

Yeshiva University
Consolidated Financial Statements
June 30, 2022 and 2021

Yeshiva University
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June 30, 2022 and 2021

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Report of Independent Auditors

To the Board of Trustees of
Yeshiva University

Opinion

We have audited the accompanying consolidated financial statements of Yeshiva University and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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.

A stylized, handwritten-style signature of "PricewaterhouseCoopers LLP" in black ink, enclosed within a light gray rectangular border.

New York, New York
December 16, 2022

Yeshiva University
Consolidated Statements of Financial Position
June 30, 2022 and 2021

(in thousands of dollars)

	2022	2021
Assets		
Cash and cash equivalents	\$ 23,686	\$ 25,953
Student receivables, net (Note 6)	37,271	35,825
Contribution receivables, net (Note 6)	88,124	83,063
Other assets and receivables (Note 6)	74,039	68,746
Investments, at fair value (Note 4)	548,893	646,998
Investments held for AECOM (Notes 4 and 11)	29,451	34,015
Investments held for unconsolidated organizations (Note 4)	151,191	167,396
Trusts and split-interest agreements held by others	10,684	13,742
Land, buildings and equipment, net (Note 7)	178,984	176,023
Total assets	<u>\$ 1,142,323</u>	<u>\$ 1,251,761</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 36,145	\$ 31,278
Deferred revenue	3,730	4,986
Other liabilities	17,173	16,767
Refundable advances from the U.S. Government	2,872	3,224
Bonds payable and other debt (Note 9)	266,030	273,655
Other obligations (Note 6)	57,609	56,819
Asset retirement obligations (Note 10)	9,304	9,171
Due to AECOM (Note 11)	34,273	39,590
Investments held for unconsolidated organizations (Note 4)	151,191	167,396
Total liabilities	<u>578,327</u>	<u>602,886</u>
Contingencies (Note 16)		
Net assets		
Without donor restrictions	(81,563)	(53,877)
With donor restrictions (Note 15)	645,559	702,752
Total net assets	<u>563,996</u>	<u>648,875</u>
Total liabilities and net assets	<u>\$ 1,142,323</u>	<u>\$ 1,251,761</u>

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

Yeshiva University
Consolidated Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<i>(in thousands of dollars)</i>						
Operating revenues						
Tuition and fees, net of scholarships of \$91,444 in 2022 and \$93,130 in 2021 (Note 13)	\$ 136,540	\$ -	\$ 136,540	\$ 127,481	\$ -	\$ 127,481
Contributions	3,159	-	3,159	4,173	-	4,173
Contributions of nonfinancial assets (Note 7)	6,458	-	6,458	1,530	-	1,530
Investment support utilized	25,581	-	25,581	37,389	-	37,389
Auxiliary enterprises	16,932	-	16,932	6,963	-	6,963
Other revenue	18,787	-	18,787	19,819	-	19,819
Net assets released from restrictions (Note 14)	36,350	-	36,350	38,133	-	38,133
Total operating revenues	243,807	-	243,807	235,488	-	235,488
Operating expenses						
Instruction	117,032	-	117,032	105,535	-	105,535
Academic support	43,995	-	43,995	40,942	-	40,942
Student services	26,003	-	26,003	21,164	-	21,164
Institutional support	64,190	-	64,190	66,154	-	66,154
Auxiliary enterprises	14,849	-	14,849	11,369	-	11,369
Total operating expenses (Note 12)	266,069	-	266,069	245,164	-	245,164
Change in operating activities	(22,262)	-	(22,262)	(9,676)	-	(9,676)
Nonoperating activities						
Contributions, net	-	50,808	50,808	-	64,661	64,661
(Provision) recovery for uncollectible contribution receivables	-	(3,212)	(3,212)	-	736	736
Net assets released from restrictions and redesignations (Note 14)	(2,236)	(34,114)	(36,350)	(2,699)	(35,434)	(38,133)
Net investment return (Note 4)	(3,212)	(44,161)	(47,373)	6,165	135,886	142,051
Investment support utilized	(2,476)	(23,105)	(25,581)	(2,888)	(34,501)	(37,389)
Other revenue and transfers	-	(3,409)	(3,409)	-	2,639	2,639
Transfer from related party, net (Note 6)	2,500	-	2,500	2,500	-	2,500
Change in net assets from nonoperating activities	(5,424)	(57,193)	(62,617)	3,078	133,987	137,065
Change in net assets	(27,686)	(57,193)	(84,879)	(6,598)	133,987	127,389
Net assets						
Beginning of year	(53,877)	702,752	648,875	(47,279)	568,765	521,486
End of year	\$ (81,563)	\$ 645,559	\$ 563,996	\$ (53,877)	\$ 702,752	\$ 648,875

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

Yeshiva University

Consolidated Statements of Cash Flows

Years Ended June 30, 2022 and 2021

(in thousands of dollars)

