

William Marsh Rice University

**Report on Federal Awards in Accordance with the
Uniform Guidance**

June 30, 2023

EIN: 74-1109620

William Marsh Rice University

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Part I
Financial



Report of Independent Auditors

To the Board of Trustees of William Marsh Rice University

Opinion

We have audited the accompanying consolidated financial statements of William Marsh Rice University and its subsidiaries (the "University"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities for the year ended June 30, 2023 and of cash flows for the years ended June 30, 2023 and 2022, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023 and 2022, the changes in its net assets for the year ended June 30, 2023, and its cash flows for the years ended June 30, 2023 and 2022 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

We previously audited the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and of cash flows for the year then ended (the consolidated statement of activities is not presented herein), and in our report dated October 31, 2022, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying summarized financial information for the year ended June 30, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's



ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

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

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

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

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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2023 and the schedule of financial responsibility data as of and for the year ended June 30, 2023 are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Department of Education, respectively, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the



consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of financial responsibility data are fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, except with respect to Note 17 to the consolidated financial statements and the opinion on the schedule of financial responsibility data, as to which the date is February 19, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2023. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Houston, Texas

October 31, 2023, except with respect to Note 17 to the consolidated financial statements and the opinion on the supplemental schedule of financial responsibility data, as to which the date is February 19, 2024

William Marsh Rice University
Consolidated Statements of Financial Position
June 30, 2023 and 2022

(in thousands of dollars)

| | 2023 | 2022 |
|------------------------------------------------|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 43,866 | \$ 34,999 |
| Accounts receivable and other assets, net | 101,295 | 85,686 |
| Pledges receivable, net | 174,711 | 197,325 |
| Investments | 8,232,265 | 8,423,703 |
| Property and equipment, net | <u>1,496,128</u> | <u>1,426,147</u> |
| Total assets | <u>\$ 10,048,265</u> | <u>\$ 10,167,860</u> |
| Liabilities | | |
| Accounts payable and other liabilities | \$ 148,195 | \$ 136,015 |
| Notes and bonds payable | 1,164,012 | 1,144,670 |
| Actuarial liability for life income agreements | 134,055 | 131,195 |
| Government refundable advances | <u>1,018</u> | <u>1,546</u> |
| Total liabilities | <u>1,447,280</u> | <u>1,413,426</u> |
| Net assets | | |
| Without donor restrictions | 3,828,440 | 3,953,918 |
| With donor restrictions | <u>4,772,545</u> | <u>4,800,516</u> |
| Total net assets | <u>8,600,985</u> | <u>8,754,434</u> |
| Total liabilities and net assets | <u>\$ 10,048,265</u> | <u>\$ 10,167,860</u> |

| | Without Donor Restrictions | With Donor Restrictions | 2023 | 2022 |
|------------------------------------------------------|----------------------------------|-------------------------------|---------------------|---------------------|
| Net Assets | | | | |
| Internally designated | \$ 246,294 | \$ - | \$ 246,294 | \$ 253,175 |
| Restricted by donor | - | 233,503 | 233,503 | 237,467 |
| Net investment in plant | 302,435 | - | 302,435 | 325,486 |
| Endowment and designated for long-term investment | 3,202,068 | 4,498,561 | 7,700,629 | 7,844,941 |
| Life-income trusts | - | 37,451 | 37,451 | 40,943 |
| Student loans and other assets | <u>77,643</u> | <u>3,030</u> | <u>80,673</u> | <u>52,422</u> |
| Total net assets | <u>\$ 3,828,440</u> | <u>\$ 4,772,545</u> | <u>\$ 8,600,985</u> | <u>\$ 8,754,434</u> |

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

William Marsh Rice University
Consolidated Statements of Activities
For the Year Ended June 30, 2023
With Summarized Financial Information for the Year Ended June 30, 2022

| | 2023 | | | 2022 |
|--------------------------------------------------------|----------------------------------|-------------------------------|--------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| <i>(in thousands of dollars)</i> | | | | |
| Operating revenues | | | | |
| Allocation of endowment spending | \$ 374,833 | \$ - | \$ 374,833 | \$ 335,108 |
| Other investment income | 4,087 | 3,471 | 7,558 | 2,143 |
| Student tuition and fees | 272,979 | - | 272,979 | 244,250 |
| Grants and contracts | 210,702 | - | 210,702 | 167,884 |
| Gifts and pledges | 6,673 | 39,553 | 46,226 | 30,755 |
| Gifts and trusts released from restrictions | 41,183 | (41,183) | - | - |
| Auxiliary enterprises | 51,672 | - | 51,672 | 42,946 |
| Other revenues | 23,583 | 1,402 | 24,985 | 39,628 |
| Total operating revenues | 985,712 | 3,243 | 988,955 | 862,714 |
| Operating expenses | | | | |
| Salaries and wages | 421,781 | - | 421,781 | 382,699 |
| Benefits | 95,908 | - | 95,908 | 96,085 |
| Scholarships | 64,162 | - | 64,162 | 50,564 |
| Depreciation and amortization | 78,849 | - | 78,849 | 73,899 |
| Interest and bond costs | 39,338 | - | 39,338 | 39,130 |
| Utilities and rent | 20,516 | - | 20,516 | 17,355 |
| Other operating expenses | 238,823 | - | 238,823 | 176,003 |
| Total operating expenses | 959,377 | - | 959,377 | 835,735 |
| Net operating income | 26,335 | 3,243 | 29,578 | 26,979 |
| Nonoperating changes | | | | |
| Gifts, grants, and pledges for property and endowment | 6,946 | 54,088 | 61,034 | 128,506 |
| Investment returns | 47,103 | 127,333 | 174,436 | (8,454) |
| Allocation of endowment spending to operations | (177,730) | (197,103) | (374,833) | (335,108) |
| Net assets released from restrictions | 6,908 | (6,908) | - | - |
| Change in liabilities due under life-income agreements | - | (8,624) | (8,624) | 16,501 |
| Other nonoperating changes, net | (35,040) | - | (35,040) | 2,375 |
| Net nonoperating changes | (151,813) | (31,214) | (183,027) | (196,180) |
| Total decrease in net assets | (125,478) | (27,971) | (153,449) | (169,201) |
| Net assets | | | | |
| Beginning of year | 3,953,918 | 4,800,516 | 8,754,434 | 8,923,635 |
| End of year | \$ 3,828,440 | \$ 4,772,545 | \$ 8,600,985 | \$ 8,754,434 |

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

William Marsh Rice University
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

| <i>(in thousands of dollars)</i> | 2023 | 2022 |
|-----------------------------------------------------------------------------------------|------------------|------------------|
| Cash flows from operating activities | | |
| Total decrease in net assets | \$ (153,449) | \$ (169,201) |
| Adjustments to reconcile changes in net assets to net cash used in operating activities | | |
| Depreciation of property and equipment | 78,850 | 73,899 |
| Loss on disposal of property and equipment | 533 | 86 |
| Net realized and unrealized investment (gain) loss | (66,589) | 91,428 |
| Contributions restricted for long term purposes and noncash contributions | (89,298) | (93,591) |
| Change in fair value of commodity swap agreements | (120) | (678) |
| Actuarial change and income restricted for life-income agreements | 6,351 | (15,681) |
| Change in | | |
| Accounts receivable and other assets | (17,458) | (23,902) |
| Pledges receivable | 22,614 | (20,144) |
| Accounts payable and other liabilities | 12,737 | (15,907) |
| Net cash used in operating activities | <u>(205,829)</u> | <u>(173,691)</u> |
| Cash flows from investing activities | | |
| Proceeds from sales and maturities of investments | 984,094 | 1,397,650 |
| Purchases of investments | (719,583) | (1,177,231) |
| Purchases of property and equipment | (147,921) | (118,296) |
| Net cash provided by investing activities | <u>116,590</u> | <u>102,123</u> |
| Cash flows from financing activities | | |
| Contributions restricted for endowment | 81,487 | 65,955 |
| Contributions restricted for property | 7,697 | 26,911 |
| Contributions restricted for trusts and other | 114 | 725 |
| Changes in life income agreements from income and payments to beneficiaries | (9,804) | (13,639) |
| Proceeds from issuance of tax-exempt commercial paper | 29,175 | 12,880 |
| Payment of outstanding tax-exempt commercial paper | (10,035) | (8,730) |
| Decrease in government refundable advances | (528) | (697) |
| Net cash provided by financing activities | <u>98,106</u> | <u>83,405</u> |
| Net increase in cash and cash equivalents | 8,867 | 11,837 |
| Cash and cash equivalents | | |
| Beginning of year | <u>34,999</u> | <u>23,162</u> |
| End of year | <u>\$ 43,866</u> | <u>\$ 34,999</u> |
| Supplemental data | | |
| Interest paid in cash | \$ 40,139 | \$ 39,123 |
| Construction in progress payments included in accounts payable | 2,610 | 1,167 |

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

William Marsh Rice University

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(all dollar amounts in thousands)

1. **Basis of Presentation and Summary of Significant Accounting Policies**

Basis of Presentation

William Marsh Rice University (the “University”) is a Texas not-for-profit corporation that operates a private research university in Houston, Texas. The consolidated financial statements of the University have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America and with the provisions of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, which requires the University to classify its net assets into two categories according to donor-imposed restrictions: net assets without donor-imposed restrictions and net assets with donor-imposed restrictions. All material transactions between the University and its subsidiaries have been eliminated.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University’s financial statements for the year ended June 30, 2022, from which the summarized information was derived.

The consolidated financial statements of the University include the accounts of all academic and administrative departments of the University and affiliated organizations that are controlled by the University.

Net Assets Without and With Donor Restrictions

Net assets without donor restrictions are those net assets of a not-for-profit entity that are not subject to donor-imposed restrictions. A donor-imposed restriction is a donor stipulation that specifies a use for a contributed asset that is more specific in purpose or time than broad limits resulting from the following: a) the nature of the not-for-profit entity; b) the environment in which it operates; and c) the purposes specified in its articles of incorporation or bylaws or comparable documents.

The classification of net assets without donor restrictions includes all revenues, gains and expenses not restricted by donors. The University reports all expenditures in this class of net assets, since the use of restricted contributions in accordance with donors’ stipulations results in the release of the restriction.

Those net assets of a not-for-profit entity that are subject to donor-imposed restrictions include contributions for which donor-imposed restrictions have not been met (primarily future capital projects; endowment appreciation; life income trusts; and pledges receivable).

William Marsh Rice University

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(all dollar amounts in thousands)

Measure of Operations

The University's measure of operations as presented in the consolidated statements of activities includes the allocation of endowment spending for operations, revenue from tuition and fees (net of financial aid), grants and contracts, donor contributions for operating programs, revenue from auxiliary operations, and other revenues. Operating expenses are reported on the consolidated statements of activities by natural classification. The University's nonoperating activity within the consolidated statements of activities includes: investment returns, net of taxes and other activities related to endowment management; changes in the liability for life-income agreements; contributions related to land, buildings and equipment; gains or losses on derivatives; and other infrequent items that do not support the teaching and research mission of the University.

Contributions

Contributions, including unconditional promises to give and irrevocable trusts held by others under which the University is the beneficiary, are recognized as revenues in the period received or promised. Contributions restricted for the acquisition of land, buildings and equipment are reported as donor-restricted revenues. These contributions are reclassified to net assets without restriction when the assets are placed in service. Promises to give that are subject to donor-imposed stipulations that the corpus be maintained in perpetuity are recognized as increases in net assets with donor restrictions.

It is the University's practice to sell marketable securities received as donations upon receipt. In the Consolidated Statements of Cash Flows, the University classifies cash receipts from the sale of donated marketable securities in a manner that is consistent with cash donations received if the donated marketable securities are converted into cash on receipt or shortly thereafter.

Conditional promises to give are not recognized until the conditions on which they depend are met. Contributions of assets other than cash are reported at their estimated fair value at the date of gift. Contributions scheduled to be received after one year are discounted using a market rate (Note 3). Amortization of the discount is recorded as contribution revenue.

Cash and Cash Equivalents

The University considers all highly liquid financial instruments with an original maturity of 90 days or less to be cash equivalents, except those amounts assigned to its investment managers and unspent bond and commercial paper proceeds, which are classified as investments.

Investments and Other Financial Instruments

Investments are made within guidelines authorized by a group of individuals consisting of both trustees and nontrustees appointed by the University's Board of Trustees. The University's Board of Trustees retains overall fiduciary responsibility. Investments are initially recorded at cost at date of acquisition or fair value at date of donation in the case of gifts. Ownership of marketable securities is recognized as of the trade date. Marketable securities transactions that have not settled are recognized as accounts receivable or accounts payable until the settlement date. Endowment income is calculated net of internal and external investment management expenses, including the investment income excise tax.

Investments are stated at fair value. Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

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June 30, 2023 and 2022

(all dollar amounts in thousands)

The hierarchy of valuation inputs is based on the extent to which inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the University and unobservable inputs reflect assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last is unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for financial instruments measured at fair value on a recurring basis (Note 7). The three levels of inputs are as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities, such as exchange-traded equity securities.
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities, including corporate bonds and most Treasury securities.
- Level 3 Unobservable inputs, such as valuations supplied by the investment managers, that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, including investments in certain hedge strategies and all private market strategies.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

In addition to these three valuation methodologies, as a practical expedient, the University is permitted under accounting principles generally accepted in the United States of America ("GAAP") to estimate the fair value of its investments with external managers using the external managers' reported net asset value ("NAV") without further adjustment unless the University expects to sell the investment at a value other than NAV or the NAV is not calculated in accordance with GAAP.

The estimated fair value of certain alternative investments, such as private equity and other limited partnership interests, is based on valuations provided by the general partners or partnership valuation committees. These valuations consider variables such as financial performance of investments, recent sale prices of similar investments and other pertinent information. The University reviews and evaluates the data used in determining fair value, including the valuation methods, assumptions, and values provided by the investment managers. Because alternative investments are not readily marketable, their estimated fair value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. These differences could be material.

Direct investments in natural resources, specifically timberland and oil and gas, as well as real estate are primarily valued using a combination of independent appraisals and/or one or more industry standard valuation techniques (e.g., income approach, market approach, or cost approach). The income approach is primarily based on the investment's anticipated future income

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(all dollar amounts in thousands)

using one of two principal methods: the discounted cash flow method or the capitalization method. Inputs and estimates developed and utilized in the income approach may be subjective and require judgment regarding significant matters such as estimating the amount and timing of future cash flows and the selection of discount and capitalization rates that appropriately reflect market and credit risks. The market approach derives investment value through comparison to recent and relevant market transactions with similar investment characteristics. The cost approach is utilized when the cost of the investment is determined to be the best representation of fair value. This method is typically used for newly purchased or undeveloped assets. The valuation process encompasses a wide range of procedures that in the aggregate allow the University to assert as to the adequacy of the fair values reported as of the measurement date.

Derivative financial instruments are recorded in the Consolidated Statements of Financial Position as either an asset or liability measured at fair value as of the reporting date. Derivative financial instruments consist of energy hedge agreements. Changes in fair value of these derivatives are recognized in the Consolidated Statements of Activities as other nonoperating changes.

The University's investments are exposed to a number of risks including interest rate, market, and credit risks. Due to the level of risk exposure, it is possible that changes in the valuation of these investments may occur in the near term and that such changes could be material.

Property and Equipment

Property used by the University is stated at cost for purchased assets and fair value at the date of donation in the case of gifts. Interest expense incurred during the period of construction of an asset for University use is capitalized until that asset is substantially completed and ready for use. The University depreciates its physical assets using the straight-line method over their estimated useful lives. Repairs and maintenance of property and equipment are expensed as incurred. Property and equipment are removed from the records at the time of disposal. Any resulting gain or loss on disposal is recognized in the Consolidated Statements of Activities.

