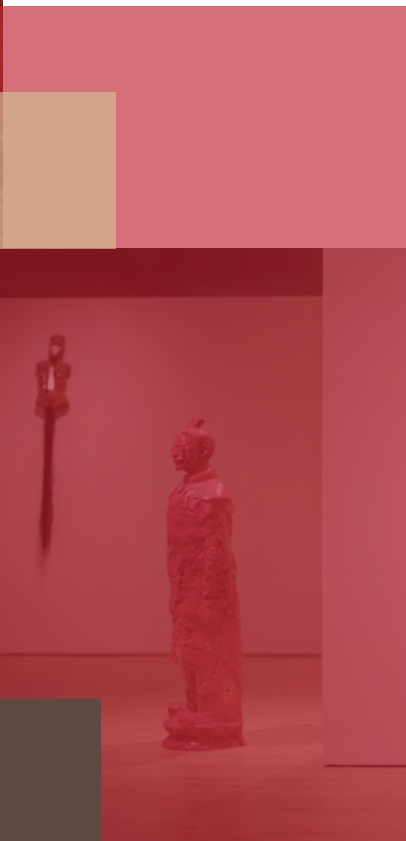




# Stanford

Annual Financial Report

August 31, 2024 and 2023



# Table of Contents

Financial Results (Unaudited).....	3
Selected Financial & Other Data (Unaudited) .....	10
Report of Independent Auditors .....	11
<b>Consolidated Financial Statements</b>	
Consolidated Statements of Financial Position .....	13
Consolidated Statements of Activities .....	14
Consolidated Statements of Cash Flows .....	16
Notes to the Consolidated Financial Statements .....	17
1. Basis of Presentation & Significant Accounting Policies .....	17
2. Financial Assets & Liquid Resources .....	23
3. Accounts Receivable .....	25
4. Pledges Receivable .....	26
5. Loans Receivable .....	27
6. Investments .....	28
7. Derivatives .....	37
8. Plant Facilities .....	39
9. Notes & Bonds Payable .....	39
10. Net Assets .....	44
11. Endowments .....	46
12. Health Care Services Revenue .....	50
13. Gifts & Pledges .....	53
14. Functional Expenses .....	53
15. University Retirement Plans .....	56
16. SHC & LPCH Retirement Plans .....	61
17. Leases .....	67
18. Related Party Transactions .....	69
19. Commitments & Contingencies .....	70
20. Subsequent Events .....	70
21. Consolidating Entity Statements .....	71



## Excellence in Research, Teaching and Medical Care

Stanford was founded almost 150 years ago on a bedrock of societal purpose. Its mission is to contribute to the world by **educating students for lives of leadership** and contribution with integrity; advancing fundamental knowledge and cultivating creativity; **leading in pioneering research** for effective clinical therapies; and **accelerating solutions** and amplifying their impact.

## Financial Results

### Introduction

At the start of the fiscal year, Richard Saller, a renowned academic leader, classics scholar, and former dean of the School of Humanities and Sciences assumed his interim role as the university's twelfth president. In April 2024, the university announced that Jonathan D. Levin would be the thirteenth president effective August 1, 2024. Jenny Martinez succeeded Persis Drell as provost, the university's chief academic officer and budgetary officer.

This year posed significant challenges to the Stanford community, driven by global issues that sparked activism and advocacy. The university's athletics program faced upheaval, with the dissolution of the Pac-12 Athletic Conference last summer and ongoing NCAA-related antitrust lawsuits along with new athlete compensation arrangements. Nevertheless, Stanford's community upheld their values of excellence and integrity, continuing to advance Stanford's core mission.

Stanford's financial results reflect a careful balance of growth and stability, supported by strategic financial stewardship. The following sections highlight key financial metrics, milestones, and strategic decisions that have shaped Stanford's progress and future direction.

### Stanford's thirteenth president



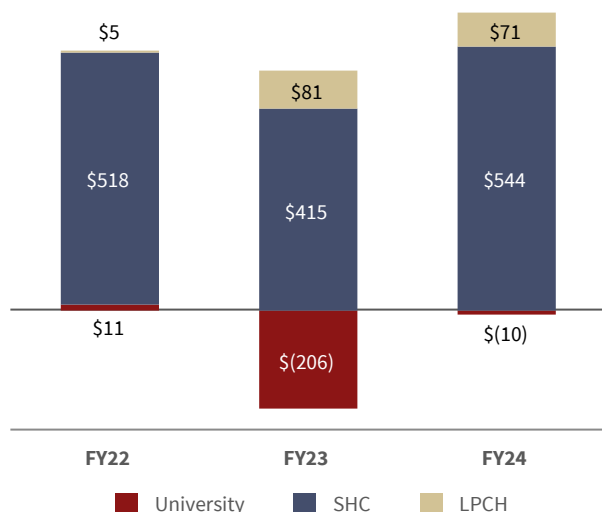
Stanford's thirteenth president is **Jonathan D. Levin**, a distinguished economist, Stanford alumnus, and dean of Stanford's Graduate School of Business for eight years.

"I am grateful and humbled to be asked to lead Stanford – a university that has meant so much to me for more than three decades. When I was an undergraduate, Stanford opened my mind, nurtured my love for math and literature, and inspired me to pursue an academic career. In the years since, it has given me opportunities to pursue ideas in collaboration with brilliant colleagues, teach exceptional students, and bring people together to achieve ambitious collective goals around the university." - President Levin

## Operating Results

Stanford's consolidated financial results include the university, Stanford Health Care (SHC) and the Lucile Salter Packard Children's Hospital at Stanford (LPCH<sup>1</sup>), and their respective affiliates.

**Operating Surplus/(Deficit) (in millions)**



In fiscal year 2024, the consolidated operating surplus rose to \$605 million, a 109% increase as compared to fiscal year 2023, primarily driven by SHC's surplus.

The university reported an operating deficit of \$10 million in fiscal year 2024, improving by \$196 million from a \$206 million deficit in the previous year. SHC and LPCH had operating surpluses of \$544 million and \$71 million, respectively. While SHC's operating surplus increased by \$129 million, LPCH's operating surplus decreased by \$9 million year over year.

Consolidated operating revenues increased 12% to \$18.3 billion driven by increases in health care services, sponsored support, and investment income distributed for operations.

Both SHC and LPCH's operating revenues rose due to higher patient volumes and provider fee revenue. In addition, SHC received settlements from the Center for Medicare and Medicaid Services (CMS).

Consolidated operating expenses grew 10% to \$17.7 billion primarily due to a 10% rise in salaries and benefits and an 11% increase in other operating expenses driven by expanded research activities, competitive compensation, enhanced financial aid programs, and inflation.

## Operating Revenues

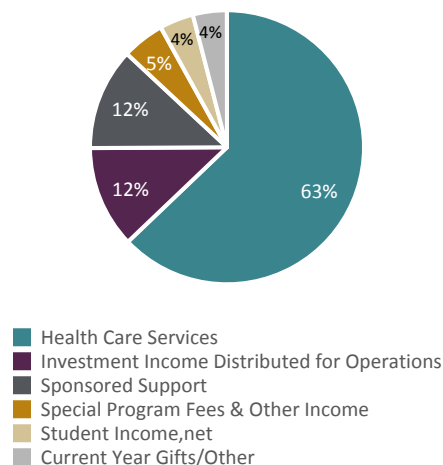
Total consolidated operating revenues increased by \$2.0 billion or 12% to \$18.3 billion. Health care services increased by \$1.4 billion or 14% to \$11.5 billion, making up 63% of total consolidated revenues.

Sponsored support increased by 10% to \$2.2 billion including funding from the U.S. Department of Energy (DOE) for SLAC National Accelerator Laboratory (SLAC, a federally funded research and development center). The increase in sponsored support was primarily driven by revenues from the Department of Health and Human Services (DHHS), DOE, Federal Emergency Management Agency (FEMA) for reimbursement of COVID-related expenses, and non-Federal sponsors, as further described in the "Research" section below.

Investment income distributed for operations increased by 18% to \$2.2 billion. The drivers for this increase are further described in the "Investment Income Distributed for Operations" section below.

Student income increased by 6% to \$802 million due to increases in tuition and room and board revenues offset by student financial aid as further described in the "Teaching and Education" section below.

**Consolidated Operating Revenues | \$18.3B**



Consolidated special program fees and other income decreased by \$3 million or 0.4% in fiscal year 2024. The university alone saw an increase in special program fees and other income of \$43 million or 7%. Nearly half of the increase was driven by higher enrollments and fees for executive education programs and increased rental income from university-owned housing for faculty and staff.

Both SHC and LPCH experienced decreases in special program fees and other income. LPCH decreased by \$10 million or 8% while SHC decreased by \$35 million or 14%, due to COVID-related relief funding received in prior years.

<sup>1</sup> Known in the marketplace as Stanford Medicine Children's Health



## Operating Expenses

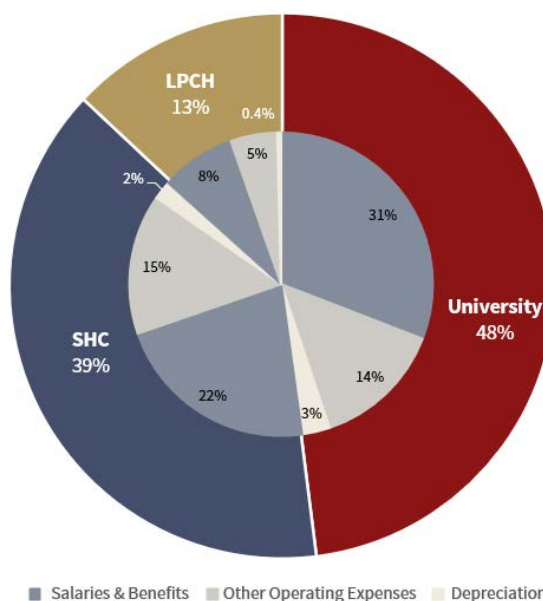
Total consolidated operating expenses increased by \$1.7 billion or 10% to \$17.7 billion, with salaries and benefits making up over 60% of consolidated expenses.

Consolidated salaries and benefits increased by 10% to \$10.8 billion, driven by competitive pay, and increased employee headcount primarily, at the School of Medicine (SoM). Both SHC and LPCH also experienced increased employee headcount to support growing patient volumes.

Consolidated other operating expenses increased by 11% to \$6.0 billion, primarily due to inflation and growth in operational activities. The university experienced an increase of 7% or \$153 million resulting from growth in operational and research activities, coupled with sustained inflationary pressures.

SHC's other operating expenses increased by \$583 million or 16% to \$4.2 billion. LPCH's other operating expenses increased by \$146 million or 12% to \$1.3 billion. These increases were largely due to increases in purchased physician services, costs of medical, surgical and pharmaceutical supplies, and other patient care expenses due to increased patient volume.

**Consolidated Operating Expenses: \$17.7B**

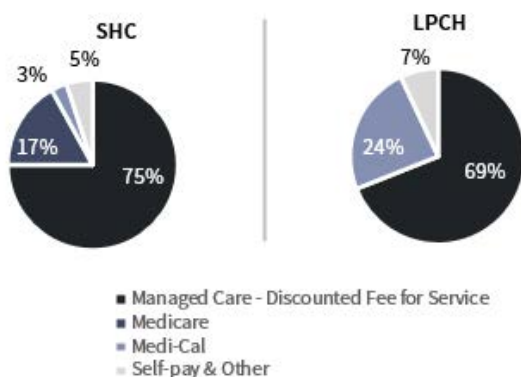


## Health Care

Stanford Medicine, comprised of the university's SoM, SHC and LPCH, is an integrated academic health system that combines the research capabilities of the university with SHC's and LPCH's network of care facilities for adults and children, respectively.

The university's health care services revenue grew by \$274 million or 17% to \$1.9 billion, with 97% derived from SHC's and LPCH's purchase of physician services. The growth was driven by rising patient care needs and expanded clinical programs.

**Net Patient Service Revenue**



SHC's net patient service revenue rose by \$1.2 billion or 15% to \$8.7 billion, fueled by increased patient volume, provider fee revenue, CMS settlements from prior audits and a one-time settlement for the 340B drug program. Patient day volume increased by 4%, total surgical cases by 8% (largely due to increased outpatient surgeries), and emergency department visits by 5%. Inpatient and outpatient volumes, represented 40% and 60% of net patient revenues, grew across multiple areas, including surgery, pharmacy, imaging and lab services.

LPCH's net patient service revenue increased by \$224 million or 9% to \$2.7 billion, primarily due to higher patient volumes in inpatient visits, clinic visits, surgeries, and other procedures along with provider fee revenue.

### Human-centered, digitally-driven health care



This year, Stanford continued its pursuit and application of health care that is human-centered and digitally driven. For example, a team of Stanford Medicine doctors and biomedical engineers are among the first to integrate Apple Vision Pro, a new augmented reality tool into surgical practice. The headset enables the user to navigate their surroundings using real-time visual data in combination with virtual elements.

"The novel use of augmented reality in the operating room exemplifies Stanford Medicine's mission of serving patients in a digitally driven, human-centered care environment," said Lloyd Minor, dean of the School of Medicine and vice president of medical affairs at Stanford University.

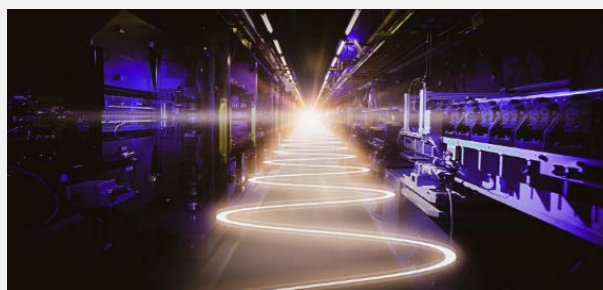
## Research

University sponsored support from federal and non-federal sources increased by \$229 million or 12%, compared to fiscal year 2023. The largest sources of funding, including for SLAC, is from the DHHS and DOE.

95% of the support for SLAC is provided by DOE. SLAC's overall funding increased by \$64 million, or 11%, due to increased operational costs for the Linac Coherent Light Source (LCLS) user facility and project costs related to the LCLS II High Energy Project.

Excluding SLAC, the university's sponsored support revenue rose by \$165 million, or 12%, largely due to support from DHHS for the SoM. This fiscal year, the university was also awarded a \$51 million public assistance grant from the Federal Emergency Management Agency (FEMA) provided through the California Office of Emergency Services for reimbursement of COVID-19 testing costs incurred in prior fiscal years.

### Taking the next molecular step: LCLS II



The Linac Coherent Light Source (LCLS) takes X-ray snapshots of atoms and molecules at work, providing atomic resolution detail on ultrafast timescales to reveal fundamental processes in materials, technology and living things. Its snapshots can be strung together into “molecular movies” that show chemical reactions as they happen.

LCLS-II will build from the success of LCLS to assist the U.S. in maintaining a world-leading capability for advanced research in chemistry, materials, biology and energy. LCLS-II will add a superconducting accelerator, occupying one-third of SLAC's original 2-mile-long linear accelerator tunnel, which will generate an almost continuous X-ray laser beam. The unique capabilities of LCLS-II have the potential to yield a host of discoveries to advance technology, new energy solutions and our quality of life.

## Philanthropy | Gifts & Pledges

The university benefits from a community of engaged donors whose contributions provide crucial funding for current operations, capital projects and new endowments. Most gifts and pledges are designated for specific purposes such as student financial aid, academic programs, and new facilities for research and clinical care.

The university recorded total net gifts and pledges of approximately \$1.2 billion in fiscal year 2024, a decrease of \$594 million or 34% compared to the prior year. This includes \$260 million in current year gifts in support of operations and \$895 million in the non-operating section of the statement of activities. Excluding the \$1.0 billion John and Ann Doerr gift for the Doerr Stanford School of Sustainability that was recorded in fiscal year 2023, net gifts and pledges increased by \$224 million, or 25%, indicating strong philanthropic support. Gifts and pledges are recorded in the consolidated financial statements, on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP), thereby excluding payments received for prior year pledges.

Overall, total gifts, including pledged payments received, reported by the Office of Development were \$1.6 billion in fiscal year 2024, reflecting contributions received in cash or property, including \$14 million for SHC and \$78 million for LPCH.

### Transforming global economies through SEED



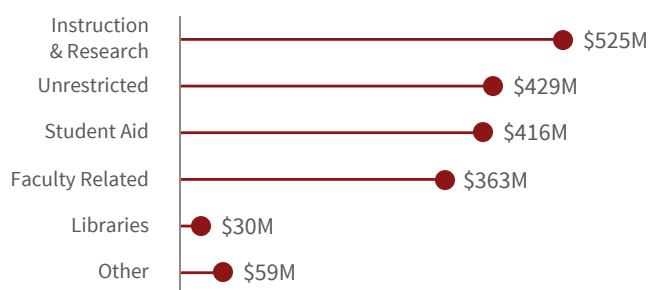
The Graduate School of Business has made significant strides with Stanford Seed, which educates entrepreneurial leaders in the developing world. Stanford Seed recently launched the [Seed Transformation Program](#) to identify growth opportunities and formulate plans to revolutionize businesses in developing countries. To date worldwide, 75% of participants report increased revenue, 39% engage in business with fellow participants, and 34% have expanded into new markets.

## Investment Income Distributed for Operations

University investment income distributed for operations totaled \$2.2 billion with \$1.8 billion distributed from the endowment and \$389 million from the expendable funds pool and other investment income. The 18% increase in investment income distributed for operations was driven by improved investment market performance and additional capital investments.

The Board of Trustees approves endowment payouts, balancing the university's current and future needs. The payout strategy aims to provide consistent monthly support, which funded 22% of fiscal year 2024 operating expenses. The endowment value at the end of fiscal year 2024 increased by \$1.1 billion, or 3%, to \$37.6 billion, after distributions to support current operations, including vital academic programs and financial aid.

### University Endowment Payout by Purpose



As shown in the figure above, over 75% of the endowment payout is restricted by purpose. Endowment payout is primarily used for instruction and research activities, student aid and faculty salaries and support. Unrestricted endowment is also used to support these activities in addition to other critical strategic priorities of the university.

## Teaching & Education

Student income, which includes tuition and room and board revenues less student financial aid, rose by 6% or \$42 million to \$802 million. Tuition revenue increased by \$57 million, due to higher undergraduate and graduate enrollment combined with an increase in tuition rates. Room and board revenue grew by \$19 million from rate increases and higher occupancy. The university continues to prioritize affordability to all students, with nearly 50% of undergraduate students awarded need-based financial aid, and over 80% of graduate students receiving financial support.

Student financial aid increased by \$33 million to \$459 million aligned with the increase in tuition and room and board rates and enrollment growth. The university expanded financial aid programs, raising the income threshold for no tuition or room and board fees from a family income of \$75,000 to \$100,000 while families earning below \$150,000 pay no tuition.

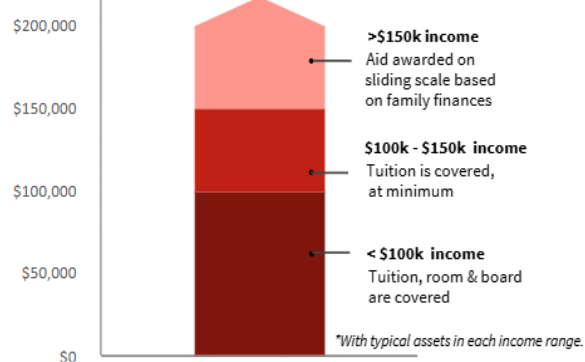
The university also provides support in the form of stipends, teaching and research assistantships and related allowances for tuition, totaling \$436 million in fiscal year 2024.

The \$895 million in total student financial aid and graduate support comes from approximately \$413 million in endowment payouts and expendable restricted gifts, \$342 million from unrestricted university funds, and \$140 million from grants and contracts.

### Increasing access to Stanford

In July, Stanford [joined a consortium of colleges and universities](#), known as the STARS College Network, that are working to bring more students from rural areas and small towns to their campuses. As a member of the STARS College Network, the university seeks to increase its focus on high school students from small communities and supporting them after they enroll.

#### Annual Family Income \*



To support access, Stanford has built and continues to enhance a robust financial aid program.

"Stanford is committed, with intent, to reaching out across the country to attract young people from rural and small town communities, and to encourage these students to consider the possibilities here," says Richard H. Shaw, dean of undergraduate admission.

## Statements of Financial Position

In fiscal year 2024, total consolidated assets rose by \$3.0 billion to \$80.1 billion while total consolidated liabilities increased by \$581 million to \$16.6 billion. Net assets increased \$2.4 billion to end the year at \$63.5 billion.

## University Investments

As of August 31, 2024, university's investments totaled \$48.0 billion, an increase of \$1.1 billion from the prior fiscal year driven by investment returns and new investment capital, offset by income distributed for operations.

The majority of the university's investments, \$38.5 billion, are part of a diversified portfolio aimed at long-term growth. In addition, \$6.7 billion of the university's investments are real estate located on a portion of Stanford's 8,271 acres designated by the Board of Trustees for income production. These lands have been developed for various uses including research, medical and commercial offices, hotels, and retail properties.

In fiscal year 2024, the real estate portfolio's value declined by \$702 million from fiscal year 2023 due to challenges in the real estate industry particularly in the office sector. Office market fundamentals continued to decline resulting in bearish leasing projections (lower market rents, higher vacancies, and increased concessions), and higher return requirements, all leading to decreased market values.

## Capital Projects

Stanford invested over \$1 billion in fiscal year 2024 in physical facilities, funded by philanthropy, debt and reserves. These investments are aimed to further Stanford's mission, by replacing and renovating aging facilities while increasing access to housing and flexible work spaces for the university community. Significant projects completed include the construction of 560 Fremont Road, Hoover Institution's George P. Shultz Building revitalization and lab renovations and new medical spaces at 3174 Porter Drive. As of the end of fiscal year 2024, significant projects are underway to provide state-of-the-art facilities that support research, teaching and collaboration, including the construction of the Data Science and Computation Complex, and renovations to the Graduate School of Education.

Both SHC and LPCH also continue to invest in facilities and systems to provide care to the communities they serve. In fiscal year 2024, the majority of SHC's and LPCH's spending was for hospital renovations, new clinic buildings, equipment upgrade and replacement, enterprise resource planning system transition, and information technology infrastructure enhancements.

### Building a sustainable home for the GSE



The new home for the Graduate School of Education (GSE), scheduled to be completed by fall 2025, includes the preservation and restoration of the education building and the Barnum Center; the construction of a new south building adjacent to Barnum Center; and a new 13,500 square foot courtyard connecting the three structures.

These buildings will house a combined 150,000 square feet of research, teaching, convening, and community spaces. It is a comprehensive approach to sustainability that considers history and people, as well as the planet.

One of the important ways that the project's ecological impact has been reduced is by preserving the exterior of the historic north building (also known as the education building), which was originally designed in the 1930s. The building was effectively gutted and kept intact to make room for interior renovations.

"The idea was to enhance what was already good about the buildings, while making the space relevant for the future," said Sapna Marfatia, Stanford's director of architecture, who specializes in historic preservation.

In addition to avoiding physical waste, teams involved in the GSE construction project are seeking to ensure that it is energy efficient.



## Debt

During fiscal year 2024, total consolidated debt rose by \$293 million to \$8.8 billion.

University debt remained relatively flat at \$5.5 billion, increasing \$37 million year-over-year. The university's taxable commercial paper increased by \$163 million, with \$150 million used for refinancing taxable bonds. Additionally, the university's tax-exempt commercial paper increased by \$50 million. The university continued to maintain the highest available long and short-term credit ratings by Moody's Investor Service (Moody's), S&P Global Ratings (S&P) and Fitch Ratings (Fitch).

In September 2023, the California Health Facilities Financing Authority (CHFFA), on behalf of SHC, issued fixed rate revenue bonds in the aggregate par amount of \$261 million. Proceeds of the 2023 bonds were used to reimburse expenditures related to the redesign, remodel and renovation of SHC's original hospital facility. SHC's ratings were affirmed by Moody's, S&P, and Fitch.

In June 2024, CHFFA completed, on behalf of LPCH, two series refunding revenue bonds in the aggregate par amount of \$180 million. Proceeds of the 2024 bonds were used for legal defeasance and redemption of the 2014 bonds and payments of costs of issuance. LPCH's ratings were affirmed by Moody's, S&P, and Fitch.

## In Closing

Stanford's fiscal year financial results reflect effective stewardship of critical financial resources that advance its mission of teaching, research and medical care, bolstered by donor generosity.

Despite ongoing economic challenges, leadership remains committed to fostering excellence and resilience, ready to advance Stanford's core values in the upcoming year.



# SELECTED FINANCIAL AND OTHER DATA

Fiscal Years Ended August 31

	2024	2023	2022	2021	2020
(dollars in millions)					
<b>CONSOLIDATED STATEMENTS OF ACTIVITIES HIGHLIGHTS:</b>					
Total operating revenues	\$ 18,314	\$ 16,343	\$ 15,132	\$ 13,939	\$ 12,455
Student income	802	761	715	508	610
Sponsored support	2,208	2,013	1,812	1,681	1,622
Health care services	11,476	10,101	9,232	8,302	7,137
Investment income distributed for operations	2,226	1,894	1,752	1,751	1,661
Total operating expenses	17,709	16,053	14,597	13,094	12,348
Change in net assets from operating activities	605	290	535	845	107
Other changes in net assets	1,832	1,320	(434)	11,377	1,877
Net change in total net assets	\$ 2,437	\$ 1,610	\$ 101	\$ 12,222	\$ 1,984
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION HIGHLIGHTS:</b>					
Investments at fair value	\$ 55,197	\$ 52,826	\$ 52,180	\$ 54,040	\$ 40,929
Plant facilities, net of accumulated depreciation	14,512	14,184	13,377	13,079	13,173
Notes and bonds payable	8,844	8,551	8,271	8,383	8,226
Total assets	80,144	77,126	75,084	75,144	62,970
Total liabilities	16,601	16,020	15,588	15,749	15,797
Total net assets	63,543	61,106	59,496	59,394	47,173
<b>UNIVERSITY STATEMENTS OF FINANCIAL POSITION HIGHLIGHTS:</b>					
Investments at fair value	\$ 47,954	\$ 46,856	\$ 46,474	\$ 48,001	\$ 37,575
Plant facilities, net of accumulated depreciation	8,691	8,559	7,904	7,683	7,686
Notes and bonds payable	5,507	5,470	5,154	5,144	5,004
Total assets	63,332	61,811	60,498	60,495	49,934
Total liabilities	10,865	10,573	10,091	9,879	9,628
Total net assets	52,468	51,238	50,407	50,616	40,306
<b>FINANCIAL DATA AND METRICS:</b>					
University endowment at year-end	\$ 37,631	\$ 36,495	\$ 36,339	\$ 37,788	\$ 28,948
University endowment payout in support of operations	1,822	1,736	1,466	1,330	1,355
As a % of beginning of year University endowment	5.0 %	4.8 %	3.9 %	4.6 %	4.9 %
As a % of University total expenses	21.7 %	22.7 %	21.4 %	21.5 %	22.3 %
Total gifts as reported by the Office of Development (A)	1,632	1,531	1,624	1,393	1,363
<b>STUDENTS:</b>					
<b>ENROLLMENT: (B)</b>					
Undergraduate	7,554	7,841	7,761	7,645	6,366
Graduate	9,933	9,688	9,565	9,292	8,791
<b>DEGREES CONFERRED:</b>					
Bachelor degrees	1,903	1,654	1,699	1,511	1,771
Advanced degrees	3,648	3,583	3,533	3,310	3,422
<b>FACULTY:</b>					
Total Professoriate (B)	2,345	2,323	2,304	2,288	2,279
ANNUAL UNDERGRADUATE TUITION RATE (IN DOLLARS)	\$ 61,731	\$ 57,693	\$ 55,473	\$ 55,473	\$ 52,857

(A) Includes University, SHC and LPCH gifts.