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (84,879)	\$ 127,389
Adjustments to reconcile change in net assets to net cash used in operating activities		
Realized and unrealized loss (gain) on investments	47,061	(139,962)
Unrealized loss (gain) in irrevocable charitable remainder trusts	57	(102)
Realized and unrealized loss (gain) on investments held for unconsolidated organizations	12,539	(38,302)
Unrealized loss (gain) in irrevocable charitable remainder trusts held for unconsolidated organizations	10	(25)
Noncash contributions received	(7,375)	(3,065)
Proceeds from sale of donated securities	923	1,544
Depreciation, accretion, and amortization expense	14,279	13,483
Change in trusts and split-interest agreements held by others	3,058	(2,501)
Present value adjustments to receivables	(664)	993
Provision for uncollectible loans and receivables	4,412	2,361
Contributions restricted for long-term investment	(10,574)	(19,968)
Contributions restricted for investment in plant assets	(4,499)	(374)
Changes in operating assets and liabilities		
Receivables and other assets	(6,064)	(26,203)
Accounts payable and accrued expenses	4,065	642
Deferred revenue, trusts held for others, other liabilities and asset retirement obligations	(17,510)	38,677
Net cash used in operating activities	(45,161)	(45,413)
Cash flows from investing activities		
Change in student and faculty loan receivables, net	1,301	934
Additions to land, buildings and equipment	(15,852)	(8,081)
Change in funds held by bond trustees	-	5
Purchases of investments	(233,974)	(255,330)
Proceeds from sales of investments	324,616	252,222
Net cash provided by (used in) investing activities	76,091	(10,250)
Cash flows from financing activities		
Contributions restricted for long-term investment	6,928	7,870
Contributions restricted for investment in plant assets	4,499	374
Change in refundable advances from the U.S. Government	(352)	(1,374)
Payment of deferred financing fees	-	(1,181)
Proceeds from assignment of lease income	-	58,000
Payment of bonds, notes, and mortgages payable	(8,039)	(5,724)
Net cash provided by financing activities	3,036	57,965
Net change in cash, cash equivalents and restricted cash	33,966	2,302
Cash, cash equivalents and restricted cash		
Beginning of year	69,937	67,635
End of year	\$ 103,903	\$ 69,937
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents as shown on the Consolidated Statements of Financial Position	\$ 23,686	\$ 25,953
Restricted cash and cash equivalents included in Other assets and receivables as shown on the Consolidated Statements of Financial Position	1,776	1,543
Cash and cash equivalents included in the investments portfolio	78,441	42,441
Total cash, cash equivalents and restricted cash as shown on the Consolidated Statements of Cash Flows	\$ 103,903	\$ 69,937
Supplemental disclosure		
Interest paid	\$ 12,675	\$ 12,976
Change in accounts payable and accrued expenses relating to plant assets	803	(450)
Proceeds from sale of donated securities	923	1,544
Change in investments held for AECOM	(5,317)	(1,957)

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

Yeshiva University

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(in thousands of dollars)

1. The University and its Operations

Yeshiva University (the “University”) is a private, non-profit institution of higher education primarily based in New York City. The University was founded in 1886 as the Rabbi Isaac Elchanan Theological Seminary (“RIETS”), with which it is still affiliated, and was chartered as a separate University in 1945. The University brings together the heritage of western civilization and the ancient traditions of Jewish law and life.

The University is comprised of several colleges and schools providing undergraduate, graduate, professional, and post-doctoral education and training. The University’s undergraduate education includes Jewish Studies (the Robert M. Beren Department of Jewish Studies and the Rebecca Ivy Department of Jewish Studies), Yeshiva College, Stern College for Women, Sy Syms School of Business, Katz School of Science and Health, and the S. Daniel Abraham Israel Program in Israel. Graduate and professional education is provided at the University’s affiliated Albert Einstein College of Medicine (“Einstein”) (Note 1), and at the University’s Benjamin N. Cardozo School of Law (“Cardozo”), Sy Syms School of Business, Wurzweiler School of Social Work, Ferkauf Graduate School of Psychology (“Ferkauf”), Azrieli Graduate School of Jewish Education and Administration, Bernard Revel Graduate School of Jewish Studies, and the Katz School of Science and Health (“Katz”). The University provides instruction to approximately 5,400 undergraduate, graduate and professional students.

The University is accredited by the Middle States Commission of Higher Education (MSCHE) and Cardozo is accredited by the American Bar Association. The other academic programs are accredited by appropriate state and professional accrediting agencies and associations.

The University has three Manhattan campuses: the Wilf Campus located in the Washington Heights section, the Israel Henry Beren Campus located in the Murray Hill section, and the Brookdale Center located in the Greenwich Village section. Ferkauf and certain Katz programs are located in a building in the Bronx, as well as (together with Einstein) on the Einstein’s Jack and Pearl Resnick Campus in the Bronx. The University operates a museum in New York City and is associated with programs in Israel and Canada.

The University derives its revenues principally from student tuition and fees, government appropriations, contributions, and investment earnings. Additional support is generated through auxiliary activities carried out by the University, such as dining services and residence facilities. The University spends these resources in support of its instructional and research mission.