Works of art, historical treasures, literary works and artifacts are preserved and protected for educational, research and public exhibition purposes. Donations and purchases of such collections are recorded for financial statement purposes as property and equipment but are not depreciated.

Asset Retirement Obligations

The University recognizes asset retirement obligations ("AROs") that are conditional on a future event, such as the legal obligation to safely dispose of asbestos when a building is remodeled or demolished. The University measures conditional AROs at estimated fair value using a probability weighted, discounted cash flow model with multiple scenarios, if applicable. The present value of weighted, discounted cash flows is calculated using credit-adjusted, risk-free rates applicable to the University in order to determine the estimated fair value of the conditional AROs.

Life Income Agreements

Life income agreements include charitable remainder trusts and gift annuities. Charitable remainder trusts hold donated assets for which the University's subsidiary acts as trustee and periodically pays specified amounts to the designated beneficiaries. Generally, beneficiary payments are a fixed amount for annuity trusts and a fixed percentage of the fair value of the trust assets or based on income earned for other charitable remainder trusts. At a date specified in each gift instrument, usually the beneficiary's date of death, ownership of the trust assets will transfer to the University and the beneficiary payments will cease. The University also enters into

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gift annuity agreements, which require that the University take ownership of the assets at the date of gift with an obligation to periodically pay specified amounts to designated beneficiaries for their lifetimes. Assets held in life income trusts and those assets associated with gift annuities are included in investments at fair value. Contribution revenues are recognized at the date the trusts or gift annuities are established at the net present value calculated based on an actuarial table. Liabilities are recorded at the same time using actuarial tables and discounted according to the risk-free rate at the time of the gift. Discount rates range from 1% to 6%. The liability represents the present value of the estimated future payments to be made to the beneficiaries. The liabilities are adjusted annually for changes in the value of the assets and actuarial changes, which impact the estimates of future payments.

Student Tuition and Fees

Tuition and fees includes amounts charged for degree programs as well as nondegree executive and continuing education programs. Fees are recognized when assessed and tuition revenue is recognized over the period during which the courses are taken. The University has a need-blind admission policy for domestic undergraduate students; and the university meets all financial need of enrolled undergraduate students. Awarded financial aid is applied first to tuition and required fees (see Note 11).

Grants and Contracts

The University receives funding from both government and private sources for research and other programs conducted under grants and contracts. Nearly all revenue from these sources are nonexchange transactions. Revenue associated with nonexchange transactions is recognized as the qualified expenditures are incurred up to the award amount. A limited number of grants and contracts from private sources are considered exchange transactions and are allocated to the University on a calendar basis. Revenue associated with exchange transactions is recognized as the performance obligation is met.

Unearned income from sponsored programs is amounts received by the University under the terms of agreements that generally require the exchange of assets, rights, or privileges between the University and the sponsor. Such funds are advanced for activity that will occur in the near future, generally within the next fiscal year; and are recognized in accounts payable and other liabilities.

Most grants and contracts provide for reimbursement of both direct and indirect costs. The recovery of indirect costs, also referred to as facilities and administrative costs, is recognized based on predetermined rates negotiated with the federal government or amounts set by nonfederal sponsors.

Gifts and Pledges

Gifts and pledges (contributions) are recognized when received. Gifts of securities are recorded at their fair value at the date of contribution. Nonfinancial gifts received from donors are put into use and recorded by the University at fair value. Pledges consist of unconditional promises to contribute to the University over an agreed upon schedule. Pledges, trusts, and remainder interests are reported at their estimated fair values.

The University records items of collections (such as books or manuscripts) as gifts at fair value. In general, collections are only received for educational or research purposes and are not disposed of for financial gain or otherwise encumbered in any manner.

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June 30, 2023 and 2022

(all dollar amounts in thousands)

Auxiliary Enterprises

Revenues from auxiliary operations, which include student housing, dining, transportation and parking, are recognized over the period during which the services are provided. To the extent financial aid is awarded to students in excess of their tuition and required fees, it is next applied to room and board charges (see Note 11).

Other Revenues

Other revenues primarily consist of athletics revenues and revenues related to sales of nontuition based goods and services (e.g. textbooks, conferences, consortia fees, concerts, etc.). Other revenues related to exchange contracts are recognized as the University fulfills the terms of the agreements, which generally span less than one year. Other revenue related to nonexchange contracts is recognized as received.

Use of Estimates

Financial statements prepared in conformity with accounting principles generally accepted in the United States of America rely on estimates. Management makes certain estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and reported revenues and expenses during the period. Actual results could differ from these estimates.

Credit Risk

The University maintains operating cash and other cash balances in financial institutions that from time to time may exceed federally insured limits. The University periodically assesses the financial condition of these institutions and believes that the risk of loss is minimal.

The University has evaluated the credit risk associated with financing receivables, primarily student loans, and determined that both the receivables and the related allowances are immaterial to the financial statements.

Tax Status

The University is exempt from federal income tax to the extent provided under Section 501(c)(3) of the Internal Revenue Code. The IRS issued a determination letter in January 1938 that recognized the University as exempt from federal income tax under Section 501(c)(3). The IRS confirmed in 2008 that this exemption still applies.

The University has 11 subsidiary corporations that are included in the consolidated financial statements. Two of these subsidiary corporations are exempt from federal income taxes under 501(c)(2), two are exempt under 501(c)(3), one is exempt under 501(c)(4), four are exempt under 501(c)(25) and two are subject to taxation. The University is classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code because it is described in Sections 509(a)(1) and 170(b)(1)(A)(ii) and, as such, gifts to the University qualify for deduction as charitable contributions to the extent provided by law. The University and its subsidiary corporations that are exempt from federal income tax are required to pay federal income tax on unrelated business income. The amount of income tax expense for unrelated business income for the University and its subsidiary corporations was immaterial for the years ended June 30, 2023 and 2022, respectively.

The University is part of a small group of universities that are subject to an excise tax of 1.4% on the University's net investment income and the net investment income of its subsidiary corporations. The excise tax is recognized as a reduction of the University's investment returns.

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The portion of the excise tax associated with the current period realized gains was \$3,876 and \$4,847 for the years ended June 30, 2023 and 2022, respectively.

U.S. GAAP requires the University to evaluate its tax positions to recognize a tax liability (or asset) if the University has taken an uncertain tax position that, more likely than not, would not be sustained upon examination by the IRS. The University has analyzed the tax positions taken and has concluded that as of June 30, 2023, there are no significant uncertain positions taken.

Other Reporting Matters

In March 2020, a national emergency concerning COVID-19 was declared in the United States. The University incurred out-of-pocket pandemic related expenses for the years ended June 30, 2023, 2022 and 2021. These expenses have been or are in the process of being submitted to the Federal Emergency Management Agency (“FEMA”) under its Public Assistance Program for reimbursement. The University can provide no assurances as to the timing or amount, if any, of any reimbursement from FEMA. Accordingly, no amounts related to the reimbursement are recorded until the earlier of cash received or a grant notification from FEMA is received.

The University received awards under the Higher Education Emergency Relief Act, a portion of which was to be used for the direct benefit of students and a portion of which could be used by the University for expenses or lost revenue related to the pandemic. The amount recognized was \$0 and \$1,339 for the years ended June 30, 2023 and 2022, respectively.

2. Liquidity and Availability

Financial assets available within one year of the balance sheet date for general expenditures, such as operating and capital expenses, are summarized as follows at June 30:

| | 2023 | 2022 |
|--------------------------------------------------------------------------|-------------------|-------------------|
| Cash and cash equivalents | \$ 43,866 | \$ 34,999 |
| Accounts receivable | 84,346 | 70,189 |
| Pledges receivable, due within one year | 47,115 | 47,188 |
| Short-term working capital investment ⁽¹⁾ | 313,318 | 268,850 |
| Investments approved for appropriation in subsequent year ⁽²⁾ | <u>407,389</u> | <u>370,631</u> |
| Total financial assets available within one year | 896,034 | 791,857 |
| Unissued commercial paper ⁽³⁾ | <u>49,241</u> | <u>68,398</u> |
| Total financial assets and liquidity resources available within one year | <u>\$ 945,275</u> | <u>\$ 860,255</u> |

(1) The University manages liquidity by structuring financial assets to be available as its general expenditures, liabilities, and other obligations come due. The University invests cash in excess of operational requirements in short-term investments.

(2) Each spring the Board of Trustees appropriates the amount of investments that can be used in the subsequent fiscal year. These funds are available beginning July 1 of each subsequent fiscal year.

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⁽³⁾ As described in Note 10, the University has a commercial paper program. With Board of Trustees approval, taxable commercial paper could be used to manage unanticipated liquidity needs. The Board has approved a total commercial paper authority of \$100 million.

As reflected in Note 7, the University held \$1,558,759 and \$1,852,108 in investment assets at June 30, 2023 and 2022, respectively, that were measured using Level 1 and 2 fair value inputs. Although these assets are generally liquid within the near term, they are only considered available for general expenditure to the extent they are designated as short-term working capital investments or approved for distribution during the annual budget process under the University's endowment distribution policy described in Note 6. Investments approved for distribution in the subsequent year are calculated based on a board-approved spending rate. The University also has the ability to make additional one-time appropriations from funds functioning as endowment without donor restrictions, subject to Board approval and to the extent that there are sufficient liquid investment assets.

3. Accounts Receivable and Other Assets

Accounts receivable and other assets of the University at June 30, 2023 and 2022 were as follows:

| | 2023 | 2022 |
|------------------------------------------------------------------------------------|-------------------|------------------|
| Unsettled investment sales and receivables | \$ 2,350 | \$ 4,521 |
| Investment income receivable | 1,752 | 1,182 |
| Student loans receivable, net of allowance of \$431 in 2023 and \$580 in 2022 | 3,362 | 4,135 |
| Inventory, prepaid expenses, and other assets | 13,587 | 11,362 |
| Sponsored programs receivable, net of allowance of \$0 in 2023 and \$0 in 2022 | 54,509 | 51,533 |
| Swap agreements | 1,949 | 1,829 |
| Other accounts receivable, net of allowance of \$1,849 in 2023 and \$2,834 in 2022 | <u>23,786</u> | <u>11,124</u> |
| Total accounts receivable and other assets, net | <u>\$ 101,295</u> | <u>\$ 85,686</u> |

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4. Pledges Receivable

Unconditional promises to give are included in the consolidated financial statements as pledges receivable and revenue of the appropriate net asset category. Multi-year pledges are recorded after discounting to the present value of expected future cash flows. Unconditional promises to give at June 30, 2023 and 2022 are expected to be realized in the following periods:

| | 2023 | 2022 |
|-------------------------------------|-------------------|-------------------|
| In one year or less | \$ 47,115 | \$ 57,235 |
| Between one year and five years | 107,842 | 89,790 |
| More than five years | 51,563 | 86,884 |
| Gross pledges receivable | <u>206,520</u> | <u>233,909</u> |
| Less: | | |
| Discount to net present value | (19,418) | (22,550) |
| Allowance for uncollectible pledges | <u>(12,391)</u> | <u>(14,034)</u> |
| Net pledges receivable | <u>\$ 174,711</u> | <u>\$ 197,325</u> |

Pledges receivable at June 30, 2023 and 2022 had the following restrictions:

| | 2023 | 2022 |
|-----------------------------------------------|-------------------|-------------------|
| Long-term investment | \$ 51,138 | \$ 67,774 |
| Buildings | 70,832 | 87,241 |
| Support of University programs and activities | <u>84,550</u> | <u>78,894</u> |
| Gross pledges receivable | 206,520 | 233,909 |
| Less: | | |
| Discount to net present value | (19,418) | (22,550) |
| Allowance for uncollectible pledges | <u>(12,391)</u> | <u>(14,034)</u> |
| Net pledges receivable | <u>\$ 174,711</u> | <u>\$ 197,325</u> |

Rates ranging from 1% to 6% are used to discount pledges. A reserve rate of 6% was used for the allowance for uncollectible pledges as of June 30, 2023 and 2022. The reserve rate is reviewed annually to ensure adequate provision for uncollectible amounts. Periodically unconditional promises to give are reviewed for collectability. As a result, the allowance for uncollectible pledges may be adjusted and some pledges may be adjusted or cancelled. Such changes will be reflected in the consolidated financial statements as they occur.

At June 30, 2023 and 2022, the University had conditional pledge commitments of \$36,002 and \$11,000, respectively, for program initiatives and capital projects. Conditional pledges are not reported in the consolidated financial statements.

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5. Investment Returns

The following table presents investment income and net gains for the year ended June 30, 2023 by net asset classification, with summarized information for the year ended June 30, 2022:

| | 2023 | | | 2022 |
|-------------------------------------------------------------------|----------------------------|-------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| Investment income | \$ 60,690 | \$ 54,715 | \$ 115,405 | \$ 85,117 |
| Net gains (losses) on investments | <u>(9,500)</u> | <u>76,089</u> | <u>66,589</u> | <u>(91,428)</u> |
| Total investment returns | 51,190 | 130,804 | 181,994 | (6,311) |
| Less: | | | | |
| Earned on operating funds | (4,087) | (3,471) | (7,558) | (2,143) |
| (Gains) losses on life income annuities | <u>-</u> | <u>(9,929)</u> | <u>(9,929)</u> | <u>29,194</u> |
| Total returns for endowment and board designated funds | 47,103 | 117,404 | 164,507 | 20,740 |
| Less: Allocated for endowment and board designated funds spending | <u>(177,730)</u> | <u>(197,103)</u> | <u>(374,833)</u> | <u>(335,108)</u> |
| Endowment and board designated funds decrease | <u>\$ (130,627)</u> | <u>\$ (79,699)</u> | <u>\$ (210,326)</u> | <u>\$ (314,368)</u> |

Return on investments is presented net of investment management fees. Certain investments report net returns without specific identification of management fees.

6. Endowments

Within investments the University has approximately 2,000 individual donor-restricted endowment funds and approximately 200 funds that are not donor-restricted for either purpose or time but have been designated by the Board of Trustees for operational or capital purposes and are managed as endowment funds. In addition to being invested and managed alongside the endowment funds, they also receive a yearly allotment for spending generically referred to as the endowment spending allocation. The net assets associated with each are classified and reported based on the existence or absence of donor-imposed restrictions.

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The following table presents net assets for endowment and funds functioning as endowment by purpose based on the nature of the restriction(s) given by the donor or the designation provided by the Board for the year ended June 30, 2023, with summarized information for the year ended June 30, 2022.

| | 2023 | | | 2022 |
|----------------------------------------------------------------------------|----------------------------|-------------------------|--------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| Faculty chairs and academic department support | \$ 371,956 | \$ 2,180,847 | \$ 2,552,803 | \$ 2,589,841 |
| Discretionary | 12,742 | - | 12,742 | 13,080 |
| Library | 5,202 | 55,223 | 60,425 | 59,466 |
| Operation and maintenance of plant | 345,724 | 59,989 | 405,713 | 393,800 |
| Research | 37,532 | 152,122 | 189,654 | 165,205 |
| Scholarships and fellowships | 67,271 | 1,052,251 | 1,119,522 | 1,121,182 |
| Student services | 2,564 | 216,127 | 218,691 | 206,404 |
| Miscellaneous | 141,298 | - | 141,298 | 137,506 |
| Undesignated | 2,217,779 | 782,002 | 2,999,781 | 3,158,457 |
| Total endowment and board designated funds | 3,202,068 | 4,498,561 | 7,700,629 | 7,844,941 |
| Pledges restricted for long-term investment, net of discount and allowance | - | (41,758) | (41,758) | (54,779) |
| Endowment and board designated funds, excluding pledges | \$ 3,202,068 | \$ 4,456,803 | \$ 7,658,871 | \$ 7,790,162 |

These are intended to be broad categories that contain a wide array of individual funds with varying degrees of specificity as to how the endowment earnings allocation is to be used. Funds functioning as endowment are established by the Board and are generally specified for a general purpose. Most of the earnings allocation is used for general support of operations; however, management is able to use those funds as it determines best and sometimes uses the funds to launch or help sustain strategic initiatives. Undesignated funds are funds that can be used for general operations and are not limited to how the funds are used. This category also contains some recent endowment gifts that are limited to use; however, the donor has not yet finalized the spending stipulations.