(B) Fall quarter immediately following fiscal year-end.



## **Report of Independent Auditors**

To The Board of Trustees of the Leland Stanford Junior University

### ***Opinion***

We have audited the accompanying consolidated financial statements of The Leland Stanford Junior University and its subsidiaries ("Stanford"), which comprise the consolidated statements of financial position as of August 31, 2024 and 2023, and the related consolidated statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Stanford as of August 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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



In performing an audit in accordance with US GAAS, we:

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

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the information included in the August 31, 2024 Stanford Annual Financial Report, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

*PricewaterhouseCoopers LLP*

San Francisco, California  
December 10, 2024





## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At August 31, 2024 and 2023 (in thousands of dollars)

	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,726,991	\$ 1,738,944
Accounts receivable, net	2,509,955	2,176,591
Prepaid expenses and other assets	629,794	566,158
Pledges receivable, net	2,669,437	2,781,116
Student loans receivable, net	33,652	37,527
Faculty and staff mortgages and other loans receivable, net	1,209,048	1,098,851
Assets limited as to use	559,644	651,980
Investments at fair value	55,196,789	52,826,274
Right-of-use assets	1,096,495	1,064,424
Plant facilities, net of accumulated depreciation	14,512,311	14,184,041
Works of art and special collections	—	—
<b>TOTAL ASSETS</b>	<b>\$ 80,144,116</b>	<b>\$ 77,125,906</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 2,993,288	\$ 2,855,495
Liabilities associated with investments	889,360	878,955
Lease liabilities	1,183,291	1,133,933
Deferred income and other obligations	2,062,692	2,018,011
Accrued pension and postretirement benefit obligations	628,306	582,483
Notes and bonds payable	8,844,450	8,551,143
<b>TOTAL LIABILITIES</b>	<b>16,601,387</b>	<b>16,020,020</b>
<b>NET ASSETS:</b>		
Without donor restrictions	37,101,011	36,083,147
With donor restrictions	26,441,718	25,022,739
<b>TOTAL NET ASSETS</b>	<b>63,542,729</b>	<b>61,105,886</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 80,144,116</b>	<b>\$ 77,125,906</b>

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

## CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended August 31, 2024 and 2023 (in thousands of dollars)

	2024	2023
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>OPERATING REVENUES:</b>		
<b>TOTAL STUDENT INCOME, NET</b>	<b>\$ 802,484</b>	<b>\$ 760,534</b>
Sponsored support:		
Direct costs - University	1,201,900	1,094,064
Direct costs - SLAC National Accelerator Laboratory	635,865	571,654
Indirect costs	369,828	347,576
<b>TOTAL SPONSORED SUPPORT</b>	<b>2,207,593</b>	<b>2,013,294</b>
<b>TOTAL HEALTH CARE SERVICES</b> , primarily net patient service revenue	<b>11,475,577</b>	<b>10,100,570</b>
<b>TOTAL CURRENT YEAR GIFTS IN SUPPORT OF OPERATIONS</b>	<b>265,368</b>	<b>275,630</b>
Net assets released from restrictions:		
Payments received on pledges	267,185	226,717
Prior year gifts released from donor restrictions	149,303	148,404
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>416,488</b>	<b>375,121</b>
Investment income distributed for operations:		
Endowment	1,836,108	1,749,583
Expendable funds pools and other investment income	389,989	144,784
<b>TOTAL INVESTMENT INCOME DISTRIBUTED FOR OPERATIONS</b>	<b>2,226,097</b>	<b>1,894,367</b>
<b>TOTAL SPECIAL PROGRAM FEES AND OTHER INCOME</b>	<b>920,533</b>	<b>923,811</b>
<b>TOTAL OPERATING REVENUES</b>	<b>18,314,140</b>	<b>16,343,327</b>
<b>OPERATING EXPENSES:</b>		
Salaries and benefits	10,757,678	9,761,082
Depreciation	907,913	853,821
Other operating expenses	6,043,399	5,438,459
<b>TOTAL OPERATING EXPENSES</b>	<b>17,708,990</b>	<b>16,053,362</b>
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>\$ 605,150</b>	<b>\$ 289,965</b>

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

**CONSOLIDATED STATEMENTS OF ACTIVITIES, Continued***For the years ended August 31, 2024 and 2023 (in thousands of dollars)*

	2024	2023
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)</b>		
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>\$ 605,150</b>	<b>\$ 289,965</b>
NON-OPERATING ACTIVITIES:		
Increase in reinvested gains	525,346	268,816
Donor advised funds, net	(64,292)	(41,846)
Current year gifts not included in operations	911	822
Capital and other gifts released from restrictions	73,773	48,799
Pension and other postemployment benefit related changes other than service cost	(47,089)	(9,096)
Transfer to net assets with donor restrictions, net	(69,381)	(57,781)
Swap interest and change in value of swap agreements	(4,768)	63,609
Other	(1,786)	565
<b>NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>1,017,864</b>	<b>563,853</b>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Gifts and pledges, net	1,053,616	1,636,548
Increase (decrease) in reinvested gains	751,646	(229,519)
Change in value of split-interest agreements, net	60,539	31,158
Net assets released to operations	(437,011)	(397,520)
Capital and other gifts released to net assets without donor restrictions	(73,773)	(48,799)
Transfer from net assets without donor restrictions, net	69,381	57,781
Other	(5,419)	(3,085)
<b>NET CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>1,418,979</b>	<b>1,046,564</b>
<b>NET CHANGE IN TOTAL NET ASSETS</b>	<b>2,436,843</b>	<b>1,610,417</b>
Total net assets, beginning of year	61,105,886	59,495,469
<b>TOTAL NET ASSETS, END OF YEAR</b>	<b>\$63,542,729</b>	<b>\$61,105,886</b>

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended August 31, 2024 and 2023 (in thousands of dollars)

	2024	2023
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,436,843	\$ 1,610,417
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	910,570	853,821
Amortization of bond premiums, discounts and other	12,088	18,317
Accretion of discounts on bond investments	(89,050)	(630)
Net gains on investments	(2,772,756)	(1,420,202)
Change in fair value of interest rate swaps	3,914	(68,761)
Change in split-interest agreements	66,732	15,999
Gifts restricted for long-term investments	(601,162)	(1,007,624)
Gifts of securities, properties and interest in trusts	(45,850)	(5,423)
Other	16,781	72,167
Premiums received from bond issuance	39,460	58,451
Changes in operating assets and liabilities:		
Accounts receivable	(331,960)	(172,667)
Pledges receivable, net	16,623	(120,354)
Prepaid expenses and other assets	(51,313)	(76,402)
Accounts payable and accrued expenses	196,963	85,535
Accrued pension and postretirement benefit obligations	45,823	19,987
Lease liabilities	(24,626)	46,411
Deferred income and other obligations	24,494	11,053
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b>(146,426)</b>	<b>(79,905)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to plant facilities, net	(1,323,454)	(1,621,683)
Faculty, student and other loans: new loans made	(185,630)	(157,369)
Faculty, student and other loans: principal collected	84,276	63,341
Purchases of investments	(18,853,940)	(15,391,722)
Sales and maturities of investments	19,160,586	16,186,356
Change associated with short term investments	63,854	(130,304)
Swap settlement payments, net	(776)	(5,095)
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<b>(1,055,084)</b>	<b>(1,056,476)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Gifts and reinvested income for long-term purposes	690,894	563,640
Proceeds from borrowing	1,543,610	768,114
Repayment of notes and bonds payable	(1,220,317)	(592,440)
Contributions received for split-interest agreements	19,657	9,791
Payments made under split-interest agreements	(55,697)	(57,454)
Commercial paper and variable rate debt proceeds (repayments), net	(22,505)	(12,299)
Securities lending collateral sold, net	—	(2,151)
Other	(11,879)	(13,500)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>943,763</b>	<b>663,701</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(257,747)</b>	<b>(472,680)</b>
Cash and cash equivalents, beginning of year	2,147,215	2,619,895
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,889,468</b>	<b>\$ 2,147,215</b>
<b>SUPPLEMENTAL DATA:</b>		
Cash and cash equivalents as shown in the <i>Statements of Financial Position</i>	\$ 1,726,991	\$ 1,738,944
Restricted cash and cash equivalents included in assets limited as to use	61,603	269,202
Restricted cash included in other assets	15,673	16,725
Cash and restricted cash included in investments	85,201	122,344
<b>TOTAL CASH AND CASH EQUIVALENTS AS SHOWN ON THE STATEMENTS OF CASH FLOWS</b>	<b>\$ 1,889,468</b>	<b>\$ 2,147,215</b>
Interest paid, net of capitalized interest	\$ 323,192	\$ 300,243
Change in payables for plant facilities	\$ (59,864)	\$ 49,228
Right-of-use assets obtained in exchange for lease liabilities	\$ 169,772	\$ 178,329

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Basis of Presentation and Significant Accounting Policies

### BASIS OF PRESENTATION

The *Consolidated Financial Statements* include the accounts of The Leland Stanford Junior University (“Stanford University” or the “University”), Stanford Health Care (SHC), Lucile Salter Packard Children’s Hospital at Stanford (LPCH) and other majority-owned or controlled entities of the University, SHC and LPCH. Collectively, all of these entities are referred to as “Stanford”. LPCH and its controlled entities comprise and are known in the marketplace as Stanford Medicine Children’s Health. All significant inter-entity transactions and balances have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current year’s presentation. These reclassifications had no impact on total net assets or the change in total net assets.

### University

The University is a private, not-for-profit educational institution, founded in 1885 by Senator Leland and Mrs. Jane Stanford in memory of their son, Leland Stanford Jr. A Board of Trustees (the “Board”) governs the University. The University information presented in the *Consolidated Financial Statements* comprises all of the accounts of the University, including its institutes and research centers, and the Stanford Management Company.

SLAC National Accelerator Laboratory (SLAC) is a federally funded research and development center owned by the U.S. Department of Energy (DOE). The University manages and operates SLAC for the DOE under a management and operating contract; accordingly, the revenues and expenditures of SLAC are included in the *Consolidated Statements of Activities*, but SLAC’s DOE funded assets and liabilities are not included in the *Consolidated Statements of Financial Position*. SLAC employees are University employees and participate in the University’s employee benefit programs. The University holds some receivables from the DOE substantially related to reimbursement for employee compensation and benefits.

### Hospitals

SHC and LPCH (the “Hospitals”) are California not-for-profit public benefit corporations, each governed by a separate Board of Directors. The University is the sole member of each of these entities. SHC and LPCH support the mission of medical education and clinical research of the University’s School of Medicine (SOM). Collectively, the SOM and Hospitals comprise Stanford Medicine. SHC and LPCH operate two licensed acute care and specialty hospitals on the Stanford campus, a leading community acute care hospital, and numerous physician clinics on the campus, in community settings and in association with regional hospitals in the San Francisco Bay Area and elsewhere in California. The University has partnered with SHC and LPCH, respectively, to establish physician medical foundations to support Stanford Medicine’s mission of delivering quality care to the community and conducting research and education.

### TAX STATUS

The University, SHC and LPCH are exempt from federal and state income taxes to the extent provided by Section 501(c)(3) of the Internal Revenue Code and equivalent state provisions, except with regard to unrelated business income which is taxable at corporate income tax rates.

Management regularly evaluates its tax positions and does not believe the University, SHC or LPCH have any uncertain tax positions that require disclosure in or adjustment to the *Consolidated Financial Statements*. The University, SHC and LPCH are subject to routine audits by taxing jurisdictions. Management of each of the consolidated entities believes they are no longer subject to income tax examinations for fiscal years prior to August 31, 2020.

### BASIS OF ACCOUNTING

The *Consolidated Financial Statements* are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). These principles require management to make estimates and assumptions that affect the reported amounts

of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the *Consolidated Financial Statements* and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

For financial reporting purposes, net assets and revenues, expenses, gains and losses are classified into one of two categories - net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of legal or donor-imposed restrictions (see *Note 10*).

Net assets without donor restrictions are expendable resources which are not subject to donor-imposed restrictions. These net assets may be designated by Stanford for specific purposes under internal operating and administrative arrangements or be subject to contractual agreements with external parties (see *Note 10*).

Net assets with donor restrictions include gifts, pledges and split-interest agreements (a) which by donor stipulation must be made available in perpetuity for investment or specific purposes, or (b) for which legal or donor-imposed restrictions have not yet been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be spent, time restrictions imposed by donors, or appreciation and income on certain donor-restricted endowment funds that have not yet been appropriated for spending (see *Note 11*).

Gifts and pledges subject to donor-imposed restrictions for specific purposes are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions upon expiration of time and purpose restrictions. Donor-restricted resources intended for capital projects are initially recorded as "Net assets with donor restrictions" and then released and reclassified as "Net assets without donor restrictions" when the asset is placed in service. Contributions with donor restrictions that are received and expended or deemed expended, based on the nature of donors' restrictions, in the same fiscal year are recorded as "Net assets without donor restrictions".

Transfers from net assets without donor restrictions to net assets with donor restrictions are primarily the result of donor redesignations or matching funds that are added to donor gift funds which then take on the same restrictions as the donor gift.

The operating activities of Stanford include the revenues earned and expenses incurred in the current year to support education, research, and health care. The non-operating activities of Stanford include increases in reinvested gains, current year gifts not included in operations, capital and other gifts released from restrictions, pension and other postemployment benefit related changes other than service cost, and certain other non-operating activities. All expenses are recorded as a reduction of net assets without donor restrictions with the exception of investment expenses that are required to be netted against investment returns.

## CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" included in the *Consolidated Statements of Financial Position* primarily consist of U.S. Treasury bills, certificates of deposit, repurchase agreements, money market funds and all other short-term investments available for current operations with original maturities of 90 days or less at the time of purchase. These amounts are carried at amortized cost, which approximates fair value. Cash and cash equivalents that are held for investment purposes are classified as investments (see *Note 6*). The University has elected the policy to treat cash equivalents held for investment as short-term investments, and are therefore excluded from "Cash and cash equivalents" on the *Consolidated Statements of Cash Flows*.

## ASSETS LIMITED AS TO USE

Assets limited as to use consist of deferred compensation plan assets and tax-exempt bond proceeds as described below.

### Deferred compensation plan assets

The University's custodians hold 457(b) non-qualified deferred compensation plan assets under a grantor trust which requires that they be used to satisfy plan obligations to participants and beneficiaries unless the University becomes insolvent. The funds are primarily invested in mutual funds, at the participants' discretion, which are valued based on quoted market prices (and exchange rates, if applicable) on the last trading date of the principal market on or before August 31.

### Tax-exempt bond proceeds

The proceeds of tax-exempt bonds issued for the benefit of the University and trustee-held accounts holding proceeds of tax-exempt bonds issued for the benefit of SHC and LPCH are limited by the terms of indentures to use for qualified capital projects. The assets consist of cash and cash equivalents, recorded at amortized cost, which approximates fair value.

**ACCOUNTS AND LOANS RECEIVABLE**

Accounts and loans receivable are carried at cost, less an allowance for credit losses.

**PREPAID EXPENSES**

Prepaid expenses consist of amounts paid in advance for goods or services that will be received after the end of the fiscal year.

**PLEDGES RECEIVABLE**

Unconditional promises to give are included in the *Consolidated Financial Statements* as "Pledges receivable, net" and are classified as net assets with donor restrictions. Pledges recognized on or after September 1, 2009 are recorded at an applicable risk-adjusted discount rate commensurate with the duration of the donor's payment plan. Pledges recognized in periods prior to September 1, 2009 were recorded at a discount based on the U.S. Treasury rate. Conditional promises to give are not recorded until specified obligations or barriers, such as milestones or performance targets, are met.

**INVESTMENTS**

Investments are recorded at fair value. Gains and losses (realized and unrealized) on investments are recognized in the *Consolidated Statements of Activities* (see Note 6).

**PLANT FACILITIES**

Plant facilities are recorded at cost or, for donated assets, at fair value at the date of donation, except for land and improvements previously reported as "Investments" and reclassified as "Plant facilities". Such land and improvements are reported at fair value as of the date of reclassification in accordance with interpreted accounting guidance. Interest expense for construction financing, net of income earned on unspent proceeds, is capitalized as a cost of construction. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The useful lives used in calculating depreciation for the years ended August 31, 2024 and 2023 are as follows:

Land improvements	5-25 years
Buildings and building improvements	3-50 years
Furniture, fixtures and equipment	3-20 years
Utilities	5-40 years

**WORKS OF ART AND SPECIAL COLLECTIONS**

Works of art, historical treasures, literary works and artifacts, which are preserved and protected for educational, research and public exhibition purposes, are not capitalized. Donations of such collections are not recorded for financial statement purposes. Purchases of collection items are recorded as operating expenses in the period in which they are acquired. Proceeds from sales of such items are used to acquire other items for the collections.

**DONATED ASSETS**

Donated assets, other than works of art and special collections, are recorded at fair value at the date of donation. Undeveloped land, including land acquired under the original endowment to the University from Senator Leland and Mrs. Jane Stanford, is reported at fair value as of the date of acquisition. Under the terms of the original founding grant, a significant portion of University land may not be sold.

**DONOR ADVISED FUNDS**

The University receives gifts from donors under donor advised fund (DAF) agreements. These funds are owned and controlled by the University and are separately identified by donor. A significant portion of the gift must be designated to the University. At August 31, 2024 and 2023, \$679.9 million and \$703.7 million, respectively, of DAFs may be used to support other approved charities; the donors have advisory privileges with respect to the distribution of these funds.

Current year gifts under the DAF agreements are included in the *Consolidated Statements of Activities* as "Donor advised funds, net" at the full amount of the gift. Transfers of funds to other charitable organizations are included in the *Consolidated Statements of Activities* as a reduction to "Donor advised funds, net" at the time the transfer is made.

## SPLIT-INTEREST AGREEMENTS

Split-interest agreements consist of arrangements with donors where Stanford has an interest in the assets and receives benefits that are shared with other beneficiaries. Stanford's split-interest agreements with donors, for which Stanford serves as trustee, consist primarily of irrevocable charitable remainder trusts, charitable gift annuities, pooled income funds, perpetual trusts and charitable lead trusts. Assets are invested and payments are made to donors or other beneficiaries in accordance with the respective agreements. Contribution revenues are recognized at the date the agreements are established. The fair value of the estimated future payments to beneficiaries under these agreements is recorded as a liability.

The assets held under split-interest agreements, where the University is the trustee, were \$1.1 billion and \$1.0 billion at August 31, 2024 and 2023, respectively, and were recorded in specific investment categories. The assets held under split-interest agreements, where LPCH is the trustee, were \$13.1 million and \$11.4 million at August 31, 2024 and 2023, respectively, and were recorded in specific investment categories. Liabilities for the discounted present value of any income beneficiary interest are reported in "Liabilities associated with investments" in the *Consolidated Statements of Financial Position*, and were \$664.5 million and \$632.7 million at August 31, 2024 and 2023, respectively, and were classified as Level 2 in the Fair Value Hierarchy (see Note 6). At August 31, 2024 and 2023, the University and LPCH used discount rates of 5.2% and 5.0%, respectively, based on the Charitable Federal Midterm Rate.

For irrevocable split-interest agreements whose assets are held in trusts not administered by the University, Stanford recognizes the estimated fair value of its beneficial interest in the trust assets and the associated gift revenue when reported to Stanford. These split-interest agreements are recorded in the "Assets held by other trustees" category of "Investments" in the *Consolidated Statements of Financial Position* as described in Note 6.

During fiscal years 2024 and 2023, the discounted present value of new University gifts subject to split-interest agreements, net of any income beneficiary share, was \$53.5 million and \$6.4 million, respectively, and was included in net assets with donor restrictions as "Gifts and pledges, net" in the *Consolidated Statements of Activities*. Actuarial gains or losses were included in "Change in value of split-interest agreements, net" in the *Consolidated Statements of Activities*.

## DEFERRED INCOME AND OTHER OBLIGATIONS

Deferred income and other obligations consist of advance payments of rental income, student tuition, student room and board, sponsored support, and support of other operating programs, as well as obligations for deferred compensation, repurchases, and asset retirement. Revenue is recognized as it is earned or as the associated conditions are satisfied. In addition, the University records other deferred income and obligations as described below.

### Deferred rental income

As part of its investment portfolio, the University holds certain investment properties that it leases to third parties under non-cancellable leases. In some lease transactions with properties in the Stanford Research Park and other properties, including the Stanford Shopping Center, prepaid rent is received, recorded as deferred rental income and amortized over the term of the lease (see also the *Future Minimum Rental Income* section in Note 6). As of August 31, 2024 and 2023, deferred rental income was \$875.5 million and \$898.1 million, respectively.

### 457(b) deferred compensation plan

The University offers a non-qualified deferred compensation plan under Internal Revenue Code 457(b) to a select group of highly compensated employees. The University does not make any contribution to the plan. The University has recorded both an asset and a liability related to the plan of \$498.0 million and \$382.8 million as of August 31, 2024 and 2023, respectively; the assets are included in "Assets limited as to use" in the *Consolidated Statements of Financial Position*.

### Repurchase obligations

In an effort to provide affordable housing, certain residential units are offered to eligible faculty and staff under long-term restricted ground leases. These units are located on or in close proximity to Stanford's campus. The cost of the units that are constructed or purchased by the University is included in "Plant facilities, net of accumulated depreciation" in the *Consolidated Statements of Financial Position*.

The University has the obligation to repurchase certain residential units when specified triggering events occur. As of August 31, 2024 and 2023, Stanford has recognized a net repurchase obligation of \$177.3 million and \$158.0 million, respectively, to repurchase its



interests in these residential units, net of home mortgage financing assistance provided by the University of \$246.3 million and \$233.9 million, respectively (see Note 5). The change in the repurchase obligation and the original purchase price is recorded as interest accretion and is reflected in "Other operating expenses" in the *Consolidated Statements of Activities*. For the years ended August 31, 2024 and 2023, interest accretion was \$18.0 million and \$16.3 million, respectively.

### Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized at the same amount as the liability. Asset retirement costs are subsequently amortized over the useful lives of the related assets and the obligations are increased based on an appropriate discount rate. As of August 31, 2024 and 2023, the University had asset retirement obligations of \$12.0 million and \$11.7 million, respectively. SHC had asset retirement obligations of \$117.1 million and \$114.4 million, respectively.

### SELF-INSURANCE

The University self-insures at varying levels for unemployment, disability, workers' compensation, property losses, certain health care plans and general, auto, and professional liability losses. SHC and LPCH self-insure at varying levels for general and cyber liability risks, postretirement medical benefits, health care plans, workers' compensation and, through their captive insurance company, for professional liability losses. In some cases, third-party insurance is purchased to cover liabilities in excess of self-insured retentions. Estimates of retained self-insured losses are reserved and accrued.

### INTEREST RATE EXCHANGE AGREEMENTS

The University and SHC have entered into several interest rate exchange agreements to reduce the effect of interest rate fluctuation on their variable rate revenue bonds and notes. Accounting guidance for derivatives and hedges requires entities to recognize all derivative instruments at fair value. The University and SHC do not designate and qualify their derivatives for hedge accounting; accordingly, any changes in the fair value (i.e. gains or losses) flow directly to the *Consolidated Statements of Activities* as a non-operating activity in "Swap interest and change in value of swap agreements." The settlements (net cash payments less receipts) under the interest rate exchange agreements are also recorded in the *Consolidated Statements of Activities* in "Swap interest and change in value of swap agreements."

The University has also entered into interest rate exchange agreements to reduce the effect of interest rate fluctuations of certain investment positions (see Note 7).

### REVENUE

#### Student income and financial aid

"Student income, net" reported in the *Consolidated Statements of Activities* consists of tuition, room and board, and other student fees from undergraduate and graduate students which are recognized as revenue ratably during the fiscal year in which the academic services are rendered. The University also provides financial aid in the form of scholarship and fellowship grants that cover a portion of tuition, room and board, and other student fees; this financial assistance is reflected as a reduction of student income. Student payments are due at the beginning of each academic term. Payments received for future academic terms are recorded as deferred income and totaled \$30.7 million and \$32.7 million for the years ended August 31, 2024 and 2023, respectively. These payments are recognized in the subsequent fiscal year. The following table presents student income, net of financial aid, for the years ended August 31, in thousands of dollars:

	2024	2023
Student income:		
Undergraduate programs	\$ 502,286	\$ 469,415
Graduate programs	455,772	431,993
Room and board	303,069	284,542
Student financial aid	(458,643)	(425,416)
<b>TOTAL STUDENT INCOME, NET</b>	<b>\$ 802,484</b>	<b>\$ 760,534</b>

In addition to student financial aid, the University also provided other graduate support in the form of stipends, teaching and research assistantships, and related allowances for tuition. These amounts are reflected in operating expenses.