Related Parties

Consolidated Organizations

There are several entities (the “Consolidated Organizations”) that are controlled by the University for which it provides various administrative services. The financial results of the Consolidated Organizations are consolidated for financial statement reporting purposes.

The Yeshiva Endowment Foundation, Inc. (the “Foundation”) was formed in 1927 as a separate not-for-profit corporation organized for the benefit of the University and its affiliate, RIETS. Control of the Foundation is vested in a Board of Directors, all of whom are members of the University’s Board of Trustees (the “Board of Trustees”). The Foundation includes five wholly owned, for-profit real estate corporations.

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(in thousands of dollars)

Y Properties Holdings, LLC (“Y Properties”) was formed in 2017 as a special purpose bankruptcy remote entity in connection with the refinancing of the University’s private placement debt which was collateralized by a mortgage encumbering five University properties in New York City. The purpose of Y Properties is to generally acquire, hold, maintain, operate, lease, or otherwise use its properties and to borrow money in furtherance of the objectives of Y Properties. The sole member of Y Properties is the University. On April 21, 2017, the University transferred ownership of the five aforementioned properties to Y Properties, and Y Properties entered into a \$140,000 loan agreement secured by a mortgage on such properties. The net proceeds of the loan (less the costs of issuance) were distributed to the University as the sole member and used to repay the private placement debt. The University continues to use these properties as a tenant, pursuant to a long-term operating lease with Y Properties as landlord (Notes 7 and 9(c)). Y Properties remains a separate entity whose assets and credit are not available to satisfy the University’s unrelated debts and other obligations. As the sole controlling member, the University includes the operations of Y Properties in the University’s consolidated financial statements.

Unconsolidated Organizations

RIETS and Yeshiva University High Schools (the “High Schools”), an education corporation that maintains separate secondary school programs for boys and girls, are independently incorporated not-for-profit institutions separately chartered by the Board of Regents of the State of New York in 1970 and 2009, respectively. Control of RIETS and the High Schools is vested in their respective boards of trustees, a minority of whose membership includes trustees of the University. The financial results for these two entities are excluded from the consolidated financial statements. While the financial results of these two entities are excluded from University’s consolidated financial statements, the University is responsible for the management of RIETS and the High School’s investments held in the long term pool, as disclosed in Note 4 and on the Consolidated Statements of Financial Position.

Affiliation Agreements

On September 9, 2015 (the “Acquisition Date” or the “Closing”), the University entered into a Joint Collaboration Agreement regarding Einstein with Montefiore Medicine Academic Health System, Inc. (“Montefiore Medicine”), an affiliate of Montefiore Medical Center (“Montefiore”) which has long been Einstein’s principal teaching hospital. Pursuant to the Joint Collaboration Agreement, the University transferred operational and financial responsibility for Einstein to a newly-created not-for-profit tax-exempt corporation (which, as of January 1, 2019, merged into a newly-created tax-exempt education corporation “AECOM”) controlled by Montefiore Medicine (the “Transaction”). In accordance with the Joint Collaboration Agreement, at the Closing the majority of the University’s investment and endowment accounts that were attributable to (i.e., donated for the benefit of) Einstein were transferred from the University to AECOM. The remainder of those investments have continued to be transferred to AECOM over time (Notes 4 and 11).

The University maintained academic oversight for the medical school (including granting degrees), and provided certain administrative services until AECOM became a freestanding degree-granting institution as of March 1, 2019. The University continued to sponsor and enroll international students at the medical school until June 1, 2020 when AECOM was able to do so on its own after receiving authority from the U.S. Government. In addition, as part of the transaction, the University retained ownership of (or the right to use) certain limited real estate assets on Einstein’s Resnick Campus in the Bronx.

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(in thousands of dollars)

Tax Matters

The University is a not-for-profit corporation described in Internal Revenue Code Section 501(c)(3) and is generally exempt from federal income taxes on related income under Internal Revenue Code Section 501(a). Accordingly, no provision for federal income tax has been recorded in the consolidated financial statements. The University is also exempt from New York income taxes under the related state provisions. The University is subject to the unrelated business income tax on revenue generated by activities unrelated to its tax-exempt mission of education and research, primarily from income generated by certain investments. For the years ended June 30, 2022 and 2021, the University generated net unrelated trade or business income/(loss) of (\$1,000) and (\$2,300), respectively. As of June 30, 2022, the University had approximately \$21,000 of ordinary loss carry-forwards to offset unrelated business income and capital gains generated in future years. Management has taken the position not to record a deferred tax asset with respect to these losses, as it is uncertain whether such losses will be utilized in the future.

The Foundation is a not-for-profit corporation described in Internal Revenue Code Section 501(c)(3) and is exempt from federal income taxes under Internal Revenue Code Section 501(a). The Foundation operates as a supporting organization of the University and RIETS. The real estate entities which own certain property used by the University are wholly owned by either the University or the Foundation, and operate as for-profit entities which are either disregarded or are subject to income tax at the federal, state, and local levels. In the opinion of management, these entities generate recurring losses and de minimis tax liabilities that are not material to the consolidated financial statements. Management has taken the position not to record a deferred tax asset with respect to these losses, as it is uncertain whether such losses will be utilized in the future.

