financing activities:	
Proceeds from issuance of note payable	2,749,815
Bond proceeds disbursed to VCUREF	(110,216)
Capital gifts	500,000
State appropriations for capital assets	54,095,327
Proceeds from the sale of capital assets net disposals	(5,823,490)
Purchase of capital assets	(95,754,414)
Principal paid on capital-related debt	(36,886,926)
Interest paid on capital-related debt	(17,514,147)
Net cash used by capital financing activities	(98,744,051)
Cash flows from investing activities:	
Loss from sales and maturities of investments	(4,549,872)
Investment income	1,946,402,727
Purchases of investments	(1,924,536,736)
Net cash provided by investing activities	17,316,119
Net increase in cash	27,365,427
Cash and cash equivalents - Beginning of year	96,630,426
Cash and cash equivalents - End of year	$ 123,995,853

VIRGINIA COMMONWEALTH UNIVERSITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025, continued

RECONCILIATION OF NET OPERATING EXPENSES TO NET CASH		
USED BY OPERATING ACTIVITIES:		
Operating gain/(loss)	$	(545,898,210)
Adjustments to reconcile net gain/(loss) to net cash used by		
Operating activities:		
Depreciation/amortization expense		94,106,493
Provision for uncollectible accounts		(1,259,937)
Changes in assets, liabilities, deferred inflows and deferred outflows:		
Receivables		(35,325,099)
Other assets		(1,431,941)
Deferred outflows of resources - pension and other post employment benefits		(15,551,729)
Accounts payable and other liabilities		4,336,134
Unearned revenue		15,721,667
Custodial funds		(884,134)
Compensated absences and deferred compensation		3,608,043
Deposits		(1,615,092)
Deferred inflows of resources - pension and other post employment benefits		195,151
Pension obligations and other post employment benefits		(8,816,100)
Net cash used by operating activities	$	(492,814,754)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Loss on disposal of capital assets	$	(927,192)
Amortization of bond premium and discount	$	(2,074,331)
Unrealized gain/(loss) on investments	$	46,306,302
Amortization of deferral on debt defeasance	$	(910,250)
Retainage Payable	$	(2,637,138)
Capital assets acquired through the assumption of a liability (long-term leases and SBITAs)	$	2,600,113
Proceeds from bond refunding	$	2,734,324
VRS Special Contributions	$	3,610,869

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Today, more than 28,000 students pursue over 200 degree and certificate programs through VCU's 13 schools and 5 colleges. VCU is designated as a research university with very high research activity by the Carnegie Foundation. A broad array of university-approved centers and institutes of excellence, involving faculty from multiple disciplines in public policy, biotechnology and health care discoveries, supports the University's research mission. Twenty-nine programs are ranked by U.S. News & World Report as among the best in the country.

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

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

A. Reporting Entity

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

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

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

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

The Authority's principal activity is operation of the Medical College of Virginia Hospitals (VCUMC), MCV Associated Physicians (MCVAP), Community Memorial Hospital, Inc. and subsidiaries (CMH), VCU Health Tappahannock Hospital (TAPP), VCU Health Children's Services at Brook Road (Children's), Virginia Children's Care Network, LLC (VCCN), VCU Health Ambulatory Surgical Center, LLC (ASC), University Health Services, Inc. and subsidiaries (UHS) and Aries Insurance Services, Ltd (ARIES). Each of these is considered a component unit of the Authority as the Authority has the voting majority of the governing body of each entity and has the ability to impose its will on the organizations as defined under generally accepted accounting standards as promulgated by the Governmental Accounting Standards Board. In addition, each component unit is blended into the primary enterprise for purposes of financial statement reporting.

VCUMC is an approximately 800-bed teaching hospital which provides inpatient, outpatient and emergency care services primarily to patients in the Commonwealth of Virginia. The VCUMC campus includes the Children's Hospital of Richmond and the Adult Outpatient Pavilion, both located in downtown Richmond.

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

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

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

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

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

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

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

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

The financial statements as of June 30, 2025 include the Authority's equity interest investments with Sheltering Arms Institute, Health at Home, LLC and HealthEco CPP SPV I, LLC. In fiscal year 2025 the HealthEco CPP SPV I, LLC Joint Venture (Kallaco), was dissolved. The loss on the dissolution is recorded in other nonoperating expense. Investments are reported using the equity method.

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

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

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

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

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

Dentistry@VCU, was incorporated on June 26, 1991 and commenced operations on January 1, 1992 as a non-stock, non-profit organization to support the education, research, service and patient care mission of the School of Dentistry of Virginia Commonwealth University. The financial statements include Dentistry@VCU, Dentistry – VCU Continuing Education, LLC, VCU Diagnostic Services, LLC, VCU Dental Faculty Practice, LLC and VCU Oral-Facial Surgery and Services, LLC which are wholly-owned subsidiaries of Dentistry@VCU. The entity is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3).

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

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

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

B. Basis of Accounting

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

Revenues, as reflected on the Statement of Revenues, Expenses and Changes in Net Position, include all exchange and non-exchange transactions earned in which all eligibility requirements have been satisfied, if measurable and probable for collections. Unearned revenue represents revenue collected, but not earned, as of June 30, 2025. This is primarily composed of revenue for grants and contracts and tuition and fees. Revenues for the summer term are prorated on the basis of student class days occurring before and after June 30.

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

C. Allowance for Uncollectible Receivables

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

D. Lease Receivable

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

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

E. Pledges Receivable

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

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

F. Investments

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

G. Inventories

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

H. Investment Income

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

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

I. Accrued Compensated Absences

University full-time classified, part-time classified and faculty employed on or after January 1, 1999, who are also active members of the Virginia Retirement System (VRS), are covered under the

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

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

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

Employees who are not subject to the overtime provisions of the Fair Labor Standards Act may be eligible to earn compensatory leave. Leave is earned on an hour-for-hour basis for having worked additional hours in a workweek, holidays or scheduled days off. Compensatory leave may be used for paid time off and is payable upon termination. Accrued compensatory leave lapses, within 12 months from the date it is earned, and once lapsed may not be used or paid upon termination.

The University records a liability for leave that has not been used, is attributable to services rendered and is more likely than not to be used, or otherwise paid in cash or settled through noncash means. Compensatory and university leave balances are paid in full upon termination. Annual leave balances are paid in full up to a maximum number of hours, depending upon length of service. Non-VSDP sick leave and short-term disability credits are payable upon employment termination and are limited to 25 percent of the value accumulated or $5,000, whichever is less, under the Commonwealth of Virginia's sick leave pay-out policy for employees with 5 or more years of service.

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

J. Capital Assets

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

Equipment costing $5,000 or more with a useful life of 2 or more years is capitalized. Infrastructure assets are included in the financial statements and are depreciated. The threshold to capitalize right to use, lease and subscription assets is a value of $50,000 and greater with a term of 12 months or greater. Bulk purchases of capital assets under the normal $5,000 capitalization threshold are capitalized if they are over $50,000 for computers, servers, electronic equipment, office furniture and dental equipment.

The University and the Authority record depreciation on property, plant and equipment, including capital finance purchases and excluding land and construction in progress, computed over the estimated useful lives of the assets based on the straight-line method. For the University a ½ year of depreciation is recognized in the year of acquisition. The general range of estimated useful lives is 5 to 50 years for buildings and fixtures and 5 to 50 years for equipment. The estimated useful life of library books is 5 years and 5 to 10 years for intangible assets. The general range of estimated useful lives is 5 to 40 years for land improvements and infrastructure. Expenditures for construction in progress are capitalized as incurred and reflected in net investment in plant.

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

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

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

The MCV Foundation records property and equipment at cost for purchased items and at fair value for donated items; however, transfers between related reporting entities are recorded at the carrying value at time of transfer. Acquisitions of fixed assets, with a cost less than $5,000, are expensed as acquired. Depreciation is computed on a straight-line basis over the estimated useful life of the asset. The estimated useful lives range between 3 and 10 years.

K. Hospital Services

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

L. Charity Care

The Authority provides care to patients who meet certain criteria under its indigent care policy without charge or at amounts less than its established rates. Since the Authority does not pursue collection of charges determined to qualify as uncompensated care from these patients, they are not reported as revenue. The costs of providing these services are included in the Authority's operating expenses. Medicaid reimburses the Authority for a substantial portion of its costs of providing services to Medicaid and indigent patients. The Authority's estimated costs for the services provided for uncompensated care, net of reimbursement from the Commonwealth of Virginia, approximated $18,809,000 for the year ended June 30, 2025.

M. Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under payment agreements with third-party payors, and include estimated retroactive adjustments due to ongoing and future audits, reviews and investigations. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as adjustments and settlements become known or as years are no longer subject to such audits, reviews, appeals and investigations. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The effect of these settlement adjustments, including final settlements and updated cost report estimates, was to increase the Authority's net patient service revenue by approximately $100,722,000 in fiscal year 2025. Estimated settlements due to and from third-party payors include amounts that are currently under appeal with various federal and state agencies.

Net patient service revenue includes an estimate of uncollectible charges which is a deduction from gross revenue. The Authority's estimated cost associated with these charges is approximately $110,016,000 for the year ended June 30, 2025.

The Authority has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of payment arrangements with major third-party payors follow:

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

- Medicare – Inpatient acute care services and defined capital costs rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to patient classification systems that are based on clinical, diagnostic and other factors. Inpatient nonacute services, certain outpatient services and education related to Medicare beneficiaries are paid based on prospectively determined rates and a discounted cost payment methodology. The Authority is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Authority and audits thereof by the Medicare fiscal intermediary. The Authority's Medicare cost reports have been final audited by the Medicare fiscal intermediary through June 30, 2018.

- Medicaid – Inpatient acute care services rendered to Medicaid program beneficiaries are paid at a per diem rate and APDRG (rates per discharge) prospective payment system rates on an interim basis but eventually settled to a percentage of cost. Outpatient services rendered to Medicaid program beneficiaries are paid based on prospectively determined rates and a cost reimbursement methodology. In addition to inpatient and outpatient services provided to Medicaid program beneficiaries, Medicaid reimburses the Authority most of its costs related to services provided to indigent patients and its education mission, which resulted in total Medicaid and indigent reimbursement to the Authority of approximately $861,285,000 in the fiscal year. The Authority's Medicaid cost reports have been audited by the Medicaid program representative through June 30, 2023.

N. Uncollectible Patient Accounts

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

O. Net Position

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

- Net investment in capital assets represents the net value of capital assets less the debt incurred to acquire or construct the asset. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component.
- Nonexpendable restricted consists of gifts that have been received for endowment purposes, the corpus of which cannot be expended.

- Expendable restricted represents restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets may be restricted through external constraints imposed by grantors, contributors or creditors through bond covenants.
- Unrestricted is the net amount of assets, deferred outflows of resources, related liabilities and deferred inflows of resources that do not have external restrictions on the use of the funds.

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

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

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

The Authority's restricted net position consists principally of beneficial interests in perpetual trust funds established by split interest agreements. Split interest agreements are trust agreements established by donors under which the Authority receives benefits that are shared with other beneficiaries. The trust agreements established by donors provide for a third party to hold the trust assets. These trusts do not permit donors to revoke their charitable contributions. Trust assets of $22,796,000 are restricted by donors for VCUMC in perpetuity and are included in assets whose use is restricted at June 30, 2025.

P. Scholarship Allowances and Student Aid

Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third-party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition.

Q. Revenue and Expense Classifications

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

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

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

R. Noncurrent Cash and Investments

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

S. Cash and Cash Equivalents

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

T. Discounts, Premiums and Bond Issuance Costs

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

U. Deferred Outflows and Deferred Inflows

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

The composition of deferred outflows and inflows of resources at June 30, 2025 for the University is summarized as follows:

	Other Post Employment Benefits	Pension Related	Gain / Loss on Debt Refunding	Leases	Total
At June 30, 2025					
Deferred outflows of resources	$26,967,550	$101,765,815	$4,954,184	-	$133,687,549
Deferred inflows of resources	$26,743,040	$39,854,339	$965,523	$7,386,094	$74,948,996

The composition of deferred outflows and inflows of resources at June 30, 2025 for the Authority is summarized as follows:

	Pension and Other Post Employment Benefits Related	Gain / Loss on Debt Refunding	Interest Rate Swap Agreements	Leases	Total
At June 30, 2025					
Deferred outflows of resources	$3,345,005	$16,218,622	$2,058,340	-	$21,621,967
Deferred inflows of resources	$8,066,875	$19,083,446	-	$14,721,242	$41,871,563

V. Pensions

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

W. VRS Disability Insurance Program

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

X. Line of Duty Act Program

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

Y. State Employee Health Insurance Credit Program

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

Z. Group Life Insurance

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

AA. State Health Plans Program for Pre-Medicare Retirees

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

AB. Recently Adopted Accounting Pronouncements

GASB Statement No. 101 Compensated Absences

Effective July 1 2024, the University and the Authority implemented GASB Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is "more likely than not" (MLTN) to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences were considered.

While the University evaluated leave, certain leave types that were previously included in the leave liability were removed from the MLTN calculation. As a result, the effect of the adoption of this statement on the University's net position was an increase of $161,289. The Authority reported a decrease in net position of $33,594,000. The statement of net position at June 30, 2024 was restated to reflect these changes. The affected financial statement line items include current liabilities, unrestricted net position and total net position (Statements of Net Position), and operating expenses (salaries, wages, and employee benefits), total operating expenses, operating (loss) income, (deficiency)/excess of revenues over expenses before other changes in net position, (decrease)/increase in net position and ending net position (Condensed Statements of Revenues, Expenses and Changes in Net Position).

GASB Statement No. 102 Certain Risk Disclosures

In December 2023, GASB issued Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement's evaluation resulted in no identified risks and no impact to the University's and Authority's basic financial statements.

AC. Beginning Balance Adjustments

In addition to the beginning balance adjustments outlined in section AB. Recently Adopted Accounting Pronouncements, the University made changes to its GASB 87 accounting interpretation of variable leases with the Authority, which resulted in a reduction in beginning net position of $379,448.

The University also made restatements to correct errors identified during the implementation of the fixed assets corrective action plan in response to FY 2024 APA audit findings as detailed below:

Ending Net Position 06/30/2024	**$**	**1,514,715,064**
Restatements		
Changes in Accounting Principle:		
GASB 87 change in interpretation		(379,448)
Implementation of GASBS No. 101, Compensated Absences		161,289
Error Corrections:		
Bulk asset removal		(783,633)
SBITA additions		1,129,901
Right to use asset additions		1,172,625
CIP additions		2,187,719
Total Adjustments to Net Position	**$**	**3,488,453**
Restated Beginning Net Position 07/01/2024	**$**	**1,518,203,517**
Individual Line Items Affected		
Assets:		
Accounts receivable, net - student and other		(797,968)
Other assets		2,068,166
Loans and Other receivable		(5,352,739)
Non-depreciable capital assets		2,187,719
Depreciable capital assets, net		5,540,924
Liabilities:		
Long-term liabilities - current		(2,432,442)
Long-term liabilities - noncurrent		(3,496,466)
Deferred Inflows		5,771,259
Total Adjustments to Assets and Liabilities	**$**	**3,488,453**
Net Assets:		
Net investments in capital assets		3,706,612
Unrestricted		(218,159)
Total Adjustments to Net Assets	**$**	**3,488,453**

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

All cash of the University, except as described below, is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the Code of Virginia or covered by federal depository insurance. As of June 30, 2025, the carrying value of deposits totaled $123,158,808 and the account balances reported by the depositories or custodial financial institutions totaled $130,428,264. Of this total $1,035,893 is covered by federal depository insurance, $105,124,040 is collateralized in accordance with the Virginia Security for Public Deposits Act and $24,268,331 is held in support of VCU Qatar in Qatar.