In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the University considers the following factors in making a determination to appropriate or accumulate endowment funds:

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

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Endowment Investment Policies

The University has adopted endowment investment policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain and, if possible, enhance the purchasing power of endowment assets. The University has a diversified approach to management of the endowment investment portfolio. By diversifying among asset classes and rebalancing toward policy target allocations, the University strives to manage and maintain the risk profile implied by policy targets.

To achieve its long-term return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The University's diversified asset allocation places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk and liquidity constraints. The long-term investment objectives of the endowment are to attain an average annual real total return in excess of endowment spending and to outperform various strategic policy and comparable industry universe benchmarks over the long term.

Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives

The Board of Trustees of the University approves the appropriation of endowment funds for expenditure. In establishing a distribution policy, the Board of Trustees considered a number of factors, including the expected long-term investment rate of return on the endowment. Accordingly, over the long term, the University expects the current spending policy to allow its endowment assets to grow, consistent with its intention to maintain the purchasing power of the endowment assets while providing a relatively predictable and stable (in real terms) stream of earnings for current use. Under the University's endowment earnings distribution policy, endowment returns on donor-restricted endowments, net of operating distributions, remain in the investment pool as net assets with donor-restrictions and endowment returns on board-designated endowment funds remain in the investment pool as net assets without donor-restrictions.

Endowment Funds With Deficits

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts creating a deficit. These deficits generally result when unfavorable market fluctuations occur shortly after the investment of newly established endowments.

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Changes in endowment net assets for the year ended June 30, 2023, with summarized information for the year ended June 30, 2022, were as follows:

| | 2023 | | | 2022 |
|---------------------------------------------------|----------------------------|-------------------------|--------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| Endowment net assets at beginning of year | \$ 3,325,884 | \$ 4,519,057 | \$ 7,844,941 | \$ 8,080,292 |
| Investment returns | | | | |
| Investment income | 56,603 | 46,364 | 102,967 | 85,121 |
| Net realized and unrealized gains (losses) | (9,500) | 71,040 | 61,540 | (71,282) |
| Total investment returns | 47,103 | 117,404 | 164,507 | 13,839 |
| Contributions | 263 | 50,187 | 50,450 | 78,362 |
| Appropriation of endowment assets for expenditure | (177,730) | (197,103) | (374,833) | (335,108) |
| Other changes | | | | |
| Transfers to board designated endowment funds | 6,548 | - | 6,548 | 3,026 |
| Donor designation | - | 7,832 | 7,832 | 50 |
| Other transfers | - | 1,184 | 1,184 | 4,480 |
| Change in endowment net assets | (123,816) | (20,496) | (144,312) | (235,351) |
| Endowment net assets at end of year | \$ 3,202,068 | \$ 4,498,561 | \$ 7,700,629 | \$ 7,844,941 |

7. Financial Instruments

The following tables present the financial instruments carried at fair value on the Consolidated Statements of Financial Position as of June 30, 2023 and 2022, by category, in accordance with the valuation hierarchy defined in Note 1. Certain alternative investments, such as hedge funds, that do not have readily determinable fair values, are shown at investee-reported net asset value (NAV):

| | 2023 | | | | Total |
|----------------------------------------------------|------------|------------|--------------|--------------|--------------|
| | Level 1 | Level 2 | Level 3 | NAV | |
| Investments | | | | | |
| Short term investments and fixed income securities | | | | | |
| Short term investments | \$ 313,321 | \$ 276,551 | \$ - | \$ - | \$ 589,872 |
| Investment grade U.S. bonds | - | 314,952 | - | - | 314,952 |
| Equity securities | 461,960 | - | - | - | 461,960 |
| Equity funds | - | - | - | 1,184,970 | 1,184,970 |
| Limited partnerships and other funds | | | | | |
| Private equity and venture capital | - | - | - | 2,030,639 | 2,030,639 |
| Hedge | - | - | - | 1,156,600 | 1,156,600 |
| Real estate | - | - | - | 499,431 | 499,431 |
| Energy and natural resources | - | - | - | 795,950 | 795,950 |
| Real assets, oil and gas, and other | 20,929 | - | 1,005,810 | - | 1,026,739 |
| Life income agreements | 170,818 | 228 | 106 | - | 171,152 |
| Total investments at fair value | \$ 967,028 | \$ 591,731 | \$ 1,005,916 | \$ 5,667,590 | \$ 8,232,265 |
| Swaps receivable | \$ - | \$ - | \$ 1,949 | \$ - | \$ 1,949 |

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| | 2022 | | | | Total |
|----------------------------------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| | Level 1 | Level 2 | Level 3 | NAV | |
| Investments | | | | | |
| Short term investments and fixed income securities | | | | | |
| Short term investments | \$ 331,026 | \$ 549,520 | \$ - | \$ - | \$ 880,546 |
| Investment grade U.S. bonds | - | 315,047 | - | - | 315,047 |
| Equity securities | 384,227 | - | - | - | 384,227 |
| Equity funds | - | - | - | 1,045,214 | 1,045,214 |
| Limited partnerships and other funds | | | | | |
| Private equity and venture capital | - | - | - | 2,041,652 | 2,041,652 |
| Hedge | - | - | - | 1,167,251 | 1,167,251 |
| Real estate | - | - | - | 507,078 | 507,078 |
| Energy and natural resources | - | - | - | 800,203 | 800,203 |
| Real assets, oil and gas, and other | 31,542 | - | 1,079,171 | - | 1,110,713 |
| Life income agreements | 171,459 | 207 | 106 | - | 171,772 |
| Total investments at fair value | <u>\$ 918,254</u> | <u>\$ 864,774</u> | <u>\$ 1,079,277</u> | <u>\$ 5,561,398</u> | <u>\$ 8,423,703</u> |
| Swaps receivable | \$ - | \$ - | \$ 1,829 | \$ - | \$ 1,829 |

Life income agreement assets consist primarily of mutual funds, with some directly held assets in real estate, oil and gas, and bonds. Life income investments included in Level 1 are cash and cash equivalents and mutual funds investing in equities, real estate funds and fixed income securities. Life income investments included in Level 2 are directly held bonds and U.S. Treasury securities. Life income investments included in Level 3 are directly held interests in real estate, oil and gas, and other investments. The life income agreement investments are managed by an external manager.

The following tables present the changes in amounts included in the Consolidated Statements of Financial Position for financial instruments classified by the University within Level 3.

Investments

| | Real Assets, Oil and Gas, and Other | Life Income Agreements | Total |
|------------------------------------|----------------------------------------------------|---------------------------------------|---------------------|
| Fair value at July 1, 2022 | \$ 1,079,171 | \$ 106 | \$ 1,079,277 |
| Unrealized losses | (89,089) | - | (89,089) |
| Capital calls/purchases | 34,422 | - | 34,422 |
| Other | (18,694) | - | (18,694) |
| Fair value at June 30, 2023 | <u>\$ 1,005,810</u> | <u>\$ 106</u> | <u>\$ 1,005,916</u> |

| | Real Assets, Oil and Gas, and Other | Life Income Agreements | Total |
|------------------------------------|----------------------------------------------------|---------------------------------------|---------------------|
| Fair value at July 1, 2021 | \$ 961,388 | \$ 106 | \$ 961,494 |
| Unrealized gains | 79,736 | - | 79,736 |
| Capital calls/purchases | 42,305 | - | 42,305 |
| Other | (4,258) | - | (4,258) |
| Fair value at June 30, 2022 | <u>\$ 1,079,171</u> | <u>\$ 106</u> | <u>\$ 1,079,277</u> |

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The following table presents a summary of Level 3 valuation techniques and quantitative information utilized in determining the value of real assets, oil and gas, and other investments, where no practical expedient to using the external managers' reported NAV exists.

| Asset type | Fair Value | | Valuation Technique | Unobservable Input | 2023 Rates | 2022 Rates |
|-----------------------------|---------------------|---------------------|---------------------------------|--------------------|------------|------------|
| | 2023 | 2022 | | | | |
| Real estate | \$ 627,064 | \$ 648,853 | Discounted cash flow, sales | Discount rate | 6.0%–9.0% | 5.0%–8.5% |
| Timber | 96,000 | 89,300 | Income approach, cost, sales | Discount rate | 4%–7% | 5%–7% |
| Oil and gas | 121,800 | 185,800 | Discounted cash flow, net asset | Discount rate | 7%–45% | 7%–45% |
| Directly held private stock | 31,067 | 33,840 | Varies | Varies | Varies | Varies |
| Other | 129,879 | 121,378 | Varies | Varies | Varies | Varies |
| | <u>\$ 1,005,810</u> | <u>\$ 1,079,171</u> | | | | |

The University recognizes transfers between levels as of the end of the reporting period. There were no transfers between Level 1 and Level 2 in 2023 and 2022.

Hedge funds held by the University may be subject to restrictions that limit (i) the University's ability to redeem/withdraw capital from such funds during a specified period of time subsequent to the University's investment of capital (lockups) and/or (ii) the amount of capital that investors may redeem/withdraw as of given redemption/withdrawal dates (side pockets). Capital available for redemption/withdrawal may also be subject to redemption/withdrawal charges and may or may not include capital attributable to the University's participation in illiquid investments. These funds generally limit redemptions to monthly, quarterly, semiannually, annually or longer, at NAV, and require between 30 and 90 days prior written notice, limiting the University's ability to respond quickly to changes in market conditions. The value of hedge funds classified at NAV included investment lockups that will expire over the next 1 to 37 months of \$371,991 and \$422,128 at June 30, 2023 and 2022, respectively, and side pockets of \$121,443 and \$122,585 at June 30, 2023 and 2022, respectively, that had indeterminate redemption periods. Certain of the University's investments in limited partnerships and other funds (non-hedge), shown at NAV in the tables above, restrict the ability to withdraw, which limits the University's ability to respond quickly to changes in market conditions. These investments are therefore illiquid.

Swap Agreements

| | 2023 | 2022 |
|-----------------------------------|-----------------|-----------------|
| Fair value at July 1 | \$ 1,829 | \$ 1,151 |
| Net realized and unrealized gains | 120 | 678 |
| Fair value at June 30 | <u>\$ 1,949</u> | <u>\$ 1,829</u> |

The University entered into an agreement to hedge a portion of the cost of electricity that took effect on January 1, 2023 and extends through January 1, 2024. The estimated fair value of the arrangement was an asset of \$1,949 at June 30, 2023. The change in value is reported as other nonoperating change on the Consolidated Statements of Activities.

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8. Property and Equipment

Property and equipment at June 30, 2023 and 2022 were as follows:

| | Estimated Useful Lives (Years) | 2023 | 2022 |
|----------------------------------------|----------------------------------------------|---------------------|---------------------|
| Land | - | \$ 40,470 | \$ 40,470 |
| Buildings and improvements | 20-50 | 1,942,783 | 1,921,458 |
| Equipment, furniture and library books | 2-20 | 518,157 | 503,013 |
| Art | - | 14,638 | 14,152 |
| Construction in progress | - | 198,690 | 115,253 |
| Less: Accumulated depreciation | - | <u>(1,218,610)</u> | <u>(1,168,199)</u> |
| Total property and equipment, net | | <u>\$ 1,496,128</u> | <u>\$ 1,426,147</u> |

9. Accounts Payable and Other Liabilities

Accounts payable and other liabilities at June 30, 2023 and 2022 were as follows:

| | 2023 | 2022 |
|----------------------------------------------|-------------------|-------------------|
| Unsettled investment purchases and advances | \$ 2,902 | \$ 4,901 |
| Vendor accounts payable | 18,880 | 12,695 |
| Accrued payroll and employee benefits | 37,141 | 33,399 |
| Sponsored programs unearned income | 19,978 | 54,389 |
| Other unearned income | 4,939 | 4,739 |
| Asset retirement obligations | 3,292 | 3,464 |
| Accrued interest payable | 5,033 | 4,605 |
| Other liabilities | <u>56,030</u> | <u>17,823</u> |
| Total accounts payable and other liabilities | <u>\$ 148,195</u> | <u>\$ 136,015</u> |

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10. Notes and Bonds Payable

Notes and bonds payable at June 30, 2023 and 2022 were as follows:

| | 2023 | 2022 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Taxable bonds, Series 2020, maturing 2050, with an average coupon of 2.598% per annum payable semiannually | \$ 200,000 | \$ 200,000 |
| Taxable bonds, Series 2017, maturing 2045 through 2047 with an average coupon of 3.567% per annum payable semiannually | 102,915 | 102,915 |
| Taxable bonds, Series 2015, maturing 2045 and 2055, with an average coupon of 3.674% per annum payable semiannually | 680,000 | 680,000 |
| Taxable bonds, Series 2013, maturing 2061 through 2063, with an average coupon of 4.626% per annum payable semiannually | 113,985 | 113,985 |
| Tax-exempt revenue bonds, Series 2010B, maturing 2031 through 2048, with an average coupon of 3.510% per annum payable monthly | <u>23,045</u> | <u>23,045</u> |
| Total bond liability | 1,119,945 | 1,119,945 |
| Tax-exempt commercial paper notes, Series A, with interest ranging from 1.24% to 2.77% at June 30, 2023 and from 0.85% to 1.55% at June 30, 2022 per annum payable upon maturity | 50,759 | 31,605 |
| Net of deferred financing costs, premiums and discounts on bond issuances | <u>(6,692)</u> | <u>(6,880)</u> |
| Total notes and bonds payable | <u>\$ 1,164,012</u> | <u>\$ 1,144,670</u> |

The University incurred interest expense and bond costs, net of interest earned, of approximately \$41,971 and \$38,668 in 2023 and 2022, respectively. Interest expense and bonds costs of \$42,508 and \$39,130 was charged to operations in 2023 and 2022, respectively. Interest expense of \$1,228 and \$331 was capitalized in 2023 and 2022, respectively.

Taxable Bonds

Series 2020

On March 13, 2020, the University issued taxable bonds at par value of \$200,000 with an underwriters discount of \$781 and issuance costs of \$555. Both will be amortized over the term of the bond issue. Interest payments on the bonds are payable semiannually. The bonds mature May 15, 2050 with mandatory sinking fund redemption payments required in each of the five years leading up to the maturity date.

The proceeds from these bonds were used to settle a treasury interest rate lock agreement for \$53,484, refinance capital projects that had used commercial paper for bridge financing between debt issuances, and to fund long-term capital projects.

Unspent bond proceeds of \$0 and \$62,045 at June 30, 2023 and 2022, respectively, were invested in a short-term investment fund.

William Marsh Rice University

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(all dollar amounts in thousands)

Series 2017

On November 17, 2017, the University issued taxable bonds with a par value of \$102,915 with an underwriters discount of \$473 and issuance costs of \$468. Both will be amortized over the term of the bond issue. Interest payments on the bonds are payable semiannually. The bonds mature November 15, 2047 with mandatory sinking fund redemption payments required in each of the three years leading up to the maturity date.

Proceeds from these bonds were used to advance refund the Series 2010A revenue bonds of \$94,485 by irrevocably placing assets with a trustee to pay principal and other associated costs on the obligations. The total set aside was \$101,974.

Series 2015

On April 22, 2015, the University issued taxable bonds with a par value of \$700,000 with an underwriters discount of \$4,045 and issuance costs of \$662. Both will be amortized over the term of the bond issue. Interest payments on the bonds are payable semiannually. In May 2016 \$20,000 matured and was repaid. The remaining bonds mature in the amount of \$340,000 due on May 15, 2045 and \$340,000 due on May 15, 2055. Mandatory sinking fund redemption payments are required in each of four years leading up to the maturity dates.