Y Properties is a single member limited liability company that is classified as a disregarded entity for federal and state income tax purposes. For tax purposes, all of Y Properties' income and losses are reported by the University, its sole member.

Management assesses its income tax position each year to determine whether it is likely to be sustained if examined by an applicable taxing authority. This review for fiscal 2022 had no material impact on the consolidated financial statements.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the University are described below:

Basis of Presentation

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board ("FASB") for external financial reporting by not-for-profit organizations. While the underlying accounts of the University are maintained in accordance with the principles of fund accounting to facilitate observance of specific donor-imposed restrictions placed on some of the resources available to the University, the accompanying consolidated financial statements present the financial position, activities, and cash flows of the University as a whole. University resources are classified and reported in the consolidated financial statements within separate classes of net assets based on the existence or absence of donor-imposed restrictions.

Yeshiva University

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(in thousands of dollars)

Net Assets Classification

The University classifies its net assets as without donor restrictions or with donor restrictions. Periodically, donor redesignations may result in reclassifications of net assets. The two net assets categories of the University are classified as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations and are available for operations.

With donor restrictions – Net assets that are subject to donor-imposed stipulations. This includes net assets with donor restrictions that will be satisfied by the actions of the University, the passage of time, or both. These net assets include gifts for which donor-imposed restrictions have not been met (including gifts for capital projects not yet placed in service), pledges, split-interest agreements, and net assets from donor-restricted endowments not yet appropriated for spending. Once the restrictions are satisfied, or have been deemed to have been satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Also included in this category are net assets with donor restrictions that require such assets to be maintained permanently by the University and invested to provide a perpetual source of income. The University considers cash assets and pledges that are maintained and invested in perpetuity as endowment funds that will ultimately be invested when collected. Certain donor restrictions are perpetual in nature and may include gifts, pledges, trusts and remainder trusts, and income and gains that are required to be permanently retained.

Operating and Nonoperating Activities

The Consolidated Statements of Activities present the changes in net assets by distinguishing between operating and nonoperating activities.

Operating activities principally include all revenue and expenses that relate to the University's educational programs, research, training, and supporting activities. Investment returns utilized included in operating revenues consist of appropriated endowment spending on pooled endowed funds and investment income on nonendowed funds, as well as nonpooled endowed funds, that were used to support operating activities in accordance with the University's endowment spending policy (Note 5). Operating revenues also include the release of restricted net assets which include prior year contributions for which the donor-specified conditions have been met.

The University has defined nonoperating activities to principally include net investment return less investment return utilized to support current year operating activities in accordance with the University's endowment spending rate policy (Note 5), restricted contributions, net assets released from restrictions and redesignations, provision for or loss on uncollectible contributions receivable, and transfer from related party. Certain other revenue or transfers in net assets related to transactions considered to be of an unusual or nonrecurring nature are also included in nonoperating activities.

Revenue Recognition

Revenue related to exchange transactions is recognized under the provisions of the applicable FASB Accounting Standards Codification ("ASC") Topic, which is typically ASC Topic 606, Revenue from Contracts with Customers. The University recognizes contributions in accordance with the revenue recognition provisions of ASC Topic 958-605, Not-for-Profit Entities Revenue Recognition. Revenue is considered a contribution if it is determined not to be an exchange transaction.

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Notes to Consolidated Financial Statements

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(in thousands of dollars)

Revenue recognition for the University's significant types of revenue is discussed below.

Tuition and Fees

Tuition and fees are derived from degree and continuing education programs. The University administers a variety of federal, state, institutional, and private programs in order to assist students in meeting tuition and other costs of attendance. Tuition and fees do not include other items such as meal plans and room and board which are included in auxiliary revenue in the Consolidated Statements of Activities; however the recognition process mirrors that for tuition and fees. Tuition and fee revenues are reported net of scholarships. Scholarships are provided to offset tuition and fees and are either merit or need based. Tuition and fees and room and board revenues are supported by separate contracts entered between the University and the individual student.

Tuition and fees and room and board revenues are recognized as operating revenue in the period in which the University satisfies its performance obligations to its students. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of accounting in ASC Topic 606. The University's performance obligations are to provide education to the student and, in certain instances, other items such as room and board. The University recognizes tuition and fees, and room and board on a straight-line basis over each academic session based on gross price, net of explicit price concessions such as financial aid grants which are applied to tuition and fees. The value that is recognized for each performance obligation is set forth in a publicly available University fee schedule and is identified in the individual contracts with each student. Individual contracts for tuition and fees, and room and board display the transaction price on a standalone basis for each service to be provided to each specific student. Additionally, the contract contains the price adjustment in the form of financial aid grants that are being awarded to the student. Given the timing of each year's academic semesters, nearly all performance obligations on behalf of the University are completed within the fiscal year.