Investments

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

Net Exposure %	Range	Target
Equity	40-80	65
Real Assets	0-20	5
Credit	5-45	10
Governmental Bonds	0-25	5
Cash/Residual	0-25	15

There are redemption rights which contain certain restrictions with respect to rights of withdrawals from the VCIMCO managed Funds as provided in the VCIMCO agreement. The Ram Fund, LP provides for redemptions such that the effective date of any redemption will occur on the last business day of such calendar month. A redemption request must be received no later than 90 days prior to the applicable redemption date. Effective April 15, 2025, the General Partner amended the redemption rights of the Limited Partners to further provide the ability to request up to 20% of such partner's capital account balance with no advance notice once per twelve consecutive monthly redemption dates. The General Partner may in its discretion apply a limit to any redemption requests by a Limited Partner over three consecutive redemption dates (the "Quarterly Redemption Ceiling") in excess of twenty percent (20%) of the Limited Partner's total capital account. If a Limited Partner makes consecutive redemption requests, the Quarterly Redemption Ceiling will automatically adjust so that the Limited Partner may redeem its entire capital account balance in five (5) quarterly redemptions, which will be equal in amount (before considering the change in net asset value of the Fund over the period of such redemptions). The Ram Private Assets Fund, LP only provides for redemptions in extraordinary circumstances.

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

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

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

The University received $31.230 million from the Margaret Branch Glasgow Trust on January 4, 2012 and $4.057 million from the Arthur Glasgow Trust on February 6, 2012. Additional contributions of $1.339 million and $8.036 million were received during fiscal years 2015 and 2013, respectively. This endowment is managed by VCIMCO. Net appreciation of the Margaret Glasgow Trust is recorded in the restricted-expendable net position to reflect the fact that the net appreciation must be spent in accordance with the stipulations set forth in the underlying endowment agreement. The Arthur Glasgow Trust placed no restrictions on spending so the net appreciation is recorded as unrestricted net position. As of June 30, 2025, net appreciation for the Glasgow Trust was $8,260,249.

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

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

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

- Custodial Credit Risk – This is the risk that in the event of the failure of a depository financial institution or financial counterparty, the agency will not be able to recover the value of its deposits or investments or recover collateral securities that are in the possession of an outside third party. The University had a minimal indirect exposure to custodial risk through its investments in the Short-Term Tier with U.S. Bank and the Long-Term Tier with VCU Investment Management Company, ("VCIMCO") as of June 30, 2025.

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

	Target Duration
Primary liquidity pool	9 months or less
Extended duration fund	
Short duration portfolio	Per applicable benchmark per policy
Intermediate duration portfolio	Per applicable benchmark per policy
Long duration portfolio	Per applicable benchmark per policy

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

The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. At June 30, 2025 the Authority had $142,606,000 in fixed income investments, whose value could fluctuate over time due to interest rate fluctuations.

- Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University holds investments which carry varying levels of credit risk. The University invests in accordance with its Investment Policy, which establishes appropriate levels of credit risk though the use of minimum credit rating restrictions for individual securities in each fixed income fund in accordance with the Virginia Investment of Public Funds Act. The Authority's investment portfolio is monitored and evaluated on a quarterly basis by the Authority's investment advisor and Finance Committee of the Board of Directors to ensure credit risk is kept at an appropriate level.

- Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of investments in a single issuer of fixed income securities. As of June 30, 2025, the University does not have investments in any one issuer (excluding investments issued or explicitly guaranteed by the U.S. Government and mutual fund or pool investments) representing 5 percent or more of its total investments. Each individual portfolio within the Primary Liquidity Fund and the Extended Duration Fund will be diversified with no more than 3 percent of the value of the respective portfolios invested in the securities or individual trusts of any single issuer under normal market circumstances. This limitation shall not apply to the U.S. Government, an agency thereof, or U.S. Government sponsored enterprises, securities fully insured and/or fully guaranteed by the U.S. Government, or money market funds.

- Foreign Currency Risk – This is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University may, at times, be exposed to limited amounts of currency risk through its investments in VCU Investment Management Company, (“VCIMCO”).

As of June 30, 2025, the University held the following investments:

				Investment Maturities (in years)			
	Rating Agency	Credit Rating	Value	<1	1 to 5	6 to 10	>10
U.S. Treasury and Agency Securities		N/A	$80,161,655	$32,898,072	$47,263,583	-	-
Commercial Paper	Moody's	P-1	10,878,310	10,878,310	-	-	-
	S&P	A-1+	1,297,831	1,297,831			
	S&P	A-1	800,000	800,000	-	-	-
Corporate Notes	Moody's	Aa2	3,643,690	-	3,643,690	-	-
	Moody's	Aa3	3,287,029	-	3,287,029	-	-
	Moody's	A1	14,139,485	994,871	13,144,614	-	-
	Moody's	A2	5,108,909	-	5,108,909	-	-
	Moody's	A3	3,268,819	-	3,268,819	-	-
Corporate Bonds	Moody's	Aaa	2,858,667	-	1,933,667	525,000	400,000
	Moody's	Aa1	3,698,127	-	2,948,127	-	750,000
	Moody's	Aa2	612,401	-	612,401	-	-
	Moody's	Aa3	7,199,213	-	7,199,213	-	-
	Moody's	A1	19,207,657	402,372	18,607,072	-	198,213
	Moody's	A2	17,885,444	6,122,548	11,762,896	-	-
	Moody's	A3	11,524,352	300,311	11,031,679	-	192,362
	Moody's	Baa1	827,278	827,278	-	-	-
	Moody's	Ba1	179,200	-	-	-	179,200
Non-U.S. Government & Agency Bonds	Moody's	A2	1,960,420	-	1,960,420	-	-
	Moody's	A3	2,103,045	-	2,103,045	-	-
Asset Backed Securities	Moody's	Aaa	61,955,510	1,024,570	52,617,811	-	8,313,129
	S&P	AAA	24,382,827	-	23,214,202	-	1,168,625
	Fitch	AAA	1,216,519	-	-	-	1,216,519
Agency Mortgage Backed Securities	Moody's	Aa1	39,374,230	16,386,862	13,265,672	7,952,456	1,769,240
Money Market Funds & Certificates of Deposit	Moody's	Aaa	3,714,535	3,714,535	-	-	-
	Moody's	P-1	3,301,786	3,301,786	-	-	-
Exchange Traded Funds			34,091,520	-	-	-	-
Equity			19,978,775	-	-	-	-
Other Investments Measured at Net Asset Value (NAV):							
Alternative Investments		N/A	219,554	-	-	-	-
Ram Private Assets Fund, LP		N/A	47,423,447	-	-	-	-
Ram Fund, LP		N/A	238,994,399	-	-	-	-
			665,294,634	78,949,346	222,972,849	8,477,456	14,187,288

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

As of June 30, 2025, the Authority held the following investments, which includes assets whose use is limited:

Investment Type:	Fair Value	Investments Maturities (in years) <1	1-5	6-10	>10
Cash and cash equivalents	$12,663,149	12,663,149	-	-	-
U.S. Treasury notes	27,632,818	1,088,177	14,191,602	10,070,009	2,283,030
Asset backed securities	61,466,057	-	11,924,200	35,128,450	14,413,407
Agency backed mortgages	21,425,378	1,333,339	1,316,038	9,465	18,766,536
Money market funds	29,610,133	29,610,133	-	-	-
Corporate bonds, notes and municipal securities	32,081,643	1,749,604	11,430,134	7,513,195	11,388,710
Beneficial interest in perpetual trust	22,795,529	N/A	N/A	N/A	N/A
Equity interest in foundation	6,299,896	N/A	N/A	N/A	N/A
Index funds	83,925,972	N/A	N/A	N/A	N/A
Marketable equity securities	72,612,009	N/A	N/A	N/A	N/A
Real estate	3,832,771	N/A	N/A	N/A	N/A
Investment companies	1,593,611,514	N/A	N/A	N/A	N/A
Total	$1,967,956,869	$46,444,402	$38,861,974	$52,721,119	$46,851,683

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

As of June 30, 2025 the credit quality ratings for the Authority's fixed income investments were 47% AAA (asset-backed securities, money market funds, corporate bonds and mortgage-backed securities), 5% AA (asset-backed securities and corporate bonds), 19% A (asset-backed securities, corporate and municipal bonds) and 29% below A (asset-backed securities and corporate bonds).

As of June 30, 2025, the foundations held the following investments:

Investment Type:	Medical College of Virginia Foundation	VCU Foundation	VCU Real Estate Foundation	VCU School of Business Foundation	VCU College of Engineering Foundation	Dentistry@ VCU
US Treasury and agency securities	$97,240,000	-	-	-	-	$3,363,049
Municipal obligations	266,000					-
Common & preferred stocks	109,471,000	-	-	359,362	-	11,311,622
Corporate bonds	34,067,000	-	-	-	-	7,406,347
Fixed Income	-	-	1,634,617	-	-	-
Mutual funds	-	-	-	-	-	342,457
Mortgage and Asset backed securities	54,441,000	-	-	-	-	-
Alternative investments						
Real estate funds	2,942,000	486,162	-	252,508	-	-
Private equity	272,849,000	-	-	-	-	-
Hedge funds						
Hedged equities	149,971,000	-	-	-	-	-
Long only equities	-	-	-	-	-	-
Long/short equities	193,786,000	-	-	-	1,194,544	-
Event driven/merger arbitrage	-	-	-	26,726	-	-
Relative value	-	-	-	1,569	-	-
Absolute strategies	94,430,000	-	-	-	-	-
Other assets						
Ram Fund Private Assets Fund, LP	-	31,709,998	-	8,870,000	14,960,000	-
Ram Fund, LP	-	117,160,000	-	59,660,000	65,520,000	-
Life income investment	2,308,000	758,608	-	-	-	-
Short term investment and money market	19,085,000	-	-	-	-	-
Total	$1,030,856,000	$150,114,768	$1,634,617	$69,170,165	$81,674,544	$22,423,475

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

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

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

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

The University establishes the fair value of its investments in funds that do not have a readily determinable fair value by using net asset value (NAV) per share, or its equivalent, as reported by the external fund manager when NAV per share is calculated as of the measurement date in a manner consistent with FASB's measurement principles for investment companies. The classifications of fair value measurements within the valuation hierarchy as of June 30, 2025 are as follows:

University

Investment Type:	Total	Level 1	Level 2	Level 3	Investments measured at the NAV
U.S. Treasury and agency securities	$80,161,655	$80,161,655	-	-	-
Commercial Paper	12,976,141	-	12,976,141	-	-
Corporate notes	29,447,932	-	29,447,932	-	-
Corporate bonds	63,992,339	-	63,992,339	-	-
Non-U.S. Government and agency bonds	4,063,465	-	4,063,465	-	-
Asset backed securities	87,554,856	-	87,554,856	-	-
Agency mortgage backed securities	39,374,230	-	39,374,230	-	-
Money market funds and certificates of deposit	7,016,321	3,714,535	3,301,786	-	-
Exchange traded funds	34,091,520	34,091,520	-	-	-
Equity	19,978,775	19,978,775	-	-	-
Other assets					
Alternative investments	219,554	-	-	-	219,554
Ram Fund Private Assets Fund, LP	47,423,447	-	-	-	47,423,447
Ram Fund, LP	238,994,399	-	-	-	238,994,399
Total	$665,294,634	$137,946,485	$240,710,749	$0	$286,637,400

Authority

Investment Type:	Total	Level 1	Level 2	Level 3	Investments Measured at the NAV
Investments by fair value level					
Cash and cash equivalents	$12,663,149	$12,663,149	-	-	-
Beneficial trust	22,795,529	-	-	22,795,529	-
Beneficial interest in foundation	6,299,896	-	-	6,299,896	-
Debt securities					
US treasury notes	27,632,818	27,632,818	-	-	-
Asset backed securities	61,466,057	-	61,466,057	-	-
Agency backed mortgages	21,425,378	-	21,425,378	-	-
Corporate bonds and notes	31,874,982	-	31,874,982	-	-
Municipal securities	206,661	-	206,661	-	-
Equity securities					
Consumer cyclical	-	-	-	-	-
Consumer discretionary	7,273,004	7,273,004	-	-	-
Consumer staples	1,791,544	1,791,544	-	-	-
Financials	15,560,906	15,560,906	-	-	-
Health care	7,656,544	7,656,544	-	-	-
Industrials	12,377,445	12,377,445	-	-	-
Information technology	16,479,918	16,479,918	-	-	-
Energy	4,164,021	4,164,021	-	-	-
Material	4,945,167	4,945,167	-	-	-
Telecommunication	2,363,460	2,363,460	-	-	-
Real estate investment trust	2,728,857	2,728,857	-	-	-
Equity mutual funds & EFT's	83,925,972	83,925,972	-	-	-
Fixed income bond fund	-	-	-	-	-
Money market funds	29,610,133	29,610,133	-	-	-
Investments measured at NAV					
Equity long only hedge funds	206,803,772	-	-	-	206,803,772
Equity long/short hedge funds	81,163,161	-	-	-	81,163,161
Event-driven hedge funds	15,859,098	-	-	-	15,859,098
Relative value/credit	1,103,914	-	-	-	1,103,914
Absolute strategies funds	45,767,821	-	-	-	45,767,821
Private investments	258,035,784	-	-	-	258,035,784
Multi-strategy investment fund	985,981,878	-	-	-	985,981,878
Bond funds	-	-	-	-	-
Total	$1,967,956,869	$229,172,938	$114,973,078	$29,095,425	$1,594,715,428

MCV Foundation

Investment Type:	June 30,2025	Level 1	Level 2	Level 3	Measured at NAV
US Treasury and agency securities	$97,240,000	$20,217,000	$77,023,000	-	-
Municipal obligations	$266,000	-	$266,000	-	-
Common & preferred stocks	109,471,000	84,949,000	12,514,000	-	12,008,000
Corporate bonds	34,067,000	20,380,000	13,687,000	-	-
Asset backed securities	54,441,000	-	54,441,000	-	-
Alternative investments					
Real estate funds	2,942,000	-	-	1,477,000	1,465,000
Private equity	272,849,000	-	-	272,849,000	-
Hedge funds					
Long/short equities	193,786,000	-	58,953,000	98,000	134,735,000
Hedged equities	149,971,000	-	-	38,705,000	111,266,000
Absolute strategies	94,430,000	-	-	28,875,000	65,555,000
Life income investment	2,308,000	-	-	-	2,308,000
Short term investment and money market	19,085,000	18,099,000	986,000	-	-
Total	$1,030,856,000	$143,645,000	$217,870,000	$342,004,000	$327,337,000

VCU Foundation

Investment Type:	June 30,2025	Level 1	Level 2	Level 3	Measured at NAV
Common & preferred stocks	$0	-	-	-	-
Alternative investments					
Real estate funds	486,162	-	-	486,162	-
Other assets					
Ram Fund Private Assets Fund, LP	31,709,998	-	-	-	31,709,998
Ram Fund, LP	117,160,000	-	-	-	117,160,000
Life income investment	758,608	-	-	758,608	-
Total	$150,114,768	$0	$0	$1,244,770	$148,869,998