Series 2013

On June 26, 2013, the University issued \$113,985 of taxable bonds at par value. Interest payments on the bonds are payable semiannually beginning November 15, 2013. Principal payments start May 15, 2061 and continue annually until their maturity on May 15, 2063.

The proceeds of the bonds were used to refund all of the Series 2008A revenue bonds of \$100,000, refund a portion of the outstanding commercial paper notes of \$13,000, and pay the costs of issuance of the bonds of \$985.

Tax-Exempt Revenue Bonds

Series 2010B

On June 2, 2010, the University issued Series 2010B revenue bonds through the City of Houston Higher Education Finance Corporation. The revenue bonds, with a face value of \$39,765, were issued as variable rate demand bonds ("VRDBs"), which are subject to optional and mandatory tender. The University is not required to obtain or maintain a liquidity facility for the bonds.

In the event that the University receives notice of any optional tender on the bonds, or if these 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 is obligated to purchase the bonds tendered at 100% of par value on the tender date.

Interest payments are payable monthly. Principal payments begin May 15, 2041 and continue annually until their maturity date on May 15, 2048.

William Marsh Rice University
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

(all dollar amounts in thousands)

Principal maturities for notes and bonds payable as of June 30, 2023, excluding commercial paper and unamortized discounts and premiums, were as follows:

| | | |
|------------|----|------------------|
| 2023 | \$ | - |
| 2024 | | - |
| 2025 | | - |
| 2026 | | - |
| Thereafter | | <u>1,119,945</u> |
| | \$ | <u>1,119,945</u> |

Commercial Paper Notes

The University has a tax-exempt commercial paper program that provides for borrowings in the form of individual notes up to an aggregate of \$100,000. The notes bear a fixed rate of interest, established on the borrowing date, over their individual terms, not to exceed 270 days.

The University also established a taxable commercial paper program in May 2015 that provides for borrowings in the form of individual notes up to an aggregate of \$100,000. The notes bear a fixed rate of interest, established on the borrowing date, over their individual terms, not to exceed 270 days.

The University Board of Trustees has limited management's use of commercial paper to a maximum of \$100,000 between both programs.

The outstanding balance under the tax-exempt facility was \$50,745 with an average interest rate of 1.44% and an average maturity of 75 days at June 30, 2023.

The outstanding balance under the tax-exempt facility was \$31,605 with an average interest rate of 0.93% and an average maturity of 107 days at June 30, 2022.

There were no outstanding balances under the taxable facility at either June 30, 2023 or 2022.

Line of Credit

On August 30, 2023, subsequent to date of the Statement of Financial Position, the University established a \$100,000 variable line of credit with a commercial bank to provide incremental liquidity for operating and capital purposes. The arrangement also provides the possibility of an additional \$100,000 at the discretion of the bank if requested by the University. The line of credit expires on March 29, 2024.

William Marsh Rice University
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

(all dollar amounts in thousands)

11. Student Financial Aid

Student tuition and fees revenues, based on published rates, of \$446,599 and \$420,650 in 2023 and 2022, respectively, are presented in the consolidated financial statements net of scholarship and fellowship awards of \$173,620 and \$176,400, respectively. Auxiliary enterprises revenue was reduced by scholarship awards applied to room and board charges of \$11,475 and \$9,980 in 2023 and 2022, respectively. On a per student basis, scholarship and fellowship awards in excess of the above amounts are reported as expense. Financial aid provided to students in all forms was as follows:

| | 2023 | 2022 |
|---------------------------------------------------------------------|-------------------|-------------------|
| Scholarships and fellowship awards applied to tuition and fees | \$ 173,620 | \$ 176,400 |
| Scholarships applied to room and board charges | 11,475 | 9,980 |
| Scholarships and fellowships awarded in excess of the above amounts | <u>64,162</u> | <u>50,564</u> |
| Total financial aid provided to students | <u>\$ 249,257</u> | <u>\$ 236,944</u> |

12. Grants and Contracts

The major components of grants and contracts revenue for the years ended June 30, 2023 and 2022 were as follows:

| | 2023 | 2022 |
|------------------------------------------|-------------------|-------------------|
| Government | | |
| Direct | \$ 126,748 | \$ 90,748 |
| Indirect | <u>28,870</u> | <u>26,196</u> |
| Total government | <u>155,618</u> | <u>116,944</u> |
| Foundation, industrial, and other | | |
| Direct | 51,406 | 47,522 |
| Indirect | <u>3,678</u> | <u>3,418</u> |
| Total foundation, industrial, and other | <u>55,084</u> | <u>50,940</u> |
| Total grants and contracts | <u>\$ 210,702</u> | <u>\$ 167,884</u> |

Grant and Contract awards for which the contractual performance obligations have not yet been met totaled \$20,780 and \$18,107 as of June 30, 2023 and 2022, respectively. Awards which are contractually authorized by the sponsor, but for which costs have not yet been incurred, totaled \$196,918 and \$186,260 as of June 30, 2023 and 2022, respectively.

William Marsh Rice University

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(all dollar amounts in thousands)

13. Functional Expenses

Expenses of the University by major functional category for the years ended June 30, 2023 and 2022 were as follows:

| Natural Expense | Instruction and University Research | Sponsored Research | Student Services and Scholarship | Other Programs | Programs Subtotal | Management | Fundraising | Other Support | Support Subtotal | Total |
|-------------------------------|-------------------------------------|--------------------|----------------------------------|----------------|-------------------|------------|-------------|---------------|------------------|------------|
| Salaries and wages | \$ 208,548 | \$ 64,551 | \$ 33,614 | \$ 11,517 | \$ 318,230 | \$ 48,118 | \$ 11,813 | \$ 43,620 | \$ 103,551 | \$ 421,781 |
| Benefits | 44,894 | 20,293 | 8,309 | 2,825 | 76,321 | 5,312 | 3,072 | 11,203 | 19,587 | 95,908 |
| Scholarships | - | 7,198 | 56,964 | - | 64,162 | - | - | - | - | 64,162 |
| Depreciation and amortization | 16,537 | 7,282 | 9,122 | 7,705 | 40,646 | 1,025 | 607 | 36,571 | 38,203 | 78,849 |
| Interest and bond costs | 20,577 | 7,613 | - | - | 28,190 | - | - | 11,148 | 11,148 | 39,338 |
| Utilities and rent | 1,192 | 42 | 461 | 16 | 1,711 | 2,241 | 218 | 16,346 | 18,805 | 20,516 |
| Other operating expenses | 65,096 | 87,990 | 53,515 | 25,315 | 231,916 | 21,038 | 15,512 | (29,643) | 6,907 | 238,823 |
| Total 2023 | \$ 356,844 | \$ 194,969 | \$ 161,985 | \$ 47,378 | \$ 761,176 | \$ 77,734 | \$ 31,222 | \$ 89,245 | \$ 198,201 | \$ 959,377 |

| Natural Expense | Instruction and University Research | Sponsored Research | Student Services and Scholarship | Other Programs | Programs Subtotal | Management | Fundraising | Other Support | Support Subtotal | Total |
|-------------------------------|-------------------------------------|--------------------|----------------------------------|----------------|-------------------|------------|-------------|---------------|------------------|------------|
| Salaries and wages | \$ 199,163 | \$ 53,395 | \$ 31,346 | \$ 10,993 | \$ 294,897 | \$ 38,606 | \$ 9,814 | \$ 39,382 | \$ 87,802 | \$ 382,699 |
| Benefits | 49,745 | 14,024 | 10,215 | 2,739 | 76,723 | 5,412 | 2,636 | 11,314 | 19,362 | 96,085 |
| Scholarships | - | 10,683 | 39,878 | - | 50,561 | 3 | - | - | 3 | 50,564 |
| Depreciation and amortization | 15,162 | 6,677 | 9,250 | 7,619 | 38,708 | 904 | 556 | 33,731 | 35,191 | 73,899 |
| Interest and bond costs | 19,024 | 7,035 | 6 | - | 26,065 | 29 | - | 13,036 | 13,065 | 39,130 |
| Utilities and rent | 377 | 72 | 159 | 31 | 639 | 131 | 89 | 16,496 | 16,716 | 17,355 |
| Other operating expenses | 79,229 | 64,654 | 53,388 | 12,310 | 209,581 | (5,338) | 6,525 | (34,765) | (33,578) | 176,003 |
| Total 2022 | \$ 362,700 | \$ 156,540 | \$ 144,242 | \$ 33,692 | \$ 697,174 | \$ 39,747 | \$ 19,620 | \$ 79,194 | \$ 138,561 | \$ 835,735 |

Expenses are presented by functional classification similar to the way the University views its mission. Each functional area is presented with the natural expenses underlying the function. Natural expenses attributable to more than one functional expense category are allocated using reasonable cost allocation techniques. Depreciation, utilities and rent, and operation and maintenance expenses are allocated directly and/or based on square footage of facilities associated with the function. Interest expense is allocated based on the functional category which benefited from the proceeds of the underlying debt.

The major category included in Other Programs is the library at \$39,131 and \$26,401 for the years ended June 30, 2023 and 2022, respectively, and the major activity in Other Support is auxiliaries at \$88,892 and \$78,040 for the years ended June 30, 2023 and 2022, respectively. The negative amount in Other operating expenses in the Other Support program represents interdepartmental charges to other functions at the University. Typical charges include certain charges for facility work orders, internal charges for housing and dining, delivery services, and similar items.

14. Related Party Transactions

Members of the University's Board of Trustees and senior management may, from time to time, be associated, either directly or through interlocking board memberships, with entities doing business with the University. The University employs a conflict of interest policy that requires any such associations to be disclosed in writing on an annual basis and updated as appropriate during the year. When such associations exist, measures are taken to mitigate any actual or perceived conflict, including recusal of the board or senior management member from any decisions involving the entity doing business with the University. The transactions with entities associated with trustees or senior management are not considered to be significant and may include investment management, common membership in investment partnerships or other investment vehicles, or the purchase of goods or services.

William Marsh Rice University

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(all dollar amounts in thousands)

15. Retirement Plans

Substantially all employees are eligible to participate in a defined contribution retirement plan, which is administered by a third party. The plan operates in accordance with Section 401(a) of the Internal Revenue Code. University contributions are made to this plan. In addition, employees may elect to participate in plans created under Section 403(b) of the Internal Revenue Code. The contributions of the University and its employees can be applied to a range of investments. The University's contributions to the plan of \$28,556 and \$27,076 were recorded as expense in the appropriate functional categories in 2023 and 2022, respectively.

16. Commitments and Contingencies

A number of suits and claims are pending against the University. While final outcomes cannot be determined at this time, management believes, after consultation with its legal counsel, that the uninsured liability, if any, resulting from these suits and claims will not have a material adverse effect on the University's financial position, operations, or cash flows. In October 2023, the University settled a class action lawsuit in which it had been named a co-defendant along with sixteen other universities. The agreed upon settlement amount of \$33,750 is included in other nonoperating changes, net in the 2023 Consolidated Statement of Activities.

The University receives funding from federal government agencies for research and other programs conducted under government grants and contracts. The costs recovered by the University in support of sponsored programs are subject to audit and adjustment.

In connection with its private equity investment program (Note 4), the University is obligated under certain limited partnership agreements to advance additional funding up to levels specified in each agreement upon the request of the general partner. At June 30, 2023 and 2022, for private equity and market alternative investments, the University had unfunded commitments of approximately \$1,431,952 and \$1,352,924, respectively, which are expected to be called primarily over the next five to seven years.

Additionally, the University was committed under contracts at June 30, 2023 and 2022 for capital construction and improvements and major maintenance of approximately \$70,776 and \$98,615, respectively, to be financed primarily from gifts and net assets designated for long-term investments, and from debt to the extent other resources are not available. Other purchasing commitments of approximately \$44,956 and \$8,957 were also outstanding at June 30, 2023 and 2022, respectively.

17. Title IV Supplementary Information

The University participates in federal Title IV student financial assistance programs, which require it to meet standards of financial responsibility based on criteria determined by the U.S. Department of Education (ED), as set forth in 34 CFR 668.171. The criteria for private institutions include the annual calculation by ED of a financial responsibility composite score, as further outlined in 34 CFR 668.172, using audited consolidated financial statements submitted through ED's eZ-Audit system. The composite score has been and will continue to be based on the three ratios: Primary Reserve, Equity, and Net Income. These ratios utilize the following financial data of the University, which are not otherwise presented in the consolidated financial statements or other notes to the consolidated financial statements, as of and for the year ended June 30, 2023.

William Marsh Rice University
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

(all dollar amounts in thousands)

| Required Input per Standards | Ratio Uses | Input Amount | Related financial statement amount not used as input on supplementary schedule |
|----------------------------------------------------------|-----------------|--------------|--------------------------------------------------------------------------------|
| Unsecured related party receivables (pledges receivable) | Primary reserve | \$ 2,506 | |
| Secured related party receivables (pledges receivable) | | - | |
| Contributions receivable from unrelated parties | N/A | 172,205 | |
| Total pledges receivable, net | N/A | | \$ 174,711 |

| | | | |
|---------------------------------------------------------------------------------------------------------|-----------------|------------|--------------|
| Property, plant and equipment, net - pre-implementation | Primary reserve | \$ 949,631 | |
| Property, plant and equipment, net - post-implementation with outstanding debt for original purchase | Primary reserve | 142,780 | |
| Property, plant and equipment, net - post-implementation without outstanding debt for original purchase | Primary reserve | 205,027 | |
| Construction in progress - note 8 | Primary reserve | 198,690 | |
| Total property, plant and equipment, net | N/A | | \$ 1,496,128 |

| | | | |
|----------------------------------------------------------------------------|-----------------|------------|--------------|
| Long term debt - for long-term purposes pre-implementation | Primary reserve | \$ 914,454 | |
| Long term debt - for long-term purposes post-implementation | Primary reserve | 145,315 | |
| Commercial paper for construction in progress | Primary reserve | 50,759 | |
| Long term debt - for settlement of treasury lock and unspent capital funds | N/A | - | 53,484 |
| Total long-term debt | N/A | | \$ 1,164,012 |

| | | | |
|--------------------------------------------------------------|-----------------|-----------|--------------|
| Annuities with donor restrictions | Primary reserve | \$ - | |
| Term endowments with donor restrictions | Primary reserve | 3,290,268 | |
| Life income funds with donor restrictions | Primary reserve | 37,451 | |
| Net assets with donor restrictions; restricted in perpetuity | Primary reserve | 1,208,293 | |
| Other net assets with donor restrictions | N/A | - | 236,533 |
| Total net assets with donor restrictions | N/A | | \$ 4,772,545 |

Inputs directly from the statement of activities

| | | | |
|--------------------------------------------------|------------|------------|------------|
| Total revenues and other sources | Net income | \$ 985,712 | |
| Investment earnings distributed | Net income | (177,730) | |
| Net realized and unrealized gains on investments | Net income | 47,103 | |
| Net assets released from restrictions | Net income | 6,908 | |
| Other nonoperating changes | Net income | - | |
| Nonoperating activities | Net income | 6,946 | |
| | | | \$ 868,939 |

| | | | |
|-----------------------------|------------|------------|------------|
| Total operating expenses | Net income | \$ 959,377 | |
| Other nonoperating expenses | Net income | 35,040 | |
| | | | \$ 994,417 |

18. Subsequent Events

The University evaluated subsequent events from July 1, 2023 to October 31, 2023, the date these consolidated financial statements were issued, for events that occurred after the financial position date that could have a material impact on the University's consolidated financial statements or require disclosure.