The timing(s) of billings, cash collections and revenue recognition results in accounts receivable and deferred revenue and student deposits on the Consolidated Statements of Financial Position. Receivables are recognized only to the extent that it is probable that the University will collect substantially all of the consideration to which it is entitled in exchange for goods and services transferred to the student. Receipts received in advance of goods and services performed are recorded as deferred revenue and student deposits.

Of the \$153,472 in total net tuition, fees and auxiliary revenue recognized in fiscal year 2022, \$74,385 was from undergraduate students, and \$79,087 was from graduate students. Of the \$134,444 in total net tuition, fees and auxiliary revenue recognized in fiscal year 2021, \$64,020 was from undergraduate students, and \$70,424 was from graduate students.

Contributions

Contributions, including unconditional promises to give ("pledges"), are reported as revenues in the period received or pledged.

Conditional promises to give are not recognized until they become unconditional, that is, when both the barrier to entitlement and the refund of amounts paid (or a release from obligation to make

future payments) have been substantially met. As of June 30, 2022 and 2021, the University has received conditional contributions of \$24,292 and \$1,416, respectively, subject to measurable performance-related barriers or other conditions that have not been recognized as revenue in the above figures and the accompanying consolidated financial statements as the barriers have not yet

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(in thousands of dollars)

been met. Conditional contributions received, where the barrier to entitlement has not yet been substantially met, are recorded as deferred revenue.

Contributions of assets other than cash are recorded at their estimated fair value at the date of receipt if the University received certain goods and services that meet criteria under generally accepted accounting principles in the United States of America ("GAAP") for recognition as contributions. Contributions of property and equipment are recorded as increases in net assets without donor restrictions unless the donor places restrictions on their use. Pledges not expected to be received within one year are discounted at a risk-adjusted rate that includes a premium for credit risk, if any. In addition, provisions for uncollectible contribution receivables that are related to pledges with donor restrictions are presented under nonoperating activities.

Other Revenue

Other revenue consists of government awarded grants and contracts, income from the Jack D. Weiler Hospital of Albert Einstein College of Medicine ("WHAECOM") lease (Note 6) and other program income support revenue.

The University receives sponsored program grant and contract income from governmental sources. The funding may represent a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large or it may be a reciprocal transaction in exchange for an equivalent benefit in return. Revenues from exchange transactions are recognized as performance obligations are satisfied which in most cases mirrors the timing of when related costs are incurred. Revenues from nonexchange transactions may be subject to conditions in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). The University recognizes revenue earned from conditional nonexchange transactions when the barrier is satisfied, typically as related costs are incurred. In addition, the University has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions will include the donor-restricted contributions if the purpose restrictions are met in the same reporting year as the revenue is recognized.

The University has a lease agreement with Montefiore, whereby exclusive occupation, management, and control of WHAECOM is with Montefiore. The annual lease payment along with the straight-line of the WHAECOM lease are recorded as other revenue. On December 15, 2020, the University entered into a transaction to assign 49 years of lease payments to a third party (Note 6).

Investments and Net Investment Return

Investments are stated at estimated fair value. These fair values may differ from the values that would have been used had a ready market existed for these investments, and the differences could be significant.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses are generally determined on the basis of average cost of securities sold and are reflected in net investment return in the Consolidated Statements of Activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis, and are reflected in net investment return in the Consolidated Statements of Activities.

Cash and Cash Equivalents

The Cash and cash equivalents line on the Consolidated Statements of Financial Position represents the University's restricted cash and working capital, which includes cash on hand and other highly

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(in thousands of dollars)

liquid investments having an original maturity of less than three months, excluding investments. Cash and cash equivalents may include cash in bank accounts and investments in money market funds. Cash and cash equivalents related to the University's investment strategies are included in Investments in the Consolidated Statements of Financial Position. In the Consolidated Statements of Cash Flows, the University elected to show restricted cash and cash equivalents from investments and other assets and receivables as part of a reconciliation equating to total cash, cash equivalents and restricted cash. At times, cash in banks may exceed Federal Deposit Insurance Corporation ("FDIC") insured limits. Management believes that the credit risk to these deposits is minimal.

Student Receivables and Allowance for Doubtful Accounts

Student receivables are recorded when billed to the student. Student receivables are reduced by an allowance for doubtful accounts. The process for estimating the ultimate collection of receivables involves significant assumptions and judgments. Account balances are written off against the allowance when management determines it is probable the receivable will not be recovered. Historical collection is an integral part of the estimation process related to the allowance for uncollectible accounts. Revisions in allowance for doubtful accounts estimates are recorded as an adjustment to the provision for bad debts.

Institutional Student Loans

The University manages a variety of internal loan programs. Student loans are classified as net assets with donor restrictions. Interest earned on institutional loan programs is reinvested to support additional loans. The repayment and interest rate terms of the institutional loans vary considerably.