VCU Real Estate Foundation

Investment Type:	June 30,2025	Level 1	Level 2	Level 3	Measured at NAV
Fixed Income	$1,634,617	-	$1,634,617	-	-
Total	$1,634,617	$0	$1,634,617	$0	$0

VCU School of Business Foundation

Investment Type:	June 30,2025	Level 1	Level 2	Level 3	Measured at NAV
Common & preferred stocks	$359,362	$359,362	-	-	-
Alternative investments					
Real estate funds	252,508	-	-	252,508	-
Hedge funds					
Event driven/merger arbitrage	26,726	-	-	-	26,726
Relative value	1,569	-	-	-	1,569
Ram Fund Private Assets Fund, LP	8,870,000	-	-	-	8,870,000
Ram Fund, LP	59,660,000	-	-	-	59,660,000
Total	$69,170,165	$359,362	$0	$252,508	$68,558,295

VCU College of Engineering Foundation

Investment Type:	June 30,2025	Level 1	Level 2	Level 3	Measured at NAV
Hedge funds					
Long/short equities	$1,194,544	-	-	-	$1,194,544
Other assets					
Ram Fund Private Assets Fund, LP	14,960,000	-	-	-	14,960,000
Ram Fund, LP	65,520,000	-	-	-	65,520,000
Total	$81,674,544	$0	$0	$0	$81,674,544

Dentistry@VCU

Investment Type:	June 30,2025	Level 1	Level 2	Level 3	Measured at NAV
US Treasury and agency securities	$3,363,049	$3,363,049	-	-	-
Common & preferred stocks	11,311,622	11,311,622	-	-	-
Corporate bonds	7,406,347	-	7,406,347	-	-
Mutual and money market funds	342,457	342,457	-	-	-
Total	$22,423,475	$15,017,128	$7,406,347	$0	$0

For investments in entities that calculate net asset value or its equivalent whose fair value is not readily determinable, the following tables provide information about the liquidity of these investments as of June 30, 2025:

University

Investment Type:	June 30, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative investments	$219,554	$89,974	N/A	N/A
Ram Fund Private Assets Fund, LP	47,423,447	19,627,275	N/A	N/A
Ram Fund, LP	238,994,399	-	Monthly	see note*
Total	$286,637,400	$19,717,249		

* Up to 20% available annually with no advance notice, 90 days for all other redemption request; subject to max 20% per quarter.

Authority

Investment Type:	June 30, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity long only hedge funds	206,804,000	-	Annually/quarterly/monthly/daily	14-90 days
Equity long/short hedge funds	81,163,000	-	Annually/semi annually/quarterly	45-90 days
Event-driven hedge funds	15,859,000	-	Annually	60-90 days
Relative value/credit	1,104,000	-	N/A	N/A
Absolute strategies funds	45,768,000	-	Annually/semi annually/quarterly	60-180 days
Private investments	258,036,000	110,498,000	N/A	N/A
Multi-strategy investment fund	985,982,000	-	Quarterly	120 days
Total	$1,594,716,000	$110,498,000		

MCV Foundation

Investment Type:	June 30,2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedged equities	$111,266,000	-	Annually/Illiquid	N/A
Real estate funds	1,465,000	541,000	Illiquid	N/A
Absolute strategies	65,555,000	-	Annually/Semi annually/ Quarterly/other	15-120 days/N/A
Domestic equity	23,073,000	-	Every 3 yrs/Daily	3-60 days
Global equity	26,383,000		Quarterly	60-90 days
International equity	97,287,000		Every 2 yrs/Annually	14-120 days
Life income investment	2,308,000	-	Annually/quarterly/other	N/A
	$327,337,000	$541,000		

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

VCU Foundation

Investment Type:	June 30,2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Ram Fund Private Assets Fund, LP	$31,709,998	-	N/A	N/A
Ram Fund, LP	117,160,000	-	Quarterly	30 days
Total	$148,869,998	$0		

VCU School of Business Foundation

Investment Type:	June 30,2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Event driven/merger arbitrage	$26,726	-	N/A	N/A
Relative value	1,569	-	N/A	N/A
Ram Fund Private Assets Fund, LP	8,870,000	-	N/A	N/A
Ram Fund, LP	59,660,000	-	Quarterly	30 days
Total	$68,558,295	$0		

VCU College of Engineering Foundation

Investment Type:	June 30,2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Long/Short Equities	$1,194,544	-	N/A	N/A
Ram Fund Private Assets Fund, LP	14,960,000	-	N/A	N/A
Ram Fund, LP	65,520,000	-	Quarterly	30 days
Total	$81,674,544	$0		

3. JOINT VENTURES AND EQUITY INVESTMENTS

Investment in 7th and Marshall Corporation

Included in other long-term assets on the accompanying Statement of Net Position is a capital contribution to 7th and Marshall Corporation of $500,000. UHS and The Doorways (formerly known as Hospital Hospitality House, Inc.) are the sole members of the 7th and Marshall Corporation, a not-for-profit corporation formed to support the charitable, educational and scientific activities of UHS and The Doorways. The investment is carried at $835,607.

Rehab Institute JV, LLC

Sheltering Arms Rehab Institute is a joint venture between Sheltering Arms Hospital and VCU Health System for the purpose of combining inpatient rehabilitation programs of Sheltering Arms and VCU Heath System, to provide comprehensive and innovative physical rehabilitative inpatient care for people who have sustained a stroke, brain injury, spinal cord injury or similar illnesses and injuries. As of June 30 2025, investment is carried at $6,491,199.

Joint Venture with BAYADA Home Health Care

VCU Health at Home by Bayada, collaboration with BAYADA Home Health Care. VCUHSA is a minority partner (49%) with an initial capital contribution of $1,813,000. The investment is carried at $2,297,982.

HealthEco CPP SPV I, LLC

UHS is a minority partner (45%) in HealthEco CCP SPV I, LLC with an initial capital contribution of $1,000,000. HealthEco is the holder of Kallaco equity securities. The joint venture was dissolved in FY25 and the investment was written off.

4. LEASE RECEIVABLE

The University is the lessor in various contracts leasing out land, office space, retail space, and ATM space. Initial terms range from 1-50 years and may contain rent escalation clauses, annual open market rent reviews and outperformance payments. As of June 30 2025, the University's accounts receivables include lease receivables of $7,945,883. Within the fiscal year, the University received $1,229,194 in fixed rent revenues and $309,379 in interest revenue related to space leases. Of these amounts $3,766,611 of the receivables and $520,568 of the revenues were eliminated on the consolidated financial statements due to the leases being with component units. Variable payments based on future performance are not included in the lease receivable. These payments are recognized as inflows of resources in the period which those payments relate.

Most of the leases with the Health System are a reimbursement of operating costs only based upon the percentage of the space that they are occupying. In the fiscal year, the Health System paid an additional $29,885 to contribute towards capital repairs of a leased space. Additionally, the Health System paid an additional $520,645 in back rent that was uncollected in previous years.

The University has leases which include percentage of sales, tiered royalties and out-performance agreements. In the year ending June 30, 2025 the University received $1,451,146 in royalty payments from its dining services provider and $103,630 from its snack machine provider.

5. CONTRIBUTION RECEIVABLE

University:	
Receivable in less than one year	$5,000,000
Receivable in one year or more	40,000,000
	45,000,000
Less:	
Discounts	(2,765,288)
Net contribution receivable	$42,234,712

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

MCV Foundation:	
Receivable in less than one year	$4,000,000
Receivable in one to five years	6,171,000
Receivable in more than five years	262,000
	10,433,000
Less:	
Discounts	(543,000)
Allowances	(753,000)
Net contribution receivable	$9,137,000

Discount rate of 4.78% was used in determining the present value of the contributions receivable.

VCU Foundation:	
Receivable in less than one year	$2,065,245
Receivable in one year or more	3,232,974
	5,298,219
Less:	
Discounts	(260,949)
Allowances	(273,341)
Net contribution receivable	$4,763,929

Discount rate between 0.054% to 5.549% were used in determining the present value of the contributions receivable.

VCU School of Business Foundation:

Receivable in less than one year	$435,462
Receivable in one to five years	874,961
	1,310,423
Less:	
Discounts	(57,085)
Allowances	(36,670)
Net contribution receivable	$1,216,668

Discount rate between 0.87% to 4.25% were used in determining the present value of the contributions receivable.

VCU College of Engineering Foundation:

Receivable in less than one year	$477,440
Receivable in one to seven years	650,000
	1,127,440
Less:	
Discounts	(47,356)
Allowances	(10,800)
Net contribution receivable	$1,069,284

Discount rate between 0.43% to 1.95% were used in determining the present value of the contributions receivable.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

University:	Beginning Balance (as restated)	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	93,762,019	1,915,588	-	95,677,607
Construction in progress	25,177,165	75,449,208	22,733,326	77,893,047
Construction in progress - SBITA	1,103,592	974,258	632,906	1,444,944
Total nondepreciable capital assets	$120,042,776	$78,339,054	$23,366,232	$175,015,598
Depreciable capital assets:				
Land improvements and infrastructure	24,991,233	1,395,052	-	26,386,285
Buildings	1,755,333,304	24,153,912	98,356	1,779,388,860
Equipment	391,679,869	28,889,027	17,533,159	403,035,737
Intangible assets	14,925,738	187,927	958,791	14,154,874
Library books	101,706,391	1,041,060	728,642	102,018,809
Right to use intangible assets:				
Leased parking lots	5,988,905	341,329	174,016	6,156,218
Leased buildings	118,146,422	1,246,615	19,223,197	100,169,840
Leased equipment	1,944,081	-	-	1,944,081
Leased vehicles	686,085	114,655	-	800,740
Subscription based IT arrangements	38,127,505	21,862,201	1,567,474	58,422,232
Total depreciable capital assets	$2,453,529,533	$79,231,778	$40,283,635	$2,492,477,676
Less accumulated depreciation/amortization for:				
Land improvements and infrastructure	21,687,013	662,036	-	22,349,049
Buildings	700,686,849	43,364,480	87,188	743,964,141
Equipment	272,377,365	26,574,121	15,619,040	283,332,446
Intangible assets	14,382,034	308,765	958,791	13,732,008
Library books	97,766,447	1,448,071	728,642	98,485,876
Leased parking lots	2,189,830	819,641	174,016	2,835,455
Leased buildings	24,370,547	7,903,934	6,007,287	26,267,194
Leased equipment	907,922	474,638	-	1,382,560
Leased vehicles	149,514	102,107	-	251,621
Subscription based IT arrangements	17,922,637	12,448,700	1,567,474	28,803,863
Total accumulated depreciation/amortization	1,152,440,158	94,106,493	25,142,438	1,221,404,213
Total depreciable capital assets, net	1,301,089,375	(14,874,715)	15,141,197	1,271,073,463
Total capital assets - net	$1,421,132,151	$63,464,339	$38,507,429	$1,446,089,061
Less Leased buildings & parking lots on component units	$59,881,492	$1,587,943	$17,464,153	$44,005,282
Total capital assets - net, after eliminations	$1,361,250,659	$61,876,396	$21,043,276	$1,402,083,779

Authority:	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$25,424,196	-	135,914	$25,288,282
Construction in progress	35,315,478	93,594,113	95,470,330	33,439,261
Total nondepreciable capital assets	60,739,674	93,594,113	95,606,244	58,727,543
Depreciable capital assets:				
Land improvements	6,909,715	195,750	196,092	6,909,373
Buildings	2,102,754,479	49,924,309	16,019,914	2,136,658,874
Equipment	805,537,264	41,832,704	13,703,851	833,666,117
Intangible assets	269,571,731	3,517,568	39,901,540	233,187,759
Total depreciable capital assets	3,184,773,189	95,470,331	69,821,397	3,210,422,123
Right to use assets:				
Leased land	436,239	634,924	-	1,071,163
Leased buildings	79,176,475	1,851,687	7,553,734	73,474,428
Leased equipment	6,918,971	20,767,932	-	27,686,903
Subscription based IT arrangements	73,781,596	42,838,041	-	116,619,637
Total right to use capital assets	160,313,281	66,092,584	7,553,734	218,852,131
Less accumulated depreciation/amortization for:				
Land improvements and infrastructure	5,976,032	186,024	183,954	5,978,102
Buildings	773,051,315	41,471,866	15,881,233	798,641,948
Equipment	615,775,566	36,153,435	13,203,866	638,725,135
Intangible assets	157,259,023	13,428,637	39,901,540	130,786,120
Leased land	367,463	302,869	-	670,332
Leased buildings	38,197,814	7,946,098	2,061,199	44,082,713
Leased equipment	2,915,752	4,241,939	-	7,157,691
Subscription based IT arrangements	46,328,863	24,439,168	-	70,768,031
Total accumulated depreciation/amortization	1,639,871,828	128,170,036	71,231,792	1,696,810,072
Total depreciable capital assets, net	1,705,214,642	33,392,879	6,143,339	1,732,464,182
Total capital assets - net	$1,765,954,316	$126,986,992	$101,749,583	$1,791,191,725

MCV Foundation:	Beginning Balance	Additions	Reductions	Ending Balance
Land	$217,000	-	-	$217,000
Total nondepreciable capital assets	217,000	-	-	217,000
Depreciable capital assets:				
Property and equipment	3,341,000	2,919,000	148,000	6,112,000
Less accumulated depreciation	2,169,000	264,000	137,000	2,296,000
Total depreciable capital assets, net	1,172,000	2,655,000	11,000	3,816,000
Total capital assets - net	$1,389,000	$2,655,000	$11,000	$4,033,000

VCU Real Estate Foundation:	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets:				
Land	$23,255,313	$3,700,801	2,496,585	$24,459,529
Construction in progress	204,205	5,441,125	5,465,131	180,199
Total nondepreciable capital assets	23,459,518	9,141,926	7,961,716	24,639,728
Depreciable capital assets:				
Buildings	91,508,682	1,809,562	-	93,318,244
Equipment	3,257,706	-	-	3,257,706
Total depreciable capital assets	94,766,388	1,809,562	-	96,575,950
Less accumulated depreciation	39,653,163	3,351,837	-	43,005,000
Total depreciable capital assets, net	55,113,225	(1,542,275)	-	53,570,950
Total capital assets - net	$78,572,743	$7,599,651	$7,961,716	$78,210,678

VCU School of Business Foundation:	Beginning Balance	Additions	Reductions	Ending Balance
Total nondepreciable capital assets	$0	$0	$0	$0
Total depreciable capital assets	$40,198,124	$0	$0	$40,198,124
Less accumulated depreciation	$22,053,130	$1,339,937	$0	$23,393,067
Total depreciable capital assets, net	$18,144,994	-$1,339,937	$0	$16,805,057
VCU College of Engineering Foundation:	**Beginning Balance**	**Additions**	**Reductions**	**Ending Balance**
Total nondepreciable capital assets	$4,307,317	$0	$0	$4,307,317
Total depreciable capital assets	$69,573,437	$919	$0	$69,574,356
Less accumulated depreciation	$46,303,039	$2,324,416	$0	$48,627,455
Total depreciable capital assets, net	$23,270,398	-$2,323,497	$0	$20,946,901
Less included on University	$4,574,213	$0	$861,252	$3,712,961
Total capital assets - net	$23,003,502	-$2,323,497	-$861,252	$21,541,257

GASB 42, *Accounting and Reporting for the Impairment of Capital Assets and for Insurance Recoveries,* effective for periods beginning after December 15, 2004, requires disclosure of insurance recoveries for circumstances other than impairment of capital assets. Fiscal year 2025 insurance recoveries of $511,900 are reported as other non-operating income by the University.