### Sponsored support

The University conducts substantial research pursuant to contracts and grants from the federal government, state and local governments, corporations, foundations and others. Sponsored support earned from the federal government (including SLAC) is the largest segment of sponsored support. For the years ended August 31, 2024 and 2023, federal sponsored support was \$1.8 billion and \$1.6 billion, respectively. The Office of Naval Research is the University's cognizant federal agency for determining indirect cost rates charged to federally sponsored agreements. It is supported by the Defense Contract Audit Agency, which has the responsibility for auditing direct and indirect charges under those agreements.

The majority of sponsored support is considered contribution revenue and is recognized when any sponsor-imposed conditions have been met, typically when qualifying expenditures are incurred. Sponsored contribution revenue for the years ended August 31, 2024 and 2023 was \$1.4 billion and \$1.3 billion, respectively.

Other sponsored arrangements are considered exchange transactions and revenue is recognized in accordance with the terms of each contract or grant which are primarily based on costs incurred, completion of milestones, or other obligations as specified in the contracts. For the years ended August 31, 2024 and 2023, the University recognized \$165.1 million and \$147.5 million in revenue from exchange contracts, respectively.

SLAC is managed and operated by the University for the DOE under a management and operating contract, which is considered to be an exchange transaction. The University operates SLAC, and the DOE is obligated to pay for allowable operating costs. The University recognizes revenue from the DOE as costs are incurred in the management and operation of SLAC per the terms of the contract. Revenue of \$635.9 million and \$571.7 million was recognized for the years ended August 31, 2024 and 2023, respectively.

Deferred income of \$188.7 million and \$222.6 million was recorded at August 31, 2024 and 2023, respectively, for payments received from sponsors that have not been earned. During the years ended August 31, 2024 and 2023, \$165.7 million and \$153.7 million of revenue was recognized that was included in the prior year deferred income balance, respectively. In addition, as of August 31, 2024 and 2023, the University had been awarded \$1.3 billion and \$1.4 billion, respectively, in sponsored support for which the conditions to recognize revenue have not been met. These are conditional contributions and are not recorded in the *Consolidated Financial Statements*.

### Health Care Services

"Total health care services" is reported in the *Consolidated Statements of Activities* at the estimated net realizable amounts from patients, third-party payers, and others for services rendered (collectively, "Patient care revenue"). Estimated net realizable amounts represent amounts due, net of price concessions. Price concessions are based on management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage and other collection indicators. SHC and LPCH derive a majority of patient care revenues from contractual agreements with Medicare, Medi-Cal and other third-party payers. Payments under these agreements and programs are based on a variety of payment models (see *Note 12*). Health care revenue is recognized as services are rendered either at a point in time or, for inpatient acute care services, over time generally from admission to discharge. Generally, patients and third-party payers are billed several days after services are performed or shortly after discharge. Substantially all health care revenue relates to contracts with customers with a duration of less than one year. SHC and LPCH report accounts receivable net of estimated pricing concessions and any allowance for credit losses. The process for estimating the ultimate collectibility of receivables involves historical collection experience, changes in contracts with payors, aging behaviors of receivables, and future market and economic conditions.

The University has entered into various operating agreements with SHC and LPCH for the professional services of School of Medicine faculty members, and for non-physician services such as telecommunications, facilities, and other services. The payments by the Hospitals to the University for professional and other services are eliminated in consolidation.

SHC and LPCH provide care to patients who meet certain criteria under their charity care policies without charge or at amounts less than their established rates. The Hospitals do not record revenue for amounts determined to qualify as charity care (see *Note 12*).

**Gifts**

Gifts are contributions primarily received from donors such as alumni and other private individuals, trusts, and foundations. Gifts may be designated by donors for specific purposes; accordingly, they are recognized in the period received and in the appropriate net asset category based on the presence or absence of donor restrictions on their use. Contributions designated for the acquisition of plant facilities and long-term investments are initially reported in net assets with donor restrictions.

Gifts are considered conditional if the terms of the agreement include both a requirement for Stanford to meet certain specified obligations, or barriers, such as milestones or performance targets, and a refund of amounts paid (or a release from obligation to make future payments). Conditional gifts are not recorded until the obligations or barriers are met.

**Special Program Fees and Other Income**

Special program fees and other income consists of several streams of income from exchange contracts including instruction fees for professional education programs, membership affiliation fees, rental income, travel and camp programs, distributions from athletic conferences, and various other types of income. Depending on the program, revenue is recognized at a point in time or over time as obligations are met.

**RECENT ACCOUNTING PRONOUNCEMENTS**

Periodically, the Financial Accounting Standards Board (FASB) issues updates to the Accounting Standards Codification (ASC) which impact Stanford's financial reporting and related disclosures. The following paragraph summarizes relevant updates.

**Current expected credit losses**

ASU 2016-13 and 2020-02, FASB Issue Date: June 2016 and February 2020, Effective Date: Fiscal Year 2024

ASU 2016-13 introduces an expected loss approach to estimate the allowance for credit losses over the life of certain types of financial assets. It replaces multiple impairment models and stipulates that allowance for credit losses shall be based on an expected loss model rather than an incurred loss model. The allowances will be determined by evaluating historical, current, and future economic factors. ASU 2020-02 provides useful information for the application and reporting requirements of the current expected credit losses standard. The accounting and disclosure requirements of these updates were adopted in fiscal year 2024 and did not have a material impact on the *Consolidated Financial Statements*.

**2. Financial Assets and Liquid Resources****OVERVIEW**

Stanford closely monitors its liquidity requirements and structures its financial assets to meet its short and long-term needs and contractual commitments. To meet these needs, Stanford holds investments in various pools or in specific assets with varying degrees of liquidity, as well as having an authorized short-term commercial paper program. Stanford also has access to additional short-term financing facilities such as revolving lines of credit that can be available for unexpected liquidity needs (see *Note 9*).

**OPERATIONS**

The University, SHC and LPCH each manage their own operating cash through short-term investment pools. The primary investment objective for these funds is to preserve the principal value of the portfolio while meeting the liquidity needs of each of the entities. Cash flows vary seasonably during the year due to a variety of factors including timing of donor contributions, the University's academic calendar and the Hospitals' patient admission cycles. For working capital purposes, cash is managed by matching the timing of inflows and outflows as closely as possible, combined with active use of cash forecasting models to manage investment timing. Operating liquidity is tracked daily and reported weekly to provide management visibility. As noted above, back up borrowing facilities are also available to meet working capital needs.

**MERGED POOL**

The Merged Pool (MP) is the primary investment pool for endowment and other long-term funds for the University and the Hospitals. Approximately 14% of the MP consists of liquid investments, with the balance representing investments which are generally subject to constraints which either limit Stanford's ability to withdraw such capital or limit the amounts available for withdrawal at given redemption dates. The MP further maintains sufficient liquidity to distribute the monthly endowment payout in support of University

operating expenditures, and to meet unfunded commitments associated with certain alternative investments. It is not the intention of the University to utilize its financial assets without donor restrictions - including board designated endowment funds - that are invested for the long-term for unplanned operating commitments; however, amounts could be made available from these sources if necessary, except for those underlying investments with lock-up provisions (see Note 6).

Financial assets and liquid resources available within one year of the balance sheet date at August 31, 2024 and 2023, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
<b>2024</b>				
Financial assets:				
Cash and cash equivalents	\$ 886,227	\$ 446,748	\$ 394,016	\$ 1,726,991
Assets limited as to use available for current use	53,311	—	—	53,311
Accounts receivable, net	353,683	1,197,687	777,650	2,329,020
Pledges receivable available for operations	363,723	—	28,084	391,807
Investments available for current use	595,208	2,909,160	752,551	4,256,919
Endowment payout in support of operations	1,902,700	—	84,862	1,987,562
Financial assets available to meet cash needs for general expenditure within one year	4,154,852	4,553,595	2,037,163	10,745,610
Liquid resources available for use:				
Taxable commercial paper	276,585	150,000	—	426,585
Tax-exempt commercial paper	242,500	200,000	—	442,500
Revolving credit facilities	466,317	100,000	200,000	766,317
<b>TOTAL FINANCIAL ASSETS AND LIQUID RESOURCES AVAILABLE WITHIN ONE YEAR</b>	<b>\$ 5,140,254</b>	<b>\$ 5,003,595</b>	<b>\$ 2,237,163</b>	<b>\$ 12,381,012</b>
<b>2023</b>				
Financial assets:				
Cash and cash equivalents	\$ 745,015	\$ 611,592	\$ 382,337	\$ 1,738,944
Assets limited as to use available for current use	193,732	—	—	193,732
Accounts receivable, net	270,383	1,042,786	695,849	2,009,018
Pledges receivable available for operations	288,527	—	31,942	320,469
Investments available for current use	496,267	2,163,730	698,875	3,358,872
Endowment payout in support of operations	1,809,400	—	83,878	1,893,278
Financial assets available to meet cash needs for general expenditure within one year	3,803,324	3,818,108	1,892,881	9,514,313
Liquid resources available for use:				
Taxable commercial paper	439,544	150,000	—	589,544
Tax-exempt commercial paper	292,700	—	—	292,700
Revolving credit facilities	421,114	100,000	200,000	721,114
<b>TOTAL FINANCIAL ASSETS AND LIQUID RESOURCES AVAILABLE WITHIN ONE YEAR</b>	<b>\$ 4,956,682</b>	<b>\$ 4,068,108</b>	<b>\$ 2,092,881</b>	<b>\$ 11,117,671</b>



### 3. Accounts Receivable

Accounts receivable, net of allowance for credit losses, at August 31, 2024 and 2023, in thousands of dollars, are as follows:

	UNIVERSITY		SHC	LPCH	CONSOLIDATED			
2024								
U.S. government sponsors	\$	187,150	\$	3,065	\$	2,921	\$	193,136
Non-federal sponsors and programs		66,049		5,308		52,051		123,408
Accrued interest on investments		22,073		—		—		22,073
Student		12,658		—		—		12,658
Patient and third-party payers		—		1,197,687		711,310		1,908,997
Other		95,675		149,762		11,368		256,805
		383,605		1,355,822		777,650		2,517,077
Less allowance for credit losses		(7,122)		—		—		(7,122)
ACCOUNTS RECEIVABLE, NET	\$	376,483	\$	1,355,822	\$	777,650	\$	2,509,955
2023								
U.S. government sponsors	\$	137,320	\$	33,750	\$	2,573	\$	173,643
Non-federal sponsors and programs		66,916		3,974		—		70,890
Accrued interest on investments		25,286		—		—		25,286
Student		15,034		—		—		15,034
Patient and third-party payers		—		1,042,786		682,349		1,725,135
Other		60,405		103,797		10,927		175,129
		304,961		1,184,307		695,849		2,185,117
Less allowance for credit losses		(8,526)		—		—		(8,526)
ACCOUNTS RECEIVABLE, NET	\$	296,435	\$	1,184,307	\$	695,849	\$	2,176,591

## 4. Pledges Receivable

Pledges are recorded at discounted rates ranging from 1.0% to 5.4%. At August 31, 2024 and 2023, pledges receivable, net of discounts and allowances, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
<b>2024</b>					
One year or less	\$ 781,129	\$ 19,734	\$ 73,300	\$ (34,556)	\$ 839,607
Between one year and five years	1,567,081	19,573	54,172	(19,653)	1,621,173
More than five years	468,720	1,000	25,011	—	494,731
	2,816,930	40,307	152,483	(54,209)	2,955,511
Less discounts and allowances	(273,308)	(4,551)	(8,215)	—	(286,074)
<b>PLEDGES RECEIVABLE, NET</b>	<b>\$ 2,543,622</b>	<b>\$ 35,756</b>	<b>\$ 144,268</b>	<b>\$ (54,209)</b>	<b>\$ 2,669,437</b>
<b>2023</b>					
One year or less	\$ 611,158	\$ 19,883	\$ 61,434	\$ (57,964)	\$ 634,511
Between one year and five years	1,713,800	29,352	98,459	(10,895)	1,830,716
More than five years	619,837	1,250	25,014	—	646,101
	2,944,795	50,485	184,907	(68,859)	3,111,328
Less discounts and allowances	(313,839)	(5,303)	(11,070)	—	(330,212)
<b>PLEDGES RECEIVABLE, NET</b>	<b>\$ 2,630,956</b>	<b>\$ 45,182</b>	<b>\$ 173,837</b>	<b>\$ (68,859)</b>	<b>\$ 2,781,116</b>

The University had total conditional pledges of \$14.6 million and \$16.3 million at August 31, 2024 and 2023, respectively, which are subject to specified future events. LPCH had conditional pledges of \$5.4 million and \$100 thousand at August 31, 2024 and 2023. SHC had no conditional pledges at August 31, 2024 and 2023.

Lucile Packard Foundation for Children's Health (LPFCH) is the primary community fundraising agent for LPCH and the pediatric faculty and programs at the University's SOM. Pledges received by LPFCH on behalf of the University are recorded by the University as beneficial interest in LPFCH. At August 31, 2024 and 2023 the University held \$54.2 million and \$68.9 million, respectively, of beneficial interest in LPFCH, which is included in "Pledges receivable, net", and eliminated in consolidation.

## 5. Loans Receivable

Loans receivable consist primarily of University student loans receivable and faculty and staff mortgages. University management regularly assesses the adequacy of the allowance for expected credit losses of its loans by performing ongoing evaluations considering the differing economic risks associated with each loan category, the financial condition of specific borrowers, the current and reasonable forecasts of future economic conditions in which the borrowers operate, the level of delinquent loans and the value of any collateral.

### STUDENT LOANS RECEIVABLE

Student loans receivable consist of institutional and federally-sponsored loans due from both current and former students. Student loans and allowance for student loan losses at August 31, 2024 and 2023, in thousands of dollars, are as follows:

	2024	2023
Institutional loans	\$ 30,732	\$ 31,405
Federally-sponsored loans	5,551	7,718
	36,283	39,123
Less allowance for student loan losses	(2,631)	(1,596)
<b>STUDENT LOANS RECEIVABLE, NET</b>	<b>\$ 33,652</b>	<b>\$ 37,527</b>

Institutional loans are funded by donor funds restricted for student loan purposes and University funds made available to meet demand for student loan borrowing in specific situations. Federally-sponsored loans are funded by advances to the University primarily under the Federal Perkins Loan Program.

### FACULTY AND STAFF MORTGAGES

In a program to attract and retain excellent faculty and senior staff, the University provides home mortgage financing assistance, primarily in the form of subordinated loans. The loans and mortgages are collateralized by deeds of trust on properties concentrated in the region surrounding the University. Notes receivable amounting to \$1.2 billion and \$1.1 billion at August 31, 2024 and 2023, respectively, from University faculty and staff are included in "Faculty and staff mortgages and other loans receivable, net" in the *Consolidated Statements of Financial Position*. Management has determined that there are not any substantial risks or non payment factors that would warrant an allowance for credit losses.

The August 31, 2024 and 2023 amounts are net of the University's recorded obligation to repurchase certain residential units sold under long-term restricted ground leases of \$246.3 million and \$233.9 million, respectively. See the *Repurchase Obligations* section of *Note 1*.

## 6. Investments

Investments are measured and recorded at fair value. The valuation methodology, investment categories, fair value hierarchy, certain investment activities and related commitments for fiscal years 2024 and 2023 are presented below. Investments held by Stanford at August 31, 2024 and 2023, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
<b>2024</b>					
Investment assets:					
Cash and short-term investments	\$ 1,033,901	\$ 104,370	\$ 5,823	\$ —	\$ 1,144,094
Public equities	9,854,591	1,629,163	58,982	—	11,542,736
Derivatives	(5,873)	—	—	—	(5,873)
Fixed income	3,292,482	1,046,482	108,328	—	4,447,292
Real estate	9,295,318	—	6,499	—	9,301,817
Natural resources	1,633,403	—	6,929	—	1,640,332
Private equities	18,124,626	—	36,660	—	18,161,286
Absolute return	7,808,048	—	21,919	—	7,829,967
Assets held by other trustees	178,870	—	19,183	—	198,053
Other	901,535	35,550	—	—	937,085
Total	52,116,901	2,815,565	264,323	—	55,196,789
Hospitals' funds invested in the University's investment pools	(4,162,630)	3,012,367	1,142,094	8,169	—
<b>INVESTMENTS AT FAIR VALUE</b>	<b>\$47,954,271</b>	<b>\$ 5,827,932</b>	<b>\$ 1,406,417</b>	<b>\$ 8,169</b>	<b>\$ 55,196,789</b>

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
<b>2023</b>					
Investment assets:					
Cash and short-term investments	\$ 1,082,013	\$ 55,905	\$ 4,160	\$ —	\$ 1,142,078
Public equities	9,843,988	1,206,842	58,091	—	11,108,921
Derivatives	5,936	—	—	—	5,936
Fixed income	3,087,938	777,229	103,764	—	3,968,931
Real estate	9,954,369	—	5,887	—	9,960,256
Natural resources	1,369,379	—	6,931	—	1,376,310
Private equities	16,896,296	—	37,629	—	16,933,925
Absolute return	7,064,050	—	23,406	—	7,087,456
Assets held by other trustees	123,659	—	17,153	—	140,812
Other	1,073,699	27,950	—	—	1,101,649
Total	50,501,327	2,067,926	257,021	—	52,826,274
Hospitals' funds invested in the University's investment pools	(3,645,241)	2,580,599	1,056,898	7,744	—
<b>INVESTMENTS AT FAIR VALUE</b>	<b>\$46,856,086</b>	<b>\$ 4,648,525</b>	<b>\$ 1,313,919</b>	<b>\$ 7,744</b>	<b>\$ 52,826,274</b>

### VALUATION METHODOLOGY

To the extent available, Stanford's investments are recorded at fair value based on quoted prices in active markets on a trade-date basis. Stanford's investments that are listed on any U.S. or non-U.S. recognized exchanges are valued based on readily available market quotations. When such inputs do not exist, fair value measurements are based on the best available information and usually require a degree of judgment. For alternative investments, which are principally interests in limited partnerships or similar investments in private equity, real estate, natural resources, public equities and absolute return funds, the value is primarily based on the Net Asset Value (NAV) of the underlying investments as a practical expedient. The NAV is reported by external investment managers in accordance with their policies as described in their respective financial statements and offering memoranda. The most recent NAV reported is adjusted for any investment-related transactions such as capital calls or distributions and significant known valuation changes of its related portfolio through August 31, 2024 and 2023, respectively. These investments are generally less liquid

than other investments, and the values reported may differ from those that would have been reported had a readily available market existed for these investments.

The University exercises due diligence in assessing the policies, procedures, and controls implemented by its external investment managers and believes its proportionate share of the carrying amount of these alternative investments is a reasonable estimate of fair value. Such due diligence procedures include, but are not limited to, ongoing communication, on-site visits, and review of information from external investment managers as well as review of performance. In conjunction with these procedures, estimated fair value is determined by consideration of a range of factors, such as market conditions, redemption terms and restrictions, and risks inherent in the inputs of the external investment managers' valuations.

For certain alternative investments which are direct investments, Stanford considers various factors to estimate fair value, such as, but not limited to, the timing of the transaction, the market in which the company operates, comparable transactions, company performance and projections, as well as discounted cash flow analysis. The selection of an appropriate valuation technique may be affected by the availability and general reliability of relevant inputs. In some cases, one valuation technique may provide the best indication of fair value while in other circumstances, multiple valuation techniques may be appropriate. Furthermore, Stanford may review the investment's underlying portfolio as well as engage external appraisers, depending on the circumstances and the nature of the investment.

The investment portfolio may be exposed to various risks, including, but not limited to, interest rate, market, sovereign, geographic, counterparty, liquidity and credit risk. Stanford management regularly assesses these risks through established policies and procedures. Fair value reporting requires management to make estimates and assumptions about the effects of matters that are inherently uncertain. Actual results could differ from these estimates and such differences could have a material impact on the *Consolidated Financial Statements*.

## INVESTMENT CATEGORIES

Investments are categorized by asset class and valued as described below:

**Cash and short-term investments** include cash, cash equivalents, mutual funds, and fixed income investments with original maturities of less than one year (see also *Note 1*). Cash equivalents such as money market funds and overnight repurchase agreements are carried at cost. Fixed income investments such as short-term U.S. Treasury bills are carried at amortized cost. Due to the short-term nature and liquidity of these financial instruments, the carrying values of these assets approximates fair value. Cash may include collateral provided to or received from counterparties associated with investment-related derivative contracts (see *Note 7*).

**Collateral held for securities loaned** is generally received in the form of cash and cash equivalents and is reinvested for income in cash equivalent vehicles. These investments are recorded at fair value.

**Public equities** are investments valued based on quoted market prices (and exchange rates, if applicable) on the last trading date of the principal market on or before August 31. They include investments that are directly held as well as commingled funds which invest in publicly traded equities. The fair values of public equities held through alternative investments are reported by the respective external investment managers using NAV as described in the *Valuation Methodology* section above.

**Derivatives** are used by Stanford to manage its exposure to certain risks relating to ongoing business and investment operations. Derivatives may include swaps and forward currency contracts which are reflected at fair value by using quantitative models that utilize multiple market inputs. The market inputs are actively quoted and can be validated through external sources, including market transactions, brokers and third party pricing sources.

**Fixed income** investments are valued by independent pricing sources, broker dealers or pricing models that factor in, where applicable, recently executed transactions, interest rates, bond or credit default spreads and volatility. They primarily include investments that are actively traded fixed income securities or mutual funds.

**Real estate** represents directly owned real estate, mutual funds, interests in long-term ground leases and other real estate interests held through limited partnerships. A significant portion of the fair value of real estate directly owned by Stanford and subject to long-term ground leases, including the Stanford Shopping Center and the Stanford Research Park, is based on independent appraisals that use discounted cash flows and market data, if available. The fair value of alternative investments in real estate held through limited



partnerships is based on the NAV reported by the external investment managers and is adjusted as described in the *Valuation Methodology* section above. The fair value of real estate held through commingled and mutual funds are based on quoted market prices.

**Natural resources** represent commodity and energy related investments held through both public and non-public investments. Public securities are valued based on quoted market prices (and exchange rates, if applicable) on the last trading day of the principal market on or before August 31. The fair value of direct non-public investments is based on a combination of models, including appraisals, discounted cash flows and commodity price factors. The fair value of natural resources held as alternative investments is based on the NAV reported by the external investment managers and is adjusted as described in the *Valuation Methodology* section above.

**Private equities** are investments primarily in venture capital, growth equity, and leveraged buyout strategies. Distributions from these investments are received in the form of either cash or distributed shares, which are typically valued using quoted market prices. The fair value of alternative investments is based on the NAV reported by the external investment managers and is adjusted as described in the *Valuation Methodology* section above.

**Absolute return** investments are typically commingled funds that employ multiple strategies to produce positive returns which may be uncorrelated to financial market activities. The fair value of these types of alternative investments is valued based on the NAV reported by the external investment managers and is adjusted as described in the *Valuation Methodology* section above.

**Assets held by other trustees** generally represent Stanford's residual (or beneficial) interest in split-interest agreements where the University, SHC or LPCH is not the trustee. The residual interest represents the present value of the future distributions expected to be received over the term of the agreement, which approximates fair value.

**Other** investments are typically non-public investments such as preferred stocks, convertible notes and mineral rights. The fair value of these types of direct investments is determined as described in the *Valuation Methodology* section above.

## FAIR VALUE HIERARCHY

U.S. GAAP defines fair value as the price received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants. Current guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques used under U.S. GAAP must maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

**Level 1** - Investments whose values are based on quoted market prices in active markets for identical assets or liabilities are classified as Level 1. Level 1 investments include active listed equities and certain short-term fixed income securities. Such investments are valued based upon the closing price quoted on the last trading date on or before the reporting date on the principal market, without adjustment.

**Level 2** - Investments that trade in markets that are not actively traded, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources for similar assets or liabilities are classified as Level 2. These investments include certain U.S. government and sovereign obligations, government agency obligations, investment grade corporate bonds and certain limited marketable securities.

Privately negotiated over-the-counter (OTC) derivatives such as forward currency contracts, total return swaps, and interest rate swaps are typically classified as Level 2 (see Note 7). In instances where quotations received from counterparties or valuation models are used, the value of an OTC derivative depends upon the contractual terms of the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, or credit curves.

**Level 3** - Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information available and may require significant management judgment. These investments primarily consist of Stanford's direct real estate and directly held private investments.

The following tables summarize Stanford's investment assets and liabilities within the fair value hierarchy and asset categories at August 31, 2024 and 2023, in thousands of dollars:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>2024</b>				
Investment assets:				
Cash and short-term investments	\$ 187,117	\$ 949,161	\$ —	\$ 1,136,278
Public equities	4,393,891	4,909	—	4,398,800
Derivatives	—	(5,873)	—	(5,873)
Fixed income	675,394	3,765,888	—	4,441,282
Real estate	80,353	—	6,786,747	6,867,100
Natural resources	156,560	—	60,859	217,419
Private equities	39,809	—	96,409	136,218
Absolute return	—	—	20,203	20,203
Assets held by other trustees	—	—	198,053	198,053
Other	41,402	10,998	877,254	929,654
<b>INVESTMENTS SUBJECT TO FAIR VALUE LEVELING</b>	<b>\$ 5,574,526</b>	<b>\$ 4,725,083</b>	<b>\$ 8,039,525</b>	<b>18,339,134</b>
Investments measured using Net Asset Value <sup>1</sup>				36,857,655
<b>TOTAL CONSOLIDATED INVESTMENT ASSETS</b>				<b>\$ 55,196,789</b>

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
<b>2023</b>				
Investment assets:				
Cash and short-term investments	\$ 174,863	\$ 959,966	\$ —	\$ 1,134,829
Public equities	3,618,065	5,034	—	3,623,099
Derivatives	—	5,936	—	5,936
Fixed income	562,576	3,399,733	—	3,962,309
Real estate	210,227	—	7,490,481	7,700,708
Natural resources	5,268	—	57,260	62,528
Private equities	66,075	—	1,731	67,806
Absolute return	—	—	23,736	23,736
Assets held by other trustees	—	—	140,812	140,812
Other	14,346	5,438	1,069,494	1,089,278
<b>INVESTMENTS SUBJECT TO FAIR VALUE LEVELING</b>	<b>\$ 4,651,420</b>	<b>\$ 4,376,107</b>	<b>\$ 8,783,514</b>	<b>17,811,041</b>
Investments measured using Net Asset Value <sup>1</sup>				35,015,233
<b>TOTAL CONSOLIDATED INVESTMENT ASSETS</b>				<b>\$ 52,826,274</b>

<sup>1</sup> Entities may estimate the fair value of certain investments by using NAV as a practical expedient as of the measurement date. Investments measured under this method are not categorized in the fair value hierarchy. The fair value amounts of such investments are presented for reconciliation purposes.