Split-Interest Agreements and Perpetual Trusts

The University's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts for which the University serves as trustee. The fair value of trusts and split-interest agreements are categorized as Level 3 within the fair value hierarchy. Contribution revenue is recognized at the date that the trusts are established, after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

The University is the beneficiary of certain perpetual trusts and other split-interest agreements held and administered by others. The present value of the estimated future cash receipts from the trusts and agreements is recognized as an asset and as a contribution when the University is notified that the trusts or agreements have been funded. Distributions from the trusts greater than the estimated present value are recorded as contributions and the carrying value of the assets is adjusted annually for changes in the estimates of future receipts. Changes in the fair values of assets of perpetual trusts and agreements are recorded as increases or decreases in net assets with donor restriction.

Land, Buildings and Equipment

Land, buildings and equipment (Note 7) are stated substantially at cost, except for those received by contribution, which are stated at appraised value at date of contribution. Equipment, furniture and fixtures having a useful life of one year or more and an acquisition cost of five thousand dollars or more per unit are capitalized. The University reviews all long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Depreciation is computed on a straight-line basis over the assets' estimated useful lives. Depreciable lives of buildings and improvements are 50 years for building shell and up to 28 years for

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all other building components. The depreciable lives of equipment, furniture, and fixtures range from 5 to 15 years and range from 5 to 10 years for software applications.

Refundable Advances From the U.S. Government

Funds provided by the U.S. Government under the Federal Perkins Loan program are loaned to eligible students and may be re-loaned after collection. These funds are ultimately refundable to the U.S. Government and are presented in the Consolidated Statements of Financial Position as a liability. The Perkins Loan Program was not reauthorized by the federal government in September 2017, and therefore, collected funds will be returned to the U.S. Government and the University proportionate to their original funding.

Fair Value

The University values certain financial and nonfinancial assets and liabilities by applying the FASB pronouncement on *Fair Value Measurements*. The pronouncement defines fair value and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The hierarchy has three levels based on inputs that market participants would use in valuing the asset or liability based on market data obtained from sources independent of the University as follows:

- Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2 Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable.
- Level 3 Unobservable inputs for the asset or liability.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. The University is required by the pronouncement to maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3). The University considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, provided by independent sources that are actively involved in the relevant market, and not proprietary. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the University's perceived risk of that instrument.

Assets and liabilities are disclosed in the Notes to Consolidated Financial Statements within the hierarchy based on the lowest (or least observable) input that is significant to the measurement. The University's assessment of the significance of an input requires judgment, which may affect the valuation and categorization within the fair value hierarchy. The fair value of assets and liabilities using Level 3 inputs are generally determined by using pricing models, discounted cash flow methods or calculated Net Asset Value ("NAV"), which all require significant management judgment or estimation.

As a practical expedient, the University is permitted, under the pronouncement, to estimate the fair value of an investment in an investment company at the measurement date using the reported NAV.

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Adjustment is required if the University expects to sell the investment at a value other than NAV or if NAV is not calculated in accordance with GAAP. All investments for which fair value is measured using NAV are excluded within the fair value hierarchy, as long as no adjustment is required to NAV and the investment manager has reported a NAV at the measurement date. Investments are categorized as Level 3 if a NAV adjustment is required or if there is no reported NAV at the measurement date.

The University performs additional procedures, including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with GAAP. The University has assessed factors including, but not limited to, managers' compliance with the *Fair Value Measurement* standard, price transparency and valuation procedures in place.

All investments are subject to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is likely that changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported in the Consolidated Statements of Financial Position.

The fair value of the University's investments is disclosed in Note 4. A reasonable estimate of the fair value of loans receivable from students under government loan programs could not be made because the loans are not saleable and can only be assigned to the U.S. Government or its designees. The fair value of the mortgage loans receivable at June 30, 2022 and 2021 approximate carrying value in the Consolidated Statements of Financial Position. The carrying amount of the University's remaining financial instruments approximates fair value because of their short maturity.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions include the valuation of investments, provision for uncollectible receivables, the present value of multi-year pledges, and the allocation of expenses to functional classifications.

New Authoritative Pronouncements Adopted by the University

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new guidance increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. Nonfinancial assets include land, buildings, and equipment as well as the use of land, buildings, equipment, utilities, materials, supplies, intangible assets, and services. The guidance requires that contributed nonfinancial assets be reported in the statement of activities apart from contributions of cash and other financial assets. Disclosures are required for the disaggregation of the amount of contributed nonfinancial assets recognized in the statement of activities by category and type, qualitative information about whether the contributed nonfinancial assets were monetized or utilized, a description of the program(s) if utilized, policies surrounding monetization and utilization, donor imposed restrictions, valuation techniques and inputs to arrive at fair value, and information about the principal market used to determine fair value. This guidance, which must be applied retrospectively, is effective for the University in fiscal year 2022. The University adopted 2020-07 in fiscal year 2022. There was no material impact on the University consolidated financial statements and disclosure has been included in the consolidated statement of activities and Note 7.