**Schedule of Financial Responsibility Data
and
Note to Schedule of Financial Responsibility Data**

William Marsh Rice University
Schedule of Financial Responsibility Data
Year Ended June 30, 2023

(all dollar amounts in thousands)

| Location in financial statements of related notes | Financial element | GAAP financial statement line item or disclosure | Amount used as Ratio Input |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------|
| Primary Reserve Ratio: Expendable Net Assets | | | |
| Consolidated statement of financial position | Net assets without donor restrictions | \$ 3,828,440 | \$ 3,828,440 |
| Consolidated statement of financial position | Net assets with donor restrictions | 4,772,545 | 4,772,545 |
| Note 17, Title IV Supplementary Information | Unsecured related party receivable | - | 2,506 |
| Consolidated statement of financial position | Total property and equipment, net | 1,496,128 | - |
| Note 17, Title IV Supplementary Information | Property, plant and equipment, net - pre-implementation | - | 949,631 |
| Note 17, Title IV Supplementary Information | Property, plant and equipment, net - post-implementation with outstanding debt for original purchase | - | 142,780 |
| Note 17, Title IV Supplementary Information | Property, plant and equipment, net - post-implementation without outstanding debt for original purchase | - | 205,027 |
| Note 8, Property and Equipment | Construction in progress | 198,690 | 198,690 |
| N/A | Lease right-of-use assets - pre-implementation | - | - |
| N/A | Lease right-of-use assets - post-implementation | - | - |
| N/A | Intangible assets | - | - |
| N/A | Post-employment and pension liabilities | - | - |
| Consolidated statement of financial position | Total long-term debt | 1,164,012 | |
| Note 17, Title IV Supplementary Information | Long term debt - for long-term purposes pre-implementation | - | 914,454 |
| Note 17, Title IV Supplementary Information | Long term debt - for long-term purposes post-implementation | - | 145,315 |
| Note 17, Title IV Supplementary Information | Commercial paper for construction in progress | - | 50,759 |
| N/A | Liability related to lease right-of-use assets - pre-implementation | - | - |
| N/A | Liability related to lease right-of-use assets - post-implementation | - | - |
| N/A | Annuities with donor restrictions | - | - |
| Note 17, Title IV Supplementary Information | Term endowments with donor restrictions | - | - |
| Note 17, Title IV Supplementary Information | Life income funds with donor restrictions | - | 37,451 |
| Note 17, Title IV Supplementary Information | Net assets with donor restrictions; restricted in perpetuity | - | 1,208,293 |

The accompanying note is an integral part of this schedule.

William Marsh Rice University
Schedule of Financial Responsibility Data
Year Ended June 30, 2023

(all dollar amounts in thousands)

Primary Reserve Ratio: Expenses and Losses

| | | | | | |
|---------------------------------------------|------------------------------------------------------|----|---------|----|---------|
| Note 17, Title IV Supplementary Information | Total expenses and losses without donor restrictions | \$ | 994,417 | \$ | 994,417 |
|---------------------------------------------|------------------------------------------------------|----|---------|----|---------|

Equity Ratio: Modified Net Assets

| | | | | | |
|----------------------------------------------|---------------------------------------|----|-----------|----|-----------|
| Consolidated statement of financial position | Net assets without donor restrictions | \$ | 3,828,440 | \$ | 3,828,440 |
| Consolidated statement of financial position | Net assets with donor restrictions | | 4,772,545 | | 4,772,545 |
| N/A | Intangible assets | | - | | - |
| N/A | Unsecured related party receivable | | 2,506 | | 2,506 |

| | | | | | |
|----------------------------------------------|------------------------------------------------|----|------------|----|------------|
| Consolidated statement of financial position | Total assets | \$ | 10,048,265 | \$ | 10,048,265 |
| N/A | Lease right-of-use assets - pre-implementation | | - | | - |
| N/A | Intangible assets | | - | | - |
| Note 17, Title IV Supplementary Information | Unsecured related party receivable | | 2,506 | | 2,506 |

Net Income Ratio:

| | | | | | |
|---------------------------------------------|-----------------------------------------------------|----|-----------|----|-----------|
| Consolidated statement of activities | Change in net assets without donor restrictions | \$ | (125,478) | \$ | (125,478) |
| Note 17, Title IV Supplementary Information | Total revenues and gains without donor restrictions | | - | | 868,939 |

The accompanying note is an integral part of this schedule.

William Marsh Rice University
Note to Schedule of Financial Responsibility Data
Year Ended June 30, 2023

(all dollar amounts in thousands)

1. General

The accompanying schedule of financial responsibility data (the "Schedule") of William Marsh Rice University and its subsidiaries (the "University") provides financial information required by the Department of Education to calculate the primary reserve ratio, equity ratio and net income ratio and the composite score as defined in Subpart L of 34 CFR 668 for the fiscal year-ended June 30, 2023. The financial information in the Schedule has been prepared in accordance with accounting principles generally accepted in the United States of America consistent with the consolidated financial statements. The Schedule is presented for purposes of additional analysis as required by the Department of Education and is not a required part of the consolidated financial statements.