**SUMMARY OF LEVEL 3 INVESTMENT ACTIVITIES AND TRANSFERS**

The following tables present the activities for Level 3 investments for the years ended August 31, 2024 and 2023, in thousands of dollars:

FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	BEGINNING BALANCE AS OF SEPTEMBER 1, 2023	PURCHASES AND ADDITIONS	SALES AND MATURITIES	NET REALIZED AND UNREALIZED GAINS (LOSSES)	TRANSFERS IN*	TRANSFERS OUT*	ENDING BALANCE AS OF AUGUST 31, 2024
Real estate	\$ 7,490,481	\$ 83,850	\$ (10,505)	\$ (805,916)	\$ 28,837	\$ —	\$ 6,786,747
Natural resources	57,260	—	(1,839)	5,288	150	—	60,859
Private equities	1,731	94,950	(14)	(258)	—	—	96,409
Absolute return	23,736	—	(1,858)	(1,675)	—	—	20,203
Assets held by other trustees	140,812	46,040	(2,451)	13,652	—	—	198,053
Other	1,069,494	46,839	(9,477)	(229,602)	—	—	877,254
<b>TOTAL</b>	<b>\$8,783,514</b>	<b>\$ 271,679</b>	<b>\$ (26,144)</b>	<b>\$ (1,018,511)</b>	<b>\$ 28,987</b>	<b>\$ —</b>	<b>\$ 8,039,525</b>

FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	BEGINNING BALANCE AS OF SEPTEMBER 1, 2022	PURCHASES AND ADDITIONS	SALES AND MATURITIES	NET REALIZED AND UNREALIZED GAINS (LOSSES)	TRANSFERS IN*	TRANSFERS OUT*	ENDING BALANCE AS OF AUGUST 31, 2023
Real estate	\$ 7,721,395	\$ 22,143	\$ (16,487)	\$ (236,570)	\$ —	\$ —	\$ 7,490,481
Natural resources	67,375	—	(3,390)	(6,725)	—	—	57,260
Private equities	12,852	—	(67)	(11,054)	—	—	1,731
Absolute return	24,616	—	(3,901)	3,021	—	—	23,736
Assets held by other trustees	142,936	518	(10,826)	7,236	948	—	140,812
Other	958,390	50,214	(26,077)	86,967	—	—	1,069,494
<b>TOTAL</b>	<b>\$8,927,564</b>	<b>\$ 72,875</b>	<b>\$ (60,748)</b>	<b>\$ (157,125)</b>	<b>\$ 948</b>	<b>\$ —</b>	<b>\$ 8,783,514</b>

\*Transfers in (out) are primarily due to reclassification of investments between asset classes and changes in the fair value hierarchy.

Net realized and unrealized gains (losses) in the tables above are included in the *Consolidated Statements of Activities* primarily as increases or decreases in reinvested gains by level of restriction. For the years ended August 31, 2024 and 2023, the change in unrealized losses for Level 3 investments still held at August 31, 2024 and 2023 was \$982.9 million and \$101.1 million, respectively.

### LEVEL 3 INVESTMENT VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS

The following table summarizes the significant unobservable inputs and valuation methodologies for Level 3 investments as of August 31, 2024 and 2023, in thousands of dollars.

For each investment category and respective valuation technique, the range of the significant unobservable input is dependent on the nature and characteristics of the investment and may vary at each balance sheet date.

INVESTMENT CATEGORIES	FAIR VALUE <sup>1</sup>	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE		WEIGHTED AVERAGE	IMPACT TO VALUATION FROM AN INCREASE IN INPUT <sup>2</sup>
				MIN	MAX		
2024							
Real estate	\$ 5,896,000	Discounted cash flow	Discount rate	7.0%	20.0%	7.8%	Decrease
			Capitalization rate	5.5%	8.8%	7.0%	Decrease
Assets held by other trustees	198,053	Net present value	Discount rate	5.2%	5.2%	N/A	Decrease
TOTAL AMOUNT WITH SIGNIFICANT UNOBSERVABLE INPUTS		\$6,094,053					
2023							
Real estate	\$ 6,599,473	Discounted cash flow	Discount rate	5.9%	20.0%	7.5%	Decrease
			Capitalization rate	6.0%	8.5%	6.6%	Decrease
Assets held by other trustees	140,812	Net present value	Discount rate	5.0%	5.0%	N/A	Decrease
TOTAL AMOUNT WITH SIGNIFICANT UNOBSERVABLE INPUTS		\$6,740,285					

<sup>1</sup> Level 3 investments of \$1.9 billion and \$2.0 billion at August 31, 2024 and 2023, respectively, are valued using third-party valuations, other market comparables or recent transactions as an approximation of fair value.

<sup>2</sup> Unless otherwise noted, this column represents the directional change in the fair value of the Level 3 investments that would have resulted from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these unobservable inputs in isolation would result in significantly higher or lower fair value measurements.

### LIABILITIES ASSOCIATED WITH INVESTMENTS

**Income beneficiary share of split interest agreements** - See the *Split-Interest Agreements* section of Note 1.

**Net investment income excise tax** - Under the Tax Cuts and Jobs Act, the University is subject to a 1.4% excise tax on its net investment income as defined under the Internal Revenue Code which, among other things, includes net investment income of certain related entities such as the Hospitals. The University has recorded current and deferred tax liabilities based on reasonable estimates.

**Securities lending** - The University has a collateralized borrowing program in which it receives short-term U.S. government obligations or cash and cash equivalents in exchange for transferring securities as collateral to the counterparty and recognizes an obligation to reacquire the securities for cash at the transaction's maturity. It is the University's policy to require receipt of collateral equal to a minimum of 102% of the fair market value of these collateralized borrowings. In the event the counterparty was to default on its obligations, the University has the right to repurchase the securities in the open market using the collateral received.

Under the securities lending agreement, securities loaned are primarily public equities, corporate bonds or U.S. Treasury bills and the agreement continues until the security is delivered back to the University.

**Securities sold, not yet purchased** are obligations to acquire and deliver to the lenders the publicly traded securities identical to the ones borrowed. A realized gain or loss is recognized for the difference between the proceeds and the cost of such securities at that time.

**Accrued management fees** are obligations related to management and performance fees due quarterly or annually to external investment managers in accordance with agreed-upon terms.

**Pending trades of securities** are obligations arising from trades of securities purchased but not settled. These are usually settled three business days after the trade date.

### INVESTMENT-RELATED COMMITMENTS

The University is obligated under certain alternative investment agreements to advance additional funding up to specified levels over a period of several years. The following table presents significant terms of such agreements including redemption terms, notice periods, and remaining life for all related alternative investments at August 31, 2024, in thousands of dollars:

ASSET CLASS	FAIR VALUE	UNFUNDED COMMITMENT	REMAINING LIFE (YEARS)	REDEMPTION TERMS
Public equities	\$ 7,104,539	\$ 108,304	0 to 5	Generally, lock-up provisions ranging from 0 to 3 years. After initial lock up expires, redemptions are available on a rolling basis and require 30 to 90 days prior notification.
Real estate	2,465,372	1,261,851	0 to 9	Not eligible for redemption
Natural resources	1,457,698	715,992	0 to 9	Not eligible for redemption
Private equities	18,079,813	5,731,642	0 to 20	Not eligible for redemption
Absolute return	7,808,049	535,978	0 to 3	Generally, lock-up provisions ranging from 0 to 3 years. After initial lock up expires, redemptions are available on a rolling basis and require 30 to 90 days prior notification.
<b>TOTAL</b>	<b>\$36,915,471</b>	<b>\$ 8,353,767</b>		



## OFFSETS TO INVESTMENT-RELATED ASSETS AND LIABILITIES

Financial instruments with off-balance sheet risk such as derivatives, securities lending agreements, securities sold, not yet purchased and repurchase agreements are subject to counterparty credit risk. The University seeks to control this risk in various ways, such as entering into transactions with counterparties with high creditworthiness, establishing and monitoring credit limits, and requiring collateral in certain situations.

The University generally maintains master netting agreements and collateral agreements with its counterparties. These agreements provide the University the right to net a counterparty's rights and obligations under the agreement and to liquidate and offset collateral against any net amount owed by the counterparty, in the event of default by the counterparty, such as bankruptcy or a failure to pay or perform. For certain derivatives, a master netting arrangement allows the counterparty to net any of its applicable liabilities or payment obligations to the University against any collateral previously provided or received (see Note 7).

The University may enter into repurchase and reverse repurchase agreements to sell or purchase securities to or from the counterparty with an agreement to repurchase or sell the same securities from or to the counterparty at a predetermined price.

The following table presents information about the gross amounts of assets and liabilities, the offset of these instruments and the related collateral amounts as of August 31, 2024 and 2023, in thousands of dollars:

	GROSS AMOUNTS OF ASSETS AND LIABILITIES	OFFSET AMOUNTS	NET AMOUNTS	COLLATERAL RECEIVED (PLEDGED) <sup>2</sup>	NET EXPOSURE
<b>2024</b>					
Assets:					
Derivatives <sup>1</sup>	\$ 10,319	\$ (16,192)	\$ (5,873)	\$ (5,873)	\$ —
Repurchase agreements <sup>3</sup>	531,219	—	531,219	531,219	—
<b>TOTAL</b>	<b>541,538</b>	<b>(16,192)</b>	<b>525,346</b>	<b>525,346</b>	<b>—</b>
Liabilities:					
Derivatives <sup>1</sup>	16,192	(16,192)	—	—	—
<b>TOTAL</b>	<b>\$ 16,192</b>	<b>\$ (16,192)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>2023</b>					
Assets:					
Derivatives <sup>1</sup>	\$ 9,003	\$ (3,067)	\$ 5,936	\$ 5,936	\$ —
Repurchase agreements <sup>3</sup>	430,947	—	430,947	430,947	—
<b>TOTAL</b>	<b>439,950</b>	<b>(3,067)</b>	<b>436,883</b>	<b>436,883</b>	<b>—</b>
Liabilities:					
Derivatives <sup>1</sup>	3,067	(3,067)	—	—	—
<b>TOTAL</b>	<b>\$ 3,067</b>	<b>\$ (3,067)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

<sup>1</sup> Gross derivative assets less gross derivative liabilities are presented as derivatives in the investment assets table.

<sup>2</sup> These collateral amounts received (pledged) are limited to the asset balance and accordingly, do not include any excess collateral received.

<sup>3</sup> Repurchase agreements are included in cash and short-term investments in the investment assets table.



## INVESTMENT RETURNS

Total investment returns for the years ended August 31, 2024 and 2023, in thousands of dollars, are as follows:

	UNIVERSITY		SHC		LPCH		CONSOLIDATED	
2024								
Investment income	\$	567,494	\$	37,543	\$	3,067	\$	608,104
Net realized and unrealized gains		2,346,570		532,327		144,437		3,023,334
TOTAL INVESTMENT RETURNS, NET	\$	2,914,064	\$	569,870	\$	147,504	\$	3,631,438
Reconciliation to <i>Statements of Activities</i> :								
Total investment income distributed for operations	\$	2,211,063	\$	1,851	\$	13,183	\$	2,226,097
Increase (decrease) in reinvested gains:								
Without donor restrictions		(127,035)		562,033		90,348		525,346
With donor restrictions		704,556		5,986		41,104		751,646
Change in value of split-interest agreements, net		57,670		—		2,869		60,539
Adjustments for actuarial re-evaluations and maturities of split-interest agreements		67,810		—		—		67,810
TOTAL INVESTMENT RETURNS, NET	\$	2,914,064	\$	569,870	\$	147,504	\$	3,631,438
2023								
Investment income	\$	500,053	\$	125,657	\$	18,390	\$	644,100
Net realized and unrealized gains		1,078,952		208,298		53,215		1,340,465
TOTAL INVESTMENT RETURNS, NET	\$	1,579,005	\$	333,955	\$	71,605	\$	1,984,565
Reconciliation to <i>Statements of Activities</i> :								
Total investment income distributed for operations	\$	1,878,501	\$	3,691	\$	12,174	\$	1,894,366
Increase (decrease) in reinvested gains:								
Without donor restrictions		(96,173)		326,565		38,424		268,816
With donor restrictions		(252,663)		3,699		19,445		(229,519)
Change in value of split-interest agreements, net		29,596		—		1,562		31,158
Adjustments for actuarial re-evaluations and maturities of split-interest agreements		19,744		—		—		19,744
TOTAL INVESTMENT RETURNS, NET	\$	1,579,005	\$	333,955	\$	71,605	\$	1,984,565

Investment returns are net of investment management expenses, including both external management fees and internal University investment-related salaries, benefits and operating expenses.

## FUTURE MINIMUM RENTAL INCOME

As part of its investment portfolio, Stanford holds certain investment properties that it leases to third parties. Future minimum rental income due from the Stanford Shopping Center, the Stanford Research Park and other properties under non-cancellable leases in effect with tenants at August 31, 2024, in thousands of dollars, is as follows:

YEAR ENDING AUGUST 31	FUTURE MINIMUM RENTAL INCOME							
	UNIVERSITY		SHC		LPCH	CONSOLIDATED		
2025	\$	181,188	\$	3,307	\$	1,049	\$	185,544
2026		172,195		2,415		816		175,426
2027		153,638		1,995		747		156,380
2028		156,174		1,335		393		157,902
2029		152,138		314		322		152,774
Thereafter		2,698,855		8,240		27		2,707,122
TOTAL	\$	3,514,188	\$	17,606	\$	3,354	\$	3,535,148

## 7. Derivatives

Stanford, directly or through external investment managers on Stanford's behalf, utilizes various strategies to reduce investment and credit risks, to serve as a temporary surrogate for investment in stocks and bonds, to manage interest rate exposure on debt, and/or to manage specific exposure to foreign currencies. Futures, options and other derivative instruments are used to adjust elements of investment exposures to various securities, sectors, markets and currencies without actually taking a position in the underlying asset or basket of assets. Interest rate swaps are used to manage interest rate risk. With respect to foreign currencies, Stanford utilizes forward contracts and foreign currency options to manage exchange rate risk.

### INVESTMENT-RELATED DERIVATIVES

The following table presents amounts for investment-related derivatives, including the notional amount, the fair values at August 31, 2024 and 2023, and gains and losses for the years ended August 31, 2024 and 2023, in thousands of dollars:

	NOTIONAL AMOUNT <sup>1</sup>	GROSS DERIVATIVE ASSETS <sup>2</sup>	GROSS DERIVATIVE LIABILITIES <sup>2</sup>	REALIZED AND UNREALIZED GAINS (LOSSES) <sup>3</sup>
	AS OF AUGUST 31			YEAR ENDED AUGUST 31
<b>2024</b>				
Foreign exchange contracts	\$ 14,607	\$ 325	\$ —	\$ (578)
Equity contracts	813,347	9,994	16,192	1,675
<b>TOTAL</b>	<b>\$ 827,954</b>	<b>\$ 10,319</b>	<b>\$ 16,192</b>	<b>\$ 1,097</b>
<b>2023</b>				
Foreign exchange contracts	\$ 13,426	\$ —	\$ 275	\$ (27)
Equity contracts	715,867	9,003	2,792	(34,093)
<b>TOTAL</b>	<b>\$ 729,293</b>	<b>\$ 9,003</b>	<b>\$ 3,067</b>	<b>\$ (34,120)</b>

<sup>1</sup> The notional amount is representative of the volume and activity of the respective derivative type during the years ended August 31, 2024 and 2023.

<sup>2</sup> Gross derivative assets less gross derivative liabilities of \$(5.9) million and \$5.9 million as of August 31, 2024 and 2023, respectively, are presented as derivatives on the investment table in Note 6.

<sup>3</sup> Gains and losses on derivatives are included in the Statements of Activities line "Increase (decrease) in reinvested gains" in "Non-operating activities."

### DEBT-RELATED DERIVATIVES

The University and SHC use interest rate exchange agreements to manage the interest rate exposure of their debt portfolios. Under the terms of the current agreements, the entities pay a fixed interest rate, determined at inception, and receive a variable rate on the underlying notional principal amount. Generally, the exchange agreements require mutual posting of collateral by the University and SHC and the counterparties if the termination values exceed a predetermined threshold dollar amount.

At August 31, 2024, the University had interest rate exchange agreements related to \$97.0 million of the outstanding balance of the CEFA Series S bonds in variable rate mode (see Note 9). The agreements, which have a weighted average interest rate of 3.68%, expire November 1, 2039. The notional amount and the fair value of the exchange agreements are included in the table below. Collateral posted with various counterparties was \$3.4 million and \$6.1 million at August 31, 2024 and 2023, respectively, and is included in the *Consolidated Statements of Financial Position*. In addition, the University issued an irrevocable standby letter of credit of \$15.0 million to support collateral requirements at August 31, 2024 and 2023 (see Note 9).

At August 31, 2024, SHC had interest rate exchange agreements expiring through November 2051 (see Note 9). The agreements require SHC to pay fixed interest rates to the counterparties varying from 3.69% to 4.08% in exchange for variable rate payments from the counterparties based on a percentage of the Secured Overnight Financing Rate (SOFR) plus an applicable 1-Month spread. In November 2023, SHC terminated four of its nine outstanding swaps at a termination cost of \$18.5 million. The terminated swaps had a notional amount of \$234.6 million and were not classified as hedging instruments. The notional amount and the fair value of the remaining exchange agreements are included in the table below. There was no cash collateral posted with counterparties at August 31, 2024 and 2023.

The following table presents amounts for debt-related derivatives including the notional amount, the fair values at August 31, 2024 and 2023, and gains and losses for the years ended August 31, 2024 and 2023, in thousands of dollars:

	AS OF AUGUST 31, 2024		YEAR ENDED AUGUST 31, 2024	AS OF AUGUST 31, 2023		YEAR ENDED AUGUST 31, 2023
	NOTIONAL AMOUNT <sup>1</sup>	GROSS DERIVATIVE LIABILITIES <sup>2</sup>	UNREALIZED LOSSES <sup>3</sup>	NOTIONAL AMOUNT <sup>1</sup>	GROSS DERIVATIVE LIABILITIES <sup>2</sup>	UNREALIZED GAINS <sup>3</sup>
Debt-related interest-rate contracts:						
University	\$ 97,000	\$ 14,276	\$ (1,843)	\$ 97,000	\$ 12,433	\$ 9,117
SHC	337,925	77,506	(2,072)	573,050	86,262	59,644
<b>TOTAL</b>	<b>\$ 434,925</b>	<b>\$ 91,782</b>	<b>\$ (3,915)</b>	<b>\$ 670,050</b>	<b>\$ 98,695</b>	<b>\$ 68,761</b>

<sup>1</sup> The notional amount is representative of the volume and activity of the respective derivative type during the years ended August 31, 2024 and 2023.

<sup>2</sup> Fair value is measured using Level 2 inputs as defined in Note 6. Amounts are included in the Statements of Financial Position in "Accounts payable and accrued expenses" and discussed more fully in Note 9.

<sup>3</sup> Gains (losses) on derivatives are included in the Statements of Activities as "Swap interest and change in value of swap agreements" in "Non-operating activities".

## 8. Plant Facilities

Plant facilities, net of accumulated depreciation, at August 31, 2024 and 2023, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
<b>2024</b>				
Land and improvements	\$ 917,373	\$ 202,878	\$ 120,605	\$ 1,240,856
Buildings and building improvements	11,018,876	4,481,863	1,992,567	17,493,306
Furniture, fixtures and equipment	2,410,954	1,788,457	524,636	4,724,047
Utilities	1,117,039	—	—	1,117,039
Construction in progress	577,367	426,930	203,548	1,207,845
	16,041,609	6,900,128	2,841,356	25,783,093
Less accumulated depreciation	(7,350,841)	(2,900,612)	(1,019,329)	(11,270,782)
<b>PLANT FACILITIES, NET OF ACCUMULATED DEPRECIATION</b>	<b>\$ 8,690,768</b>	<b>\$ 3,999,516</b>	<b>\$ 1,822,027</b>	<b>\$ 14,512,311</b>
<b>2023</b>				
Land and improvements	\$ 901,483	\$ 156,441	\$ 120,605	\$ 1,178,529
Buildings and building improvements	10,601,370	4,242,155	1,974,474	16,817,999
Furniture, fixtures and equipment	2,294,268	1,828,646	512,912	4,635,826
Utilities	1,085,835	—	—	1,085,835
Construction in progress	553,721	419,997	108,845	1,082,563
	15,436,677	6,647,239	2,716,836	24,800,752
Less accumulated depreciation	(6,877,840)	(2,771,562)	(967,309)	(10,616,711)
<b>PLANT FACILITIES, NET OF ACCUMULATED DEPRECIATION</b>	<b>\$ 8,558,837</b>	<b>\$ 3,875,677</b>	<b>\$ 1,749,527</b>	<b>\$ 14,184,041</b>

## 9. Notes and Bonds Payable

The University borrows at tax-exempt interest rates through the California Educational Facilities Authority (CEFA), a conduit issuer. The University also issues taxable debt directly in the bond markets. Both taxable and tax-exempt debt are general unsecured obligations of the University, and the University is responsible for the repayment of all its debt. SHC and LPCH borrow at tax-exempt interest rates through the California Health Facilities Financing Authority (CHFFA), a conduit issuer. CHFFA debt is a general obligation of each of the hospitals. Payments of principal and interest on SHC's bonds are collateralized by a gross receivables pledge. LPCH's bonds are collateralized by a pledge of their revenues. SHC also issues taxable debt directly in the bond markets. Each hospital is responsible for the repayment of its respective debt.

Notes and bonds payable for the University, SHC, and LPCH at August 31, 2024 and 2023, in thousands of dollars, are presented in the table below. The University is not an obligor or guarantor with respect to any obligations of SHC or LPCH, nor are SHC or LPCH obligors or guarantors with respect to obligations of the University or each other.

	YEAR OF MATURITY	EFFECTIVE INTEREST RATE *	OUTSTANDING PRINCIPAL	
		2024/2023	2024	2023
<b>UNIVERSITY:</b>				
<b>Tax-exempt:</b>				
CEFA Fixed Rate Revenue Bonds:				
Series S	2040	3.18%	\$ 30,210	\$ 30,210
Series T	2026-2039	4.28%-4.30%	137,135	137,135
Series U	2033-2046	2.71%-4.25%	1,043,090	1,043,090
Series V	2029-2051	1.83%-3.12%	983,775	983,775
CEFA Variable Rate Revenue Bonds and Notes:				
Series S	2040-2051	3.10%-3.48%/3.10%	141,200	141,200
Commercial Paper	2025	3.10%-3.58%/3.05%	57,500	7,300
<b>Taxable:</b>				
Fixed Rate Notes and Bonds:				
Stanford University Bonds	2024	6.88%	—	150,000
Medium Term Note	2026	7.65%	50,000	50,000
Stanford University Series 2012	2042	4.01%	143,235	143,235
Stanford University Series 2013	2044	3.56%	150,115	150,115
Stanford University Series 2014	2054	4.25%	150,000	150,000
Stanford University Series 2015	2047	3.46%	250,000	250,000
Stanford University Series 2017	2048	3.65%	750,000	750,000
Stanford University Series 2019	2029	3.09%	121,000	121,000
Stanford University Series 2020	2027-2050	1.29%-2.41%	750,000	750,000
Other	2036	3.37%	79,964	85,717
Commercial Paper	2025	5.20%-5.35%/5.40%-5.50%	223,415	60,456
Revolving Credit Facilities	2025-2027	5.74%/5.71%	8,683	3,886
University notes and bonds payable			5,069,322	5,007,119
Unamortized issuance costs, premiums, and discounts, net			438,057	463,376
<b>UNIVERSITY TOTAL</b>			<b>\$ 5,507,379</b>	<b>\$ 5,470,495</b>
<b>SHC:</b>				
CHFFA Fixed Rate Revenue Bonds:				
2015 Series A	2052-2054	4.10%	\$ 100,000	\$ 100,000
2017 Series A	2025-2041	2.91%/2.89%	423,965	437,440
2020 Series A	2050	2.70%	170,120	170,120
2021 Series A	2025	0.42%	157,715	157,715
2023 Series A	2033	3.20%	260,545	—
2018 Series Taxable Bonds	2049	3.80%	500,000	500,000
2020 Series Taxable Bonds	2030	3.31%	300,000	300,000
2021 Series Taxable Bonds	2051	3.03%	365,100	365,100
CHFFA Variable Rate Revenue Bonds:				
2008 Series B	2042-2046	2.78%/2.94%	168,200	168,200
SHC notes and bonds payable			2,445,645	2,198,575
Unamortized issuance costs, premiums, and discounts, net			97,880	71,870
<b>SHC TOTAL</b>			<b>\$ 2,543,525</b>	<b>\$ 2,270,445</b>
<b>LPCH:</b>				
CHFFA Fixed Rate Revenue Bonds:				
2014 Series A	2025-2043	3.84%	\$ —	\$ 100,000
2016 Series A	2016-2033	2.57%/2.54%	50,505	50,505
2016 Series B	2052-2055	3.34%	100,000	100,000
2017 Series A	2019-2057	3.17%/3.14%	184,745	188,175
2022 Series A	2023-2051	2.55%/2.49%	197,620	203,760
2024 Series A	2024-2043	3.55%	91,035	—
2024 Series B	2024-2034	3.50%	89,280	—
CHFFA Variable Rate Revenue Bonds:				
2014 Series B	2034-2043	4.09%	—	100,000
LPCH notes and bonds payable			713,185	742,440
Unamortized issuance costs, premiums, and discounts, net			80,361	67,763
<b>LPCH TOTAL</b>			<b>\$ 793,546</b>	<b>\$ 810,203</b>
<b>CONSOLIDATED TOTAL</b>			<b>\$ 8,844,450</b>	<b>\$ 8,551,143</b>

\*Exclusive of interest rate exchange agreements (see Note 7).