7. FUNDS HELD IN TRUST BY OTHER

Under the provisions of the wills of certain benefactors, the University's portion of principal sums with market values of $17,819,627 at June 30, 2025, was held in trust by others. These assets are not included in the University's balance sheet.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following as of June 30, 2025:

	Vendor payable	Retainage payable	Accrued wages	Interest payable	Settlements due to third parties	Total
University	$35,984,337	$2,637,138	$77,360,845	$1,634,637	-	$117,616,957
Authority	139,279,993	-	77,028,630	12,566,500	23,173,031	252,048,154
MCV Foundation	3,272,000	-	-	-	-	3,272,000
VCU Foundation	17,713	-	-	-	-	17,713
VCU Real Estate Foundation	149,656	-	-	125,622	-	275,278
VCU School of Business	35,562	-	-	-	-	35,562
VCU College of Engineering	37,242	-	-	171,485	-	208,727
Dentistry@VCU	1,088,586	-	-	-	-	1,088,586
					Total	$374,562,977

9. UNEARNED REVENUE

Unearned revenue consisted of the following as of June 30, 2025:

Prepaid tuition and fees	$16,490,475
Grants and contracts	45,446,493
Other cash advances	19,955,175
	$81,892,143

10. SHORT TERM DEBT

Commercial Paper Program

On May 10 2019, the Board of Visitors approved the short-term financing of capital projects with commercial paper. This commercial paper financing program gives the University access to finance or refinance up to $75M for capital projects that have either been authorized by the Board or by appropriate legislation enacted by the General Assembly and for which the incurrence of indebtedness has been authorized. As of June 30, 2025 the total amount outstanding was $4,650,000 ($4,650,000 additions during fiscal year 2025 and $0 reductions). The days to maturity at June 30, 2025 are 43 days with an effective interest rate of 4.40%. The commercial paper is taxable.

Revolving Credit

On June 24, 2024 the University entered into a revolving credit agreement with Bank of America. The maximum principal amount of this credit facility is $75,000,000 as authorized by resolutions adopted by the Board of Visitors of the University on May 10, 2024. The new facility has a 3yr term ending June 24, 2027 with a rate of 0.38%. In the event of default, all amounts under the agreement become forthwith due and payable. The University had no outstanding credit balance as of June 30, 2025.

11. FUNDS HELD IN TRUST

At June 30, 2025, the University held deposits for others, which are composed of the following:

	Funds Held for Others
Federal loan programs	9,653,288
Student organizations and others	759,685
Total	$10,412,973

12. LONG TERM LIABILITIES

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

Bonds Payable

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

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

On June 24th, 2025, the Treasury Board issued General Obligation Refunding Bonds, Series 2015B in the amount of $2,615,000. These bonds were used to refund Series 2025B and carry an interest rate of 2.73%. This transaction resulting in $131,000 present value of savings from cash flows.

Section 9(d) bonds, are limited obligations of the University, payable from pledged general revenues. They can be issued either by the Commonwealth or the University, carry interest rates of 0.48% to 5.50% and are due through fiscal year 2051. Included in the total General Revenue Pledge Bonds are outstanding bonds payable in the amount of $22,859,138, which will be repaid by the VCU Real Estate Foundation.

Callable Bonds

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

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

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

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

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

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

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

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

Virginia College Building Authority

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

Leases and Subscription-Based Information Technology Arrangements (SBITAs)

The University is party to several real estate leases, equipment leases and Subscription-Based Information Technology Arrangements (SBITAs). Real estate leases include buildings, space within buildings, parking lots, and green space, with terms ranging from 3-43 years for the buildings and 3-10 years for parking lots. Equipment leases range in term from 2-7 years. SBITAs represent the university's obligation to pay vendors for access to their information technology, typically with terms ranging from 2-11 years. Both leases and SBITAs often include various options to extend.

The University applies a discount rate to measure its lease and SBITA liabilities. If not readily determinable for leases and SBITAs under $2 million and less than 12 years long, the University applies the Master Equipment Lease Program (MELP) rate, determined by the Commonwealth of Virginia Treasury, and for leases and SBITAs exceeding those thresholds the University applies its estimated incremental borrowing rate.

The liabilities for both leases and SBITAs are measured at the present value of payments expected to be made during their respective terms. This measurement includes, if required by the agreement: fixed payments, variable payments that are fixed in substance, amounts reasonably certain to be required under residual value guarantees, the exercise price of purchase options if reasonably certain to be exercised, payments for penalties for terminating the agreement, lease or subscription incentives, and other payments reasonably certain to be required based on an assessment of all relevant factors.

The present value calculation uses the discount rate implicit in the agreement when available. If unavailable, the University uses its internal borrowing rate. Variable payments not included in the initial measurement of the lease or SBITA liability are recognized as outflows of resources in the period to which those payments relate. For leases, these may include rate changes based on market rates at the time of renewal or future rate changes set by the Board of Visitors. For SBITA's, these may include payments based on usage of underlying assets or additional licenses. In addition to agreements that have both a fixed and variable rate portion, the University is also party to several leases and SBITAs whose payments are completely variable due to factors such as varying rates, number of assets, or number of users. These payments, along with all other variable payments, are recognized as outflows of resources based upon the provisions of the respective contracts. In the fiscal year ending June 30, 2025, approximately $253k of variable costs related to lease arrangements and $244k of variable costs related to SBITA's were recognized as outflows of resources.

The University is also a party to a lease, sublease type arrangement where it acts as paymaster. The University collects lease revenues from students and then remits the revenues back to the owner of the residential facilities. The collections remitted in the fiscal year ending June 30, 2025 totaled $13,496,363. Since the University acts solely as an intermediary in this arrangement, the collections and related remittances are not included in the consolidated financial statements.

The changes in long-term liabilities are as shown below. Beginning balances have been restated as outlined in Note 1 Summary of Significant Accounting Policies.

University:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General revenue pledge bonds	$ 212,662,778	-	(4,807,508)	$ 207,855,270	$ 5,695,000
General revenue pledge bonds - Direct Placement	91,133,010	-	(5,973,872)	85,159,138	5,600,365
Commonwealth of Virginia revenue bonds	43,747,141	2,749,814	(6,208,519)	40,288,436	3,530,000
Total bonds payable	$347,542,929	2,749,814	(16,989,899)	$333,302,844	14,825,365
Notes Payable:					
Virginia College Building Authority	66,185,154	-	(13,633,628)	52,551,526	12,165,000
Lease liabilities	100,907,175	1,702,598	(21,950,295)	80,659,478	7,016,298
Subscription based technology arrangements	17,437,238	20,700,309	(12,473,765)	25,663,782	10,840,484
Installment purchases	426,830	-	(219,545)	207,285	86,838
Total long-term debt	$532,499,326	$25,152,721	($65,267,132)	$492,384,915	$44,933,985
Compensated absences	56,657,736	66,297,999	(63,804,086)	59,151,649	52,847,763
Deferred compensation	4,824,168	2,771,567	(2,022,768)	5,572,967	1,739,488
Pension liability, net	291,440,909	-	(2,894,564)	288,546,345	-
Other post employment benefits liability	112,711,706	574,682	(9,741,756)	103,544,632	2,442,867
Total	$998,133,845	$94,796,969	($143,730,306)	$949,200,508	$101,964,103

Authority:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General revenue pledge bonds	$ 631,934,716	-	(15,859,629)	$ 616,075,087	$ 15,465,692
Notes payable	60,068,360	-	(938,975)	59,129,385	972,372
Lease liabilities	51,095,254	23,254,541	(18,783,927)	55,565,868	13,560,815
Subscription based technology arrangements	22,258,216	42,835,226	(25,759,402)	39,334,040	17,128,260
Total long-term debt	$765,356,546	$66,089,767	($61,341,933)	$770,104,380	$47,127,139
Claims Payable - Estimated losses on malpractice claims and workers compensation	35,168,366	12,033,071	(7,432,910)	39,768,527	8,100,000
Compensated absences	77,920,322	107,108,084	(101,191,014)	83,837,392	83,837,392
Pension liability, net	12,974,591	10,480,651	(12,974,591)	10,480,651	-
Other post employment benefits liability	3,837,055	2,948,881	(3,837,055)	2,948,881	60,540
Total	$895,256,880	$198,660,454	($186,777,503)	$907,139,831	$139,125,071

College of Engineering Foundation:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	$ 4,188,638	-	(473,297)	$ 3,715,341	$ -
	$4,188,638	$0	($473,297)	$3,715,341	$0

Long-term debt matures as follows:

University

Fiscal Year	Revenue Bonds	Revenue Bonds Direct Placement	Notes Payable	Installment Purchases	Leases	Subscription-based Technology Arrangements	Total
2026	$9,225,000	5,600,365	$12,165,000	$86,838	$7,016,297	$10,840,484	$44,933,984
2027	14,600,000	4,637,072	11,920,000	89,824	6,606,242	9,218,624	47,071,762
2028	15,570,000	4,759,334	12,115,000	30,623	6,878,488	3,390,946	42,744,391
2029	18,585,000	4,882,162	5,070,000	-	6,977,907	1,868,705	37,383,774
2030	20,489,886	5,010,569	1,875,000	-	6,547,981	337,521	34,260,957
2031-2035	82,371,490	17,424,636	4,725,000	-	24,338,636	7,502	128,867,264
2036-2040	10,295,000	19,980,000	1,995,000	-	10,451,161	-	42,721,161
2041-2045	-	17,360,000	-	-	8,091,348	-	25,451,348
2046-2050	56,785,000	5,505,000	-	-	2,281,094	-	64,571,094
2051-2055	11,840,000	-	-	-	484,811	-	12,324,811
2056-2060	-	-	-	-	584,197	-	584,197
2061-2065	-	-	-	-	401,316	-	401,316
Premium	8,382,330	-	2,686,526	-	-	-	11,068,856
Total	$248,143,706	$85,159,138	$52,551,526	$207,285	$80,659,478	$25,663,782	$492,384,915

Authority:

Fiscal Year	Revenue Bonds	Revenue Bonds Direct Placement	Notes Payable	Leases	Subscription-based Technology Arrangements	Total
2026	$7,540,000	$7,925,692	$972,372	$13,560,815	$17,128,260	$47,127,139
2027	7,865,000	8,194,447	1,006,956	12,831,638	10,612,175	40,510,216
2028	8,235,000	8,438,568	1,042,770	10,542,500	5,943,408	34,202,246
2029	8,615,000	8,708,062	1,079,858	7,304,130	5,624,349	31,331,399
2030	8,990,000	9,002,936	1,118,266	5,774,647	25,848	24,911,697
2031-2035	94,605,000	9,298,196	6,216,986	5,552,138	-	115,672,320
2036-2040	91,735,000	-	7,404,074	-	-	99,139,074
2041-2045	205,810,000	-	8,817,829	-	-	214,627,829
2046-2050	54,455,000	-	10,501,531	-	-	64,956,531
2051-2055	66,805,000	-	12,506,723	-	-	79,311,723
2056-2060	-	-	8,462,020	-	-	8,462,020
Unamortized discount	(2,265,886)	-	-	-	-	(2,265,886)
Premium	12,118,072	-	-	-	-	12,118,072
Total	$564,507,186	$51,567,901	$59,129,385	$55,565,868	$39,334,040	$770,104,380

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

College of Engineering Foundation

Fiscal Year	Notes Payable
2027	$ 3,715,341
	-
	-
Total	$3,715,341

A summary of future interest requirements is as follows:

University

Fiscal Year	Revenue Bonds	Revenue Bonds Direct Placement	Notes Payable	Installment Purchases	Leases	Subscription-based Technology Arrangements	Total
2026	$8,476,467	$2,981,323	$1,570,743	$5,678	$2,563,085	$901,667	$16,498,963
2027	8,000,635	2,819,369	1,161,709	2,693	2,340,073	568,700	14,893,179
2028	7,433,360	2,696,640	763,556	216	2,119,524	215,676	13,228,972
2029	6,923,682	2,570,273	436,878	-	1,889,090	84,624	11,904,547
2030	6,392,979	2,440,256	279,653	-	1,673,304	12,695	10,798,887
2031-2035	23,186,830	10,499,473	600,655	-	5,475,852	152	39,762,962
2036-2040	15,447,858	6,989,931	90,975	-	2,958,432	-	25,487,196
2041-2045	14,666,215	2,774,669	-	-	1,414,609	-	18,855,493
2046-2050	9,537,361	427,045	-	-	417,968	-	10,382,374
2051-2055	184,408	-	-	-	243,889	-	428,297
2056-2060	-	-	-	-	144,504	-	144,504
2061-2065	-	-	-	-	35,903	-	35,903
Total	$100,249,795	$34,198,979	$4,904,169	$8,587	$21,276,233	$1,783,514	$162,421,277

Authority

Fiscal Year	Revenue Bonds	Revenue Bonds Direct Placement	Notes Payable	Leases	Subscription-based Technology Arrangements	Total
2026	$25,620,180	$640,558	$2,054,028	$1,444,119	$1,329,452	$31,088,337
2027	25,221,456	520,149	2,019,444	1,075,659	705,118	29,541,826
2028	24,804,022	396,210	1,983,630	740,525	347,233	28,271,620
2029	24,367,448	268,386	1,946,542	486,845	60,021	27,129,242
2030	23,911,970	136,318	1,908,134	302,596	113	26,259,131
2031-2035	106,813,631	-	8,915,014	113,434	-	115,842,079
2036-2040	81,346,449	-	7,727,926	-	-	89,074,375
2041-2045	57,411,752	-	6,314,171	-	-	63,725,923
2046-2050	18,037,163	-	4,630,469	-	-	22,667,632
2051-2055	5,558,000	-	2,625,277	-	-	8,183,277
2056-2060	-	-	456,288	-	-	456,288
Total	$393,092,071	$1,961,621	$40,580,923	$4,163,178	$2,441,937	$442,239,730

13. FACULTY EARLY RETIREMENT INCENTIVE PLAN

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

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

As of June 30, 2025, 70 faculty members were enrolled in the plan. Payments during fiscal year 2025 were $2,022,768. The present value of the future plan payment schedule follows:

Fiscal Year	Plan Obligations
2026	1,739,488
2027	1,463,814
2028	1,171,946
2029	770,576
2030	359,822
2031	67,321
Total	$5,572,967

14. PENSIONS AND RETIREMENT PLANS

University

Pension Plan Description

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

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

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

		credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Members are in Plan 1 if their membership date is before July 1, 2010, they were vested as of January 1, 2013, and they have not taken a refund.	**Eligible Members** Members are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.	**Eligible Members** Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Full-time permanent, salaried state employees.* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date

		for opt-in members was July 1, 2014
Hybrid Opt-In Election VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Hybrid Opt-In Election** Same as Plan 1.	***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Members of the Virginia Law Officers' Retirement System (VaLORS) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions State members, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are

separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.		required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Service Credit** Same as Plan 1.	**Service Credit** **Defined Benefit Component:** Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

		<u>**Defined Contributions Component:**</u> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** <u>**Defined Benefit Component:**</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. <u>**Defined Contributions Component:**</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from

		the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distributions not required, except as governed by law.
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **<u>Defined Benefit Component:</u>** See definition under Plan 1 **<u>Defined Contribution Component:</u>** The benefit is based on contributions made by the member and any matching

cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.		contributions made by the employer, plus net investment earnings on those contributions
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **VaLORS:** The retirement multiplier for VaLORS employees is 1.70% or 2.00%.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. **VaLORS:** The retirement multiplier for VaLORS employees is 2.00% applied to hazardous duty service and 1.70% applied to non-hazardous duty service and no supplement.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **VaLORS:** Not applicable. **Defined Contribution Component:** Not applicable.
Normal Retirement Age **VRS:** Age 65. **VaLORS:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age.	**Normal Retirement Age** **Defined Benefit Component:** **VRS:** Same as Plan 2. **VaLORS:** Not applicable.