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

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance Listing Number | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|--------------------------------------------------------------|---------------------------|------------|--------------|-----------------------------------------------------|-------------------------------------------------------------|--------------------|--------------------------|
| Research and Development Cluster | | | | | | | |
| Department of Agriculture | | | | | | | |
| Biotechnology Risk Assessment Research | 10.219 | \$ 267,274 | \$ - | | | \$ 267,274 | \$ - |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | 11,543 | - | | | 11,543 | - |
| National Forest Foundation | 10.682 | - | 14,427 | US Endowment for Forestry and Communities | 21-00179 | 14,427 | - |
| United Soybean Board | 10.RD | - | 32,025 | SmithBucklin Corporation | 2240-352-0509-C | 32,025 | - |
| United Soybean Board | 10.RD | - | 10 | SmithBucklin Corporation | USB Project#2140-352 | 10 | - |
| | | 278,817 | 46,462 | | | 325,279 | - |
| Department of Commerce | | | | | | | |
| Sea Grant Support | 11.417 | - | 15,000 | University of Texas at Arlington | 2021GC1608 | 15,000 | - |
| Climate and Atmospheric Research | 11.431 | 31,106 | - | | | 31,106 | - |
| Climate and Atmospheric Research | 11.431 | - | 23,399 | University of Texas at Arlington | 2021GC2223 | 23,399 | - |
| Measurement and Engineering Research and Standards | 11.609 | 276,684 | - | | | 276,684 | - |
| Measurement and Engineering Research and Standards | 11.609 | - | 179,255 | Colorado State University | G-99042-07 | 179,255 | - |
| | | 307,790 | 217,654 | | | 525,444 | - |
| Department of Defense | | | | | | | |
| Basic and Applied Scientific Research | 12.300 | 6,719,304 | - | | | 6,719,304 | 850,322 |
| Office of Naval Research | 12.300 | - | 99,835 | Virginia Polytechnic Institute and State University | 450859-19510 | 99,835 | - |
| Scientific Research - Combating Weapons of Mass Destruction | 12.351 | 11,281 | - | | | 11,281 | - |
| Military Medical Research and Development | 12.420 | 175,530 | - | | | 175,530 | - |
| Army Research Office | 12.420 | - | 206,366 | YB Numerics Inc | 21-0566 | 206,366 | - |
| U.S. Army Medical Research and Development Command (USAMRDC) | 12.420 | - | 1,952,425 | Advanced Technology International | 2021-538 01 | 1,952,425 | 775,680 |
| US Army Medical Research Acquisition Activity | 12.420 | - | 37,977 | The Methodist Hospital Research Institute | AGMT00007730 | 37,977 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ | Total Expenditures | Passed to Sub-Recipients |
|------------------------------------------------------------------|----------------|-----------|--------------|---------------------------------------------------|------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | Pass-Through Entity Sponsor Number | | |
| US Army Medical Research Acquisition Activity | 12.420 | - | 9,642 | UT MD Anderson Cancer Center | 3002032946 | 9,642 | - |
| US Army Medical Research Acquisition Activity | 12.420 | - | 105,187 | University of Texas Health Science Center-Houston | SA0002114 | 105,187 | - |
| Basic Scientific Research | 12.431 | 4,791,417 | - | | | 4,791,417 | 248,723 |
| Army Research Laboratory | 12.431 | - | 68,352 | University of California at Berkeley | 00011224 PO# BB01667690 | 68,352 | - |
| Army Research Office | 12.431 | - | 197,257 | University of California at Santa Barbara | KK1814 | 197,257 | - |
| US Army Corps of Engineers | 12.431 | - | 111,318 | University of Notre Dame | 208147RC | 111,318 | - |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | 2,025,868 | - | | | 2,025,868 | 876,568 |
| Air Force Defense Research Sciences Program | 12.800 | 2,709,179 | - | | | 2,709,179 | 468,487 |
| Air Force Office of Scientific Research | 12.800 | - | 75,100 | Baylor College of Medicine | P700000022 | 75,100 | - |
| Air Force Office of Scientific Research | 12.800 | - | 64,778 | Baylor College of Medicine | P700000023 | 64,778 | - |
| Air Force Office of Scientific Research | 12.800 | - | 29,664 | Baylor College of Medicine | P700000026 | 29,664 | - |
| Air Force Office of Scientific Research | 12.800 | - | 26,985 | Princeton University | SUB0000639 | 26,985 | - |
| Air Force Office of Scientific Research | 12.800 | - | 181,680 | Stanford University | 62718250-202251 | 181,680 | - |
| Air Force Research Laboratory | 12.800 | - | 180,000 | Clarkson Aerospace Corporation | RICE A 21-1-0460 | 180,000 | - |
| Air Force Research Laboratory | 12.800 | - | 60,375 | Clarkson Aerospace Corporation | RICE T 21-1-0460 | 60,375 | - |
| Air Force Research Laboratory | 12.800 | - | 97,938 | Ohio State University | SPC-1000006253/GR126730 | 97,938 | - |
| Air Force Research Laboratory | 12.800 | - | 26,379 | Stanford University | 62702191-227888 | 26,379 | - |
| Research and Technology Development | 12.910 | 954,351 | - | | | 954,351 | 205,371 |
| Defense Advanced Research Projects Agency | 12.910 | - | 262,373 | Johns Hopkins University | PO 2005711268 | 262,373 | - |
| Defense Advanced Research Projects Agency | 12.910 | - | 1,754,606 | Northwestern University | 60059016 RICE | 1,754,606 | - |
| Defense Advanced Research Projects Agency | 12.910 | - | 153,328 | The John B Pierce Laboratory Inc | 276-C | 153,328 | - |
| Defense Advanced Research Projects Agency | 12.910 | - | 294,147 | University of Pittsburgh | AWD00001593 (4160523) | 294,147 | - |
| Defense Advanced Research Projects Agency | 12.910 | - | 508,051 | University of Pittsburgh | AWD00001593 (419447-3) | 508,051 | - |
| Defense Advanced Research Projects Agency | 12.910 | - | 99,519 | VotingWorks | 22-0901 | 99,519 | - |
| Air Force Office of Scientific Research | 12.RD | - | 63,721 | Ohio State University | SPC-1000006254 GR126772 | 63,721 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ | Total Expenditures | Passed to Sub-Recipients |
|--------------------------------------------------------|----------------|-------------------|------------------|----------------------------------------|------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | Pass-Through Entity Sponsor Number | | |
| Air Force Office of Scientific Research | 12.RD | - | 278 | Pennsylvania State University | 5802-RU-AFOSR-0072 | 278 | - |
| Air Force Research Laboratory | 12.RD | - | 136,279 | Clarkson Aerospace Corporation | RICE V 21-1-0460 | 136,279 | - |
| Air Force Research Laboratory | 12.RD | - | 47,473 | UES Inc | S-119-005-003 | 47,473 | - |
| Defense Advanced Research Projects Agency | 12.RD | 1,265 | - | | | 1,265 | - |
| Defense Advanced Research Projects Agency | 12.RD | - | 247,164 | Raytheon Technologies | 2608792 | 247,164 | - |
| Department of Defense | 12.RD | 36,955 | - | | | 36,955 | - |
| Department of Defense | 12.RD | - | 733,977 | Skylark Wireless LLC | 20-1048 | 733,977 | - |
| Office of Naval Research | 12.RD | 1,966,376 | - | | | 1,966,376 | 1,503,161 |
| Small Business innovation Research SBIR STTR | 12.RD | - | 61,960 | DexMat, Inc. | 2021-11-01 | 61,960 | - |
| Strategic Environmental Research & Development Program | 12.RD | 222,121 | - | | | 222,121 | - |
| US Army Medical Research Acquisition Activity | 12.RD | - | 81 | RegenMed Development Organization | 2017-601-002 Rice | 81 | - |
| | | <u>19,613,647</u> | <u>7,894,215</u> | | | <u>27,507,862</u> | <u>4,928,312</u> |
| Department of Education | | | | | | | |
| Education Research, Development and Dissemination | 84.305 | 560,000 | - | | | 560,000 | 52,880 |
| Education Research, Development and Dissemination | 84.305 | - | 9,383 | Harvard University | 108164-5114653 | 9,383 | - |
| Research in Special Education | 84.324 | 191,875 | - | | | 191,875 | - |
| | | <u>751,875</u> | <u>9,383</u> | | | <u>761,258</u> | <u>52,880</u> |
| Department of Energy | | | | | | | |
| Office of Science Financial Assistance Program | 81.049 | 3,790,391 | - | | | 3,790,391 | - |
| Office of Science Financial Assistance Program | 81.049 | - | 63,691 | Baylor University | 1001094-2; PO# ORD0013072 | 63,691 | - |
| Office of Science Financial Assistance Program | 81.049 | - | 4,126 | Emory University | A054366 | 4,126 | - |
| Office of Science Financial Assistance Program | 81.049 | - | 201,350 | Emory University | A585966 | 201,350 | - |
| Office of Science Financial Assistance Program | 81.049 | - | 1,067 | Pennsylvania State University | S001225-USDOE | 1,067 | - |
| Office of Science Financial Assistance Program | 81.049 | - | 113,925 | University of Illinois at Urbana | 097200-17623 | 113,925 | - |
| Office of Science Financial Assistance Program | 81.049 | - | 27,866 | University of Maryland at College Park | 93209-Z710521 | 27,866 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ | Total Expenditures | Passed to Sub-Recipients |
|---------------------------------------------------------------------------------------------|----------------|---------|--------------|----------------------------------------|------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | Pass-Through Entity Sponsor Number | | |
| Office of Science Financial Assistance Program | 81.049 | - | 8,686 | Brookhaven National Laboratory | 418757 | 8,686 | - |
| Office of Science Financial Assistance Program | 81.049 | - | 50,181 | Los Alamos National Laboratory | 618252 | 50,181 | - |
| Conservation Research and Development | 81.086 | - | 67,795 | University of Houston | R-20-0003 | 67,795 | - |
| Conservation Research and Development | 81.086 | - | 20,236 | Worcester Polytechnic Institute | 10687-GR | 20,236 | - |
| Renewable Energy Research and Development | 81.087 | 608,619 | - | | | 608,619 | 233,551 |
| Renewable Energy Research and Development | 81.087 | - | 350,000 | University of Delaware | UDR0000015 | 350,000 | - |
| Renewable Energy Research and Development | 81.087 | - | 1,279,148 | University of Utah | 10039612-Rice 3-2417-AF1 | 1,279,148 | 749,001 |
| Fossil Energy Research and Development | 81.089 | 229,345 | - | | | 229,345 | 164,801 |
| Stewardship Science Grant Program | 81.112 | 17,941 | - | | | 17,941 | - |
| National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program | 81.123 | - | 383,999 | Lawrence Livermore National Laboratory | B650752 | 383,999 | - |
| Advanced Research Projects Agency - Energy | 81.135 | 876,867 | - | | | 876,867 | 28,506 |
| Advanced Research Projects Agency - Energy | 81.135 | - | 35,925 | Fervo Energy Company | A23-0148-002 | 35,925 | - |
| Argonne National Laboratory | 81.RD | - | 7,544 | Argonne National Laboratory | 1F-60556 | 7,544 | - |
| Argonne National Laboratory | 81.RD | - | 88,141 | Argonne National Laboratory | 9F-60073 | 88,141 | - |
| Brookhaven National Laboratory | 81.RD | - | 756 | Brookhaven National Laboratory | 389409 | 756 | - |
| Brookhaven National Laboratory | 81.RD | - | 25,000 | Brookhaven National Laboratory | 413714 | 25,000 | - |
| Fermi National Accelerator Lab | 81.RD | - | 6,047 | Fermi National Accelerator Lab | 655192 | 6,047 | - |
| Fermi National Accelerator Lab | 81.RD | - | 345,437 | Fermi National Accelerator Lab | 656176 | 345,437 | - |
| Fermi National Accelerator Lab | 81.RD | - | 100,718 | Fermi National Accelerator Lab | 656462 WBS 13.2019.0 | 100,718 | - |
| Fermi National Accelerator Lab | 81.RD | - | 240,598 | Fermi National Accelerator Lab | 664382 | 240,598 | - |
| Los Alamos National Laboratory | 81.RD | - | 37,032 | Los Alamos National Laboratory | 22065 | 37,032 | - |
| National Renewable Energy Laboratory | 81.RD | - | 36,862 | DexMat, Inc. | 22-0726 | 36,862 | - |
| Oak Ridge National Laboratory | 81.RD | - | 1,047,139 | Oak Ridge National Laboratory | 4000151982 / CW8921 | 1,047,139 | 146,113 |
| Sandia National Laboratories | 81.RD | - | 3,220 | Sandia National Laboratories | 2301651 | 3,220 | - |
| Sandia National Laboratories | 81.RD | - | 74,332 | Sandia National Laboratories | 2345807 | 74,332 | - |
| Sandia National Laboratories | 81.RD | - | 97,690 | Sandia National Laboratories | PO #2379242 | 97,690 | - |
| UT Battelle- LLC | 81.RD | - | 93,899 | UT Battelle- LLC | 4000192800 | 93,899 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ | Total Expenditures | Passed to Sub-Recipients |
|-------------------------------------------------------------------------------|----------------|--------|--------------|-------------------------------------------------------------------------------|------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | Pass-Through Entity Sponsor Number | | |
| UT Battelle- LLC | 81.RD | - | 22,666 | UT Battelle- LLC | 4000192810 | 22,666 | - |
| University of California Ernest Orlando Lawrence Berkeley National Laboratory | 81.RD | - | 30,759 | University of California Ernest Orlando Lawrence Berkeley National Laboratory | 7501364 | 30,759 | - |
| University of California Ernest Orlando Lawrence Berkeley National Laboratory | 81.RD | - | 103,808 | University of California Ernest Orlando Lawrence Berkeley National Laboratory | 7501365 | 103,808 | - |
| University of California Ernest Orlando Lawrence Berkeley National Laboratory | 81.RD | - | 96,436 | University of California Ernest Orlando Lawrence Berkeley National Laboratory | 7542386 | 96,436 | - |
| University of California Ernest Orlando Lawrence Berkeley National Laboratory | 81.RD | - | 78,968 | University of California Ernest Orlando Lawrence Berkeley National Laboratory | 7568461 | 78,968 | - |
| University of California Ernest Orlando Lawrence Berkeley National Laboratory | 81.RD | - | 82,671 | University of California Ernest Orlando Lawrence Berkeley National Laboratory | 7609509 | 82,671 | - |
| University of California Ernest Orlando Lawrence Berkeley National Laboratory | 81.RD | - | 66,538 | University of California Ernest Orlando Lawrence Berkeley National Laboratory | 7616367 | 66,538 | - |
| University of California Ernest Orlando Lawrence Berkeley National Laboratory | 81.RD | - | 111,862 | University of California Ernest Orlando Lawrence Berkeley National Laboratory | 7630709 | 111,862 | - |
| University of California Ernest Orlando Lawrence Berkeley National Laboratory | 81.RD | - | 164,357 | University of California Ernest Orlando Lawrence Berkeley National Laboratory | 7654356 | 164,357 | - |
| University of California Ernest Orlando Lawrence Berkeley National Laboratory | 81.RD | - | 34,900 | University of California Ernest Orlando Lawrence Berkeley National Laboratory | 7669814 | 34,900 | - |
| | | | 5,523,163 | 5,605,375 | | 11,128,538 | 1,321,972 |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ | Total Expenditures | Passed to Sub-Recipients |
|------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------|--------------|---------------------------------------------------|------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | Pass-Through Entity Sponsor Number | | |
| Department of Health and Human Services | | | | | | | |
| Agency for Healthcare Research and Quality | | | | | | | |
| Research on Healthcare Costs, Quality and Outcomes | 93.226 | - | 24,167 | Baylor College of Medicine | 7000001040 | 24,167 | - |
| Research on Healthcare Costs, Quality and Outcomes | 93.226 | - | 38,566 | University of Texas Health Science Center-Houston | SA0002791 | 38,566 | - |
| Centers for Disease Control and Prevention | | | | | | | |
| Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 93.354 | - | 68,202 | City of Houston | SPD-JSA-12302020-001 | 68,202 | - |
| Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises | 93.391 | - | 589,417 | University of Texas Health Science Center-Houston | SA0002692 | 589,417 | - |
| Food and Drug Administration | | | | | | | |
| Food and Drug Administration Research | 93.103 | - | 161,038 | Baylor College of Medicine | PO# 7000000757 | 161,038 | 50,000 |
| National Institutes of Health | | | | | | | |
| Environmental Health | 93.113 | 35 | - | | | 35 | - |
| Environmental Health | 93.113 | - | 70,339 | Baylor College of Medicine | 7000000666 | 70,339 | - |
| Environmental Health | 93.113 | - | 26,354 | Colorado State University | G-63857-02 | 26,354 | - |
| Oral Diseases and Disorders Research | 93.121 | 1,457,264 | - | | | 1,457,264 | 430,683 |
| Oral Diseases and Disorders Research | 93.121 | - | (852) | University of Texas Health Science Center-Houston | AGT004121 | (852) | - |
| Oral Diseases and Disorders Research | 93.121 | - | 104,100 | University of Texas Health Science Center-Houston | SA0000363 | 104,100 | - |
| NIEHS Superfund Hazardous Substances_Basic Research and Education | 93.143 | - | 232,343 | Baylor College of Medicine | P700000047 | 232,343 | - |
| NIEHS Superfund Hazardous Substances_Basic Research and Education | 93.143 | - | 220,744 | Baylor College of Medicine | P700000050 | 220,744 | - |
| Human Genome Research | 93.172 | 373,958 | - | | | 373,958 | 55,471 |
| Human Genome Research | 93.172 | - | 68,933 | Baylor College of Medicine | PO # 7000001537 | 68,933 | - |
| Human Genome Research | 93.172 | - | 478,688 | Georgia Institute of Technology | AWD-002078-G1 | 478,688 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ | Total Expenditures | Passed to Sub-Recipients |
|--------------------------------------------------------------------------------------|----------------|-----------|--------------|-----------------------------------------------------|------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | Pass-Through Entity Sponsor Number | | |
| Research Related to Deafness and Communication Disorders | 93.173 | 1,396 | - | | | 1,396 | - |
| Research Related to Deafness and Communication Disorders | 93.173 | - | (8,164) | Baylor College of Medicine | 700000185 | (8,164) | - |
| Research Related to Deafness and Communication Disorders | 93.173 | - | 68,839 | University of Chicago | FP057336-03-PR-A | 68,839 | - |
| Mental Health Research Grants | 93.242 | - | (6,374) | Baylor College of Medicine | 7000001371 | (6,374) | - |
| Mental Health Research Grants | 93.242 | - | 35,963 | Baylor College of Medicine | 7000001847 | 35,963 | - |
| Mental Health Research Grants | 93.242 | - | 9,936 | Icahn School of Medicine at Mount Sinai (ISMMS) | 0255-F161-4609 | 9,936 | - |
| Mental Health Research Grants | 93.242 | - | 344,597 | Spike Gadgets | 20-0161 | 344,597 | - |
| Mental Health Research Grants | 93.242 | - | 207,161 | Virginia Polytechnic Institute and State University | 412600-19510 | 207,161 | - |
| Drug Abuse and Addiction Research Programs | 93.279 | - | 44,279 | New York University | F1274-19; PO iB00588434 | 44,279 | - |
| Discovery and Applied Research for Technological Innovations to Improve Human Health | 93.286 | 2,813,601 | - | | | 2,813,601 | 170,510 |
| Discovery and Applied Research for Technological Innovations to Improve Human Health | 93.286 | - | (10,006) | Baylor College of Medicine | 7000001065 | (10,006) | - |
| Discovery and Applied Research for Technological Innovations to Improve Human Health | 93.286 | - | 8,151 | Duke University | 303-000835 | 8,151 | - |
| Discovery and Applied Research for Technological Innovations to Improve Human Health | 93.286 | - | 73,390 | Tufts University | NIH149 PO# EP0202326 | 73,390 | - |
| Discovery and Applied Research for Technological Innovations to Improve Human Health | 93.286 | - | 54,711 | University of Kentucky | 7800005360 | 54,711 | - |
| Discovery and Applied Research for Technological Innovations to Improve Human Health | 93.286 | - | 75,247 | University of Maryland at College Park | 48191-Z0005201 | 75,247 | - |
| Minority Health and Health Disparities Research | 93.307 | - | 547 | University of Utah | 10044779-02; PO#U000 | 547 | - |
| Trans-NIH Research Support | 93.310 | 132,354 | - | | | 132,354 | 180,272 |
| Trans-NIH Research Support | 93.310 | - | 191,155 | Baylor College of Medicine | 7000001343 | 191,155 | - |
| Trans-NIH Research Support | 93.310 | - | 22,020 | Baylor College of Medicine | P700000019 | 22,020 | - |
| Trans-NIH Research Support | 93.310 | - | 100,000 | The Medical College of Wisconsin, Inc. | PO #6229188 - 31B | 100,000 | - |
| Trans-NIH Research Support | 93.310 | - | 3,645 | University of Texas at El Paso | 226141289D | 3,645 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ | Total Expenditures | Passed to Sub-Recipients |
|------------------------------------------------------|----------------|-----------|--------------|---------------------------------------------------|------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | Pass-Through Entity Sponsor Number | | |
| National Center for Advancing Translational Sciences | 93.350 | - | 270,818 | University of Texas Health Science Center-Houston | SA0000143 | 270,818 | - |
| National Center for Advancing Translational Sciences | 93.350 | - | 70,325 | University of Texas Health Science Center-Houston | SA0002201 | 70,325 | - |
| National Center for Advancing Translational Sciences | 93.350 | - | 19,242 | University of Texas Health Science Center-Houston | SA0003346 | 19,242 | - |
| Cancer Cause and Prevention Research | 93.393 | 635,076 | - | | | 635,076 | 287,839 |
| Cancer Cause and Prevention Research | 93.393 | - | 10,178 | Baylor College of Medicine | P700000072 | 10,178 | - |
| Cancer Cause and Prevention Research | 93.393 | - | 54,285 | Baylor College of Medicine | P700000492 | 54,285 | - |
| Cancer Cause and Prevention Research | 93.393 | - | 37,613 | UT MD Anderson Cancer Center | 3002023504 | 37,613 | - |
| Cancer Cause and Prevention Research | 93.393 | - | 9,411 | University of Utah | 10045740-04; PO #U000358313 | 9,411 | - |
| Cancer Detection and Diagnosis Research | 93.394 | 1,041,037 | - | | | 1,041,037 | 355,277 |
| Cancer Detection and Diagnosis Research | 93.394 | - | 179 | Baylor College of Medicine | PO #5601046168 | 179 | - |
| Cancer Treatment Research | 93.395 | 410,753 | - | | | 410,753 | 37,021 |
| Cancer Treatment Research | 93.395 | - | 134,994 | Baylor College of Medicine | 7000000855 | 134,994 | - |
| Cancer Treatment Research | 93.395 | - | 18,020 | Massachusetts General Hospital | 239889 | 18,020 | - |
| Cancer Treatment Research | 93.395 | - | 596 | UT MD Anderson Cancer Center | 3001815640 | 596 | - |
| Cancer Treatment Research | 93.395 | - | 29,278 | UT MD Anderson Cancer Center | PO3001215745 | 29,278 | - |
| Cancer Biology Research | 93.396 | 387,726 | - | | | 387,726 | 109,771 |
| Cancer Biology Research | 93.396 | - | 83,692 | Baylor College of Medicine | 7000001708 | 83,692 | - |
| Cancer Biology Research | 93.396 | - | 2,720 | Cedars-Sinai Medical Center | 1716864 | 2,720 | - |
| Cancer Centers Support Grants | 93.397 | - | 61,127 | Baylor College of Medicine | P700000181 | 61,127 | - |
| Cancer Research Manpower | 93.398 | - | 52,791 | UT MD Anderson Cancer Center | 3002032849 | 52,791 | - |
| Cancer Research Manpower | 93.398 | - | 77,197 | University of Texas Health Science Center-Houston | SA0001793 | 77,197 | - |
| Cardiovascular Diseases Research | 93.837 | 1,072,876 | - | | | 1,072,876 | 437,095 |
| Cardiovascular Diseases Research | 93.837 | - | 21,193 | Baylor College of Medicine | 7000000327 | 21,193 | - |
| Cardiovascular Diseases Research | 93.837 | - | 71,568 | Baylor College of Medicine | 7000001823 | 71,568 | - |
| Cardiovascular Diseases Research | 93.837 | - | 125,200 | Baylor College of Medicine | P700000073 | 125,200 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ | Total Expenditures | Passed to Sub-Recipients |
|------------------------------------------------------------------------------|----------------|-----------|--------------|-------------------------------------------|------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | Pass-Through Entity Sponsor Number | | |
| Cardiovascular Diseases Research | 93.837 | - | 71,412 | Baylor College of Medicine | P700000302 | 71,412 | - |
| Cardiovascular Diseases Research | 93.837 | - | 125,920 | Texas Heart Institute | 4058 - 1R01HL 144683-01A1 | 125,920 | - |
| Lung Diseases Research | 93.838 | 685,701 | - | | | 685,701 | - |
| Blood Diseases and Resources Research | 93.839 | 1,076,852 | - | | | 1,076,852 | 362,690 |
| Arthritis, Musculoskeletal and Skin Diseases Research | 93.846 | (31) | - | | | (31) | - |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93.847 | 865,154 | - | | | 865,154 | - |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93.847 | - | 20,056 | Baylor College of Medicine | 7000000357 | 20,056 | - |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93.847 | - | 46,936 | Baylor College of Medicine | 7000001666 | 46,936 | - |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93.847 | - | 2,779 | University of Washington | UWSC13662; BPO #65432 | 2,779 | - |
| Diabetes, Digestive, and Kidney Diseases Extramural Research | 93.847 | - | 42,099 | Washington University | ST00000428; WU-19-14 | 42,099 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | 3,128,673 | - | | | 3,128,673 | 932,842 |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | - | 24,316 | Baylor College of Medicine | 7000001032 | 24,316 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | - | 37,836 | Baylor College of Medicine | 7000001183 | 37,836 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | - | 31,933 | Baylor College of Medicine | 7000001805 | 31,933 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | - | 33,659 | Baylor College of Medicine | P700000040 | 33,659 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | - | 35,542 | Baylor College of Medicine | PO # 7000001355 | 35,542 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | - | 29,854 | Michigan State University | RC112490B | 29,854 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | - | 203,972 | Spike Gadgets | 0822ru | 203,972 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | - | 125,406 | The Methodist Hospital Research Institute | AGMT00008679 | 125,406 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ | Total Expenditures | Passed to Sub-Recipients |