The University's long-term ratings of AAA/AAA/Aaa were affirmed in August 2024 by S&P Global Ratings (S&P), and in May 2023 by Fitch Ratings (Fitch) and Moody's Investors Service (Moody's), respectively. In fiscal year 2022, Moody's additionally rated the University as part of their updated Environmental, Social and Governance methodology which introduced ESG Issuer Profile (IPS) and Credit Impact Scores (CIS) for rated entities. The new scores are part of Moody's incorporation of material ESG issues into credit ratings. The scoring range is from 1 (positive) to 5 (very highly negative). The University was rated as a 2 on each of the environmental, governance and social dimensions, respectively, of the Issuer Profile score; and 2 on the Credit Impact Score. The score of 2 correlates to a "neutral-to-low" credit impact of ESG considerations. In April and May 2024, SHC's long-term ratings were affirmed by S&P, Moody's, and Fitch at AA-/Aa3/AA, respectively, with S&P and Moody's changing SHC's outlook to positive. In June 2024, LPCH's long-term ratings of A+/A1/AA- were affirmed by S&P, Moody's, and Fitch, respectively.

SHC is party to a separate master trust indenture that includes provisions that limit property liens and requires the maintenance of certain financial ratios. LPCH is party to a separate master trust indenture that includes, among other requirements, limitations on the incurrence of additional indebtedness, liens on property, restrictions on disposition or transfer of assets and compliance with certain financial ratios. Subject to applicable no-call provisions, SHC and LPCH may cause the redemption of the bonds, in whole or in part, prior to the stated maturities.

## UNIVERSITY

### Debt issuances and repayment activity

In February 2024, taxable Stanford University Bonds in the amount of \$150.0 million matured and were refinanced by taxable commercial paper.

In June 2023, CEFA, on behalf of the University, issued its tax-exempt Series V-3 bonds in the amount of \$241.5 million plus an original issue premium of \$58.5 million, maturing on June 1, 2033. The series has a coupon rate of 5.00% and has a yield of 2.28% and will be used to finance or refinance certain capital projects of the university.

In March 2023, CEFA Series T-5 tax-exempt bonds in the amount of \$51.8 million matured and were refunded with a portion of the proceeds of CEFA Series V-3 bonds.

In October 2022, CEFA Series L-6 and L-7 tax-exempt bonds in the amounts of \$17.8 million and \$18.4 million, respectively, matured and were repaid.

The University has two unsecured revolving credit facilities. One credit facility has a capacity of \$300.0 million and maturity date of August 30, 2027 and the other has a capacity of \$175.0 million and maturity date of December 30, 2024. Funds drawn on the revolving credit facilities bear interest at the applicable SOFR plus a specified margin. The amount outstanding on these credit facilities was \$8.7 million and \$3.9 million at August 31, 2024 and 2023, respectively.

### Variable rate debt subject to remarketing or tender

The University had \$141.2 million of revenue bonds in variable rate mode outstanding at August 31, 2024. CEFA Series S bonds bear interest at a commercial paper municipal rate for various interest periods of 270 days or less. In the event the University receives notice of any optional tender of these bonds, or if the bonds become subject to mandatory tender, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, the University will have a current obligation to purchase the bonds tendered. The University has identified several sources of funding including cash, money market funds, U.S. Treasury securities and agencies' discount notes to provide for the full and timely purchase price of any bonds tendered in the event of a failed remarketing.

The University's taxable and tax-exempt commercial paper authorized borrowing capacity was \$500.0 million and \$300.0 million, respectively, at both August 31, 2024 and 2023. Taxable commercial paper of \$223.4 million and \$60.5 million was outstanding at August 31, 2024 and 2023, respectively. Tax-exempt commercial paper of \$57.5 million and \$7.3 million was outstanding at August 31, 2024 and 2023, respectively.

## SHC

### Debt activity

In September 2023, CHFFA, on behalf of SHC, issued fixed rate 2023 Series A Revenue Bonds ("2023 Series A") in the aggregate principal amount of \$260.5 million plus an original issue premium of \$39.5 million. Proceeds of the 2023 Series A bonds were used to reimburse expenditures related to the re-design, remodel, and renovation of SHC's original hospital facility.

In September 2023, CHFFA, on behalf of SHC, established a \$200.0 million tax-exempt commercial paper facility to be used for bridge financing of certain capital expenditures. No amounts were outstanding as of August 31, 2024.

SHC also has a \$150.0 million taxable commercial paper facility for general corporate purposes. There were no amounts outstanding as of August 31, 2024 and 2023.



SHC has a revolving line of credit facility, which has a maturity date of November 2027, for general corporate purposes. Drawdowns from the facility bear interest at the SOFR plus an applicable spread. The size of the facility is \$150.0 million, of which \$50.0 million is earmarked for the issuance of stand-by letters of credit. There were no amounts drawn on this credit facility as of August 31, 2024 and 2023.

#### Variable rate debt

At August 31, 2024, SHC had \$168.2 million of revenue bonds in variable rate mode outstanding. The 2008 Series B bonds are supported by SHC's self-liquidity. In the event SHC receives a tender notice of any of the 2008 Series B bonds, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, SHC has an obligation to purchase any remaining bonds. SHC maintains sufficient liquidity to provide for the full and timely purchase price of any bonds tendered in the event of a failed remarketing.

#### LPCH

##### Debt activity

In June 2024, CHFFA issued, on behalf of LPCH, two series refunding revenue bonds in the aggregate par amount of \$180.3 million, with a premium of \$20.8 million (collectively, "2024 Bonds"). Proceeds of the 2024 Bonds were used for the legal defeasance and redemption of the 2014 Series A and B bonds and payments of costs of issuance. The coupon interest rates for the 2024 Bonds is 5.0% over the life of the bonds. The defeasance of 2014 Bonds resulted in an accounting gain of \$4.4 million recognized in "other changes in net assets without donor restrictions" in the *Consolidated Statements of Activities*. The 2024 Series B bonds include a bullet maturity feature resulting in a required refinancing in 2034.

In June 2022, LPCH extended its \$200.0 million revolving credit facility until June 2025. Drawdowns from the facility bear interest at the SOFR plus an applicable spread. There were no amounts drawn on the line of credit as of August 31, 2024 and 2023.

#### LETTERS OF CREDIT

In December 2010, the University entered into a credit agreement and established a letter of credit facility under which the bank agreed to issue standby letters of credit in a principal amount not to exceed \$50.0 million. In June 2018, the facility was raised to \$75.0 million and in June 2020, the University decreased the facility to \$65.0 million. In August 2024, the University consolidated the letter of credit facility and revolving credit facility into a single amended and restated credit agreement, under which up to \$65.0 million is available for letters of credit and \$300.0 million for revolving credit. Irrevocable standby letters of credit outstanding as of August 31, 2024, in thousands of dollars, is as follows:

	UNIVERSITY		SHC		LPCH		CONSOLIDATED
<b>2024</b>							
Security for workers compensation insurance	\$	12,820	\$	29,267	\$	11,590	\$ 53,677
Collateral for interest rate exchange agreements		15,000		—		—	15,000
Other		3,949		2,210		1,422	7,581
<b>TOTAL</b>	<b>\$</b>	<b>31,769</b>	<b>\$</b>	<b>31,477</b>	<b>\$</b>	<b>13,012</b>	<b>\$ 76,258</b>
Amounts drawn as of August 31, 2024	\$	—	\$	—	\$	—	\$ —
Amounts drawn as of August 31, 2023	\$	—	\$	—	\$	—	\$ —

## INTEREST

Stanford's interest expense, which includes amortized bond issuance costs and amortized bond premium or discount, is recorded in "Other operating expenses". Interest expense for the years ended August 31, 2024 and 2023, in thousands of dollars, is as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
<b>2024</b>				
Interest expense, gross	\$ 178,439	\$ 80,394	\$ 30,830	\$ 289,663
Less:				
Interest income earned on unspent bond proceeds	(6,574)	—	—	(6,574)
Interest capitalized as a cost of construction	(4,032)	(3,110)	—	(7,142)
Interest expense which is classified as an investment expense	(3,772)	—	—	(3,772)
<b>INTEREST EXPENSE, NET</b>	<b>\$ 164,061</b>	<b>\$ 77,284</b>	<b>\$ 30,830</b>	<b>\$ 272,175</b>
<b>2023</b>				
Interest expense, gross	\$ 173,299	\$ 74,100	\$ 31,258	\$ 278,657
Less:				
Interest income earned on unspent bond proceeds	(4,467)	—	—	(4,467)
Interest capitalized as a cost of construction	(7,083)	—	—	(7,083)
Interest expense which is classified as an investment expense	(3,954)	—	—	(3,954)
<b>INTEREST EXPENSE, NET</b>	<b>\$ 157,795</b>	<b>\$ 74,100</b>	<b>\$ 31,258</b>	<b>\$ 263,153</b>

The University and SHC use interest rate exchange agreements to manage the interest rate exposure of their debt portfolios. University net payments on interest rate exchange agreements were \$27 thousand and \$663 thousand for the years ended August 31, 2024 and 2023, respectively. SHC net payments on interest rate exchange agreements were \$776 thousand and \$5.1 million for the years ended August 31, 2024 and 2023, respectively.

## PRINCIPAL PAYMENTS

At August 31, 2024, scheduled principal payments on notes and bonds, in thousands of dollars, are as follows:

	PRINCIPAL PAYMENTS			
YEAR ENDING AUGUST 31	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2025 Commercial paper	\$ 280,915	\$ —	\$ —	\$ 280,915
2025 Variable debt subject to remarketing	141,200	168,200	—	309,400
2025 Other	5,960	175,330	9,605	190,895
2026	81,527	18,480	10,085	110,092
2027	315,063	19,320	10,615	344,998
2028	6,596	20,260	11,655	38,511
2029	169,660	21,225	12,245	203,130
Thereafter	4,068,401	2,022,830	658,980	6,750,211
<b>TOTAL</b>	<b>\$ 5,069,322</b>	<b>\$ 2,445,645</b>	<b>\$ 713,185</b>	<b>\$ 8,228,152</b>

## 10. Net Assets

Net assets without donor restrictions include Board-designated funds functioning as endowment (see *Note 11*), net investment in plant facilities and other operating funds.

Net assets with donor restrictions consist primarily of endowment gifts that are limited for long-term investment, and accumulated appreciation that may be appropriated for expenditure by the University (see *Note 11*). Net assets with donor restrictions also include gifts and pledges that are subject to donor-imposed restrictions that expire with the passage of time, payment of pledges, and/or actions of the University, and other funds including Stanford's net equity in split-interest agreements and student loans.

Net assets at August 31, 2024 and 2023, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
<b>2024</b>					
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Board designated endowment - Funds functioning as endowment	\$ 16,672,429	\$ —	\$ 152,740	\$ —	\$ 16,825,169
Net investment in plant facilities and other plant funds	4,763,983	2,242,153	1,028,480	—	8,034,616
Operating funds	5,635,273	5,447,334	1,357,149	(198,530)	12,241,226
<b>Total net assets without donor restrictions</b>	<b>27,071,685</b>	<b>7,689,487</b>	<b>2,538,369</b>	<b>(198,530)</b>	<b>37,101,011</b>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>					
Subject to expenditure for specified purpose:					
Unspent gifts and gifts with undecided purpose restrictions	897,221	—	—	—	897,221
Plant facilities	434,441	12,607	180,294	—	627,342
<b>Total</b>	<b>1,331,662</b>	<b>12,607</b>	<b>180,294</b>	<b>—</b>	<b>1,524,563</b>
Subject to passage of time:					
Pledges receivable	1,222,637	35,756	96,628	35,999	1,391,020
Other funds	380,607	44,920	82,759	—	508,286
<b>Total</b>	<b>1,603,244</b>	<b>80,676</b>	<b>179,387</b>	<b>35,999</b>	<b>1,899,306</b>
Subject to University's spending policy:					
Accumulated appreciation	11,178,886	29,063	225,464	—	11,433,413
Subject to restrictions in perpetuity:					
Endowment funds	9,603,764	15,868	280,913	—	9,900,545
Pledges receivable	1,320,985	—	5,544	—	1,326,529
Other funds	357,362	—	—	—	357,362
<b>Total</b>	<b>11,282,111</b>	<b>15,868</b>	<b>286,457</b>	<b>—</b>	<b>11,584,436</b>
<b>Total net assets with donor restrictions</b>	<b>25,395,903</b>	<b>138,214</b>	<b>871,602</b>	<b>35,999</b>	<b>26,441,718</b>
<b>TOTAL NET ASSETS</b>	<b>\$52,467,588</b>	<b>\$7,827,701</b>	<b>\$3,409,971</b>	<b>\$ (162,531)</b>	<b>\$ 63,542,729</b>

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2023					
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Board designated endowment - Funds functioning as endowment	\$ 16,841,959	\$ —	\$ 145,276	\$ —	\$ 16,987,235
Net investment in plant facilities and other plant funds	4,745,919	2,392,495	939,324	—	8,077,738
Operating funds	5,605,980	4,306,411	1,341,959	(236,176)	11,018,174
Total net assets without donor restrictions	27,193,858	6,698,906	2,426,559	(236,176)	36,083,147
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>					
Subject to expenditure for specified purpose:					
Gifts with undecided purpose restrictions	891,791	—	—	—	891,791
Plant facilities	393,541	8,356	156,411	—	558,308
Total	1,285,332	8,356	156,411	—	1,450,099
Subject to passage of time:					
Pledges receivable	1,314,014	45,182	112,932	(14,113)	1,458,015
Other funds	364,416	42,662	100,487	—	507,565
Total	1,678,430	87,844	213,419	(14,113)	1,965,580
Subject to University's spending policy:					
Accumulated appreciation	10,541,248	26,185	209,857	—	10,777,290
Subject to restrictions in perpetuity:					
Endowment funds	8,928,113	15,544	268,330	—	9,211,987
Pledges receivable	1,316,942	—	6,460	—	1,323,402
Other funds	294,381	—	—	—	294,381
Total	10,539,436	15,544	274,790	—	10,829,770
Total net assets with donor restrictions	24,044,446	137,929	854,477	(14,113)	25,022,739
<b>TOTAL NET ASSETS</b>	<b>\$51,238,304</b>	<b>\$6,836,835</b>	<b>\$3,281,036</b>	<b>\$ (250,289)</b>	<b>\$ 61,105,886</b>

## 11. Endowments

The University classifies a substantial portion of its financial resources as endowment, which is invested to generate income to support operating and strategic initiatives. The endowment, which includes endowed lands, is comprised of donor-restricted endowment funds and funds functioning as endowment (FFE). Depending on the nature of the donor's stipulation, these resources are recorded as net assets with donor restrictions or net assets without donor restrictions. Term endowments are similar to other endowment funds except that, upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended. Accordingly, term endowments are classified as net assets with donor restrictions until expiration of the term or completion of the donor restriction. FFE are University resources designated by the Board as endowment and are invested for long-term appreciation and current income. These assets, however, remain available and may be spent at the Board's discretion. Accordingly, FFE are recorded as net assets without donor restrictions.

Stanford classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment with donor restrictions and (b) accumulations to the endowment with donor restrictions made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining accumulation to the endowment funds that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument, is classified as net assets with donor restrictions until those amounts are authorized for expenditure.

Endowment funds by net asset classification at August 31, 2024 and 2023, in thousands of dollars, are as follows:

	2024	2023
University endowment		
Endowment funds without donor restrictions:		
Funds functioning as endowment	\$ 16,672,429	\$ 16,841,959
Endowment funds with donor restrictions:		
Original donor-restricted gift amount and gains maintained in perpetuity	9,603,764	8,928,113
Term endowment and related gains	273,665	276,442
Additional accumulated gains available for expenditure, subject to spending policy	11,081,201	10,448,379
Total endowment funds with donor restrictions	20,958,630	19,652,934
University endowment	37,631,059	36,494,893
LPCH endowment		
Endowment funds without donor restrictions:		
Funds functioning as endowment	152,740	145,276
Endowment funds with donor restrictions	509,638	482,181
LPCH endowment	662,378	627,457
SHC endowment funds with donor restrictions	44,931	41,729
<b>TOTAL ENDOWMENT FUNDS</b>	<b>\$ 38,338,368</b>	<b>\$ 37,164,079</b>

Most of Stanford's endowment is invested in the MP. The return objective for the MP is to generate optimal long-term total return while maintaining an appropriate level of risk. Investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). Portfolio asset allocation targets as well as expected risk, return and correlation among the asset classes are reevaluated regularly by Stanford Management Company.

## UNIVERSITY

Changes in the University's endowment, excluding pledges, for the years ended August 31, 2024 and 2023, in thousands of dollars, are as follows:

	NET ASSETS WITHOUT DONOR RESTRICTIONS	NET ASSETS WITH DONOR RESTRICTIONS	TOTAL
<b>2024</b>			
Endowment, beginning of year	\$ 16,841,959	\$ 19,652,934	\$ 36,494,893
Total investment returns, net	237,112	1,783,077	2,020,189
Amounts distributed for operations	(715,744)	(1,106,568)	(1,822,312)
Gifts, transfers and other changes in endowment:			
Current year gifts and pledge payments	911	562,906	563,817
Transfers of prior year gifts	3	42,374	42,377
Added to FFE reserves	264,509	—	264,509
Other funds added to the endowment, net	43,679	23,907	67,586
Total gifts, transfers and other changes in endowment	309,102	629,187	938,289
Total net increase (decrease) in endowment	(169,530)	1,305,696	1,136,166
<b>ENDOWMENT, END OF YEAR</b>	<b>\$ 16,672,429</b>	<b>\$ 20,958,630</b>	<b>\$ 37,631,059</b>
<b>2023</b>			
Endowment, beginning of year	\$ 16,915,950	\$ 19,422,844	\$ 36,338,794
Total investment returns, net	378,870	786,411	1,165,281
Amounts distributed for operations	(689,138)	(1,047,208)	(1,736,346)
Gifts, transfers and other changes in endowment:			
Current year gifts and pledge payments	822	429,025	429,847
Transfers of prior year gifts	3,488	51,998	55,486
Added to FFE reserves	199,254	—	199,254
Other funds added to the endowment, net	32,713	9,864	42,577
Total gifts, transfers and other changes in endowment	236,277	490,887	727,164
Total net increase (decrease) in endowment	(73,991)	230,090	156,099
<b>ENDOWMENT, END OF YEAR</b>	<b>\$ 16,841,959</b>	<b>\$ 19,652,934</b>	<b>\$ 36,494,893</b>

Approximately 12% of the University's endowment is invested in real estate on Stanford's lands, including the Stanford Research Park. This portion of the endowment includes the present value of ground leases, and rental properties that have been developed on Stanford lands. The net operating income from these properties is distributed each year for University operations.

Through the combination of investment strategy and payout policy, the University strives to provide a reasonably consistent payout from endowment to support operations, while preserving the purchasing power of the endowment adjusted for inflation.

The Board approves the amounts to be paid out annually from endowment funds invested in the MP. Consistent with the Uniform Prudent Management of Institutional Funds Act, when determining the appropriate payout the Board considers the purposes of the University and the endowment, the duration and preservation of the endowment, general economic conditions, the possible effect of inflation or deflation, the expected return from income and the appreciation of investments, other resources of the University, and the University's investment policy.

The Board approved spending rate for fiscal year 2024 was 5.25%. The payout amount is determined by applying a smoothing rule designed to mitigate the impact of short-term market volatility on the flow of funds to support operations. The Board has the authority to override the smoothing rule and set the payout rate directly. The sources of payout are earned income on endowment assets (interest, dividends, rents and royalties), and realized capital gains, as needed and as available.



**SHC**

SHC's endowment is intended to generate investment income to support its current operating and strategic initiatives. SHC invests all of its endowment in the University's MP. The endowments are subject to the same investment and spending strategies that the University employs. "Amounts distributed for operations" in the table below represents SHC's current year endowment payout spent for designated purposes. All of SHC's endowment is donor restricted. Changes in SHC's endowment, excluding pledges, for the years ended August 31, 2024 and 2023, in thousands of dollars, are as follows:

	2024	2023
Endowment, beginning of year	\$ 41,729	\$ 41,281
Total investment returns, net	3,491	1,511
Amounts distributed for operations	(613)	(1,063)
Gifts and pledge payments	324	—
Total net increase in endowment	3,202	448
<b>ENDOWMENT, END OF YEAR</b>	<b>\$ 44,931</b>	<b>\$ 41,729</b>



**LPCH**

LPCH's endowment is intended to generate investment income to support its current operating and strategic initiatives. The endowment includes funds held by LPCH and Lucile Packard Foundation for Children's Health (LPFCH). LPCH is the sole member of LPFCH, a public charity, whose mission is to elevate the priority of children's health and increase the quality and accessibility of children's health care through leadership and direct investment. LPCH invests the majority of its endowment in the University's MP, and LPFCH invests its endowment in other long-term investments.

LPCH's endowment is subject to the same investment and spending strategies that the University employs for its donor-restricted and board designated funds functioning as an endowment that provide for annual amounts (payout) to be distributed to appropriate restricted funds supporting operating and strategic activities of LPCH.

LPFCH's endowment is approved as board designated funds functioning as endowment by LPFCH's Board of Directors. LPFCH has a policy of appropriating for distribution each year an amount determined annually based on budget needs. The annual distribution is expected to average no more than 5% of the endowment fund's fair value. For individual years, it is expected to fall within a target range of 4.75% to 5.25% of the endowment fund's average fair value over the prior 12 quarters. Unspent program budget may be spent in future years subject to certain limits. LPFCH's Board of Directors may also appropriate an amount outside this target range. Accordingly, depending on anticipated activity and timing of the grant opportunities, actual spending may fall outside of the range. In establishing this policy, the LPFCH considered the long term expected return on its endowment. Over the long term, the LPFCH expects the current spending policy to allow its endowment to grow at a rate of expected inflation. This is consistent with the LPFCH's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through investment return.

Changes in LPCH's endowment, excluding pledges, for the years ended August 31, 2024 and 2023, in thousands of dollars, are as follows:

	NET ASSETS WITHOUT DONOR RESTRICTIONS	NET ASSETS WITH DONOR RESTRICTIONS	TOTAL
<b>2024</b>			
Endowment, beginning of year	\$ 145,276	\$ 482,181	\$ 627,457
Total investment returns, net	13,290	41,588	54,878
Amounts distributed for operations	(5,826)	(13,183)	(19,009)
Gifts and pledge payments	—	9,498	9,498
Other	—	(10,446)	(10,446)
Total net increase in endowment	7,464	27,457	34,921
<b>ENDOWMENT, END OF YEAR</b>	<b>\$ 152,740</b>	<b>\$ 509,638</b>	<b>\$ 662,378</b>
<b>2023</b>			
Endowment, beginning of year	\$ 144,650	\$ 477,209	\$ 621,859
Total investment returns, net	4,837	17,592	22,429
Amounts distributed for operations	(4,211)	(12,174)	(16,385)
Gifts and pledge payments	—	9,582	9,582
Other	—	(10,028)	(10,028)
Total net increase in endowment	626	4,972	5,598
<b>ENDOWMENT, END OF YEAR</b>	<b>\$ 145,276</b>	<b>\$ 482,181</b>	<b>\$ 627,457</b>

## 12. Health Care Services Revenue

SHC and LPCH derive a majority of health care services revenue from contractual agreements with Medicare, Medi-Cal and other third-party payers that provide for payments at amounts different from established rates. Payments under these agreements and programs are based on a variety of payment models, including estimated retroactive audit adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are estimated and recorded in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Contracts, laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. As a result, it is reasonably possible that recorded estimates may change by a material amount in the near term. A summary of payment arrangements with major third-party payers follows.

### Medicare

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Medicare reimburses hospitals for covered outpatient services rendered to its beneficiaries by way of an outpatient prospective payment system based on ambulatory payment classifications.

Inpatient non-acute services, certain outpatient services and medical education costs related to Medicare beneficiaries are paid based, in part, on a cost reimbursement methodology subject to final settlement after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The estimated amounts due to or from the program are reviewed and adjusted annually based on the status of such audits and any subsequent appeals. Differences between final settlements and amounts accrued in previous years are reported as adjustments to net health care services revenue in the year examination is substantially completed. Medicare cost reports have been audited by the Medicare administrative contractor through August 31, 2017 for SHC and August 31, 2019 for LPCH.

Professional services are reimbursed based on a fee schedule.

### Medi-Cal

The State reimburses hospitals for inpatient services rendered to Medi-Cal program beneficiaries using an All Patient Refined-Diagnosis Related Group (APR-DRG) methodology. Hospital outpatient and professional services are reimbursed based upon prospectively determined fee schedules.

The California Children's Services (CCS) Program is a partnership between state and counties that provides medical case management for children in California diagnosed with serious chronic diseases. Currently, approximately 70% of CCS-eligible children are also Medi-Cal eligible. The Medi-Cal program reimburses their care.

### Managed Care Organizations

SHC and LPCH have entered into agreements with numerous third-party payers to provide patient care to beneficiaries under a variety of payment arrangements. These include arrangements with:

- Commercial insurance companies which reimburse at negotiated charges.
- Managed care contracts such as those with Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs), which reimburse at contracted or per diem rates, which are usually less than full charges.
- Counties in the State of California, which reimburse for certain indigent patients covered under county contracts.

## Uninsured

For uninsured patients that do not qualify for charity care, revenue is recognized on the basis of standard rates for services less an uninsured discount applied to the patient's account and an implicit pricing concession that approximates the average discount for managed care payers.

## Premium Revenue

SHC has capitated agreements with various HMOs to provide medical services to enrollees. Under these agreements, monthly payments are received based on the number of health plan enrollees. Premium revenue is recognized in the month in which the member is eligible for Medicare services as "Health care services" in the *Consolidated Statements of Activities*. Costs are accrued when services are rendered under these contracts, including cost estimates of incurred but not reported ("IBNR") claims. The IBNR accrual (which is included in "Accounts payable and accrued expenses") includes an estimate of the costs of services for which SHC is responsible, including referrals to outside healthcare providers.