	<u>VaLORS:</u> Same as Plan 1.	**<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **<u>VRS:</u>** Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. **<u>VaLORS</u>**: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	**Earliest Unreduced Retirement Eligibility** **<u>VRS:</u>** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. **<u>VaLORS</u>**: Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **<u>Defined Benefit Component</u>:** **<u>VRS</u>:** Same as Plan 2. **<u>VaLORS</u>:** Not applicable. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility **<u>VRS</u>**: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. **<u>VaLORS:</u>** Age 50 with at least five years of service credit.	**Earliest Reduced Retirement Eligibility** **<u>VRS:</u>** Age 60 with at least five years (60 months) of service credit. **<u>VaLORS:</u>** Same as Plan 1.	**Earliest Reduced Retirement Eligibility** **<u>Defined Benefit Component:</u>** **<u>VRS:</u>** Same as Plan 2. **<u>VaLORS:</u>** Not applicable. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U	**Cost-of-Living Adjustment (COLA) in Retirement** **<u>Defined Benefit Component:</u>** Same as Plan 2.

Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability.	and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:** Same as Plan 1. **Exceptions to COLA Effective Dates:** Same as Plan 1.	**Defined Contribution Component**: Not applicable. **Eligibility:** Same as Plan 1. **Exceptions to COLA Effective Dates:** Same as Plan 1.

• The member retires directly from short-term or long-term disability. • The member Is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.		
Disability Coverage For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **<u>Defined Benefit Component</u>:** Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. **<u>Defined Contribution Component</u>**: Not applicable.

Contributions

The contribution requirement for active employees is governed by § 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2025, was 12.52% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60% of covered employee compensation. These rates were the final approved General Assembly rate which were based on an actuarially determined rates from an actuarial valuation as of June 30, 2023. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the state agency to the VRS State Employee Retirement Plan were $46,675,154 and $45,555,097 for the years ended June 30, 2025, and June 30, 2024, respectively. Contributions from the state agency to the VaLORS Retirement Plan were $1,747,755 and $1,563,681 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled $1,890,335 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled $2,334,136 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled $187,786,061 for the year ended June 30, 2025.

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

At June 30, 2025, the University reported a liability of $277,919,007 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $10,627,338 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The University's proportion of the Net Pension Liability was based on the University's actuarially determined employer contributions to the pension plans for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the University's proportion of the VRS State Employee Retirement Plan was 5.64236% as compared to 5.54382% at June 30, 2023. At June 30, 2024, the University's proportion of the VaLORS Retirement Plan was 1.59376% as compared to 1.69112% at June 30, 2023.

For the year ended June 30, 2025, the University recognized pension expense of $32,635,123 for the VRS State Employee Retirement Plan and $1,492,342 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2023 and June 30, 2024 a portion of the pension expense was related to deferred amounts from changes in proportion and differences between University contributions and the proportionate share of University contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$46,204,786	($1,532,555)
Net difference between projected and actual earnings on pension plan investments	-	(37,361,107)
Change in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,138,120	(960,677)
Employer contributions subsequent to the measurement date	48,422,909	-
Total	$101,765,815	($39,854,339)

The $48,422,909 reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	
FY 2026	($5,278,493)
FY 2027	29,678,667
FY 2028	(2,986,210)
FY 2029	(7,925,397)
	$13,488,567

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

	State Employee Retirement Plan	**VaLORS Retirement Plan**
Inflation	2.50%	2.50%
Salary increases, including Inflation	3.5% – 5.35%	3.5% – 4.75%
Investment rate of return	6.75% percent, net of pension plan investment expenses, including inflation	6.75% percent, net of pension plan investment expenses, including inflation
Mortality rates		
Pre-Retirement	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males;

		105% of rates for females set forward 3 years.
Post-Disablement	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates.	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

	State Employee Retirement Plan	**VaLORS Retirement Plan**
Mortality Rates (pre-retirement, post retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan	Increased rates at some younger ages, decreased at age 62, and changed final

	2/Hybrid; changed final retirement age from 75 to 80 for all	retirement from 65 to 70
Withdraw Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change	No change
Salary Scale	No change	No change
Line of Duty Disability	No change	No change
Discount Rate	No change	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2024, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan	VaLORS Retirement Plan
Total pension liability	$29,769,365	$2,743,541
Plan fiduciary net position	24,843,784	2,076,732
Employers' net pension liability (asset)	$4,925,581	$666,809
Plan fiduciary net position as a percentage of the total pension liability	83.45%	75.70%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
*Expected arithmetic nominal return, including 2.5% inflation assumption			7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

* On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the state agency for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 102% of the actuarially determined contribution rate. From July 1, 2024 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
University's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	$473,729,330	$277,919,007	$114,623,983
University's proportionate share of the VaLORS Retirement Plan Net Pension Liability	$16,340,260	$10,627,338	$6,000,510

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/media/shared/pdf/ publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

Included in accounts payable and other liabilities is an outstanding liability as of June 30, 2025 of $2,852,144 due to VRS.

Optional Retirement Plans

Full-time faculty and certain administrative staff are eligible to participate in other retirement plans. These are fixed-contribution programs where the retirement benefits received are based upon the employer (5.4%) and employee (5%) contributions (all of which are paid by the University for faculty hired before July 1, 2010) plus interest and dividends. For faculty hired on or after July 1, 2010, the 5% employee contribution is paid by the employee and the employer contribution, paid by the University, is 8.5%. The two providers are TIAA-CREF and Fidelity. The total pension expense for fiscal year 2025 related to these optional retirement plans was $27,604,560. Included in accounts payable and other liabilities is an outstanding liability as of June 30, 2025 of $1,623,174 related to these plans.

Additionally, certain employees of Virginia Commonwealth University are participating in The Select Plan. The Select Plan is a 401(a) defined contribution plan and participation is limited to executives (Dean and above) by invitation. It is primarily designed to continue defined contributions at the regular other retirement plan percentages of salary (as applicable depending upon the faculty member's plan) for executives whose base salaries exceed the compensation maximum for the other retirement plan. Total pension expense related to The Select Plan for fiscal year 2025 was $354,232. Included in accounts payable and other liabilities is an outstanding liability as of June 30, 2025 of $83,393 related to this plan.

Individual contracts issued under these optional plans provide for full and immediate vesting of both the University's and the employee's contributions. Contributions to other retirement plans were calculated using the base salary $305,757,445 in fiscal year 2025. Total pension costs under these plans were $27,958,792 in fiscal year 2025. Included in accounts payable and other liabilities is an outstanding liability as of June 30, 2025 of $1,706,566 related to these plans.

Deferred Compensation Plan (DCP)

The Deferred Compensation Plan (DCP) gives full and part-time faculty and staff who contribute at least $10 each pay period through the Tax Deferred Annuity Program (TDA) a matching contribution of 50%, up to a maximum of $20 each pay period, of the amount faculty and staff contribute through the TDA Program. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Total employer contributions under the Deferred Compensation Plan including both VRS and other retirement plan participants, were approximately $1,752,655 for the fiscal year ending 2025.

Authority

VCUMC Virginia Retirement System Plan (VRS Plan)

Prior to July 1, 1997, employees of VCUMC were employees of the Commonwealth of Virginia (the Commonwealth). These employees were eligible to participate in a defined benefit pension plan administered by the Virginia Retirement System (VRS). After July 1, 1997, employees could choose to remain in the VRS Plan or enroll in the VCUMC Authority Defined Contribution Plan (the Plan). A description of the VRS pension plan, contributions, actuarial assumptions, net pension liability, long-term expected rate of return and discount rate can be found under the University's section described previously. Contributions from VCUMC to the VRS Plan were $1,194,214 and $1,589,334 for the years ended June 30, 2025 and 2024, respectively.

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

VCUMC reported a liability of $10,480,651 for its proportionate share of the Net Pension Liability for the year ended June 30, 2025. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. VCUMC's proportion of the Net Pension Liability was based on VCUMC's actuarially determined employer contributions to the pension plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contribution for all participating employers. At June 30, 2024, VCUMC's proportion of the VRS Plan was 0.21278% as compared to 0.25643% at June 30, 2023.

VCUMC recognized pension income of ($3,086,000) for the Plan for the year ended June 30, 2025. On June 30, 2025, VCUMC reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$1,719,166	$57,794
Net difference between projected and actual earnings on pension plan investm	-	1,377,632
Change in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,551,429
Employer contributions subsequent to the measurement date	1,194,214	-
Total	$2,913,380	$4,986,855

Deferred outflows of resources related to employer contributions subsequent to the measurement date totaling $1,194,214 will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
FY26	($2,695,242)
FY27	34,997
FY28	(315,306)
FY29	(292,139)
	($3,267,690)

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

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

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
The VCUMC's proportionate share of the VRS state employee retirement plan net pension liability	$17,864,888	$10,480,651	$4,322,605

VCUHS Retirement Plan (VCUHS 401(A) Plan)

The VCUMC Authority Defined Contribution Plan (the Plan) was amended and restated effective January 1, 2002 and is now referred to as the VCUHS Retirement Plan (VCUHS 401(a) Plan). All employees, excluding house staff, working at least 20 hours a week in a benefit-eligible position are eligible to participate in the VCUHS 401(a) Plan. Per the VCUHS 401(a) Plan document as approved by the Authority's Board of Directors, VCUMC contributes up to 10% of the participant's salary to the VCUHS 401(a) Plan not to exceed the lesser of (a) the amount in accordance with Code 415(d), or (b) one hundred percent (100%) of the Participant's Compensation for such limitation year. Contributions are a function of the employee's age plus years of service per the table below. Total contributions to the VCUHS 401(a) Plan for the year ended June 30, 2024 was approximately $50,062,000. VCUMC shall have the right at any time, and without the consent of any party, to terminate the VCUHS 401(a) Plan in its entirety. Any changes to the provisions of the VCUHS 401(a) Plan, including the contribution requirements, must be approved in writing by the Authority's Board of Directors.

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

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

VCUMC has also established the HCP Plan. All persons hired as a health care provider on or after July 1, 1993 and prior to July 1, 1997 and working at least 35 hours of service per week are eligible to participate in the HCP Plan. All significant provisions of the HCP Plan, including the contribution requirements, are similar to the VCUHS 401(a) Plan. Total contributions to the HCP Plan for the year ended June 30, 2025 was approximately $20,000.

MCVAP

MCVAP sponsors the MCVAP 401(a) Retirement Plan (the 401(a) Plan), a noncontributory, defined contribution plan, which covers substantially all full-time clinical provider employees of MCVAP and the MCVAP 403(b) Salary Deferral Plan (the 403(b) Plan), a salary deferral plan that represents physician contributions. Contributions to the 401(a) Plan by MCVAP, as determined annually at the discretion of the Board of Directors, were approximately $34,730,000 for the year ended June 30, 2025.

MCVAP also participates in the VCUHS 401(a) Plan, which covers all benefited nonclinical provider employees of MCVAP; the VCUHS Savings Plan (VCUHS 457(b) Plan), a savings plan that represents employee contribution and the MCVAP 403(b) Supplemental Plan (the 403(b) Highly Compensated Plan), a noncontributory defined contribution plan for highly compensated employees. The VCUHS 401(a) Plan contributions (as a percentage of the employee's salary) are a function of the employee's age plus years of service per the table below. MCVAP employees may contribute to the VCUHS 457(b) Savings Plan. Employees may also receive a 2% matching contribution in their VCUHS 401(a) Plan based on their 457(b) contribution. Contributions to the VCUHS 401(a) Plan for the year ended June 30, 2025 was approximately $8,720,000.

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

CMH and CMHP

CMH participants in the VCUHS 401(a) Plan and retirement plan expense was approximately $2,561,000 for the year ending June 30, 2025. Providers who were employees of CMHP participate in the MCVAP0401(a) Retirement Plan. Those plan expenses were $27,000 for the year ending June 30, 2025.

Children's

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

The Pension Plan's fair value of plan assets and net pension liability was $0 as of June 30, 2025. Children's participants in the VCUHS 401(a) Plan and retirement plan expense was approximately $487,000 for the year ended June 30, 2025.

15. OTHER POST-EMPLOYMENT BENEFITS

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

Plan Descriptions

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

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

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

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

PRE-MEDICARE RETIREE HEALTHCARE (PMRH) PROGRAM: The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the Code of Virginia for retirees who are not yet eligible to participate in Medicare. VCUMC employees who elected to remain in the VRS Plan and continued enrollment in the State Health Benefits Program remain eligible for the program. This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes and is administered by the Department of Human Resource Management. There were approximately 3,235 retirees and 96,895 active employees in the program as of June 30, 2024. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

Plan Provisions

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- **Natural Death Benefit**: The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit:** The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions:** In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
    - Accidental dismemberment benefit
    - Seatbelt benefit
    - Repatriation benefit
    - Felonious assault benefit
    - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $9,532 as of June 30, 2025.

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS

Eligible Employees

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

Eligible employees are enrolled automatically upon employment. They include:

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

Benefit Amounts

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

- **At Retirement**: For State employees who retire, the monthly benefit is $4.25 per year of service per month with no cap on the benefit amount.
- **Disability Retirement:** For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.25 per year of service, whichever is higher.

For State police officer employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is $120.00 or $4.25 per year of service, whichever is higher. For State police officers with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual's premiur amount. • Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.
LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS
Eligible Employees The eligible employees of the LODA Program include paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under VRS, SPORS, or VaLORS.

Benefit Amounts
LODA provides death and health insurance benefits for eligible individuals:
• **Death:** The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:
  o $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
  o $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. The benefit will be $75,000 for approved presumptive deaths occurring on or after January 1, 2025.
  o An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.
• **Health Insurance:** The LODA program provides health insurance benefits.
  o The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

DISABILITY INSURANCE PROGRAM (VSDP) PLAN PROVISIONS
Eligible Employees The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP).

- State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement.
- Public college and university faculty members who elect the VRS defined benefit plan. They may participate in VSDP or their institution's disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.

Benefit Amounts

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

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

Disability Insurance Program (VSDP) Plan Notes:

- Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels.
- A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up five years of VSDP benefits.
- Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5.00% of the employee's compensation.

Cost-of-Living Adjustment (COLA)

- During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board.
  - Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).
  - Plan 1 employees non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).

- For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
    - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%
- For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
    - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.

Pre-Medicare Retiree Healthcare (PMRH) Plan Provisions

Eligible Employees

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

Following are eligibility requirements for Virginia Retirement System retirees:

- You are a retired state employee who is eligible for a monthly retirement benefit from the Virginia Retirement System (VRS), and
- You start receiving (do not defer) your retirement benefits immediately upon retirement*, and
- Your last employer before retirement was the Commonwealth of Virginia, and
- You were eligible for (even if you were not enrolled in) coverage as an active employee in the State Health Benefits Program until your retirement date (not including Extended Coverage/COBRA), and
- You enroll no later than 31 days from your retirement date.