|------------------------------------------------------------------------------|----------------|-----------|--------------|---------------------------------------------------|------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | Pass-Through Entity Sponsor Number | | |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | - | 60,132 | The Rockefeller University | 1RF1NS110501-01 | 60,132 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | - | 207 | The TAMU System Health Science Center | M1803923 | 207 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | - | 49,984 | UT MD Anderson Cancer Center | 3001952177 | 49,984 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | - | 36,451 | UT MD Anderson Cancer Center | 3001956226 | 36,451 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | - | 75,896 | University of Helsinki | H9702 pk 230132 | 75,896 | - |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | - | 16,623 | University of Texas Health Science Center-Houston | SA0000439 | 16,623 | - |
| Allergy and Infectious Diseases Research | 93.855 | 1,357,887 | - | | | 1,357,887 | - |
| Allergy and Infectious Diseases Research | 93.855 | - | 61,678 | Baylor College of Medicine | P700000315 | 61,678 | - |
| Allergy and Infectious Diseases Research | 93.855 | - | 174,391 | Baylor College of Medicine | PO#P700000252 | 174,391 | - |
| Allergy and Infectious Diseases Research | 93.855 | - | 47,654 | The Methodist Hospital Research Institute | AGMT00007883 | 47,654 | - |
| Allergy and Infectious Diseases Research | 93.855 | - | 42,058 | The Methodist Hospital Research Institute | AGMT00008422 | 42,058 | - |
| Allergy and Infectious Diseases Research | 93.855 | - | 165,536 | The Wistar Institute | 25880-02-381 | 165,536 | - |
| Allergy and Infectious Diseases Research | 93.855 | - | 47,643 | UT MD Anderson Cancer Center | PO # 3001741670 | 47,643 | - |
| Allergy and Infectious Diseases Research | 93.855 | - | 9,504 | University of Texas Health Science Center-Houston | SA0002310/T32AI055449 | 9,504 | - |
| Allergy and Infectious Diseases Research | 93.855 | - | 21,593 | University of Texas Health Science Center-Houston | SA0003135 | 21,593 | - |
| Biomedical Research and Research Training | 93.859 | 5,227,651 | - | | | 5,227,651 | 200,279 |
| Biomedical Research and Research Training | 93.859 | - | 23,147 | Baylor College of Medicine | 7000000764 | 23,147 | - |
| Biomedical Research and Research Training | 93.859 | - | 27,856 | Baylor College of Medicine | 7000001257 | 27,856 | - |
| Biomedical Research and Research Training | 93.859 | - | 40,627 | Baylor College of Medicine | 7000001810 | 40,627 | - |
| Biomedical Research and Research Training | 93.859 | - | 14,945 | Baylor College of Medicine | 7000001811 | 14,945 | - |
| Biomedical Research and Research Training | 93.859 | - | 2,124 | Baylor College of Medicine | PO# 7000001007 | 2,124 | - |
| Biomedical Research and Research Training | 93.859 | - | 70,126 | University of California San Diego | KR 705523 | 70,126 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ Pass-Through Entity | Total Expenditures | Passed to Sub-Recipients |
|--------------------------------------------------------|----------------|-----------|--------------|---------------------------------------------------|----------------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | Sponsor Number | | |
| Biomedical Research and Research Training | 93.859 | - | 50,838 | University of Southern California | 138431040 | 50,838 | - |
| Biomedical Research and Research Training | 93.859 | - | 7,003 | University of Texas Health Science Center-Houston | SA0001191 | 7,003 | - |
| Biomedical Research and Research Training | 93.859 | - | 12,952 | University of Texas Health Science Center-Houston | SA0002052 | 12,952 | - |
| Child Health and Human Development Extramural Research | 93.865 | 46,154 | - | | | 46,154 | - |
| Child Health and Human Development Extramural Research | 93.865 | - | 18,615 | Baylor College of Medicine | 7000001797 | 18,615 | - |
| Child Health and Human Development Extramural Research | 93.865 | - | 148,917 | Baylor College of Medicine | P700000484 | 148,917 | - |
| Aging Research | 93.866 | 1,664,427 | - | | | 1,664,427 | (44,408) |
| Aging Research | 93.866 | - | 3,393 | Baylor College of Medicine | 700000101 | 3,393 | - |
| Aging Research | 93.866 | - | 26,321 | Baylor College of Medicine | PO #7000001370 / R56AG071152 | 26,321 | - |
| Aging Research | 93.866 | - | 27,867 | Boston University | 4500004260 | 27,867 | - |
| Aging Research | 93.866 | - | 8,872 | Marine Biological Laboratory | 54333 | 8,872 | - |
| Aging Research | 93.866 | - | 4,428 | Pennsylvania State University | S003403-DHHS | 4,428 | - |
| Aging Research | 93.866 | - | (27,867) | The Rockefeller University | SUB00000197 | (27,867) | - |
| Vision Research | 93.867 | 638,435 | - | | | 638,435 | 64,837 |
| Vision Research | 93.867 | - | 104,037 | University of Texas Health Science Center-Houston | SA0001787 | 104,037 | - |
| Medical Library Assistance | 93.879 | 497,166 | - | | | 497,166 | 188,229 |
| Department of Health and Human Services | 93.RD | - | 85,659 | Baylor College of Medicine | 7000001027 | 85,659 | - |
| Department of Health and Human Services | 93.RD | - | 57,160 | Boston University | 4500003478 | 57,160 | - |
| Department of Health and Human Services | 93.RD | - | 264,382 | City of Houston | 4600017502 | 264,382 | - |
| Department of Health and Human Services | 93.RD | - | 32,895 | Houston Independent School District | PO 8000337975 | 32,895 | - |
| Department of Health and Human Services | 93.RD | - | 351,773 | UT MD Anderson Cancer Center | 3001668186 | 351,773 | - |
| Department of Health and Human Services | 93.RD | - | 139,588 | University of Notre Dame | 204041RU | 139,588 | - |
| Department of Health and Human Services | 93.RD | - | 122,277 | University of Texas Health Science Center-Houston | SA0000140 | 122,277 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ | Total Expenditures | Passed to Sub-Recipients |
|----------------------------------------------------------------------------------------------------------------|----------------|-------------------|------------------|---------------------------------------------------|------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | Pass-Through Entity Sponsor Number | | |
| Department of Health and Human Services | 93.RD | - | 73,728 | University of Texas Health Science Center-Houston | SA0000646 | 73,728 | - |
| Department of Health and Human Services | 93.RD | - | 244,676 | University of Texas Medical Branch | 21-85395-02 PO #0000 | 244,676 | - |
| | | <u>23,514,145</u> | <u>8,024,972</u> | | | <u>31,539,117</u> | <u>3,818,408</u> |
| Department of Homeland Security | | | | | | | |
| Centers for Homeland Security | 97.061 | - | 80,265 | The Rand Corporation | SCON-00000551 | 80,265 | - |
| | | - | <u>80,265</u> | | | <u>80,265</u> | - |
| Department of Interior | | | | | | | |
| Safety and Environmental Research and Data Collection for Offshore Energy and Mineral Activities | 15.441 | - | 28,442 | Texas A and M Engineering Experiment Station | M2102632 | 28,442 | - |
| Water Desalination Research and Development | 15.506 | 143,773 | - | | | 143,773 | 15,217 |
| Water Desalination Research and Development | 15.506 | - | 4,842 | Arizona State University | ASUB00000517 | 4,842 | - |
| Water Desalination Research and Development | 15.506 | - | 49,960 | SolMem LLC | N/A | 49,960 | - |
| | | <u>143,773</u> | <u>83,244</u> | | | <u>227,017</u> | <u>15,217</u> |
| Department of The Treasury | | | | | | | |
| Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States | 21.015 | - | 10,959 | University of Houston | R-22-0001 | 10,959 | - |
| | | - | <u>10,959</u> | | | <u>10,959</u> | - |
| Environmental Protection Agency | | | | | | | |
| Environmental Protection Agency | 66.RD | - | 33,820 | Framergy Inc | 20-0736 | 33,820 | - |
| | | - | <u>33,820</u> | | | <u>33,820</u> | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ | Total Expenditures | Passed to Sub-Recipients |
|--------------------------------------------------------|----------------|-----------|--------------|-------------------------------------------------|------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | Pass-Through Entity Sponsor Number | | |
| National Aeronautics & Space Administration | | | | | | | |
| Science | 43.001 | 36,635 | - | | | 36,635 | - |
| Science | 43.001 | - | 4,815 | Johns Hopkins University | 161886 | 4,815 | - |
| Science | 43.001 | - | 97,275 | Southwest Research Institute | Q99059JA | 97,275 | - |
| Science | 43.001 | - | 16,525 | The Catholic University of America | 362680 | 16,525 | - |
| Science | 43.001 | 2,558,229 | - | | | 2,558,229 | 564,118 |
| Science | 43.001 | - | 106,926 | Boston University | 4500004219 | 106,926 | - |
| Science | 43.001 | - | 10,296 | Carnegie Mellon University | 1110260 - 468145 | 10,296 | - |
| Science | 43.001 | - | 50,783 | Johns Hopkins University | 178793 | 50,783 | - |
| Science | 43.001 | - | 93,244 | Massachusetts Institute of Technology | S5161 PO #532314 | 93,244 | - |
| Science | 43.001 | - | 7,371 | Michigan Technological University | 1911057Z2 | 7,371 | - |
| Science | 43.001 | - | 52,109 | Rutgers University | PO# 1371636; SUB# 0642 | 52,109 | - |
| Science | 43.001 | - | 12,415 | Southwest Research Institute | Q99061AH | 12,415 | - |
| Science | 43.001 | - | 7,091 | The George Washington University | 22-S24 | 7,091 | - |
| Science | 43.001 | - | 106,503 | University Corporation for Atmospheric Research | SUBAWD002254 | 106,503 | - |
| Science | 43.001 | - | 80,093 | University of Colorado | 1561210; PO #1001612145 | 80,093 | - |
| Science | 43.001 | - | (10,998) | University of Iowa | S00067-01 | (10,998) | - |
| Science | 43.001 | - | 55,661 | University of Washington | BPO #30934; Sub No. | 55,661 | - |
| Exploration | 43.003 | - | 95,162 | Johns Hopkins University | PO#2003338661/ PO2003904699 | 95,162 | - |
| Exploration | 43.003 | - | 15,377 | University of Central Florida | 64016394-01 | 15,377 | - |
| Mission Support | 43.009 | 6,238 | - | | | 6,238 | - |
| Space Technology | 43.012 | 475,391 | - | | | 475,391 | - |
| NASA Shared Services Center (NSSC) | 43.RD | - | 195,836 | Southwest Research Institute | 599790Q | 195,836 | - |
| National Aeronautics and Space Administration: Goddard | 43.RD | - | 23,936 | Jacobs Engineering Group Inc | EN21306FMS | 23,936 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ | Total Expenditures | Passed to Sub-Recipients |
|---------------------------------------------------------------|----------------|----------------|------------------|---------------------------------------------|------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | Pass-Through Entity Sponsor Number | | |
| National Aeronautics and Space Administration: Goddard | 43.RD | - | 16,202 | Jacobs Engineering Group Inc | PO# EN14917FMS | 16,202 | - |
| National Aeronautics and Space Administration: Goddard | 43.RD | - | 7,722 | Space Telescope Science Institute | HST-AR-16129.014-A | 7,722 | - |
| National Aeronautics and Space Administration: Goddard | 43.RD | - | 10,296 | Space Telescope Science Institute | HST-GO-16163.002-A | 10,296 | - |
| National Aeronautics and Space Administration: Goddard | 43.RD | - | 10,008 | Space Telescope Science Institute | JWST-GO-01706.002-A | 10,008 | - |
| | | | <u>3,076,493</u> | <u>1,064,648</u> | | <u>4,141,141</u> | <u>564,118</u> |
| National Endowment for the Arts | | | | | | | |
| Promotion of the Arts Grants to Organizations and Individuals | 45.024 | 70,220 | - | | | 70,220 | - |
| | | <u>70,220</u> | <u>-</u> | | | <u>70,220</u> | <u>-</u> |
| National Endowment for the Humanities | | | | | | | |
| Promotion of the Humanities Federal/State Partnership | 45.129 | - | 5,424 | Humanities Texas | 2022-6601 | 5,424 | - |
| Promotion of the Humanities Fellowships and Stipends | 45.160 | 46,700 | - | | | 46,700 | - |
| Promotion of the Humanities Research | 45.161 | 77,460 | - | | | 77,460 | 8,428 |
| Promotion of the Humanities Public Programs | 45.164 | 2,562 | - | | | 2,562 | 582 |
| Promotion of the Humanities Office of Digital Humanities | 45.169 | 69,813 | - | | | 69,813 | 58,314 |
| | | <u>196,535</u> | <u>5,424</u> | | | <u>201,959</u> | <u>67,324</u> |
| National Science Foundation | | | | | | | |
| Engineering | 47.041 | 7,946,392 | - | | | 7,946,392 | 2,069,805 |
| COVID-19 Engineering | 47.041 | 18,058 | - | | | 18,058 | - |
| Engineering | 47.041 | - | 10,500 | Arizona State University | ASUB00001290 | 10,500 | - |
| Engineering | 47.041 | - | 127,170 | Computing Research Association Inc | 2021CIF-Rice-47 | 127,170 | - |
| Engineering | 47.041 | - | 136,598 | Northwestern University | 60056702 RICE | 136,598 | - |
| Engineering | 47.041 | - | 23,809 | Old Dominion University Research Foundation | 23-138-100876-010 | 23,809 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|---------------------------------------------|----------------|------------|--------------|----------------------------------------------|----------------------------------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | | | |
| Engineering | 47.041 | - | 16,613 | Pennsylvania State University | S003602-NSF | 16,613 | - |
| Engineering | 47.041 | - | 46,956 | SolMem LLC | 21-0146 | 46,956 | - |
| Engineering | 47.041 | - | 51,970 | Synopic, Inc. | 2112333-1 | 51,970 | - |
| Engineering | 47.041 | - | 5,190 | Texas A and M Engineering Experiment Station | M2201407-28-521310-00005 | 5,190 | - |
| Engineering | 47.041 | - | 648,831 | Texas A and M University | M1801374 | 648,831 | - |
| Engineering | 47.041 | - | 36,337 | University of Texas at Austin | UTA17-001102 | 36,337 | - |
| Engineering | 47.041 | - | 20,181 | University of Texas at Austin | UTA20-000982 | 20,181 | - |
| Engineering | 47.041 | - | 240 | VenoStent, Inc. | 1907220 | 240 | - |
| COVID-19 Mathematical and Physical Sciences | 47.049 | 15,200 | - | | | 15,200 | - |
| Mathematical and Physical Sciences | 47.049 | 12,334,537 | - | | | 12,334,537 | 2,127,132 |
| Mathematical and Physical Sciences | 47.049 | - | 328,694 | Cornell University | 79433-20685 | 328,694 | - |
| Mathematical and Physical Sciences | 47.049 | - | 14,005 | Massachusetts Institute of Technology | S5671 PO#791808 | 14,005 | - |
| Mathematical and Physical Sciences | 47.049 | - | 554 | Texas A and M University | OMA-203789 | 554 | - |
| Mathematical and Physical Sciences | 47.049 | - | 13,977 | University of California at Berkeley | Sub 00011052/Prime 2023505 | 13,977 | - |
| Mathematical and Physical Sciences | 47.049 | - | 132,558 | University of Houston | R-18-0021 | 132,558 | - |
| Mathematical and Physical Sciences | 47.049 | - | 5,000 | University of Notre Dame | PHY-1806631 QuarkNet | 5,000 | - |
| Mathematical and Physical Sciences | 47.049 | - | 40,307 | University of Texas at Austin | UTA17-001490 | 40,307 | - |
| Geosciences | 47.050 | 1,929,228 | - | | | 1,929,228 | - |
| Geosciences | 47.050 | - | 6,169 | Columbia University | 66E(GG009393-04) | 6,169 | - |
| Geosciences | 47.050 | - | 2,903 | Columbia University | 66F(GG009393-04) | 2,903 | - |
| Geosciences | 47.050 | - | 17,983 | Columbia University | 66G(GG009393-04) | 17,983 | - |
| Geosciences | 47.050 | - | (32) | Columbia University | Expedition #371 66(GG009393) | (32) | - |
| Geosciences | 47.050 | - | (77) | Columbia University | Expedition #374 66C(GG009393) | (77) | - |
| Geosciences | 47.050 | - | 84,901 | University of California Davis | A19-0951-S001 | 84,901 | - |
| Geosciences | 47.050 | - | 124,392 | University of the Virgin Islands | 203108-02 | 124,392 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ | Total Expenditures | Passed to Sub-Recipients |
|-----------------------------------------------------------|----------------|-----------|--------------|-----------------------------------------------------|------------------------------------|--------------------|--------------------------|
| | Listing Number | | | | Pass-Through Entity Sponsor Number | | |
| Computer and Information Science and Engineering | 47.070 | 7,178,533 | - | | | 7,178,533 | 399,379 |
| COVID-19 Computer and Information Science and Engineering | 47.070 | 31,676 | - | | | 31,676 | - |
| Computer and Information Science and Engineering | 47.070 | - | 88,917 | Massachusetts Institute of Technology | S5699 PO #781537 | 88,917 | - |
| Computer and Information Science and Engineering | 47.070 | - | 20,866 | New Jersey Institute of Technology | 997252 | 20,866 | - |
| Computer and Information Science and Engineering | 47.070 | - | 1,059,224 | Platforms for Advanced Wireless Research (PAWR) LLC | Task Order #1 | 1,059,224 | - |
| Computer and Information Science and Engineering | 47.070 | - | 35,063 | Texas A and M Engineering Experiment Station | M2202005 | 35,063 | - |
| Computer and Information Science and Engineering | 47.070 | - | 11,000 | Texas A and M Engineering Experiment Station | M2301099 | 11,000 | - |
| Computer and Information Science and Engineering | 47.070 | - | 30,914 | University of California San Diego | PO 705320 | 30,914 | - |
| Computer and Information Science and Engineering | 47.070 | - | 1,208 | University of Notre Dame | 203986RU | 1,208 | - |
| Computer and Information Science and Engineering | 47.070 | - | 31,779 | Virginia Polytechnic Institute and State University | 479589-19510 | 31,779 | - |
| Biological Sciences | 47.074 | 2,990,317 | - | | | 2,990,317 | 1,236 |
| Biological Sciences | 47.074 | - | 15,876 | Ohio State University | 1000005378 / GR124403 | 15,876 | - |
| Biological Sciences | 47.074 | - | 229,685 | Research Foundation of State University of New York | PO#R1092327 | 229,685 | - |
| COVID-19 Social, Behavioral, and Economic Sciences | 47.075 | 23 | - | | | 23 | - |
| Social, Behavioral, and Economic Sciences | 47.075 | 1,323,646 | - | | | 1,323,646 | 36,383 |
| Education and Human Resources | 47.076 | 4,822,981 | - | | | 4,822,981 | 288,274 |
| Education and Human Resources | 47.076 | - | 1,134 | San Jacinto College | NSF534714001 | 1,134 | - |
| Education and Human Resources | 47.076 | - | 33,593 | University of Houston | R-21-0058 | 33,593 | - |
| Education and Human Resources | 47.076 | - | 8,719 | University of Massachusetts Boston | 2013465 | 8,719 | - |
| Polar Programs | 47.078 | 155,773 | - | | | 155,773 | - |
| Office of International Science and Engineering | 47.079 | 149,755 | - | | | 149,755 | 45,832 |
| Office of International Science and Engineering | 47.079 | - | 2,560 | Texas A and M University at Galveston | 10-S161004 | 2,560 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance | Direct | Pass-Through | Pass-Through Entity | Federal Award Number/ Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|------------------------------------------------|-------------------|-------------------|-------------------|----------------------------------------|----------------------------------------------------------------|-----------------------|-----------------------------|
| | Listing Number | | | | | | |
| Integrative Activities | 47.083 | 50,055 | - | | | 50,055 | - |
| NSF Technology, Innovation, and Partnerships | 47.084 | 119,044 | - | | | 119,044 | - |
| NSF Technology, Innovation, and Partnerships | 47.084 | - | 111,551 | University of Texas at Austin | UTAUS-SUB00000846 | 111,551 | - |
| National Science Foundation | 47.RD | 162,790 | - | | | 162,790 | - |
| National Science Foundation | 47.RD | - | 15,000 | American Political Science Association | POL3603 V002548 | 15,000 | - |
| National Science Foundation | 47.RD | - | 54,918 | Baylor College of Medicine | PO #7000000636 | 54,918 | - |
| National Science Foundation | 47.RD | - | 49,669 | Pennsylvania State University | S002959-TPSU | 49,669 | - |
| National Science Foundation | 47.RD | - | 62,990 | Pennsylvania State University | S002962-TPSU | 62,990 | - |
| National Science Foundation | 47.RD | - | 68,829 | Raydiant Oximetry, Inc | NSF #2025901 | 68,829 | - |
| | | <u>39,228,008</u> | <u>3,829,224</u> | | | <u>43,057,232</u> | <u>4,968,041</u> |
| Social Security Administration | | | | | | | |
| Social Security Research and Demonstration | 96.007 | - | 92,623 | University of Wisconsin - Madison | 0000002255 | 92,623 | - |
| | | - | 92,623 | | | 92,623 | - |
| US Agency for International Development | | | | | | | |
| USAID Foreign Assistance for Programs Overseas | 98.001 | - | 19,652 | Arizona State University | ASUB00000349 | 19,652 | - |
| | | - | 19,652 | | | 19,652 | - |
| Total Research and Development Cluster | | <u>92,704,466</u> | <u>27,017,920</u> | | | <u>119,722,386</u> | <u>15,736,272</u> |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance Listing Number | Direct | Pass- Through | Pass-Through Entity | Federal Award Number/ Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|-----------------------------------------------------|---------------------------------|-------------------|------------------|----------------------------|----------------------------------------------------------------|-----------------------|-----------------------------|
| CCDF Cluster | | | | | | | |
| Department of Housing and Urban Development | | | | | | | |
| Administration for Children and Families | | | | | | | |
| COVID-19 Child Care and Development Block Grant | 93.575 | - | 179,792 | Texas Workforce Commission | 3123ADM063;23-PO 0001559 | 179,792 | - |
| COVID-19 Child Care and Development Block Grant | 93.575 | - | 627,988 | Texas Workforce Commission | PO 22-0000202; PO 23-0000832 | 627,988 | - |
| Total CCDF Cluster | | - | <u>807,780</u> | | | <u>807,780</u> | - |
| Student Financial Assistance Cluster | | | | | | | |
| Department of Education | | | | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | 842,199 | - | | | 842,199 | - |
| Federal Work-Study Program | 84.033 | 97,427 | - | | | 97,427 | - |
| Federal Perkins Loans | | | | | | | |
| Outstanding Loans as of July 1, 2022 | 84.038 | 1,605,735 | - | | | 1,605,735 | - |
| New loans issued during 2023 | 84.038 | - | - | | | - | - |
| Federal Pell Grant Program | 84.063 | 4,012,679 | - | | | 4,012,679 | - |
| Federal Direct Student Loans | 84.268 | 24,819,132 | - | | | 24,819,132 | - |
| Total Student Financial Assistance Cluster | | <u>31,377,172</u> | - | | | <u>31,377,172</u> | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance Listing Number | Direct | Pass- Through | Pass-Through Entity | Federal Award Number/ Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|----------------------------------------------------------------------------|---------------------------------|-----------|------------------|-------------------------------------------|----------------------------------------------------------------|-----------------------|-----------------------------|
| Other federal programs (instruction and other nonresearch programs) | | | | | | | |
| Other federal programs | | | | | | | |
| Department of Agriculture | | | | | | | |
| USDA Forest Service | 10.664 | - | 67,836 | US Endowment for Forestry and Communities | E19-66 | 67,836 | - |
| Department of Commerce | | | | | | | |
| Cluster Grants | 11.020 | 403,640 | - | | | 403,640 | 237,417 |
| Minority Business Resource Development | 11.802 | 1,097,481 | - | | | 1,097,481 | 117,785 |
| | | 1,501,121 | - | | | 1,501,121 | 355,202 |
| Department of Defense | | | | | | | |
| Basic and Applied Scientific Research | 12.300 | 5,000 | - | | | 5,000 | - |
| Basic Scientific Research | 12.431 | 11,194 | - | | | 11,194 | - |
| Air Force Defense Research Sciences Program | 12.800 | 12,990 | - | | | 12,990 | - |
| | | 29,184 | - | | | 29,184 | - |
| Department of Education | | | | | | | |
| Fund for the Improvement of Postsecondary Education | 84.116 | 75,877 | - | | | 75,877 | 40,213 |
| COVID-19 Governor's Emergency Education Relief (GEER) Fund | | | | | | | |
| Subtotal COVID-19 Governor's Emergency Education Relief (GEER) Fund | 84.425C | - | 139,806 | Texas Higher Education Coordinating Board | 23923 | 139,806 | - |
| | | - | 139,806 | | | 139,806 | - |
| | | 75,877 | 139,806 | | | 215,683 | 40,213 |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| Federal Program | Assistance Listing Number | Direct | Pass- Through | Pass-Through Entity | Federal Award Number/ Pass-Through Entity Sponsor Number | Total Expenditures | Passed to Sub-Recipients |
|-------------------------------------------------------------------------------------------|---------------------------------|----------------|------------------|----------------------------------------|----------------------------------------------------------------|-----------------------|-----------------------------|
| Department of Energy National Renewable Energy Laboratory | 81.U01 | - | 47,461 | Alliance For Sustainable Energy LLC | N/A | 47,461 | - |
| US Agency for International Development USAID Foreign Assistance for Programs Overseas | 98.001 | - | 347,668 | JHPIEGO Corporation | 22-SBA-100 | 347,668 | 227,537 |
| Total other federal programs | | 1,606,182 | 602,771 | | | 2,208,953 | 622,952 |
| Total federal award expenditures | | \$ 125,687,820 | \$ 28,428,471 | | | \$ 154,116,291 | \$ 16,359,224 |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