The following table presents health care services revenue, net of price concessions, for the years ended August 31, in thousands of dollars:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
<b>2024</b>					
Patient care revenue, net:					
Medicare	\$ —	\$ 1,519,060	\$ 6,142	\$ —	\$ 1,525,202
Medi-Cal	—	255,202	651,888	—	907,090
Managed care	—	6,481,461	1,881,501	—	8,362,962
Self pay and other	—	376,163	202,643	—	578,806
Physician services and support (see Note 1)	1,844,608	49,436	—	(1,894,044)	—
Total patient care revenue, net	1,844,608	8,681,322	2,742,174	(1,894,044)	11,374,060
Premium revenue	—	56,709	—	—	56,709
Other services and support	55,200	—	—	(10,392)	44,808
<b>HEALTH CARE SERVICES REVENUE, NET</b>	<b>\$1,899,808</b>	<b>\$8,738,031</b>	<b>\$2,742,174</b>	<b>\$ (1,904,436)</b>	<b>\$ 11,475,577</b>
<b>2023</b>					
Patient care revenue, net:					
Medicare	\$ —	\$ 1,279,346	\$ 2,770	\$ —	\$ 1,282,116
Medi-Cal	—	175,157	542,835	—	717,992
Managed care	—	5,723,278	1,742,559	—	7,465,837
Self pay and other	—	299,241	230,261	—	529,502
Physician services and support (see Note 1)	1,577,976	44,013	—	(1,621,989)	—
Total patient care revenue, net	1,577,976	7,521,035	2,518,425	(1,621,989)	9,995,447
Premium revenue	—	65,386	—	—	65,386
Other services and support	47,419	—	—	(7,682)	39,737
<b>HEALTH CARE SERVICES REVENUE, NET</b>	<b>\$1,625,395</b>	<b>\$7,586,421</b>	<b>\$2,518,425</b>	<b>\$ (1,629,671)</b>	<b>\$ 10,100,570</b>

For the years ended August 31, 2024 and 2023, SHC recognized net health care services revenue adjustments of \$144.6 million and \$16.5 million, respectively, as a result of prior years' favorable developments related to reimbursement and appeals. LPCH had no significant adjustments to revenue for the years ended August 31, 2024 and 2023.

## Charity Care and Community Benefits

SHC and LPCH provide charity care, free of charge, to vulnerable populations. SHC's estimated cost of providing charity care was \$29.1 million and \$16.3 million, and LPCH's estimated cost of providing charity care was \$2.7 million and \$1.6 million for the years ended August 31, 2024 and 2023, respectively. This cost is estimated by calculating a ratio of total costs to gross patient service charges at established rates, and then multiplying that ratio by gross uncompensated patient service charges at established rates associated with providing care to charity patients.

SHC and LPCH also provide services to other patients under the Medicare, Medi-Cal and other publicly sponsored programs, which reimburse at amounts less than the cost of the services provided to the recipients. Estimated costs in excess of reimbursements for the Medicare, Medi-Cal and other publicly sponsored programs for the years ended August 31, 2024 and 2023 were \$2.0 billion and \$1.8 billion for SHC, respectively. For LPCH, estimated cost in excess of reimbursements for Medi-Cal and other publicly sponsored programs for the years ended August 31, 2024 and 2023 were \$365.7 million and \$339.0 million, respectively.

#### Provider Fee

The State of California enacted legislation in 2013 which established a Hospital Quality Assurance Fee (QAF) Program and a Hospital Fee Program. These programs impose a provider fee on certain California general acute care hospitals that, combined with federal matching funds, is used to provide supplemental payments to certain hospitals and support the State's effort to maintain health care coverage for children. California's participation in these programs was made permanent by a ballot initiative passed in November 2016. Specific portions of the program covering the period from January 1, 2023 to December 31, 2024 have not yet been approved by the Centers for Medicare and Medicaid Services (CMS). Accordingly, any potential activity under unapproved programs related to January 1, 2023 through August 31, 2024 have not been recognized as revenue or expense in the *Consolidated Statements of Activities*.

Provider fee revenue is recorded in "Health care services" while provider fee expense is recorded in "Other operating expenses" in the *Consolidated Statements of Activities*. Provider fee revenue, net of expense, under the approved portions of the programs for the years ended August 31, in thousands of dollars, is as follows:

	SHC		LPCH		CONSOLIDATED
<b>2024</b>					
Revenue	\$	206,672	\$	205,008	\$ 411,680
Expense		(117,910)		(68,491)	(186,401)
<b>TOTAL</b>	<b>\$</b>	<b>88,762</b>	<b>\$</b>	<b>136,517</b>	<b>\$ 225,279</b>
<b>2023</b>					
Revenue	\$	118,859	\$	136,655	\$ 255,514
Expense		(65,827)		(37,598)	(103,425)
<b>TOTAL</b>	<b>\$</b>	<b>53,032</b>	<b>\$</b>	<b>99,057</b>	<b>\$ 152,089</b>

Deferred revenue and prepaid expense associated with unapproved programs will be recognized as revenue and expense upon CMS approval. Deferred revenue and prepaid expense as of August 31, 2024 and 2023, in thousands of dollars, is as follows:

	SHC		LPCH		CONSOLIDATED
<b>2024</b>					
Deferred revenue	\$	12,175	\$	22,806	\$ 34,981
Prepaid expense	\$	8,730	\$	5,357	\$ 14,087
<b>2023</b>					
Deferred revenue	\$	42,713	\$	38,397	\$ 81,110
Prepaid expense	\$	38,074	\$	19,927	\$ 58,001

### 13. Gifts and Pledges

Gifts and pledges reported for financial statement purposes are recorded on the accrual basis. The Office of Development (OOD), which is the primary fundraising agent for the University and SHC, reports total gifts (including pledge payments) based on contributions received in cash or property during the fiscal year. Lucile Packard Foundation for Children's Health (LPCH) is the primary community fundraising agent for LPCH and the pediatric faculty and programs at the University's SOM. The following summarizes gifts and pledges reported for the years ended August 31, 2024 and 2023, per the *Consolidated Statements of Activities*, in thousands of dollars:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
<b>2024</b>					
Current year gifts in support of operations	\$ 259,879	\$ 177	\$ 5,312	\$ —	\$ 265,368
Donor advised funds, net	(64,292)	—	—	—	(64,292)
Current year gifts not included in operations	911	—	—	—	911
Gifts and pledges, net - with donor restrictions	958,312	7,145	73,509	14,650	1,053,616
<b>TOTAL</b>	<b>\$ 1,154,810</b>	<b>\$ 7,322</b>	<b>\$ 78,821</b>	<b>\$ 14,650</b>	<b>\$ 1,255,603</b>
<b>2023</b>					
Current year gifts in support of operations	\$ 269,096	\$ 506	\$ 6,028	\$ —	\$ 275,630
Donor advised funds, net	(41,846)	—	—	—	(41,846)
Current year gifts not included in operations	822	—	—	—	822
Gifts and pledges, net - with donor restrictions	1,521,106	20,884	90,423	4,135	1,636,548
<b>TOTAL</b>	<b>\$ 1,749,178</b>	<b>\$ 21,390</b>	<b>\$ 96,451</b>	<b>\$ 4,135</b>	<b>\$ 1,871,154</b>

### 14. Functional Expenses

Expenses are presented by functional classification in alignment with Stanford's mission of teaching, research and health care.

Major functional categories consist of the following:

- **Instruction and departmental research** includes teaching and internally funded research expenses.
- **Organized research - direct costs** include sponsored support costs.
- **Health care services** include patient care provided by SHC, LPCH, SOM faculty, and other health care related activities.
- **Auxiliary activities** include housing and dining services, intercollegiate athletics, Stanford Alumni Association, and other activities.
- **SLAC construction** includes the costs associated with major projects and facilities at the SLAC National Accelerator Laboratory.

Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort. Depreciation and facility operations and maintenance expenses are allocated to the functional categories directly or based on the square footage occupancy. Salaries and benefits expenses are allocated to functional categories directly based on time and effort incurred.



Expenses by functional and natural classification for the years ended August 31, 2024 and 2023, in thousands of dollars, are as follows:

	SALARIES AND BENEFITS	DEPRECIATION	OTHER OPERATING EXPENSES	TOTAL OPERATING EXPENSES
<b>2024</b>				
<b>UNIVERSITY</b>				
Instruction and departmental research	\$ 1,999,106	\$ 151,917	\$ 800,343	\$ 2,951,366
Organized research - direct costs	1,019,035	83,162	620,853	1,723,050
Health care services	1,230,475	3,915	27,813	1,262,203
Auxiliary activities	238,190	155,984	376,154	770,328
Administration and general	473,710	52,961	250,674	777,345
Student services	246,610	7,276	183,803	437,689
Libraries	78,039	73,725	69,022	220,786
Development	119,362	4,142	20,729	144,233
SLAC construction	55,746	—	74,346	130,092
<b>TOTAL EXPENSES</b>	<b>5,460,273</b>	<b>533,082</b>	<b>2,423,737</b>	<b>8,417,092</b>
<b>SHC</b>				
Health care services	3,616,758	272,513	3,935,250	7,824,521
Administration and general	297,137	19,517	249,863	566,517
Development	1,479	—	16,148	17,627
<b>TOTAL EXPENSES</b>	<b>3,915,374</b>	<b>292,030</b>	<b>4,201,261</b>	<b>8,408,665</b>
<b>LPCH</b>				
Health care services	1,245,448	77,745	1,202,916	2,526,109
Administration and general	106,488	3,625	121,892	232,005
Development	30,095	1,431	17,279	48,805
<b>TOTAL EXPENSES</b>	<b>1,382,031</b>	<b>82,801</b>	<b>1,342,087</b>	<b>2,806,919</b>
<b>ELIMINATIONS</b>				
Health care services	—	—	(1,870,179)	(1,870,179)
Administration and general	—	—	(36,071)	(36,071)
Development	—	—	(17,436)	(17,436)
<b>TOTAL ELIMINATIONS</b>	<b>—</b>	<b>—</b>	<b>(1,923,686)</b>	<b>(1,923,686)</b>
<b>CONSOLIDATED</b>				
Instruction and departmental research	1,999,106	151,917	800,343	2,951,366
Organized research - direct costs	1,019,035	83,162	620,853	1,723,050
Health care services	6,092,681	354,173	3,295,800	9,742,654
Auxiliary activities	238,190	155,984	376,154	770,328
Administration and general	877,335	76,103	586,358	1,539,796
Student services	246,610	7,276	183,803	437,689
Libraries	78,039	73,725	69,022	220,786
Development	150,936	5,573	36,720	193,229
SLAC construction	55,746	—	74,346	130,092
<b>TOTAL EXPENSES</b>	<b>\$10,757,678</b>	<b>\$ 907,913</b>	<b>\$ 6,043,399</b>	<b>\$17,708,990</b>

	SALARIES AND BENEFITS	DEPRECIATION	OTHER OPERATING EXPENSES	TOTAL EXPENSES
<b>2023</b>				
<b>UNIVERSITY</b>				
Instruction and departmental research	\$ 1,799,280	\$ 142,171	\$ 754,085	\$ 2,695,536
Organized research - direct costs	937,254	78,377	567,347	1,582,978
Health care services	1,091,086	4,683	25,917	1,121,686
Auxiliary activities	219,265	137,968	365,722	722,955
Administration and general	386,500	55,269	229,610	671,379
Student services	219,170	7,218	175,802	402,190
Libraries	70,965	71,878	62,279	205,122
Development	110,538	4,527	22,598	137,663
SLAC construction	53,037	—	67,338	120,375
<b>TOTAL EXPENSES</b>	<b>4,887,095</b>	<b>502,091</b>	<b>2,270,698</b>	<b>7,659,884</b>
<b>SHC</b>				
Health care services	3,307,740	244,834	3,359,035	6,911,609
Administration and general	266,724	17,878	243,796	528,398
Development	1,335	—	15,498	16,833
<b>TOTAL EXPENSES</b>	<b>3,575,799</b>	<b>262,712</b>	<b>3,618,329</b>	<b>7,456,840</b>
<b>LPCH</b>				
Health care services	1,153,311	81,567	1,057,491	2,292,369
Administration and general	123,002	6,328	127,122	256,452
Development	21,875	1,123	11,540	34,538
<b>TOTAL EXPENSES</b>	<b>1,298,188</b>	<b>89,018</b>	<b>1,196,153</b>	<b>2,583,359</b>
<b>ELIMINATIONS</b>				
Health care services	—	—	(1,587,565)	(1,587,565)
Administration and general	—	—	(42,529)	(42,529)
Development	—	—	(16,627)	(16,627)
<b>TOTAL ELIMINATIONS</b>	<b>—</b>	<b>—</b>	<b>(1,646,721)</b>	<b>(1,646,721)</b>
<b>CONSOLIDATED</b>				
Instruction and departmental research	1,799,280	142,171	754,085	2,695,536
Organized research - direct costs	937,254	78,377	567,347	1,582,978
Health care services	5,552,137	331,084	2,854,878	8,738,099
Auxiliary activities	219,265	137,968	365,722	722,955
Administration and general	776,226	79,475	557,999	1,413,700
Student services	219,170	7,218	175,802	402,190
Libraries	70,965	71,878	62,279	205,122
Development	133,748	5,650	33,009	172,407
SLAC construction	53,037	—	67,338	120,375
<b>TOTAL EXPENSES</b>	<b>\$ 9,761,082</b>	<b>\$ 853,821</b>	<b>\$ 5,438,459</b>	<b>\$16,053,362</b>

## 15. University Retirement Plans

The University provides retirement benefits through both defined contribution and defined benefit retirement plans for substantially all of its employees.

### DEFINED CONTRIBUTION PLAN

The University offers a defined contribution plan to eligible faculty and staff through the *Stanford Contributory Retirement Plan* (SCRCP). Employer contributions are based on a percentage of participant annual compensation, participant contributions and years of service. University and participant contributions are primarily invested in annuities and mutual funds. University contributions under the SCRCP, which are vested immediately to participants, were \$259.5 million and \$234.2 million for the years ended August 31, 2024 and 2023, respectively.

### DEFINED BENEFIT PLANS

The University provides retirement and postretirement medical and other benefits through the *Staff Retirement Annuity Plan*, the *Faculty Retirement Incentive Program*, and the *Postretirement Benefit Plan* (the “Plans”). The obligations for the Plans, net of plan assets, are recorded in the *Consolidated Statements of Financial Position* as “Accrued pension and postretirement benefit obligations.” These plans are described in more detail below.

#### Staff Retirement Annuity Plan

Retirement benefits for certain employees are provided through the *Staff Retirement Annuity Plan* (SRAP), a noncontributory plan. While the SRAP is closed to new participants, certain employees continue to accrue benefits. Contributions to the plan are made in accordance with the Employee Retirement Income Security Act (ERISA) based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants.

#### Faculty Retirement Incentive Program

The University provides a retirement incentive bonus for eligible faculty through the University *Faculty Retirement Incentive Program* (FRIP). The University’s faculty may become eligible for the FRIP program if they commit to retire within a designated window of time. At August 31, 2024 and 2023, there were no program assets. The University funds benefit payouts as they are incurred.

#### Postretirement Benefit Plan

The University provides medical, dental, and vision benefits for retired employees through its *Postretirement Benefit Plan* (PRBP). The University’s employees and their covered dependents may become eligible for the PRBP upon the employee’s retirement and meeting specific years of service and age criteria. Retiree health plans are paid for, in part, by retiree contributions, which are adjusted annually. The University’s subsidy varies depending on whether the retiree is covered under the legacy design or the defined dollar benefit design. The University provides Medicare and non-Medicare medical plans to eligible retirees and their dependents.



The change in the Plans' assets, the related change in benefit obligations and the amounts recognized in the financial statements, in thousands of dollars, are as follows:

	SRAP	FRIP	PRBP	TOTAL
<b>2024</b>				
Fair value of plan assets, beginning of year	\$ 203,196	\$ —	\$ 261,260	\$ 464,456
Change in plan assets:				
Actual return on plan assets	26,097	—	46,368	72,465
Employer contributions	—	11,155	10,805	21,960
Plan participants' contributions	—	—	21,064	21,064
Benefits and plan expenses paid	(19,210)	(11,155)	(46,578) *	(76,943)
<b>FAIR VALUE OF PLAN ASSETS, END OF YEAR</b>	<b>210,083</b>	<b>—</b>	<b>292,919</b>	<b>503,002</b>
Benefit obligation, beginning of year	216,017	164,013	545,157	925,187
Change in projected benefit obligation:				
Service cost	742	8,737	17,613	27,092
Interest cost	10,731	8,349	28,636	47,716
Plan participants' contributions	—	—	21,064	21,064
Actuarial loss	3,797	2,986	55,317	62,100
Benefits and plan expenses paid	(19,210)	(11,155)	(46,578) *	(76,943)
<b>BENEFIT OBLIGATION, END OF YEAR</b>	<b>212,077</b>	<b>172,930</b>	<b>621,209</b>	<b>1,006,216</b>
<b>NET LIABILITY RECOGNIZED IN THE STATEMENTS OF FINANCIAL POSITION</b>	<b>\$ (1,994)</b>	<b>\$ (172,930)</b>	<b>\$ (328,290)</b>	<b>\$ (503,214)</b>
* Net of Medicare subsidy of \$1.6 million				
<b>2023</b>				
Fair value of plan assets, beginning of year	\$ 216,200	\$ —	\$ 256,151	\$ 472,351
Change in plan assets:				
Actual return on plan assets	5,989	—	18,394	24,383
Employer contributions	—	10,889	5,348	16,237
Plan participants' contributions	—	—	21,797	21,797
Benefits and plan expenses paid	(18,993)	(10,889)	(40,430) *	(70,312)
<b>FAIR VALUE OF PLAN ASSETS, END OF YEAR</b>	<b>203,196</b>	<b>—</b>	<b>261,260</b>	<b>464,456</b>
Benefit obligation, beginning of year	239,194	160,554	515,423	915,171
Change in projected benefit obligation:				
Service cost	823	8,883	16,653	26,359
Interest cost	10,421	7,212	23,486	41,119
Plan participants' contributions	—	—	21,797	21,797
Actuarial loss (gain)	(15,428)	(1,747)	8,228	(8,947)
Benefits and plan expenses paid	(18,993)	(10,889)	(40,430) *	(70,312)
<b>BENEFIT OBLIGATION, END OF YEAR</b>	<b>216,017</b>	<b>164,013</b>	<b>545,157</b>	<b>925,187</b>
<b>NET LIABILITY RECOGNIZED IN THE STATEMENTS OF FINANCIAL POSITION</b>	<b>\$ (12,821)</b>	<b>\$ (164,013)</b>	<b>\$ (283,897)</b>	<b>\$ (460,731)</b>
* Net of Medicare subsidy of \$2.4 million				

The accumulated benefit obligation for the SRAP was \$211.7 million and \$215.6 million at August 31, 2024 and 2023, respectively.

Net periodic benefit expense and non-operating activities related to the Plans for the years ended August 31, 2024 and 2023, in thousands of dollars, includes the following components:

	SRAP	FRIP	PRBP	TOTAL
<b>2024</b>				
Service cost	\$ 742	\$ 8,737	\$ 17,613	\$ 27,092
<b>PERIODIC BENEFIT EXPENSE</b>	<b>742</b>	<b>8,737</b>	<b>17,613</b>	<b>27,092</b>
Non-operating:				
Interest cost	10,731	8,349	28,636	47,716
Expected return on plan assets	(11,339)	—	(16,982)	(28,321)
Amortization of:				
Prior service cost	850	—	373	1,223
Actuarial loss (gain)	433	(919)	(1,450)	(1,936)
Non-operating periodic benefit cost	675	7,430	10,577	18,682
<b>NET PERIODIC BENEFIT COST<sup>1</sup></b>	<b>1,417</b>	<b>16,167</b>	<b>28,190</b>	<b>45,774</b>
Non-operating periodic benefit cost	675	7,430	10,577	18,682
Net actuarial loss (gain)	(10,961)	2,986	25,931	17,956
Amortization of:				
Prior service cost	(850)	—	(373)	(1,223)
Actuarial gain (loss)	(433)	919	1,450	1,936
<b>TOTAL AMOUNTS RECOGNIZED IN NON-OPERATING ACTIVITIES</b>	<b>\$ (11,569)</b>	<b>\$ 11,335</b>	<b>\$ 37,585</b>	<b>\$ 37,351</b>
<b>2023</b>				
Service cost	\$ 823	\$ 8,883	\$ 16,653	\$ 26,359
<b>PERIODIC BENEFIT EXPENSE</b>	<b>823</b>	<b>8,883</b>	<b>16,653</b>	<b>26,359</b>
Non-operating:				
Interest cost	10,421	7,212	23,486	41,119
Expected return on plan assets	(10,018)	—	(16,650)	(26,668)
Amortization of:				
Prior service cost	850	—	373	1,223
Actuarial loss (gain)	880	(612)	(2,372)	(2,104)
Non-operating periodic benefit cost	2,133	6,600	4,837	13,570
<b>NET PERIODIC BENEFIT COST<sup>1</sup></b>	<b>2,956</b>	<b>15,483</b>	<b>21,490</b>	<b>39,929</b>
Non-operating periodic benefit cost	2,133	6,600	4,837	13,570
Net actuarial loss (gain)	(11,399)	(1,747)	6,484	(6,662)
Amortization of:				
Prior service cost	(850)	—	(373)	(1,223)
Actuarial gain (loss)	(880)	612	2,372	2,104
<b>TOTAL AMOUNTS RECOGNIZED IN NON-OPERATING ACTIVITIES</b>	<b>\$ (10,996)</b>	<b>\$ 5,465</b>	<b>\$ 13,320</b>	<b>\$ 7,789</b>

<sup>1</sup>The components of net periodic benefit cost other than service cost are included in "Pension and other postemployment benefit related changes other than service cost" in the Statement of Activities.

Cumulative amounts recognized in non-operating activities, but not yet recognized in net periodic benefit cost in the *Consolidated Statements of Activities*, are presented in the following table for the years ended August 31, 2024 and 2023, in thousands of dollars:

	SRAP		FRIP		PRBP		TOTAL
<b>2024</b>							
Prior service cost	\$	1,280	\$	—	\$	1,382	\$ 2,662
Net actuarial loss (gain)		19,319		(25,365)		(49,697)	(55,743)
<b>ACCUMULATED PLAN BENEFIT COSTS NOT YET RECOGNIZED IN NET PERIODIC BENEFIT COST</b>	<b>\$</b>	<b>20,599</b>	<b>\$</b>	<b>(25,365)</b>	<b>\$</b>	<b>(48,315)</b>	<b>\$ (53,081)</b>
<b>2023</b>							
Prior service cost	\$	2,130	\$	—	\$	1,755	\$ 3,885
Net actuarial loss (gain)		30,713		(29,270)		(77,078)	(75,635)
<b>ACCUMULATED PLAN BENEFIT COSTS NOT YET RECOGNIZED IN NET PERIODIC BENEFIT COST</b>	<b>\$</b>	<b>32,843</b>	<b>\$</b>	<b>(29,270)</b>	<b>\$</b>	<b>(75,323)</b>	<b>\$ (71,750)</b>

## ACTUARIAL ASSUMPTIONS

The weighted average assumptions used to determine the benefit obligations and net periodic benefit cost for the Plans are shown below:

	SRAP		FRIP		PRBP	
	2024	2023	2024	2023	2024	2023
<b>BENEFIT OBLIGATIONS</b>						
Discount rate	4.94%	5.31%	5.03%	5.35%	5.16%	5.37%
Covered payroll growth rate	3.00%	3.00%	4.78%	4.80%	N/A	N/A
<b>NET PERIODIC BENEFIT COST</b>						
Discount rate	5.31%	4.66%	5.35%	4.71%	5.37%	4.65%
Expected returns on plan assets	6.00%	5.00%	N/A	N/A	6.50%	6.50%
Covered payroll growth rate	3.00%	3.00%	4.80%	4.80%	N/A	N/A

The expected long-term rate of return on asset assumptions for the SRAP and PRBP plans is 5.50% and 6.50%, respectively. The assumption is used in determining the expected returns on plan assets, a component of net periodic benefit expense (income), representing the expected return for the upcoming fiscal year on plan assets. This assumption is developed based on future expectations for returns in each asset class, as well as the target asset allocation of the portfolios. The use of expected long-term returns on plan assets may result in income that is greater or less than the actual returns of those plan assets in any given year. Over time, however, the expected long-term returns are designed to approximate the actual long-term returns, and therefore result in a pattern of income and cost recognition that more closely matches the pattern of the services provided by the employees. Differences between actual and expected returns are recognized as a component of non-operating activities and amortized as a component of net periodic benefit expense (income) over the service or life expectancy of the plan participants, depending on the plan, provided such amounts exceed the accounting standards threshold.

To determine the accumulated PRBP obligation at August 31, 2024, a 8.70% and 6.30% annual rate of increase in the cost of covered health care for Medical Pre-65 and Medical Post-65, respectively, was assumed for calendar year 2024 with these rates declining gradually to 4.00% by 2049 and remaining at this rate thereafter.

## EXPECTED CONTRIBUTIONS

The University expects to contribute \$14.8 million to the FRIP, \$26.2 million to the PRBP, and does not expect to contribute to the SRAP during the fiscal year ending August 31, 2025.

### EXPECTED BENEFIT PAYMENTS

The following benefit payments, which reflect expected future service, are expected to be paid for the years ending August 31, in thousands of dollars:

YEAR ENDING AUGUST 31	SRAP	FRIP	PRBP	
			EXCLUDING MEDICARE SUBSIDY	EXPECTED MEDICARE PART D SUBSIDY
2025	\$ 27,229	\$ 14,806	\$ 27,070	\$ 891
2026	19,209	14,392	26,403	—
2027	18,129	13,149	28,135	—
2028	17,886	11,485	30,026	—
2029	16,934	11,521	31,849	—
2030 - 2034	71,261	69,845	187,575	—

### INVESTMENT STRATEGY

The University's Retirement Program Investment Committee, acting in a fiduciary capacity, has established formal investment policies for the assets associated with the University's funded plans (SRAP and PRBP). The investment strategy of the plans is to preserve and enhance the value of the plans' assets within acceptable levels of risk. Investments in the plans are diversified among asset classes, striving to achieve an optimal balance between risk and return, and income and capital appreciation. Because the liabilities of each of the plans are long-term, the investment horizon is primarily long-term, with adequate liquidity to meet short-term benefit payment obligations.