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

Effective January 1, 2017**, following are eligibility requirements for Optional Retirement Plan retirees:

- You are a terminating state employee who participates in one of the qualified Optional Retirement Plans, and
- Your last employer before termination was the Commonwealth of Virginia, and
- You were eligible for (even if you were not enrolled in) coverage in the State Employee Health Benefits Program for active employees at the time of your termination, and
- You meet the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that you would have been eligible for on your date of hire had you not elected the ORP, and

- You enroll in the State Retiree Health Benefits Program no later than 31 days from the date you lose coverage (or lose eligibility for coverage) in the State Health Benefits Program for active employees due to your termination of employment.
  **This change applies to ORP terminations effective January 1, 2017, or later. Eligibility for those who terminated employment prior to January 1 should be determined based on the policy in place at the time of their termination.

Contributions

GLI PROGRAM: The contribution requirements for the Group Life Insurance Program are governed by § 51.1-506 and § 51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the University and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the University were $3,108,198 and $3,314,463 for the years ended June 30, 2025 and June 30, 2024, respectively.

HIC PROGRAM: The contribution requirement for active employees is governed by § 51.1-1400(D) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the University by the Virginia General Assembly. Each state agencies' contractually required employer contribution rate for the year ended June 30, 2025, was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was the approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Health Insurance Credit Program were $7,312,914 and $6,906,389 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions from VCUMC to the HIC Plan were $307,911 and $327,050 for the years ending June 30, 2025 and June 30, 2024, respectively.

In June 2024, the Commonwealth made a special contribution of approximately $52.8 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 1, 2024 Acts of the Assembly, Special Session I, and is classified as a special employer contribution. Our proportionate share is reflected in the Other Non-Operating Expenses of our financial statements.

LODA PROGRAM: The contribution requirements for the LODA Program are governed by § 9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the University by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2025 was $1,015.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2024, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the University were $80,185 and $71,466 for the years ended June 30, 2025 and June 30, 2024, respectively.

VSDP PROGRAM: The contribution requirements for the Disability Insurance Program (VSDP) are governed by § 51.1-1140 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the University by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2025 was 0.50% of covered employee compensation. This rate was the General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the University were $1,710,001 and $1,921,327 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

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

At June 30, 2025, the University and VCUMC reported the following net liabilities (assets) of for its proportionate share of the total OPEB liability for each of the OPEB programs.

University	**Liabilities (Assets)**	**VCUMC**	**Liabilities (Assets)**
GLI	$27,030,199	HIC	$2,283,369
HIC	$48,504,188	PMRH	$665,511
LODA	$1,863,600		
VSDP	($19,906,381)		
PMRH	$26,146,646		

These liabilities were measured as of June 30, 2024. The total OPEB Liability used to calculate each OPEB liability for GLI, HIC, LODA, and VSDP was determined by an actuarial valuation as of June

30, 2023 and rolled forward to the measurement date of June 30, 2024. The PMRH OPEB Liability was determined by an actuarial valuation as of June 30, 2024. The University's proportionate share of the GLI, HIC, LODA and VSDP liabilities was based on the University's actuarially determined employer contributions to each program for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. VCUMC's proportion of the Net HIC Plan OPEB Liability was based on VCUMC's actuarially determined employer contributions to the HIC Plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. The University's and VCUMC's proportion of the PMRH OPEB liability was based on their calculated healthcare premium contributions, to include the December premium holiday amounts, as a percentage of the total employer's calculated healthcare premium contributions for all participating employers.

At June 30, 2024, the University's proportionate shares were:

GLI State Employees	2.39746% as compared to 2.37312% at June 30, 2023
GLI VaLORS	0.02477% as compared to 0.02677% at June 30, 2023
HIC State Employees	6.76885% as compared to 6.79850% at June 30, 2023
HIC VaLORS	0.06992% as compared to 0.07609% at June 30, 2023
LODA	0.47353% as compared to 0.46756% at June 30, 2023
VSDP State Employees	5.51319% as compared to 5.42445% at June 30, 2023
VSDP VaLORS	0.11225% as compared to 0.12321% at June 30, 2023
PMRH	7.33426% as compared to 7.26642% at June 30, 2023

At June 30, 2024, VCUMC's proportionate shares were:

HIC	0.32194% as compared to 0.37640% at June 30, 2023
PMRH	0.18668% as compared to 0.21155% at June 30, 2023

For the year ended June 30, 2025, the University and VCUMC recognized the following expenses for these programs:

University	**Expenses**	**VCUMC**	**Expenses**
GLI	$897,072	HIC	($589,706)
HIC	$4,394,707	PMRH	($700,977)
LODA	$232,264		
VSDP	$156,002		
PMRH	($6,295,063)		

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

At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to the programs from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
GLI	Differences between expected and actual experience	$4,263,284	($660,257)
	Net difference between projected and actual earnings on program investments		(2,278,363)
	Change in assumptions	154,073	(1,339,561)
	Changes in proportionate share	710,018	(309,813)
	University contributions subsequent to the measurement date	3,108,198	-
	Total	$8,235,573	($4,587,994)
HIC	Differences between expected and actual experience	$0	($3,836,124)
	Net difference between projected and actual earnings on State plan investments	-	(164,177)
	Change in assumptions	781,365	-
	Changes in proportionate share	845,997	(743,690)
	University contributions subsequent to the measurement date	7,312,914	-
	Total	$8,940,276	($4,743,991)
LODA	Differences between expected and actual experience	$64,842	($455,221)
	Net difference between projected and actual earnings on plan investments	-	(6,161)
	Change in assumptions	343,537	(375,338)
	Changes in proportionate share	413,302	(334,037)
	University contributions subsequent to the measurement date	80,185	-
	Total	$901,866	($1,170,757)
VSDP	Differences between expected and actual experience	$890,057	($2,189,680)
	Net difference between projected and actual earnings on plan investments	-	(949,248)
	Change in assumptions	26,128	(64,610)
	Changes in proportionate share	179,054	(687,979)
	University contributions subsequent to the measurement date	1,710,001	-
	Total	$2,805,240	($3,891,517)
PMRH	Difference between actual and expected experience	$524,147	($3,147,748)
	Changes in assumptions	512,693	(9,201,033)
	Changes in proportion	2,669,222	-
	Sub Total	3,706,062	(12,348,781)
	Amounts associated with transactions subsequent to the measurement date	2,378,533	-
	Total	$6,084,595	($12,348,781)

At June 30, 2025, VCUMC reported deferred outflows of resources and deferred inflows of resources related to the programs from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
HIC	Differences between expected and actual experience	$0	($180,588)
	Net difference between projected and actual earnings on State plan investments	-	(7,729)
	Change in assumptions	36,783	-
	Changes in proportionate share	-	(1,551,283)
	VCUMC contributions subsequent to the measurement date	307,911	-
	Total	$344,694	($1,739,600)
PMRH	Difference between actual and expected experience	$13,341	($80,120)
	Changes in assumptions	13,050	(234,194)
	Changes in proportion	-	(1,026,106)
	Sub Total	26,391	(1,340,420)
	Amounts associated with transactions subsequent to the measurement date	60,541	-
	Total	$86,932	($1,340,420)

The preceding amounts reported as deferred outflows of resources related to each program, resulting from the University's and VCUMC's contributions and amounts associated with transactions subsequent to the measurement date, will be recognized as a reduction of each programs net liability (asset) in the fiscal year ending June 30, 2026.

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

University

Year Ended June 30	GLI	HIC	LODA	VSDP	PMRH
FY 2026	($1,043,869)	($992,780)	($34,003)	($1,393,353)	($4,880,491)
FY 2027	523,020	(781,042)	(17,750)	(302,837)	(2,862,167)
FY 2028	199,320	(696,935)	(32,399)	(376,290)	(1,211,692)
FY 2029	400,621	(477,647)	(35,430)	(305,602)	283,425
FY 2030	460,288	(168,225)	(69,270)	(118,645)	28,201
Thereafter	-	-	(160,223)	(299,550)	-
	$539,380	($3,116,629)	($349,075)	($2,796,277)	($8,642,724)

VCUMC

Year Ended June 30	HIC	PMRH
FY 2026	($637,090)	($554,271)
FY 2027	(481,592)	(403,300)
FY 2028	(376,205)	(252,108)
FY 2029	(161,357)	(81,467)
FY 2030	(46,573)	(22,883)
	($1,702,817)	($1,314,029)

Actuarial Assumptions (GLI, HIC, VSDP, LODA)

The total OPEB liability for the VRS Programs was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including Inflation:	
General state employees	3.50% – 5.35% (N/A LODA)
Teachers	3.50% – 5.95% (N/A LODA)
SPORS employees	3.50% – 4.75% (N/A LODA)
VaLORS employees	3.50% – 4.75% (N/A LODA)
JRS employees	4.00% (N/A LODA)
Locality - General employees	3.50% – 5.35% (N/A LODA)
Locality - Hazardous duty employees	3.50% – 4.75% (N/A LODA)
Investment rate of return*	GLI, HIC, and VSDP: 6.75%, net of OPEB plan investment expenses, including inflation LODA: 3.97%, including inflation
Medical cost trend rates assumption (LODA ONLY)	
Under age 65	7.25% – 4.25%
Ages 65 and older	6.5% – 4.25%
Year of ultimate trend rate (LODA Only)	
Under age 65	Fiscal year ended 2034
Ages 65 and	Fiscal year ended 2034

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return.

Mortality Rates (GLI, HIC, VSDP, LODA)

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

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

VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA), Non-Largest 10 Locality Employers – With Public Safety Employees (LODA),	rates for males; 105% rates for females set forward 3 years.
Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI)	Pub-2010 Amount weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

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

Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI)	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

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

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	
General State Employees (GLI, HIC, VSDP, LODA), Teachers (GLI), SPORS Employees (GLI, HIC, VSDP, LODA), VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI), Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA) Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality improvement Scale MP-2020.
JRS Employees (GLI, HIC)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality improvement Scale MP-2020.

Retirement Rates	
General State Employees (GLI, HIC, VSDP, LODA), Teachers (GLI), Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI)	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
SPORS Employees (GLI, HIC, VSDP, LODA)	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70.

VaLORS Employees (GLI, HIC, VSDP, LODA)	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70.
JRS Employees (GLI, HIC)	Decreased rates at for ages 60-66 and 70-72
Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA) Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.

Withdrawal Rates	
General State Employees (GLI, HIC, VSDP, LODA), Teachers (GLI), VaLORS Employees (GLI, HIC, VSDP, LODA), Largest 10 Locality Employers – General Employees (GLI), Non-Largest 10 Locality Employers – General Employees (GLI),	Adjusted rates to better fit experience at each year age and service through 9 years of service
SPORS Employees (GLI, HIC, VSDP, LODA)	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
JRS Employees (GLI, HIC)	No change
Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Largest 10 Locality Employers – With Public Safety Employees (LODA)	Decreased rates.
Non-Largest 10 Locality Employers – Hazardous Duty Employees (GLI), Non-Largest 10 Locality Employers – With Public Safety Employees (LODA)	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty.

Disability Rates	
All employee classifications	No change

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

Line of Duty Disability	
All employee classifications	No change

Discount Rate	
GLI, HIC, VSDP	No change
LODA	Increase rate from 3.86% to 3.97%

Actuarial Assumptions (PMRH)

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2024. The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 7.50 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.0 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end the fiscal year in which contributions are reported
Measurement Date	June 30, 2024 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	5.80 years
Discount Rate	3.93%
Projected Salary Increases	5.35% to 3.5% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 7.50% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2034
Mortality	Mortality rates vary by participant status and gender
Pre-Retirement	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years

Post-Retirement	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years
Beneficiaries and Survivors	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

Changes of Assumptions: The following actuarial assumptions were updated since the June 30, 2024 valuation based on recent experience:

Retiree Participation	Rate remained at 35%
Spousal Coverage	Rate remained at 20%
Trend Rates	Updated based on economic conditions as of June 30, 2024.
Discount Rate	Increased from 3.65% to 3.93% based on the Bond Buyers Go 20 Municipal Bond Index.

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

Net OPEB Liability (Asset)

The net OPEB Liability/Asset (NOL/NOA) for the GLI, HIC, LODA and VSDP programs represents the program's total OPEB Liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2024, NOL/NOA amounts for each program are as follows (amounts expressed in thousands):

	GLI	HIC	LODA	VSDP
Total OPEB liability	$4,196,055	$1,094,073	$398,395	$339,007
Plan fiduciary net position	3,080,133	384,820	4,841	692,870
Employer's net OPEB liability (asset)	$1,115,922	$709,253	$393,554	($353,863)
Plan fiduciary net position as a percentage of the total OBEB liability	73.41%	35.17%	1.22%	204.38%

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

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

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

Asset Class (Strategy)	Long-Term Target Allocation	Arithmetic Long-Term Expected Rate of Return	Long-Term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
*Expected arithmetic nominal return, including 2.5% inflation assumption			7.07%

* The above allocation provides a one-year return of 7.07%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45^{th} percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Long-Term Expected Rate of Return (LODA)

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.97% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments' 6.75% assumption. Instead, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2024.

Discount Rate (GLI, HIC, VSDP, LODA)

The discount rate used to measure the total OPEB Liability was 6.75% for GLI, HIC and VSDP; 3.97% for LODA. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the University for the OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113%, 108%, and 109% of the actuarially determined contribution rate. From July 1, 2024, on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB Liability.

Discount Rate (PMRH)

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date, which is June 30, 2024.

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

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

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
University's proportionate share of: GLI Net OPEB Liability	$42,035,471	$27,030,199	$14,907,913
University's proportionate share of: HIC Net OPEB Liability	$55,601,955	$48,504,188	$42,411,844
University's proportionate share of: VSDP Net OPEB Liability (Asset)	($18,538,882)	($19,906,381)	($21,117,463)
VCUMC's proportionate share of: HIC State Employees Net OPEB Liability	$2,617,502	$2,283,369	$1,996,568

The following presents the University's proportionate share of the net LODA OPEB liability using the discount rate of 3.97%, as well as what the University's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current rate:

	1.00% Decrease 2.97%	Current Discount Rate 3.97%	1.00% Increase 4.97%
University's proportionate share of: LODA Net OPEB Liability	$2,065,945	$1,863,600	$1,689,605

The following presents the University's and VCUMC's proportionate share of the PMRH OPEB liability using the discount rate of 3.93%, as well as what the University's proportionate share of the Pre- Medicare Retiree Healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

	1.00% Decrease 2.93%	Current Discount Rate 3.93%	1.00% Increase 4.93%
University's proportionate share of: PMRH OPEB Liability	$27,737,992	$26,146,639	$24,638,112
VCUMC's proportionate share of: PMRH OPEB Liability	$706,016	$665,511	$627,114

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

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

	1.00% Decrease (6.25% decreasing to 3.25%)	Rates (7.25% decreasing to 4.25%)	1.00% Increase (8.25% decreasing to 5.25%)
University's proportionate share of: LODA Net OPEB Liability	$1,587,539	$1,863,600	$2,202,330

	1.00% Decrease (6.50% decreasing to 3.50%)	Trend Rate (7.50% decreasing to 4.50%)	1.00% Increase (8.50% decreasing to 5.50%)
University's proportionate share of: PMRH OPEB Liability	$23,763,523	$26,146,639	$28,911,032

	1.00% Decrease (6.50% decreasing to 3.50%)	Trend Rate (7.50% decreasing to 4.50%)	1.00% Increase (8.50% decreasing to 5.50%)
VCUMC's proportionate share of: PMRH OPEB Liability	$604,853	$665,511	$735,873

Fiduciary Net Position

Detailed information about the GLI, HIC, LODA and VSDP programs is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the VRS OPEB Programs

Included in the University's accounts payable and other liabilities are the following outstanding liabilities as of June 30, 2025 due to VRS:

GLI	$449,249
HIC	$425,502
VSDP	$99,664

16. COMMITMENTS

The University, Authority and the VCU Real Estate Foundation are party to various construction commitments. As of June 30, 2025, the remaining construction and architect-engineer contract commitments totaled $215,736,554 for the University. The Authority has approximately $184,000,000 contractual commitments primarily relating to facility and infrastructure, strategic equipment and contingency, and information technology.