William Marsh Rice University

Notes to Schedule of Expenditures of Federal Awards

June 30, 2023

1. Basis of Presentation

The purpose of the Schedule of Expenditures of Federal Awards (the "Schedule") is to present a summary of the activities of the University for the year ended June 30, 2023, which have been financed by the U.S. Government. The Schedule is presented on the accrual basis of accounting and in accordance with the requirements of Title 2 U.S. *Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

For the purposes of the Schedule, federal awards have been classified into two types:

- Direct federal awards consisting of federal assistance and federal student financial aid, and
- Pass-through funds received from nonfederal organizations made under federally sponsored programs conducted by those organizations.

Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position or the activities of the University. Negative numbers in the Schedule represent adjustments to amounts previously reported in the normal course of business. Full Assistance Listing Numbers (ALN) and pass-through numbers are included in the Schedule when available.

Federal programs are presented by federal department and, where applicable, the funding agency within the department. Federal pass-through programs include the entity through which the University received the pass-through federal awards funding. Total expenditures, expenditures which were passed to subrecipients and lost revenues are included.

2. Indirect Costs

For the year ended June 30, 2023, the University has an approved predetermined indirect cost rate agreement. The approved rates for the year ended June 30, 2023 are 55.5% for on-campus instruction, 56.5% for organized research, 34% for on-campus other sponsored activities and 26% for off-campus activities. As such, the 10% de minimis cost rate, as described in Section 200.414 of the Uniform Guidance, is not applicable.

3. Federal Perkins Loan Program

The Federal Perkins Loan Program, ALN 84.038, is administered by a third party service provider, with balances and transactions relating to this program included in the University's financial statements. For the year ended June 30, 2023, federal expenditures presented in the Schedule include loans outstanding at the beginning of the year. Due to the cessation of the Perkins Loan Program, no new loans were made during the year. The balance of loans outstanding at June 30, 2023 was \$1,166,842.

Part II
Reports on Internal Controls and Compliance



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

To the Board of Trustees of William Marsh Rice University

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of William Marsh Rice University and its subsidiaries (the "University"), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements"), and have issued our report thereon dated October 31, 2023, except with respect to Note 17 to the consolidated financial statements and the opinion on the supplemental schedule of financial responsibility data, as to which the date is February 19, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on



compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

PricewaterhouseCoopers LLP

Houston, Texas

October 31, 2023, except with respect to Note 17 to the consolidated financial statements and the opinion on the supplemental schedule of financial responsibility data, as to which the date is February 19, 2024



Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance

To the Board of Trustees of William Marsh Rice University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited William Marsh Rice University and its subsidiaries' (the "University") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2023. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an



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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not



identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

PricewaterhouseCoopers LLP

February 19, 2024

Part III
Schedule of Findings and Questioned Costs

William Marsh Rice University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I– Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued Unmodified

Internal control over financial reporting

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes x none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major programs

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes x none reported

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? ___ yes x no

Identification of Major Programs

| Name of Federal Program or Cluster | Assistance Listing Number(s) |
|-------------------------------------------------------------------------|-------------------------------------|
| Research and Development Cluster | Various |
| Dollar threshold used to distinguish between Type A and Type B programs | \$3,000,000 |
| Auditee qualified as a low-risk auditee? | <u> x </u> yes ___ no |

William Marsh Rice University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section II—Financial Statement Findings

None noted.

William Marsh Rice University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section III—Federal Award Findings and Questioned Costs

None noted.

Part IV
Summary Schedule of Prior Audit Findings and Status

William Marsh Rice University

Summary Schedule of Prior Audit Findings and Status

Year Ended June 30, 2023

Finding 2022-001 – E-sign Act

Award Information

Cluster: Student Financial Assistance Cluster

Agency: Department of Education

Assistance Listing Title: Federal Supplemental Educational Opportunity Grants, Federal Work-Study Program, Federal Perkins Loans, Federal Pell Grant Program and Federal Direct Student Loans

Assistance Listing Number: 84.007, 84.033, 84.038, 84.063 and 84.268

Award Year: 2022

Summary of Finding:

The Electronic Signatures in Global and National Commerce Act (“E-Sign Act”) states that a school must obtain a student’s voluntary consent to participate in electronic transactions.

In examining 25 student records, PwC noted that the University requires each student annually agree to certain terms and conditions before they accept federal student assistance, however, a statement prompting the student to voluntarily consent to participate in electronic transactions was not included in the list of terms and conditions.

The University inadvertently omitted the statement prompting the student to voluntarily consent to participate in electronic transactions from the list of terms and conditions each student is required to accept.

A lack of student consent to participate in electronic transactions may result in the transactions being denied legal effect, validity, or enforceability solely because it is in electronic form or because an electronic signature or electronic record was used in its formation.

PwC recommended the University add a statement that the student voluntarily consents to participating in electronic transactions to the list of terms and conditions annually agreed to by students receiving federal student financial assistance.

Status:

Effective December 1, 2022, the University added language to its NetID and other communication portals outlining the policy and obtaining a student’s consent for electronic transactions.

1. The Voluntary Consent for Electronic Transactions was added to our [consumer information page](#).
2. The Voluntary Consent for Electronic Transactions was added to the [MyNetID.rice.edu](#) page.