### CONCENTRATION OF RISK

The University manages a variety of risks, including market, credit, and liquidity risks, across its plan assets. Concentration of risk is defined as an undiversified exposure to one of the above-mentioned risks that increases the exposure of the loss of plan assets unnecessarily. Risk is minimized by predominately investing in broadly diversified index funds for public equities and fixed income. As of August 31, 2024, the University did not have concentrations of risk in any single entity, counterparty, sector, industry or country.

### PLAN ASSETS AND ALLOCATIONS

Current U.S. GAAP defines a hierarchy of valuation inputs for the determination of the fair value of plan assets as described in Note 6. As of August 31, 2024 and 2023, all of the assets of the PRBP and substantially all of the assets of the SRAP were categorized as Level 1 investments. The fair value of plan assets by asset category, in thousands of dollars, at August 31, 2024 and 2023 and actual allocations and weighted-average target allocations at August 31, 2024 are as follows:

	2024	2023	2024 ACTUAL ALLOCATION	2024 TARGET ALLOCATION
SRAP:				
Cash and cash equivalents	\$ 15,909	\$ 2,147	8%	7%
Public equities	61,666	88,553	29%	30%
Fixed income	132,508	112,496	63%	63%
<b>TOTAL</b>	<b>210,083</b>	<b>203,196</b>	<b>100%</b>	<b>100%</b>
PRBP:				
Public equities	221,609	195,088	76%	75%
Fixed income	71,310	66,172	24%	25%
<b>TOTAL</b>	<b>292,919</b>	<b>261,260</b>	<b>100%</b>	<b>100%</b>
<b>TOTAL PLAN ASSETS AT FAIR VALUE</b>	<b>\$ 503,002</b>	<b>\$ 464,456</b>		



## 16. SHC and LPCH Retirement Plans

SHC and LPCH provide retirement benefits through defined benefit and defined contribution retirement plans covering substantially all of its regular employees.

### DEFINED CONTRIBUTION PLAN

The Hospitals offer a defined contribution plan to eligible employees. Employer contributions to the defined contribution retirement plan are based on a percentage of participant annual compensation, participant contributions and years of service. SHC contributions under the plan, which are vested immediately to participants, were \$225.8 million and \$192.9 million, and LPCH contributed \$82.9 million and \$74.3 million for the years ended August 31, 2024 and 2023, respectively.

### DEFINED BENEFIT PLANS

The Hospitals provide retirement and postretirement medical benefits through the SHC *Staff Pension Plan*, and the SHC *Postretirement Medical Benefit Plan*, collectively (the “Plans”). The obligations for the Plans, net of plan assets, are recorded in the *Consolidated Statements of Financial Position* as “Accrued pension and postretirement benefit obligations.” These plans are described in more detail below.

#### Staff Pension Plan

Certain employees of SHC and LPCH are covered by the SHC *Staff Pension Plan* (the “Pension Plan”), a noncontributory, defined benefit pension plan. Benefits are based on years of service and the employee’s compensation. Contributions to the plan are made in accordance with ERISA based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants. SHC and LPCH have an arrangement whereby SHC assumes the pension liability of the LPCH employees and previously leased employees. However, LPCH is required to reimburse SHC for the annual expense incurred for these employees and previously leased employees.

In April 2021, the SHC Board of Directors approved a resolution to terminate the Pension Plan. As of January 31, 2024, the Pension Plan was fully settled, and all benefit obligations released. Plan participants elected to receive either a lump-sum distribution or to transfer benefits to a third-party annuity provider. As a result of the settlement, SHC was relieved of any further obligations under the Pension Plan. During fiscal year 2024, pension settlement charges totaling \$51.7 million were recognized. In addition to contributions of \$3.9 million in the year ended August 31, 2024, there were contributions of \$2.3 million to settle the Pension Plan.

#### Postretirement Medical Benefit Plan

SHC and LPCH provide health care benefits for certain retired employees through the SHC *Postretirement Medical Benefit Plan* (PRMB). The Hospitals’ employees and their covered dependents may become eligible for the PRMB upon the employee’s retirement as early as age 55, with years of service as defined by specific criteria. Retiree health plans are paid, in part, by retiree contributions, which are adjusted annually. The Hospitals’ subsidies vary depending on whether the retiree is covered under the legacy design or the defined dollar benefit design. Medicare supplement options are provided for retirees over age 65. LPCH reimburses SHC for costs related to this plan on a periodic basis.

The change in the Plans' assets, the related change in benefit obligations and the amounts recognized in the financial statements, in thousands of dollars, are as follows:

	STAFF PENSION PLAN	PRMB
<b>2024</b>		
Fair value of plan assets, beginning of year	\$ 151,390	\$ —
Change in plan assets:		
Actual return on plan assets	6,264	—
Employer contributions	6,055	7,798
Plan participants' contributions	—	1,068
Benefits and plan expenses paid	(7,365)	(8,866) *
Plan settlements	(156,344)	—
<b>FAIR VALUE OF PLAN ASSETS, END OF YEAR</b>	<b>—</b>	<b>—</b>
Benefit obligation, beginning of year	157,554	115,588
Change in projected benefit obligation:		
Service cost	1,350	5,282
Interest cost	3,448	5,949
Plan participants' contributions	—	1,068
Actuarial loss	1,357	6,071
Benefits and plan expenses paid	(7,365)	(8,866) *
Plan settlements	(156,344)	—
<b>BENEFIT OBLIGATION, END OF YEAR</b>	<b>—</b>	<b>125,092</b>
<b>NET LIABILITY RECOGNIZED IN THE STATEMENTS OF FINANCIAL POSITION</b>	<b>\$ —</b>	<b>\$ (125,092)</b>
* Net of Medicare subsidy of \$64 thousand		
<b>2023</b>		
Fair value of plan assets, beginning of year	\$ 164,594	\$ —
Change in plan assets:		
Actual return on plan assets	(1,112)	—
Employer contributions	—	5,642
Plan participants' contributions	—	1,156
Benefits and plan expenses paid	(12,092)	(6,798) *
<b>FAIR VALUE OF PLAN ASSETS, END OF YEAR</b>	<b>151,390</b>	<b>—</b>
Benefit obligation, beginning of year	167,017	117,266
Change in projected benefit obligation:		
Service cost	894	5,478
Interest cost	7,533	5,322
Plan participants' contributions	—	1,156
Actuarial gain	(5,829)	(7,230)
Benefits and plan expenses paid	(12,092)	(6,798) *
Plan amendments	887	394
Plan curtailments	(856)	—
<b>BENEFIT OBLIGATION, END OF YEAR</b>	<b>157,554</b>	<b>115,588</b>
<b>NET LIABILITY RECOGNIZED IN THE STATEMENTS OF FINANCIAL POSITION</b>	<b>\$ (6,164)</b>	<b>\$ (115,588)</b>
* Net of Medicare subsidy of \$79 thousand		

The net liability for the PRMB includes amounts for both SHC and LPCH employees and is recognized on the Hospitals' respective *Statements of Financial Position*. The table below presents the plan obligations for each entity as of August 31, 2024 and 2023, in thousands of dollars:

	2024		2023	
SHC	\$	92,579	\$	85,337
LPCH		32,513		30,251
<b>TOTAL</b>	<b>\$</b>	<b>125,092</b>	<b>\$</b>	<b>115,588</b>

The accumulated benefit obligation for the Pension Plan was \$0 and \$157.6 million at August 31, 2024 and 2023, respectively.



Net periodic benefit cost and non-operating activities related to the Plans for the years ended August 31, 2024 and 2023, in thousands of dollars, includes the following components:

	STAFF PENSION PLAN	PRMB
<b>2024</b>		
Service cost	\$ 1,350	\$ 5,282
<b>PERIODIC BENEFIT EXPENSE</b>	<b>1,350</b>	<b>5,282</b>
Non-operating:		
Interest cost	3,448	5,949
Expected return on plan assets	(2,602)	—
Amortization of:		
Prior service cost	66	3,361
Actuarial loss (gain)	132	(1,534)
Curtailment loss	821	—
Settlement loss	51,688	—
Non-operating net periodic benefit cost	53,553	7,776
<b>NET PERIODIC BENEFIT COST<sup>1</sup></b>	<b>54,903</b>	<b>13,058</b>
Non-operating net periodic benefit cost	53,553	7,776
Net actuarial loss (gain)	(2,305)	6,071
New prior service cost	—	—
Amortization of:		
Prior service cost	(887)	(3,361)
Actuarial gain (loss)	(51,820)	1,534
<b>TOTAL AMOUNTS RECOGNIZED IN NON-OPERATING ACTIVITIES</b>	<b>\$ (1,459)</b>	<b>\$ 12,020</b>
<b>2023</b>		
Service cost	\$ 894	\$ 5,478
<b>PERIODIC BENEFIT EXPENSE</b>	<b>894</b>	<b>5,478</b>
Non-operating:		
Interest cost	7,533	5,322
Expected return on plan assets	(7,370)	—
Amortization of:		
Prior service cost	—	3,553
Actuarial loss (gain)	349	(1,193)
Non-operating net periodic benefit cost	512	7,682
<b>NET PERIODIC BENEFIT COST<sup>1</sup></b>	<b>1,406</b>	<b>13,160</b>
Non-operating net periodic benefit cost	512	7,682
Net actuarial loss (gain)	1,797	(7,230)
New prior service cost	887	394
Amortization of:		
Prior service cost	—	(3,553)
Actuarial gain (loss)	(349)	1,193
<b>TOTAL AMOUNTS RECOGNIZED IN NON-OPERATING ACTIVITIES</b>	<b>\$ 2,847</b>	<b>\$ (1,514)</b>

<sup>1</sup>The components of net periodic benefit cost other than service cost are included in "Pension and other postemployment benefit related changes other than service cost" in the Statements of Activities.

The net periodic benefit cost and amounts recognized in non-operating activities for the PRMB include amounts for both SHC and LPCH employees and is recognized on the Hospitals' respective *Statements of Activities*. The table below presents the amount for each entity as of August 31, 2024 and 2023, in thousands of dollars:

	SHC	LPCH	TOTAL
<b>2024</b>			
Net periodic benefit cost	\$ 9,435	\$ 3,623	\$ 13,058
Amounts recognized in non-operating activities	2,112	2,132	4,244
<b>TOTAL AMOUNT RECOGNIZED IN NET PERIODIC BENEFIT COST AND NON-OPERATING ACTIVITIES</b>	<b>\$ 11,547</b>	<b>\$ 5,755</b>	<b>\$ 17,302</b>
<b>2023</b>			
Net periodic benefit cost	\$ 9,450	\$ 3,710	\$ 13,160
Amounts recognized in non-operating activities	(6,374)	(2,822)	(9,196)
<b>TOTAL AMOUNT RECOGNIZED IN NET PERIODIC BENEFIT COST AND NON-OPERATING ACTIVITIES</b>	<b>\$ 3,076</b>	<b>\$ 888</b>	<b>\$ 3,964</b>

Cumulative amounts recognized in non-operating activities, but not yet recognized in net periodic benefit cost in the *Consolidated Statements of Activities*, are presented in the following table for the years ended August 31, 2024 and 2023, in thousands of dollars:

	STAFF PENSION PLAN	PRMB
<b>2024</b>		
Prior service cost	\$ —	\$ 30,626
Net actuarial gain	—	(18,949)
<b>ACCUMULATED PLAN BENEFIT COSTS NOT YET RECOGNIZED IN NET PERIODIC BENEFIT COST</b>	<b>\$ —</b>	<b>\$ 11,677</b>
<b>2023</b>		
Prior service cost	\$ 887	\$ 33,987
Net actuarial loss (gain)	54,125	(26,554)
<b>ACCUMULATED PLAN BENEFIT COSTS NOT YET RECOGNIZED IN NET PERIODIC BENEFIT COST</b>	<b>\$ 55,012</b>	<b>\$ 7,433</b>

## ACTUARIAL ASSUMPTIONS

The weighted average assumptions used to determine the benefit obligations and net periodic benefit cost for the Plans are shown below:

	STAFF PENSION PLAN		PRMB	
	2024	2023	2024	2023
<b>BENEFIT OBLIGATIONS</b>				
Discount rate	N/A	5.33%	5.05%	5.34%
Covered payroll growth rate	N/A	3.00%	N/A	N/A
<b>NET PERIODIC BENEFIT COST</b>				
Discount rate	N/A	4.68%	5.34%	4.69%
Expected return on plan assets	N/A	4.00%	N/A	N/A
Covered payroll growth rate	N/A	3.00%	N/A	N/A

To determine the accumulated PRMB obligation at August 31, 2024, a 6.92% for Medical Pre-65 and 8.40% for Medical Post-65 annual rates of increase in the per capita cost of covered health care were assumed for calendar year 2024, declining gradually to 4.00% for both Pre-65 and Post 65, by 2048, and remaining at this rate thereafter.

### EXPECTED CONTRIBUTIONS

SHC expects to contribute \$5.7 million to the PRMB during the fiscal year ending August 31, 2025.

### EXPECTED BENEFIT PAYMENTS

The following benefit payments, which reflect expected future service, are expected to be paid for the fiscal years ending August 31, in thousands of dollars:

YEAR ENDING AUGUST 31	PRMB	
	EXCLUDING MEDICARE SUBSIDY	EXPECTED MEDICARE PART D SUBSIDY
2025	\$ 7,415	\$ 150
2026	7,584	57
2027	7,954	50
2028	8,341	43
2029	8,833	37
2030 - 2034	53,224	112

### INVESTMENT STRATEGY

Prior to settlement in 2024, the investment objective of the Pension Plan was to meet its pension obligations as promised by the plan. The Pension Plan's assets were invested in cash and fixed income to minimize investment risk during plan termination. The Pension Plan's asset allocation was revised to reflect the termination status of the plan as of January 31, 2024.

### PLAN ASSETS AND ALLOCATIONS

Current U.S. GAAP defines a hierarchy of valuation inputs for the determination of the fair value of plan assets as described in Note 6. The Plans' assets measured at fair value at August 31, 2024 and 2023, are all categorized as Level 1 investments, in thousands of dollars, as follows:

	2024	2023
STAFF PENSION PLAN:		
Fixed income	—	151,390
<b>PLAN ASSETS AT FAIR VALUE</b>	<b>\$ —</b>	<b>\$ 151,390</b>

## 17. Leases

### LESSEE

Stanford leases research and development facilities, office spaces, buses, and equipment under operating and finance leases expiring through November 2057. Under the accounting standard for leases, a lease conveys the right to control the use of an identified asset for a period of time in exchange for consideration. On the *Consolidated Statements of Financial Position*, "Right-of-use assets" represent Stanford's right to use an underlying asset for the lease term and "Lease liabilities" represent Stanford's obligation to make lease payments arising from the lease based on the present value of lease payments over the lease term. Lease liabilities do not include lease payments that were not fixed at commencement or lease modification. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Stanford will exercise that option. The exercise of lease renewal options is at Stanford's sole discretion. Stanford uses an incremental borrowing rate for discounting leases, as applicable. Lease costs are included in "Other operating expenses" on the *Consolidated Statements of Activities*.

Supplemental information related to leases, in thousands of dollars, except lease term and discount rate, is as follows:

	UNIVERSITY		SHC		LPCH		ELIMINATIONS		CONSOLIDATED	
2024										
Operating lease	\$	409,137	\$	381,413	\$	192,383	\$	(99,801)	\$	883,132
Finance lease		213,363		—		—		—		213,363
TOTAL LEASE RIGHT-OF-USE ASSETS	\$	622,500	\$	381,413	\$	192,383	\$	(99,801)	\$	1,096,495
Operating lease	\$	446,745	\$	396,355	\$	207,087	\$	(99,801)	\$	950,386
Finance lease		232,905		—		—		—		232,905
TOTAL LEASE LIABILITY	\$	679,650	\$	396,355	\$	207,087	\$	(99,801)	\$	1,183,291
	UNIVERSITY		SHC		LPCH		ELIMINATIONS		CONSOLIDATED	
2023										
Operating lease	\$	429,183	\$	318,150	\$	206,915	\$	(116,838)	\$	837,410
Finance lease		227,014		—		—		—		227,014
TOTAL LEASE RIGHT-OF-USE ASSETS	\$	656,197	\$	318,150	\$	206,915	\$	(116,838)	\$	1,064,424
Operating lease	\$	459,339	\$	330,012	\$	220,386	\$	(116,838)	\$	892,899
Finance lease		241,034		—		—		—		241,034
TOTAL LEASE LIABILITY	\$	700,373	\$	330,012	\$	220,386	\$	(116,838)	\$	1,133,933

	UNIVERSITY		SHC		LPCH	
	2024	2023	2024	2023	2024	2023
<b>WEIGHTED-AVERAGE REMAINING LEASE TERM IN YEARS:</b>						
Operating lease	22.56	23.23	6.05	6.17	6.11	7.04
Finance lease	25.85	26.19	N/A	N/A	N/A	N/A
<b>WEIGHTED-AVERAGE DISCOUNT RATE:</b>						
Operating lease	3.32%	3.10%	4.49%	3.68%	2.94%	2.69%
Finance lease	2.75%	2.71%	N/A	N/A	N/A	N/A



The components of lease expenses, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
<b>2024</b>				
Operating lease cost	\$ 47,915	\$ 89,997	\$ 38,872	\$ 176,784
Finance lease cost:				
Amortization of leased assets	14,654	—	—	14,654
Interest on lease liabilities	6,097	—	—	6,097
Variable lease cost	7,130	11,877	8,876	27,883
Short-term lease cost	11,434	7,151	334	18,919
Sublease income	(7,137)	(4,114)	(2,565)	(13,816)
<b>TOTAL LEASE COST</b>	<b>\$ 80,093</b>	<b>\$ 104,911</b>	<b>\$ 45,517</b>	<b>\$ 230,521</b>
<b>2023</b>				
Operating lease cost	\$ 44,248	\$ 82,782	\$ 38,084	\$ 165,114
Finance lease cost:				
Amortization of leased assets	14,771	12	—	14,783
Interest on lease liabilities	6,238	—	—	6,238
Variable lease cost	5,399	11,338	6,360	23,097
Short-term lease cost	27,599	11,696	809	40,104
Sublease income	(7,023)	(3,949)	(4,532)	(15,504)
<b>TOTAL LEASE COST</b>	<b>\$ 91,232</b>	<b>\$ 101,879</b>	<b>\$ 40,721</b>	<b>\$ 233,832</b>

Supplemental cash flow information related to leases, in thousands of dollars, is as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
<b>2024</b>				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 40,432	\$ 86,900	\$ 38,613	\$ 165,945
Operating cash flows from finance leases	6,097	—	—	6,097
Financing cash flows from finance leases	9,131	—	—	9,131
Obtaining right-of-use assets in exchange for lease liabilities:				
Operating leases	\$ 10,807	\$ 138,450	\$ 19,513	\$ 168,770
Finance leases	1,002	—	—	1,002
<b>2023</b>				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 35,806	\$ 84,650	\$ 37,256	\$ 157,712
Operating cash flows from finance leases	6,238	—	—	6,238
Financing cash flows from finance leases	8,968	12	—	8,980
Obtaining right-of-use assets in exchange for lease liabilities:				
Operating leases	\$ 316	\$ 143,898	\$ 33,370	\$ 177,584
Finance leases	745	—	—	745

Maturities of lease liabilities for periods subsequent to August 31, 2024, in thousands of dollars, are as follows:

YEAR ENDING AUGUST 31	MATURITY OF LEASE LIABILITIES				
	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2025	\$ 63,670	\$ 90,028	\$ 41,684	\$ (18,989)	\$ 176,393
2026	55,031	83,805	39,065	(18,222)	159,679
2027	54,742	75,323	33,776	(15,900)	147,941
2028	51,063	65,493	33,253	(16,175)	133,634
2029	48,811	49,174	30,536	(15,938)	112,583
Thereafter	712,718	88,748	47,812	(29,986)	819,292
<b>TOTAL LEASE PAYMENTS</b>	<b>986,035</b>	<b>452,571</b>	<b>226,126</b>	<b>(115,210)</b>	<b>1,549,522</b>
<b>LESS IMPUTED INTEREST</b>	<b>(306,385)</b>	<b>(56,216)</b>	<b>(19,039)</b>	<b>15,409</b>	<b>(366,231)</b>
<b>TOTAL</b>	<b>\$ 679,650</b>	<b>\$ 396,355</b>	<b>\$ 207,087</b>	<b>\$ (99,801)</b>	<b>\$ 1,183,291</b>

## LESSOR

Stanford holds investment properties that it leases to external parties under non-cancellable operating leases. Stanford receives minimum rental income over the life of the lease; however, certain of the leases include variable rental payments that are based on a percentage of the tenant sales in excess of contractual amount. Certain leases include options for lessee to extend or terminate the lease. The University employs a comprehensive risk management strategy for the residual value of the leased assets. This strategy includes ground lease agreements that require the return of assets in first-class condition, regular inspections of the properties, market assessments, and the analysis of historical data to predict asset values at the end of the lease term. The University also monitors economic trends and industry forecasts to adjust our leasing terms and pricing models accordingly.

Rental income is recognized over time in accordance with the contractual term of the related lease agreements. Total rental income under these leases for the years ended August 31, 2024 and 2023 was \$287.6 million and \$275.2 million for the University, \$7.6 million and \$3.9 million for SHC, and \$1.2 million and \$1.5 million for LPCH, respectively. See Note 6 for future minimum rental income under non-cancellable leases.

## 18. Related Party Transactions

Members of the University, SHC, and LPCH boards and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with Stanford. Transactions with related parties occur in the ordinary course of Stanford's activities which do not have a material effect on Stanford's financial position. Stanford related parties may include affiliates, trusts, and investment holdings. In addition, related parties may also include board members and senior management, their family members, and any entities with which they are associated that may do business with Stanford.

The University, SHC and LPCH have separate written conflict of interest policies that require, among other items, that no member of their respective board can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each board member is required to certify compliance with his or her respective entity's conflict of interest policy on an annual basis and indicate whether his or her respective entity does business with any entity in which the board member has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the respective entity, and in accordance with applicable conflict of interest laws and policies. No such associations are considered to be significant.

The University, SHC, and LPCH each requires its senior management to disclose annually any significant financial interests in, or employment or consulting relationships with, entities doing business with it. These annual disclosures cover both senior management and their immediate family members. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the relevant entity. No such associations are considered to be significant.

## 19. Commitments and Contingencies

Management is of the opinion that none of the following commitments and contingencies will have a material adverse effect on Stanford's consolidated financial position.

### LABOR AGREEMENTS

Approximately 6% of the University's, 39% of SHC's and 48% of LPCH's employees are covered under union contract arrangements and are, therefore, subject to labor stoppages when contracts expire. The University's agreement with the Service Employees International Union (SEIU) will expire in 2028 and the agreement with the Stanford Deputy Sheriffs' Association will expire in 2026. SHC's and LPCH's agreements with SEIU will expire in 2026 and the agreements with the Committee for Recognition of Nursing Achievement (CRONA) will expire in 2025. SHC's agreements with the California Nurses Association (CNA) and with the United Security Associates Union (USAU) will expire in 2027. SHC's agreement with the Committee of Interns and Residents (CIR-SEIU) will expire in 2026.

### LITIGATION

The University, SHC and LPCH are defendants in a number of legal actions. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, resulting from these legal actions will not have a material adverse effect on the consolidated financial position.

### CONTRACTUAL COMMITMENTS

At August 31, 2024, the University had contractual obligations of approximately \$260.1 million in connection with major construction projects. Remaining expenditures on construction in progress are estimated to be \$1.3 billion, which will be financed with certain unexpended plant funds, gifts and debt. Commitments on construction contracts, including the construction and remodeling of Hospital facilities, were approximately \$454.6 million for SHC and \$78.9 million for LPCH at August 31, 2024. SHC had contractual obligations of approximately \$858.2 million to support SHC's operations, such as maintenance, food services, software subscription related services, valet services and other purchased services at August 31, 2024.

Over the course of the next several years, SHC will complete renovations to enable the relocation of inpatient units that remain in the 1959-era portion of the hospital, and fulfill the seismic safety mandate to have all inpatient beds located in compliant structures. As of August 31, 2024, \$547.0 million was recorded to property and equipment of which \$129.0 million was recorded to construction in progress and \$418.0 million was capitalized to property and equipment. Estimated cost of the renewal project is approximately \$1.6 billion.

The University executed two 25-year agreements with two solar electricity developers and operators in 2015 and 2018 to purchase the output from their solar photovoltaic facilities and battery storage. The first facility was placed in service in December 2016 and the second facility began operation in April 2022. The University's total unpaid commitment under the agreements over the life of the agreements, undiscounted, is \$284.6 million.

In addition, as described in *Note 6*, the University is obligated under certain alternative investment agreements to advance additional funding up to specified levels over a period of years.

## 20. Subsequent Events

Stanford has evaluated subsequent events for the period from August 31, 2024 through December 10, 2024, the date the *Consolidated Financial Statements* were issued.

## 21. Consolidating Entity Statements

The pages which follow present consolidating statements of financial position as of August 31, 2024 and 2023 and consolidating statements of activities and cash flows for the years then ended, in thousands of dollars. The information has been prepared in a manner consistent with GAAP and was derived from and relates directly to the underlying accounting and other records used to prepare the *Consolidated Financial Statements*. The consolidating information is presented only for purposes of additional analysis and not as a presentation of the financial position and results of the individual entities.

### CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

*At August 31, 2024 (in thousands of dollars)*

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
<b>ASSETS</b>					
Cash and cash equivalents	\$ 886,227	\$ 446,748	\$ 402,185	\$ (8,169)	\$ 1,726,991
Accounts receivable, net	376,483	1,355,822	777,650	—	2,509,955
Related party receivables	352,792	260,365	92,885	(706,042)	—
Prepaid expenses and other assets	111,615	490,864	138,693	(111,378)	629,794
Pledges receivable, net	2,543,622	35,756	144,268	(54,209)	2,669,437
Student loans receivable, net	33,652	—	—	—	33,652
Faculty and staff mortgages and other loans receivable, net	1,209,048	—	—	—	1,209,048
Assets limited as to use	551,352	—	8,292	—	559,644
Investments at fair value	47,954,271	5,827,932	1,406,417	8,169	55,196,789
Right-of-use assets	622,500	381,413	192,383	(99,801)	1,096,495
Plant facilities, net of accumulated depreciation	8,690,768	3,999,516	1,822,027	—	14,512,311
Works of art and special collections	—	—	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 63,332,330</b>	<b>\$ 12,798,416</b>	<b>\$ 4,984,800</b>	<b>\$ (971,430)</b>	<b>\$ 80,144,116</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	\$ 1,113,185	\$ 1,465,433	\$ 414,670	\$ —	\$ 2,993,288
Liabilities associated with investments	889,360	—	—	—	889,360
Lease liabilities	679,650	396,355	207,087	(99,801)	1,183,291
Deferred income and other obligations	1,847,946	172,979	41,767	—	2,062,692
Related party liabilities	324,008	299,844	85,246	(709,098)	—
Accrued pension and postretirement benefit obligations	503,214	92,579	32,513	—	628,306
Notes and bonds payable	5,507,379	2,543,525	793,546	—	8,844,450
<b>TOTAL LIABILITIES</b>	<b>10,864,742</b>	<b>4,970,715</b>	<b>1,574,829</b>	<b>(808,899)</b>	<b>16,601,387</b>
<b>NET ASSETS:</b>					
Without donor restrictions	27,071,685	7,689,487	2,538,369	(198,530)	37,101,011
With donor restrictions	25,395,903	138,214	871,602	35,999	26,441,718
<b>TOTAL NET ASSETS</b>	<b>52,467,588</b>	<b>7,827,701</b>	<b>3,409,971</b>	<b>(162,531)</b>	<b>63,542,729</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 63,332,330</b>	<b>\$ 12,798,416</b>	<b>\$ 4,984,800</b>	<b>\$ (971,430)</b>	<b>\$ 80,144,116</b>

**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION***At August 31, 2023 (in thousands of dollars)*

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
<b>ASSETS</b>					
Cash and cash equivalents	\$ 745,015	\$ 611,592	\$ 390,081	\$ (7,744)	\$ 1,738,944
Accounts receivable, net	296,435	1,184,307	695,849	—	2,176,591
Related party receivables	263,761	204,041	79,138	(546,940)	—
Prepaid expenses and other assets	104,634	519,684	126,433	(184,593)	566,158
Pledges receivable, net	2,630,956	45,182	173,837	(68,859)	2,781,116
Student loans receivable, net	37,527	—	—	—	37,527
Faculty and staff mortgages and other loans receivable, net	1,084,897	9,453	4,501	—	1,098,851
Assets limited as to use	576,510	—	75,470	—	651,980
Investments at fair value	46,856,086	4,648,525	1,313,919	7,744	52,826,274
Right of use assets	656,197	318,150	206,915	(116,838)	1,064,424
Plant facilities, net of accumulated depreciation	8,558,837	3,875,677	1,749,527	—	14,184,041
Works of art and special collections	—	—	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 61,810,855</b>	<b>\$ 11,416,611</b>	<b>\$ 4,815,670</b>	<b>\$ (917,230)</b>	<b>\$ 77,125,906</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	\$ 1,028,884	\$ 1,452,881	\$ 373,730	\$ —	\$ 2,855,495
Liabilities associated with investments	878,955	—	—	—	878,955
Lease liabilities	700,373	330,012	220,386	(116,838)	1,133,933
Deferred income and other obligations	1,766,039	196,159	55,813	—	2,018,011
Related party liabilities	267,074	238,778	44,251	(550,103)	—
Accrued pension and postretirement benefit obligations	460,731	91,501	30,251	—	582,483
Notes and bonds payable	5,470,495	2,270,445	810,203	—	8,551,143
<b>TOTAL LIABILITIES</b>	<b>10,572,551</b>	<b>4,579,776</b>	<b>1,534,634</b>	<b>(666,941)</b>	<b>16,020,020</b>
<b>NET ASSETS:</b>					
Without donor restrictions	27,193,858	6,698,906	2,426,559	(236,176)	36,083,147
With donor restrictions	24,044,446	137,929	854,477	(14,113)	25,022,739
<b>TOTAL NET ASSETS</b>	<b>51,238,304</b>	<b>6,836,835</b>	<b>3,281,036</b>	<b>(250,289)</b>	<b>61,105,886</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 61,810,855</b>	<b>\$ 11,416,611</b>	<b>\$ 4,815,670</b>	<b>\$ (917,230)</b>	<b>\$ 77,125,906</b>

## CONSOLIDATING STATEMENTS OF ACTIVITIES

For the year ended August 31, 2024 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
<b>OPERATING REVENUES:</b>					
<b>TOTAL STUDENT INCOME, NET</b>	<b>\$ 802,484</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 802,484</b>
Sponsored support:					
Direct costs - University	1,201,597	303	—	—	1,201,900
Direct costs - SLAC National Accelerator Laboratory	635,865	—	—	—	635,865
Indirect costs	369,828	—	—	—	369,828
<b>TOTAL SPONSORED SUPPORT</b>	<b>2,207,290</b>	<b>303</b>	<b>—</b>	<b>—</b>	<b>2,207,593</b>
Health care services:					
Net patient service revenue	—	8,681,322	2,742,174	(49,436)	11,374,060
Premium revenue	—	56,709	—	—	56,709
Physicians' services and support - SHC and LPCH, net	1,844,608	—	—	(1,844,608)	—
Physicians' services and support - other facilities, net	55,200	—	—	(10,392)	44,808
<b>TOTAL HEALTH CARE SERVICES</b>	<b>1,899,808</b>	<b>8,738,031</b>	<b>2,742,174</b>	<b>(1,904,436)</b>	<b>11,475,577</b>
<b>TOTAL CURRENT YEAR GIFTS IN SUPPORT OF OPERATIONS</b>	<b>259,879</b>	<b>177</b>	<b>5,312</b>	<b>—</b>	<b>265,368</b>
Net assets released from restrictions:					
Payments received on pledges	266,965	220	—	—	267,185
Prior year gifts released from donor restrictions	137,694	4,515	7,094	—	149,303
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>404,659</b>	<b>4,735</b>	<b>7,094</b>	<b>—</b>	<b>416,488</b>
Investment income distributed for operations:					
Endowment	1,822,312	613	13,183	—	1,836,108
Expendable funds pools and other investment income	388,751	1,238	—	—	389,989
<b>TOTAL INVESTMENT INCOME DISTRIBUTED FOR OPERATIONS</b>	<b>2,211,063</b>	<b>1,851</b>	<b>13,183</b>	<b>—</b>	<b>2,226,097</b>
<b>TOTAL SPECIAL PROGRAM FEES AND OTHER INCOME</b>	<b>622,088</b>	<b>207,327</b>	<b>110,368</b>	<b>(19,250)</b>	<b>920,533</b>
<b>TOTAL OPERATING REVENUES</b>	<b>8,407,271</b>	<b>8,952,424</b>	<b>2,878,131</b>	<b>(1,923,686)</b>	<b>18,314,140</b>
<b>OPERATING EXPENSES:</b>					
Salaries and benefits	5,460,273	3,915,374	1,382,031	—	10,757,678
Depreciation	533,082	292,030	82,801	—	907,913
Other operating expenses	2,423,737	4,201,261	1,342,087	(1,923,686)	6,043,399
<b>TOTAL OPERATING EXPENSES</b>	<b>8,417,092</b>	<b>8,408,665</b>	<b>2,806,919</b>	<b>(1,923,686)</b>	<b>17,708,990</b>
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>\$ (9,821)</b>	<b>\$ 543,759</b>	<b>\$ 71,212</b>	<b>\$ —</b>	<b>\$ 605,150</b>

**CONSOLIDATING STATEMENTS OF ACTIVITIES, Continued***For the year ended August 31, 2024 (in thousands of dollars)*

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)</b>					
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>\$ (9,821)</b>	<b>\$ 543,759</b>	<b>\$ 71,212</b>	<b>\$ —</b>	<b>\$ 605,150</b>
NON-OPERATING ACTIVITIES:					
Increase (decrease) in reinvested gains	(127,035)	562,033	90,348	—	525,346
Donor advised funds, net	(64,292)	—	—	—	(64,292)
Current year gifts not included in operations	911	—	—	—	911
Equity and fund transfers, net	191,096	(104,534)	(114,809)	28,247	—
Capital and other gifts released from restrictions	66,065	6,384	1,324	—	73,773
Pension and other postemployment benefit related changes other than service cost	(37,351)	(5,396)	(4,342)	—	(47,089)
Transfer from (to) net assets with donor restrictions, net	(69,381)	—	63,709	(63,709)	(69,381)
Swap interest and change in value of swap agreements	(1,870)	(2,898)	—	—	(4,768)
Other	(70,495)	(8,767)	4,368	73,108	(1,786)
<b>NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>(122,173)</b>	<b>990,581</b>	<b>111,810</b>	<b>37,646</b>	<b>1,017,864</b>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>					
Gifts and pledges, net	958,312	7,145	73,509	14,650	1,053,616
Increase in reinvested gains	704,556	5,986	41,104	—	751,646
Change in value of split-interest agreements, net	57,670	—	2,869	—	60,539
Net assets released to operations	(404,659)	(6,763)	(25,589)	—	(437,011)
Capital and other gifts released to net assets without donor restrictions	(66,065)	(6,384)	(1,324)	—	(73,773)
Gift transfers, net	37,681	301	(9,735)	(28,247)	—
Transfer from (to) net assets without donor restrictions, net	69,381	—	(63,709)	63,709	69,381
Other	(5,419)	—	—	—	(5,419)
<b>NET CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>1,351,457</b>	<b>285</b>	<b>17,125</b>	<b>50,112</b>	<b>1,418,979</b>
<b>NET CHANGE IN TOTAL NET ASSETS</b>	<b>1,229,284</b>	<b>990,866</b>	<b>128,935</b>	<b>87,758</b>	<b>2,436,843</b>
Total net assets, beginning of year	51,238,304	6,836,835	3,281,036	(250,289)	61,105,886
<b>TOTAL NET ASSETS, END OF YEAR</b>	<b>\$ 52,467,588</b>	<b>\$ 7,827,701</b>	<b>\$ 3,409,971</b>	<b>\$ (162,531)</b>	<b>\$ 63,542,729</b>



## CONSOLIDATING STATEMENTS OF ACTIVITIES

For the year ended August 31, 2023 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
<b>OPERATING REVENUES:</b>					
<b>TOTAL STUDENT INCOME, NET</b>	<b>\$ 760,534</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 760,534</b>
Sponsored support:					
Direct costs - University	1,059,200	32,029	2,835	—	1,094,064
Direct costs - SLAC National Accelerator Laboratory	571,654	—	—	—	571,654
Indirect costs	347,576	—	—	—	347,576
<b>TOTAL SPONSORED SUPPORT</b>	<b>1,978,430</b>	<b>32,029</b>	<b>2,835</b>	<b>—</b>	<b>2,013,294</b>
Health care services:					
Net patient service revenue	—	7,521,035	2,518,425	(44,013)	9,995,447
Premium revenue	—	65,386	—	—	65,386
Physicians' services and support - SHC and LPCH, net	1,577,976	—	—	(1,577,976)	—
Physicians' services and support - other facilities, net	47,419	—	—	(7,682)	39,737
<b>TOTAL HEALTH CARE SERVICES</b>	<b>1,625,395</b>	<b>7,586,421</b>	<b>2,518,425</b>	<b>(1,629,671)</b>	<b>10,100,570</b>
<b>TOTAL CURRENT YEAR GIFTS IN SUPPORT OF OPERATIONS</b>	<b>269,096</b>	<b>506</b>	<b>6,028</b>	<b>—</b>	<b>275,630</b>
Net assets released from restrictions:					
Payments received on pledges	226,255	462	—	—	226,717
Prior year gifts released from donor restrictions	137,256	6,554	4,594	—	148,404
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>363,511</b>	<b>7,016</b>	<b>4,594</b>	<b>—</b>	<b>375,121</b>
Investment income distributed for operations:					
Endowment	1,736,346	1,063	12,174	—	1,749,583
Expendable funds pools and other investment income	142,156	2,628	—	—	144,784
<b>TOTAL INVESTMENT INCOME DISTRIBUTED FOR OPERATIONS</b>	<b>1,878,502</b>	<b>3,691</b>	<b>12,174</b>	<b>—</b>	<b>1,894,367</b>
<b>TOTAL SPECIAL PROGRAM FEES AND OTHER INCOME</b>	<b>578,913</b>	<b>242,043</b>	<b>119,905</b>	<b>(17,050)</b>	<b>923,811</b>
<b>TOTAL OPERATING REVENUES</b>	<b>7,454,381</b>	<b>7,871,706</b>	<b>2,663,961</b>	<b>(1,646,721)</b>	<b>16,343,327</b>
<b>OPERATING EXPENSES:</b>					
Salaries and benefits	4,887,095	3,575,799	1,298,188	—	9,761,082
Depreciation	502,091	262,712	89,018	—	853,821
Other operating expenses	2,270,698	3,618,329	1,196,153	(1,646,721)	5,438,459
<b>TOTAL OPERATING EXPENSES</b>	<b>7,659,884</b>	<b>7,456,840</b>	<b>2,583,359</b>	<b>(1,646,721)</b>	<b>16,053,362</b>
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>\$ (205,503)</b>	<b>\$ 414,866</b>	<b>\$ 80,602</b>	<b>\$ —</b>	<b>\$ 289,965</b>

**CONSOLIDATING STATEMENTS OF ACTIVITIES, Continued***For the year ended August 31, 2023 (in thousands of dollars)*

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)</b>					
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>\$ (205,503)</b>	<b>\$ 414,866</b>	<b>\$ 80,602</b>	<b>\$ —</b>	<b>\$ 289,965</b>
NON-OPERATING ACTIVITIES:					
Increase (decrease) in reinvested gains	(96,173)	326,565	38,424	—	268,816
Donor advised funds, net	(41,846)	—	—	—	(41,846)
Current year gifts not included in operations	822	—	—	—	822
Equity and fund transfers, net	165,453	(87,862)	(105,332)	27,741	—
Capital and other gifts released from restrictions	12,249	20,281	16,269	—	48,799
Pension and other postemployment benefit related changes other than service cost	(7,789)	(1,930)	623	—	(9,096)
Transfer from (to) net assets with donor restrictions, net	(57,781)	—	55,747	(55,747)	(57,781)
Swap interest and change in value of swap agreements	8,454	55,155	—	—	63,609
Other	37,527	(929)	496	(36,529)	565
<b>NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>(184,587)</b>	<b>726,146</b>	<b>86,829</b>	<b>(64,535)</b>	<b>563,853</b>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>					
Gifts and pledges, net	1,521,106	20,884	90,423	4,135	1,636,548
Increase (decrease) in reinvested gains	(252,663)	3,699	19,445	—	(229,519)
Change in value of split-interest agreements, net	29,596	—	1,562	—	31,158
Net assets released to operations	(363,511)	(11,213)	(22,796)	—	(397,520)
Capital and other gifts released to net assets without donor restrictions	(12,249)	(20,281)	(16,269)	—	(48,799)
Gift transfers, net	39,079	(258)	(11,080)	(27,741)	—
Transfer from (to) net assets without donor restrictions, net	57,781	—	(55,747)	55,747	57,781
Other	(3,085)	—	—	—	(3,085)
<b>NET CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>1,016,054</b>	<b>(7,169)</b>	<b>5,538</b>	<b>32,141</b>	<b>1,046,564</b>
<b>NET CHANGE IN TOTAL NET ASSETS</b>	<b>831,467</b>	<b>718,977</b>	<b>92,367</b>	<b>(32,394)</b>	<b>1,610,417</b>
Total net assets, beginning of year	50,406,837	6,117,858	3,188,669	(217,895)	59,495,469
<b>TOTAL NET ASSETS, END OF YEAR</b>	<b>\$ 51,238,304</b>	<b>\$ 6,836,835</b>	<b>\$ 3,281,036</b>	<b>\$ (250,289)</b>	<b>\$ 61,105,886</b>

## CONSOLIDATING STATEMENTS OF CASH FLOWS

For the year ended August 31, 2024 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Change in net assets	\$ 1,229,284	\$ 990,866	\$ 128,935	\$ 87,758	\$ 2,436,843
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:					
Depreciation	533,082	294,687	82,801	—	910,570
Amortization of bond premiums, discounts and other	25,772	(11,199)	(2,485)	—	12,088
Accretion of discounts on bond investments	(89,050)	—	—	—	(89,050)
Net gains on investments	(2,300,614)	(413,605)	(58,537)	—	(2,772,756)
Change in fair value of interest rate swaps	1,842	2,072	—	—	3,914
Change in split-interest agreements	71,620	—	(4,888)	—	66,732
Gifts restricted for long-term investments	(559,383)	(10,612)	(31,167)	—	(601,162)
Equity and fund transfers, net	(228,777)	104,230	60,838	63,709	—
Gifts of securities, properties, and interest in trusts	(45,850)	—	—	—	(45,850)
Other	12,650	7,760	(3,629)	—	16,781
Premiums received from bond issuance	—	39,460	—	—	39,460
Changes in operating assets and liabilities:					
Accounts receivable	(78,644)	(171,515)	(81,801)	—	(331,960)
Related party receivable	(64,913)	31,863	33,050	—	—
Pledges receivable, net	31,971	9,426	(10,124)	(14,650)	16,623
Prepaid expenses and other assets	(8,996)	(30,282)	(12,035)	—	(51,313)
Accounts payable and accrued expenses	97,351	61,751	37,861	—	196,963
Accrued pension and postretirement benefit obligations	42,483	1,078	2,262	—	45,823
Lease liabilities	(28,939)	3,080	1,233	—	(24,626)
Deferred income and other obligations	64,377	(25,837)	(14,046)	—	24,494
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>(1,294,734)</b>	<b>883,223</b>	<b>128,268</b>	<b>136,817</b>	<b>(146,426)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Additions to plant facilities, net	(674,190)	(499,213)	(150,051)	—	(1,323,454)
Faculty, student and other loans: new loans made	(185,990)	(49,226)	(17,410)	66,996	(185,630)
Faculty, student and other loans: principal collected	84,645	8,858	6,275	(15,502)	84,276
Purchases of investments	(17,491,794)	(1,257,431)	(31,182)	(73,533)	(18,853,940)
Sales and maturities of investments	18,563,131	573,351	24,104	—	19,160,586
Change associated with short term investments	63,854	—	—	—	63,854
Swap settlement payments, net	—	(776)	—	—	(776)
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<b>359,656</b>	<b>(1,224,437)</b>	<b>(168,264)</b>	<b>(22,039)</b>	<b>(1,055,084)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Gifts and reinvested income for long-term purposes	622,705	11,663	56,526	—	690,894
Equity and fund transfers from Hospitals	204,659	(80,112)	(60,838)	(63,709)	—
Proceeds from related party housing loans	66,996	—	—	(66,996)	—
Repayments to related party housing loans	(15,502)	—	—	15,502	—
Proceeds from borrowing	1,081,979	260,545	201,086	—	1,543,610
Repayment of notes and bonds payable	(997,272)	(13,475)	(209,570)	—	(1,220,317)
Contributions received for split-interest agreements	19,657	—	—	—	19,657
Payments made under split-interest agreements	(54,982)	—	(715)	—	(55,697)
Commercial paper and variable rate debt proceeds (repayments), net	(22,505)	—	—	—	(22,505)
Other	(8,371)	(2,251)	(1,257)	—	(11,879)
<b>NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>	<b>897,364</b>	<b>176,370</b>	<b>(14,768)</b>	<b>(115,203)</b>	<b>943,763</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(37,714)</b>	<b>(164,844)</b>	<b>(54,764)</b>	<b>(425)</b>	<b>(257,747)</b>
Cash and cash equivalents, beginning of year	1,068,564	611,592	474,803	(7,744)	2,147,215
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,030,850</b>	<b>\$ 446,748</b>	<b>\$ 420,039</b>	<b>\$ (8,169)</b>	<b>\$ 1,889,468</b>
<b>SUPPLEMENTAL DATA:</b>					
Cash and cash equivalents as shown in the <i>Statements of Financial Position</i>	\$ 886,227	\$ 446,748	\$ 402,185	\$ (8,169)	\$ 1,726,991
Restricted cash included in assets limited as to use	53,311	—	8,292	—	61,603
Restricted cash included in other assets	6,111	—	9,562	—	15,673
Cash and restricted cash included in investments	85,201	—	—	—	85,201
<b>TOTAL CASH AND CASH EQUIVALENTS AS SHOWN ON THE STATEMENTS OF CASH FLOWS</b>	<b>\$ 1,030,850</b>	<b>\$ 446,748</b>	<b>\$ 420,039</b>	<b>\$ (8,169)</b>	<b>\$ 1,889,468</b>
Interest paid, net of capitalized interest	\$ 199,054	\$ 90,398	\$ 33,740	\$ —	\$ 323,192
Change in payables for plant facilities	\$ (5,198)	\$ (59,849)	\$ 5,183	\$ —	\$ (59,864)
Right-of-use assets obtained in exchange for lease liabilities	\$ 11,809	\$ 138,450	\$ 19,513	\$ —	\$ 169,772

## CONSOLIDATING STATEMENTS OF CASH FLOWS

For the year ended August 31, 2023 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Change in net assets	\$ 831,467	\$ 718,977	\$ 92,367	\$ (32,394)	\$ 1,610,417
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:					
Depreciation	502,091	262,712	89,018	—	853,821
Amortization of bond premiums, discounts and other	25,937	(4,663)	(2,957)	—	18,317
Accretion of discounts on bond investments	(630)	—	—	—	(630)
Net gains on investments	(1,133,251)	(267,513)	(19,438)	—	(1,420,202)
Change in fair value of interest rate swaps	(9,117)	(59,644)	—	—	(68,761)
Change in split-interest agreements	17,914	—	(1,915)	—	15,999
Gifts restricted for long-term investments	(980,249)	(11,491)	(15,884)	—	(1,007,624)
Equity and fund transfers, net	(204,532)	88,120	60,665	55,747	—
Gifts of securities, properties, and interest in trusts	(5,423)	—	—	—	(5,423)
Other	79,064	—	(6,897)	—	72,167
Premiums received from bond issuance	58,451	—	—	—	58,451
Changes in operating assets and liabilities:					
Accounts receivable	(4,011)	(72,394)	(96,262)	—	(172,667)
Related party receivable	(43,169)	41,447	1,722	—	—
Pledges receivable, net	(138,463)	(3,305)	25,549	(4,135)	(120,354)
Prepaid expenses and other assets	(10,307)	(62,393)	(3,702)	—	(76,402)
Accounts payable and accrued expenses	16,272	47,707	21,556	—	85,535
Accrued pension and postretirement benefit obligations	17,911	2,802	(726)	—	19,987
Lease liabilities	(23,840)	68,691	1,560	—	46,411
Deferred income and other obligations	69,524	(22,456)	(36,015)	—	11,053
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>(934,361)</b>	<b>726,597</b>	<b>108,641</b>	<b>19,218</b>	<b>(79,905)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Additions to plant facilities, net	(1,120,237)	(411,295)	(90,151)	—	(1,621,683)
Faculty, student and other loans: new loans made	(157,419)	(46,968)	(11,177)	58,195	(157,369)
Faculty, student and other loans: principal collected	63,333	7,172	3,782	(10,946)	63,341
Purchases of investments	(15,139,671)	(277,162)	(11,099)	36,210	(15,391,722)
Sales and maturities of investments	15,962,058	210,276	14,022	—	16,186,356
Change associated with short term investments	(130,304)	—	—	—	(130,304)
Swap settlement payments, net	—	(5,095)	—	—	(5,095)
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<b>(522,240)</b>	<b>(523,072)</b>	<b>(94,623)</b>	<b>83,459</b>	<b>(1,056,476)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Gifts and reinvested income for long-term purposes	482,651	11,440	69,549	—	563,640
Equity and fund transfers from Hospitals	239,456	(123,044)	(60,665)	(55,747)	—
Proceeds from related party housing loans	58,195	—	—	(58,195)	—
Repayments to related party housing loans	(10,946)	—	—	10,946	—
Proceeds from borrowing	768,114	—	—	—	768,114
Repayment of notes and bonds payable	(566,252)	(17,078)	(9,110)	—	(592,440)
Contributions received for split-interest agreements	9,791	—	—	—	9,791
Payments made under split-interest agreements	(56,651)	—	(803)	—	(57,454)
Commercial paper and variable rate debt proceeds (repayments), net	(12,299)	—	—	—	(12,299)
Securities lending collateral sold, net	(2,151)	—	—	—	(2,151)
Other	(13,446)	(54)	—	—	(13,500)
<b>NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>	<b>896,462</b>	<b>(128,736)</b>	<b>(1,029)</b>	<b>(102,996)</b>	<b>663,701</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(560,139)</b>	<b>74,789</b>	<b>12,989</b>	<b>(319)</b>	<b>(472,680)</b>
Cash and cash equivalents, beginning of year	1,628,703	536,803	461,814	(7,425)	2,619,895
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,068,564</b>	<b>\$ 611,592</b>	<b>\$ 474,803</b>	<b>\$ (7,744)</b>	<b>\$ 2,147,215</b>
<b>SUPPLEMENTAL DATA:</b>					
Cash and cash equivalents as shown in the <i>Statements of Financial Position</i>	\$ 745,015	\$ 611,592	\$ 390,081	\$ (7,744)	\$ 1,738,944
Restricted cash and cash equivalents included in assets limited as to use	193,732	—	75,470	—	269,202
Restricted cash included in other assets	7,473	—	9,252	—	16,725
Cash and restricted cash included in investments	122,344	—	—	—	122,344
<b>TOTAL CASH AND CASH EQUIVALENTS AS SHOWN ON THE STATEMENTS OF CASH FLOWS</b>	<b>\$ 1,068,564</b>	<b>\$ 611,592</b>	<b>\$ 474,803</b>	<b>\$ (7,744)</b>	<b>\$ 2,147,215</b>
Interest paid, net of capitalized interest	\$ 185,001	\$ 81,573	\$ 33,669	\$ —	\$ 300,243
Change in payables for plant facilities	\$ 36,265	\$ 13,343	\$ (380)	\$ —	\$ 49,228
Right-of-use assets obtained in exchange for lease liabilities	\$ 1,061	\$ 143,898	\$ 33,370	\$ —	\$ 178,329



Stanford University