The VCU Real Estate Foundation has entered into 10 leases for residential properties located in Doha, Qatar for the purpose of providing housing for faculty and staff of VCU Qatar. The payments are approximately $470,879 (US Dollars) annually based upon the exchange rates as of June 30, 2025. The Qatar Foundation advances the funds to the University and the University makes all rent payments directly to the landlords.

As of June 30, 2025, the University is committed to various leases which were excluded from capitalization due to having a calculated asset value of less than the capitalization threshold or a lease period of 12 months or less, including all renewal options regardless of the likelihood of the options being exercised. These outflows of resources are recognized in the periods in which they relate. Additionally, the University has leases and subscription-based information technology arrangements which are excluded from liabilities because the term did not start during the fiscal year. For the University, these commitments total $7,311,299 for leases and $2,111,404 for SBITA's.

17. LITIGATION

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

18. CONTINGENCIES

VCUMC is self-insured for professional liability claims, exclusive of insured excess retentions. There have been malpractice claims asserted against VCUMC by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. There are also known incidents that have occurred that may result in the assertion of additional claims. In addition, there may be other claims from unreported incidents arising from services provided to patients.

Management of VCUMC accrues estimated losses on malpractice claims to the extent they fall within the limits of the VCUMC's self-insurance program or exceed the limits of the excess insurance coverage in place through ARIES at the date of the claim. The undiscounted liability is actuarially determined using industry data and VCUMC's historical experience.

Investments have been set aside based on actuarially determined reserves and are included in assets whose use is limited in the accompanying consolidated statements of net position. At June 30, 2025, the internally restricted funds for VCUMC include $4 million for claims and related legal expenses for reported and unreported incidents occurring since July 1, 1998.

The Authority believes that its consolidated financial position would not be materially affected by the difference between the amounts recorded and the ultimate cost related to asserted or un-asserted VCUMC claims, if any, as of June 30, 2025.

VCUMC obtains automobile liability insurance and specific coverage of general liability and healthcare professional liability through ARIES. Management does not believe the amount of liability for any claims incurred but unreported as of June 30, 2025 is significant.

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

CMH is exposed to various risks of loss from torts, theft of, damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illness; natural disasters; malpractice; and employee health, dental and accidental benefits. Insurance coverage is provided through ARIES or purchased for claims arising from such matters. CMH can be involved in litigation during the ordinary course of business related to professional liability claims. Management and legal counsel believe all claims should be settled within the limits of insurance coverage. Management does not believe the amount of liability for any claims incurred but unreported as of June 30, 2025 is significant.

Children's obtains insurance coverage for professional liability through ARIES. Management and legal counsel believe all claims should be settled within the limits of insurance coverage. Management does not believe the amount of liability for any claims incurred but unreported as of June 30, 2025 is significant.

UHS and VCCN obtain general liability insurance coverage through ARIES. Management does not believe the amount of liability for any claims incurred but unreported as of June 30, 2025 is significant.

ASC obtain general and health professional liability insurance coverage through ARIES. Management does not believe the amount of liability for any claims incurred but unreported as of June 30, 2025 is significant.

ARIES provides medical malpractice coverage to MCVAP. There have been malpractice claims asserted against MCVAP by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. There are also known incidents that have occurred that may result in the assertion of additional claims. In addition, there may be other claims from unreported incidents arising from services provided to patients. Management of ARIES accrues estimated losses on malpractice claims. The discounted liability is actuarially determined using industry data and MCVAP's historical experience.

At June 30, 2025 the assets whose use have been internally designated for payment of claims and related legal expenses for reported and unreported incidents is $28.9 million. The Authority believes its financial position would not be materially affected by the difference between the amounts recorded and the ultimate cost related to asserted and unasserted claims covered by ARIES, if any, at June 30, 2025.

Beginning in July 2019, the Authority obtained insurance coverage for workers' compensation claims through ARIES. Additionally, ARIES assumed the previously self-insured estimated liabilities from policy years July 2001 through July 2019. The Authority is self-insured for workers' compensation claims prior to July 2001. The claims are in various stages of processing. Management of the Authority accrues estimated losses on workers' compensation claims to the extent they fall within the limits of the Authority's self-insurance program. The liability is actuarially determined using industry data and the Authority's historical experience.

At June 30, 2025 VCUMC's estimated losses on workers' compensation claims liability is $2 million. The Authority believes that its financial position would not be materially affected by the difference between the amounts recorded and the ultimate cost related to asserted or unasserted claims, if any, at June 30, 2025.

As a result of this arrangement ARIES' estimated losses on workers' compensation claims liability for the year ended June 30, 2025 is $4.9 million. Investments have been set aside for workers' compensation claims based on actuarially determined reserves and are included in assets whose use is designated in the accompanying statements of net position. The funds are internally designated for claims and related legal expenses for reported and unreported incidents.

19. INDEMNIFICATIONS

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

20. AFFILIATED ORGANIZATIONS

In addition to the component units discussed in Footnote 1 and Footnote 21 the University has two affiliated organizations which are described below. The financial statements do not include the assets, liabilities or fund balances of these organizations. These organizations are separately incorporated entities managed by their own Boards and audited by other independent certified public accounting firms.

Virginia Biotechnology Research Park Partnership Authority

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

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

VCU Investment Management Company

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

21. TRANSACTIONS BETWEEN COMPONENT UNITS

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

The VCU Foundation, the VCU School of Business Foundation and the VCU College of Engineering Foundation hold the University's investments that function as endowments, both true and quasi. As of June 30, 2025, the VCU Foundation and the VCU College of Engineering Foundation held University investments of $35,034,437 and $8,678,039, respectively. Additionally, the VCU School of Business Foundation held investments of $1,582,158. The University has a due from component units for these investments, which is eliminated in the total column.

The VCU Foundation also holds investments for the VCU Intellectual Properties Foundation in the amount of $1,810,687 and for the VCU Real Estate Foundation in the amount of $13,627,980.

The MCV Foundation holds investments for the VCU Intellectual Properties Foundation in the amount of $2,362,890. The University has a due from component units for these investments, which is eliminated in the total column.

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

These properties along with one additional property are leased to the University with annual lease payments of $1. Upon the expiration of the initial lease terms and any exercised renewal options, the University may purchase the properties from the Foundation at a price equal to the greater of the Foundation's original cost or the Foundation's share of the property's fair market value. If the University were to become reasonably certain that it will exercise this option, the lease liability will be remeasured accordingly. Additionally, the University leases parking spaces from the Foundation. The leased assets and lease liabilities are eliminated in the consolidated statement of net position.

The VCU School of Business Foundation has constructed a building with the proceeds of debt issued by the University which is recorded as an asset on the Foundation's Statement of Net Position. The School of Business Foundation transfers sufficient funds to the University annually to fund the debt service. Upon completion of the facility, the two parties entered into a lease whereby the Foundation would lease the property to the University for $1 annually with the University being responsible for all operating costs. Upon the expiration of the initial lease term or any exercised renewal options, the University may purchase the property from the Foundation at a price equal to the greater of the Foundation's original cost or the Foundation's share of the property's fair market value. If the University were to become reasonably certain that it will exercise this option, the lease liability will be remeasured accordingly. The University has the liability for the outstanding debt on the Statement of Net Position. The VCU School of Business Foundation has deferred issuance costs, a liability and an accrued contribution to the University on their financial statements which are eliminated in the Statement of Net Position.

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

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

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

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

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

VCU Health System leases property from the University. The related receivables and deferred inflows of resources are eliminated in the consolidated statement of net position.

22. NET PATIENT SERVICE REVENUE

The Authority's patient service revenue is as follows for the year ended June 30, 2025:

(in thousands)	
Gross Patient Revenue:	
Inpatient	$5,787,806
Outpatient	6,583,389
Provision for uncompensated care and contractual adjustments	(128,668)
Total VCUMC gross patient service revenue	12,242,527
Less contractual allowances and uncollectable amounts	(8,560,055)
Net patient service revenue VCUMC	$3,682,472

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

23. RISK MANAGEMENT

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

24. STATE APPROPRIATIONS

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

The following is a summary of the state appropriations for the year ended June 30, 2025:

Original Legislative Appropriation:	
Educational and general programs	$315,558,459
Higher education student financial assistance	63,779,006
Higher education research initiative for cancer research	22,500,000
Governor's research initiative for biomedical engineering and regenerative medicine	1,162,500
Parkinson's and Movement Disorder center	350,000
Pauley Heart Center	2,750,000
Supplemental Adjustments:	
Virtual Library of Virginia- VIVA	40,640
Teacher Residency Program	1,739,000
Medicines for All Institute	6,500,000
Virginia Military Survivors and Dependent Education Program	14,608,596
Two Year College Transfer Grant Program	688,000
Pell Initiative	882,826
Talent Tech Investment Program	782,819
Special Education Training	23,497
Brown vs Board of Education	29,611
PBIS of the VTSS	447,000
Private day placement review	98,986
Higher education equipment trust fund	10,271,010
Higher education equipment trust fund NGF	(401,647)
Capital fee for out of state students	(2,359,266)
Total	$439,451,037

25. DERIVATIVE INSTRUMENT

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

In June 2007, VCUMC entered into two interest rate swap agreements in anticipation of the issuance of the Series 2008 tax-exempt bonds. The swaps have a combined initial notional amount of $125,000,000 which declines over time to $15,700,000 at the termination date of July 1, 2037. The nominal amount as of June 30, 2025 was $108,155,000. VCUMC pays a fixed rate of 3.84% and the counterparty pays 67% of SOFR (4.45% as of June 30, 2025). The payments are settled monthly. Payments or receipts under the terms of the swap are recorded as interest expense. As of June 30, 2025, the fair market value of the swap was a liability of $10,755,144 which is included in other liabilities in the accompanying consolidated statements of net position. For the year ended June 30, 2025, the change in fair value of the swaps was $845,100.

In June 2024, VCUMC paid off the Series 2013B bonds. At that time, the hedging relationship between the interest rate swap agreements and the Series 2013B bonds was terminated, and the accumulated change in fair value of the interest rate swaps of $21,679,000 was included in the calculation of the deferred gain upon termination. In June 2024, VCUMC reestablished hedge accounting by designating the Series 2024B bonds as the hedged debt.

In June 2013, VCUMC refunded the Series 2008 Bonds using proceeds of the Series 2013A Bonds. At that time, the hedging relationship between the interest rate swap agreements and the Series 2008 bonds was terminated, and the accumulated change in fair value of the interest rate swaps of $30,376,000 was included in the calculation of the deferred loss on refunding. In June 2013, VCUMC reestablished hedge accounting by designating the Series 2013A Bonds as the hedged debt.

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

Maturity	Principal	Interest	Hedging Derivative Instruments, Net	Total
2026	$1,900,000	$5,630,592	$1,181,874	$8,712,466
2027	1,955,000	5,527,368	1,160,129	8,642,497
2028	2,030,000	5,420,184	1,137,549	8,587,733
2029	2,080,000	5,310,360	1,114,413	8,504,773
2030	2,135,000	5,197,632	1,090,666	8,423,298
2031-2035	55,185,000	18,498,216	3,875,476	77,558,692
2036-2040	43,255,000	2,320,296	480,236	46,055,532
Total	$108,540,000	$47,904,648	$10,040,343	$166,484,991

26. SUBSEQUENT EVENTS

During the first 4 months of fiscal year 2026, the University entered into several subscription-based technology agreements totaling $1.65M.

On September 5, 2025 the Real Estate Foundation entered into an agreement to purchase real property totaling $1.4M. On September 30, 2025 the University purchased three properties from the Real Estate Foundation in the amount of $1.6M.

Effective July 1, 2025, the Center for Corporate Education at the School of Business Foundation ceased operations. The decision to discontinue the Center's activities was made by management and approved by the Board of Trustees. The Center provided professional development and continuing education programs for industry partners and had been operating as part of the Foundation's program services. At the time of cessation, all program obligations were fulfilled, and no material liabilities were associated with the closure. Remaining assets of the Center, consisting primarily of cash, will be absorbed into the Foundation's general operating funds.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY

For the 10 Years Ending up to June 30, 2025

University - State Employee

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's portion of the net pension liability	5.64%	5.54%	5.37%	5.42%	5.53%	5.42%	5.26%	5.10%	5.12%	5.10%
Employer's proportionate share of net pension liability	$277,919,007	$280,500,715	$243,534,340	$196,716,635	$400,932,598	$342,609,132	$284,679,000	$297,415,000	$337,179,000	$312,358,000
Employer's covered payroll	$317,392,259	$281,435,940	$250,678,168	$239,100,966	$245,973,353	$227,265,042	$217,121,483	$204,261,684	$201,682,517	$196,421,847
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	87.56%	99.67%	97.15%	82.27%	163.00%	150.75%	131.12%	145.60%	167.18%	159.02%
Plan fiduciary net position as a percentage of the total pension liability	83.45%	82.19%	83.26%	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%

University - VaLORS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's portion of the net pension liability	1.59%	1.69%	1.69%	1.29%	1.39%	1.28%	1.22%	1.20%	1.15%	1.15%
Employer's proportionate share of net pension liability	$10,627,338	$10,940,194	$10,679,615	$6,461,689	$10,855,733	$8,910,081	$7,602,000	$7,843,000	$8,914,000	$8,182,000
Employer's covered payroll	$6,343,606	$6,242,620	$5,715,245	$4,318,450	$5,137,042	$4,493,320	$4,243,397	$4,082,915	$4,006,294	$3,900,759
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	167.53%	175.25%	186.86%	149.63%	211.32%	198.30%	179.15%	192.09%	222.50%	209.75%
Plan fiduciary net position as a percentage of the total pension liability	75.70%	74.91%	74.41%	78.18%	65.74%	68.31%	69.56%	67.22%	61.01%	62.64%

Authority

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's portion of the net pension liability	0.21%	0.26%	0.33%	0.42%	0.50%	0.60%	0.74%	0.79%	0.87%	0.94%
Employer's proportionate share of net pension liability	$10,480,651	$12,974,591	$14,768,926	$15,054,454	$36,297,461	$37,635,271	$36,496,000	$43,367,000	$52,121,000	$53,472,000
Employer's covered payroll	$10,986,010	$12,032,186	$14,187,470	$17,171,189	$21,048,090	$21,067,304	$24,977,594	$32,650,805	$34,987,924	$38,331,215
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	95.40%	107.83%	104.10%	87.67%	172.45%	178.64%	146.11%	132.82%	148.97%	139.50%
Plan fiduciary net position as a percentage of the total pension liability	83.45%	82.19%	83.26%	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%

The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

NET PENSION LIABILITY

For the 10 Years Ending up to June 30, 2025

University: State Employee

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025	$46,675,154	$46,675,154	$0	$339,371,257	13.8%
2024	$45,555,097	$45,555,097	$0	$317,392,259	14.4%
2023	$40,461,880	$40,461,880	$0	$281,435,940	14.4%
2022	$36,144,346	$36,144,346	$0	$250,678,168	14.4%
2021	$34,504,990	$34,504,990	$0	$239,100,966	14.4%
2020	$33,135,452	$33,135,452	$0	$245,973,353	13.5%
2019	$30,896,378	$30,896,378	$0	$227,265,042	13.6%
2018	$29,337,693	$29,337,693	$0	$217,121,483	13.5%
2017	$27,649,005	$27,649,005	$0	$204,261,684	13.5%
2016	$28,015,041	$28,015,041	$0	$201,682,517	13.9%

University: VaLORS Employee

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025	$1,747,755	$1,747,755	$0	$7,144,446	24.5%
2024	$1,563,681	$1,563,681	$0	$6,343,606	24.6%
2023	$1,521,754	$1,521,754	$0	$6,242,620	24.4%
2022	$1,232,008	$1,232,008	$0	$5,715,245	21.6%
2021	$955,841	$955,841	$0	$4,318,450	22.1%
2020	$1,108,315	$1,108,315	$0	$5,137,042	21.6%
2019	$1,011,096	$1,011,096	$0	$4,493,320	22.5%
2018	$893,608	$893,608	$0	$4,243,397	21.1%
2017	$856,350	$856,350	$0	$4,082,915	21.0%
2016	$751,154	$751,154	$0	$4,006,294	18.7%

Authority

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025	$1,192,829	$1,192,829	$0	$9,527,390	12.5%
2024	$1,589,334	$1,589,334	$0	$10,986,010	14.5%
2023	$1,745,203	$1,745,203	$0	$12,032,186	14.5%
2022	$2,058,185	$2,058,185	$0	$14,187,470	14.5%
2021	$2,490,373	$2,490,373	$0	$17,171,189	14.5%
2020	$2,859,065	$2,859,065	$0	$21,048,090	13.6%
2019	$3,114,190	$3,114,190	$0	$21,067,304	14.8%
2018	$3,602,983	$3,602,983	$0	$24,977,594	14.4%
2017	$3,926,430	$3,926,430	$0	$32,650,805	12.0%
2016	$4,761,770	$4,761,770	$0	$34,987,924	13.6%

The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
GROUP LIFE INSURANCE PROGRAM
For the 8 Years Ending up to June 30, 2025

University

	2025	2024	2023	2022	2021	2020	2019	2018
Employer's portion of the net GLI OPEB liability (asset)	2.42%	2.40%	2.37%	2.36%	2.42%	2.37%	2.34%	2.30%
Employer's proportionate share of net GLI OPEB liability (asset)	$27,030,199	$28,782,203	$28,581,275	$27,529,429	$40,375,659	$38,559,536	$35,577,000	$34,569,000
Employer's covered payroll	$621,943,727	$565,302,663	$516,041,169	$488,185,466	$497,918,770	$464,513,764	$444,778,200	$422,276,388
Employer's proportionate share of the net GLI OPEB liability (asset) as a percentage of its covered payroll	4.35%	5.09%	5.54%	5.64%	8.11%	8.30%	8.00%	8.19%
Plan fiduciary net position as a percentage of the total GLI OPEB liability (asset)	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. 2025 was the eighth year for this presentation, and additional years will be included as they become available.

The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
GROUP LIFE INSURANCE PROGRAM

University

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025	$3,108,198	$3,108,198	$0	$656,306,051	0.47%
2024	$3,314,463	$3,314,463	$0	$621,943,727	0.53%
2023	$3,022,890	$3,022,890	$0	$565,302,663	0.53%
2022	$2,758,341	$2,758,341	$0	$516,041,169	0.53%
2021	$2,617,410	$2,617,410	$0	$488,185,466	0.54%
2020	$2,603,903	$2,603,903	$0	$497,918,770	0.52%
2019	$2,441,940	$2,441,940	$0	$464,513,764	0.53%
2018	$2,319,624	$2,319,624	$0	$444,778,200	0.52%
2017	$2,193,253	$2,193,253	$0	$422,276,388	0.52%
2016	$2,433,216	$2,433,216	$0	$411,845,386	0.59%

The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
HEALTH INSURANCE CREDIT PROGRAM
For the 8 Years Ending up to June 30, 2025

University

	2025	2024	2023	2022	2021	2020	2019	2018
Employer's portion of the net HIC OPEB liability (asset)	6.84%	6.87%	6.77%	6.74%	6.88%	6.79%	6.59%	6.53%
Employer's proportionate share of net HIC OPEB liability (asset)	$48,504,187	$56,483,096	$55,483,230	$56,942,057	$63,153,677	$62,650,138	$60,142,000	$59,419,000
Employer's covered payroll	$620,491,207	$563,970,397	$512,467,132	$485,870,358	$495,637,268	$462,500,563	$443,037,262	$421,549,820
Employer's proportionate share of the net HIC OPEB liability (asset) as a percentage of its covered payroll	7.82%	10.02%	10.83%	11.72%	12.74%	13.55%	13.57%	14.10%
Plan fiduciary net position as a percentage of the total HIC OPEB liability (asset)	35.17%	25.46%	21.25%	19.75%	12.02%	10.56%	9.51%	8.03%

Authority

	2025	2024	2023	2022	2021	2020	2019	2018
Employer's portion of the net HIC OPEB liability (asset)	0.32%	0.38%	0.47%	0.54%	0.62%	0.69%	0.82%	0.90%
Employer's proportionate share of net HIC OPEB liability (asset)	$2,283,369	$3,092,583	$3,816,362	$4,566,178	$5,654,550	$6,373,900	$7,495,000	$8,180,000
Employer's covered payroll	$29,209,888	$30,878,721	$35,300,650	$38,961,735	$44,377,314	$49,072,000	$42,434,663	$47,623,512
Employer's proportionate share of the net HIC OPEB liability (asset) as a percentage of its covered payroll	7.82%	10.02%	10.81%	11.72%	12.74%	12.99%	17.66%	17.18%
Plan fiduciary net position as a percentage of the total HIC OPEB liability (asset)	35.17%	25.46%	21.52%	19.75%	12.02%	10.56%	9.51%	8.03%

Schedule is intended to show information for 10 years. 2025 was the eighth year for this presentation, and additional years will be included as they become available.

The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
HEALTH INSURANCE CREDIT PROGRAM

University

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025	$7,312,914	$7,312,914	$0	$652,986,507	1.12%
2024	$6,906,389	$6,906,389	$0	$620,491,207	1.11%
2023	$6,313,197	$6,313,197	$0	$563,970,397	1.12%
2022	$5,738,093	$5,738,093	$0	$512,467,132	1.12%
2021	$5,460,793	$5,460,793	$0	$485,870,358	1.12%
2020	$5,782,268	$5,782,268	$0	$495,637,268	1.17%
2019	$5,436,235	$5,436,235	$0	$462,500,563	1.18%
2018	$5,228,683	$5,228,683	$0	$443,037,261	1.18%
2017	$4,951,561	$4,951,561	$0	$421,549,820	1.17%
2016	$4,313,368	$4,313,368	$0	$410,776,125	1.05%

The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
LINE OF DUTY ACT PLAN
For the 8 Years Ending up to June 30, 2025

University	2025	2024	2023	2022	2021	2020	2019	2018
Employer's portion of the net LODA OPEB liability (asset)	0.47%	0.47%	0.38%	0.48%	0.48%	0.43%	0.47%	0.42%
Employer's proportionate share of net LODA OPEB liability (asset)	$1,863,600	$1,874,444	$1,449,409	$2,136,781	$2,001,016	$1,547,122	$1,486,000	$1,093,000
Employer's covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Employer's proportionate share of the net LODA OPEB liability (asset) as a percentage of its covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Plan fiduciary net position as a percentage of the total LODA OPEB liability (asset)	1.22%	1.31%	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%

Schedule is intended to show information for 10 years. 2025 was the eighth year for this presentation, and additional years will be included as they become available.

The amounts presented have a measurement date of the previous year end.

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
LINE OF DUTY ACT PLAN

University

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a % of Covered Employee Payroll
2025	$80,185	$80,185	$0	N/A*	N/A*
2024	$71,466	$71,466	$0	N/A*	N/A*
2023	$62,047	$62,047	$0	N/A*	N/A*
2022	$52,364	$52,364	$0	N/A*	N/A*
2021	$66,710	$66,710	$0	N/A*	N/A*
2020	$64,931	$64,931	$0	N/A*	N/A*
2019	$57,873	$57,873	$0	N/A*	N/A*
2018	$50,496	$50,496	$0	N/A*	N/A*
2017	$44,822	$44,822	$0	N/A*	N/A*
2016	$48,252	$48,252	$0	N/A*	N/A*

The amounts presented have a measurement date of the previous year end.

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

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
VIRGINIA SICKNESS AND DISABILITY PROGRAM
For the 8 Years Ending up to June 30, 2025

University	2025	2024	2023	2022	2021	2020	2019	2018
Employer's portion of the net VSDP OPEB liability (asset)	5.63%	5.55%	5.40%	5.42%	5.52%	5.39%	5.18%	5.07%
Employer's proportionate share of net VSDP OPEB liability (asset)	($19,906,381)	($17,523,849)	($15,927,668)	($18,667,436)	($12,185,877)	($10,567,921)	($11,677,000)	($10,418,000)
Employer's covered payroll	$317,905,416	$281,085,784	$248,388,290	$234,051,874	$239,275,953	$218,024,883	$203,545,787	$185,049,708
Employer's proportionate share of the net VSDP OPEB liability (asset) as a percentage of its covered payroll	-6.26%	-6.23%	-6.41%	-7.98%	-5.09%	-4.85%	-5.74%	-5.63%
Employer's proportionate share of the net VSDP OPEB liability (asset) as a percentage of its covered payroll	-6.26%	-6.23%	-6.41%	-7.98%	-5.09%	-4.85%	-5.74%	-5.63%
Plan fiduciary net position as a percentage of the total VSDP OPEB liability	204.38%	199.05%	195.90%	229.01%	181.88%	167.18%	194.74%	186.63%

Schedule is intended to show information for 10 years. 2025 was the eighth year for this presentation, and additional years will be included as they become available.

The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
VIRGINIA SICKNESS AND DISABILITY PROGRAM

University

Plan for the year ended June 30,	Contractually Required Contribution	Contributions Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025	$1,710,001	$1,710,001	$0	$339,007,951	0.50%
2024	$1,921,327	$1,921,327	$0	$317,905,416	0.60%
2023	$1,705,338	$1,705,338	$0	$281,085,784	0.61%
2022	$1,511,349	$1,511,349	$0	$248,388,290	0.61%
2021	$1,429,849	$1,429,849	$0	$234,051,874	0.61%
2020	$1,476,448	$1,476,448	$0	$239,275,953	0.62%
2019	$1,361,365	$1,361,365	$0	$218,024,883	0.62%
2018	$1,343,402	$1,343,402	$0	$203,545,787	0.66%
2017	$1,221,414	$1,221,414	$0	$185,049,708	0.66%
2016	$1,192,441	$1,192,441	$0	$180,667,862	0.66%

The amounts presented have a measurement date of the previous year end.

SCHEDULE OF EMPLOYER'S SHARE OF OPEB LIABILITY
PRE-MEDICARE RETIREES HEALTH PROGRAM
For the 8 Years Ending up to June 30, 2025

University	2025	2024	2023	2022	2021	2020	2019	2018
Employer's portion of the OPEB liability (asset)	7.33%	7.27%	6.99%	6.97%	6.96%	6.81%	6.65%	6.48%
Employer's proportionate share of OPEB liability (asset)	$26,146,646	$25,571,964	$25,414,914	$31,269,910	$39,570,323	$46,230,342	$66,903,906	$84,150,119
Employer's covered-employee payroll	$718,730,802	$666,913,523	$613,189,533	$570,879,223	$506,250,943	$475,713,356	$452,007,927	$437,766,050
Employer's proportionate share of the Retiree Healthcare OPEB liability as a percentage of its covered employee payroll	3.6%	3.8%	4.1%	5.5%	7.8%	9.7%	14.8%	19.2%

Authority	2025	2024	2023	2022	2021	2020	2019	2018
Employer's portion of the OPEB liability (asset)	0.19%	0.21%	0.25%	0.30%	0.35%	0.39%	0.43%	0.47%
Employer's proportionate share of OPEB liability (asset)	$665,512	$744,472	$923,623	$1,366,448	$1,988,099	$2,655,024	$4,347,621	$6,163,705
Employer's covered-employee payroll	$15,404,000	$16,306,000	$18,239,000	$20,981,000	$22,472,000	$18,308,669	$18,552,352	$20,659,339
Employer's proportionate share of the Retiree Healthcare OPEB liability as a percentage of its covered employee payroll	4.3%	4.6%	5.1%	6.5%	8.8%	14.5%	23.4%	29.8%

Schedule is intended to show information for 10 years. 2025 was the eighth year for this presentation, and additional years will be included as they become available.

The amounts presented have a measurement date of the previous year end.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

Teachers (GLI):

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

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability (VRS, GLI, HIC, VSDP):	No change
Discount Rate (VRS, GLI, HIC, VSDP):	No change

JRS Employees (GLI, HIC):

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

Largest Ten Locality Employers – General Employees (GLI):

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

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

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

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

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

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

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

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

Pre-Medicare Retirees Health Program

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

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

Changes of Assumptions – There were not any changes in assumptions since the date of June 30, 2022, measurement. The following remained constant since the prior measurement date:

- Spousal Coverage – rate remained at 20 percent
- Retiree Participation – rate remained at 35 percent

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

The trend rates were updated based on economic conditions as of June 30, 2024. Additionally, the discount rate was increased from 3.65% to 3.93% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2024

INDEPENDENT AUDITOR'S REPORT

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 15, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Virginia Commonwealth University

Michael Rao
President, Virginia Commonwealth University

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

Opinions

We have audited the financial statements of the business-type activities and discretely presented component units of **Virginia Commonwealth University** (University), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the University as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

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

Emphasis of Matters

Change in Accounting Principle

As discussed in Note 1 of the accompanying financial statements, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, which updates existing recognition and measurement guidance. Our opinions are not modified with respect to this matter.

Correction of 2024 Financial Statements

As discussed in Note 1 of the accompanying financial statements, the fiscal year 2024 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 2 through 12; the Schedule of Employer's Share of Net Pension Liability, and the Schedule of Employer Contributions Net Pension Liability on pages 125 through 126; the Schedule of

Employer's Share of Net OPEB Liability, and the Schedule of Employer Contributions for the Group Life Insurance Program, Health Insurance Credit Program, Line of Duty Act Plan, and the Virginia Sickness and Disability Program on pages 127 through 134; the Schedule of Employer's Share of OPEB Liability for the Pre-Medicare Retirees Health Program on page 135; and the Notes to the Required Supplementary Information on pages 136 through 140. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2025, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw

AUDITOR OF PUBLIC ACCOUNTS

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