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Reclassifications

Certain previously reported amounts in the fiscal year 2021 financial statements have been reclassified in order to conform to fiscal 2022 presentation.

3. Liquidity and Availability of Financial Resources

As part of the University's liquidity management strategy, the University structures its financial assets to be available to meet cash needs for general expenditures, liabilities, and other obligations as they come due. A significant portion of the University's annual expenditures are funded by operating revenues in the current year including tuition and fees, endowment support, auxiliary enterprises, gifts for current use and other revenues.

The University routinely monitors liquidity required to meet its ongoing operating needs and commitments while striving to maximize the investment of available resources within its investment pools.

The University's financial assets available within one year of the Consolidated Statements of Financial Position for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital projects are as follows:

	2022	2021
Financial Assets		
Cash and cash equivalents	\$ 17,144	\$ 19,363
Student receivables	11,000	10,400
Pledge receivables due in one year	21,491	17,911
Short term investments	29,338	64,200
Estimated spending appropriation	25,770	26,144
Total financial assets available within one year	<u>\$ 104,743</u>	<u>\$ 138,018</u>

The University's revenues continue to grow as a result of our strategic focus in graduate programs resulting in investments of resources to help fund this initiative. While continuing to implement our growth strategy, the University has a renewed focus on cost containment for operational non-personnel services. In December 2022, the University approved an additional appropriation of approximately \$13,000 of certain endowment gains of up to 3% for fiscal years 2023, 2024 and 2025.

In addition, the University has board-designated funds of \$4,412 and \$4,996 at June 30, 2022 and 2021. Although the University does not intend to spend from such funds, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from such board-designated funds could be made available if necessary.

The University was in compliance with its bond and bank loan covenants at June 30, 2022 and 2021. Management believes that the University will have sufficient resources to meet its ongoing obligations, through June 30, 2024.

Due to the COVID-19 pandemic, Congress provided Higher Education Emergency Relief Funds (HEERF) to higher education institutions via the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)

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and the American Rescue Plan Act (ARPA). The HEERF funds, which are eligible to be used for all permitted purposes dating back to the March 13, 2020 national emergency declaration onward, are divided into two portions, the Student Portion and the Institutional Portion. The University has been allocated HEERF funding in the amount of \$10,200 for the fiscal year ending June 30, 2021, with no additional allocation in fiscal year 2022. During the years ended June 30, 2022 and 2021, \$3,247 and \$2,472 were drawn-down and utilized for qualifying institutional purposes and \$3,262 and \$1,250 was drawn-down and distributed to qualifying students as emergency grants. The University believes it is in compliance with existing federal guidelines with respect to the HEERF funds.

4. Investments

The University manages substantially all of its investments and those of certain Consolidated Organizations and Unconsolidated Organizations in three investment groups – the Long Term Pool (“LTPool”) for long-term investments, the Operational Investment Funds (“OIFunds”) for shorter-term investments, and Segregated Investments.

The Investment Oversight Committee of the Board of Trustees oversees the University’s investment strategy for the LTPool in accordance with established guidelines, which cover, among other criteria, asset allocation, diversification, liquidity and performance return objectives. The overall investment objective of the University is to invest the LTPool in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after accounting for inflation. The University diversifies its investments among various asset classes incorporating multiple strategies and managers.

In anticipation of the Joint Collaboration Agreement regarding Einstein (Note 1), the University split the LTPool into two unitized pools in fiscal year 2015, both of which are included as part of the LTPool in the schedule below. The remaining portion of Einstein’s investments of \$29,451 and \$34,015 at June 30, 2022 and 2021, respectively, represents investments held for AECOM that are being transferred over time due to illiquidity and other regulatory reasons. These amounts are shown separately on the Consolidated Statements of Financial Position as of June 30, 2022 and 2021, respectively.

The OIFunds are managed to a shorter-term investment horizon with an emphasis on liquidity. Investments include cash and cash equivalents and fixed income securities.

Segregated Investments include investments that are donor-directed and assets held in irrevocable charitable remainder trusts. These investments include cash and cash equivalents, U.S. Government obligations, mutual funds (fixed income), corporate debt, State of Israel Bonds, corporate stocks, mutual funds (equities), investment receivables, investment payables and other investments.

At June 30, 2022 and 2021, the value of the University’s interest in these groups is as follows:

	2022	2021
Long term pool	\$ 544,376	\$ 642,343
Operational investment funds	94	94
Segregated investments	4,423	4,561
Total investments, at fair value	<u>\$ 548,893</u>	<u>\$ 646,998</u>

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Included in segregated investments are irrevocable charitable remainder trusts of \$667 and \$678 as of June 30, 2022 and 2021, respectively. Included in investments held for AECOM on the Consolidated Statements of Financial Position are \$21,520 and \$24,387 of irrevocable charitable remainder trusts as of June 30, 2022 and 2021, respectively. The following tables present the fair value hierarchy for those assets reported at fair value in the Consolidated Statements of Financial Position as of June 30, 2022 and 2021. The fair value amounts presented below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Financial Position as of June 30, 2022 and 2021:

Investment Strategy	2022				
	Level 1	Level 2	Level 3	NAV	Total
Cash and cash equivalents	\$ 78,441	\$ -	\$ -	\$ -	\$ 78,441
Fixed income					
U.S. Government obligations	3,796	-	-	-	3,796
Mutual funds (fixed income)	1,027	-	-	-	1,027
Corporate debt	-	2,060	-	-	2,060
State of Israel bonds	-	260	-	-	260
Equities					
Corporate stocks	70,185	-	-	-	70,185
Mutual funds (equities)	58,802	-	-	-	58,802
Long-only equities	-	-	-	93,828	93,828
Long-short equities	-	-	-	66,703	66,703
Private equity	-	-	-	135,802	135,802
Venture capital	-	-	-	77,289	77,289
Marketable alternatives					
Multi-strategy/event-driven	-	-	-	106,668	106,668
Real assets	-	-	-	11,520	11,520
Real estate	-	-	-	19,526	19,526
Investment receivables	-	-	-	55	55
Other investments	1,386	2,187	-	-	3,573
	<u>\$ 213,637</u>	<u>\$ 4,507</u>	<u>\$ -</u>	<u>\$ 511,391</u>	<u>729,535</u>
Less: Unconsolidated Organizations' interests in the investments portfolio					(151,191)
Less: Investments held for AECOM					(29,451)
Total investments, at fair value					<u>\$ 548,893</u>

Investment Strategy	2021				
	Level 1	Level 2	Level 3	NAV	Total
Cash and cash equivalents	\$ 42,441	\$ -	\$ -	\$ -	\$ 42,441
Fixed income					
U.S. Government obligations	7,036	-	-	-	7,036
Mutual funds (fixed income)	21,259	-	-	-	21,259
Corporate debt	-	44,326	-	-	44,326
State of Israel bonds	-	260	-	-	260
Equities					
Corporate stocks	59,371	-	-	-	59,371
Mutual funds (equities)	59,174	-	-	-	59,174
Long-only equities	-	-	-	187,841	187,841
Long-short equities	-	-	-	79,768	79,768
Private equity	-	-	-	142,145	142,145
Venture capital	-	-	-	51,417	51,417
Marketable alternatives					
Multi-strategy/event-driven	-	-	-	121,313	121,313
Real assets	-	-	-	10,096	10,096
Real estate	-	-	-	18,985	18,985
Investment receivables	-	-	-	254	254
Other investments	1,005	1,718	-	-	2,723
	<u>\$ 190,286</u>	<u>\$ 46,304</u>	<u>\$ -</u>	<u>\$ 611,819</u>	<u>848,409</u>
Less: Unconsolidated Organizations' interests in the investments portfolio					(167,396)
Less: Investments held for AECOM					(34,015)
Total investments, at fair value					<u>\$ 646,998</u>

Fixed Income

Fixed income securities include directly-held U.S. Government obligations, fixed income securities held in mutual funds, directly-held corporate debt and directly-held State of Israel bonds. U.S. Government obligations and fixed income securities held in mutual funds are valued based on quoted market prices in active markets and are categorized as Level 1. Corporate debt is valued

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based on quoted market prices or dealer or broker quotations and is categorized as Level 2. State of Israel bonds are recorded at face value, which approximates fair value, and are categorized as Level 2.

Equities

Equity investments include directly-held corporate stocks, public equities held in mutual funds, and long-only equities, long-short equities, private equity and venture capital, all held in limited partnerships. Corporate stocks and public equities held in mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1. Long-only equities (where only long positions in assets and securities are traded and held), long-short equities (where long positions that are expected to appreciate and short positions that are expected to decline are traded and held), private equity (which invests directly in private firms) and venture capital (which includes direct equity investments of less mature firms) are valued at NAV provided by the investment manager. All investments, for which fair value is measured using NAV, have been excluded within the fair value hierarchy.

Marketable Alternatives

Marketable alternatives include limited partnership investments in multi-strategy/event-driven. Multi-strategy/event-driven (which represents an investment strategy that includes several strategies or attempts to take advantage of events such as mergers and restructurings) are valued at NAV provided by the investment manager. All such investments, for which fair value is measured using NAV, have been excluded within the fair value hierarchy.

Real Assets and Real Estate

Real Assets represent limited partnership investments in tangible assets that may include rail cars, ships, aircraft, forestry or traded commodities. Real estate represents limited partnership investments in real property. The interests in these investments are valued at NAV provided by the investment manager. All such investments, for which fair value is measured using NAV, have been excluded within the fair value hierarchy, as long as no adjustment is required to NAV and the manager has reported a NAV at the measurement date. Investments are categorized as Level 3 if a NAV adjustment is required or if there is no reported NAV at the measurement date.

Investment Receivables

Investment receivables include investments in limited partnerships where the University has placed redemption requests or provided prepaid subscriptions and are measured at NAV and accrued income earned not yet paid are measured at Level 1. All such investments, for which fair value is measured using NAV, have been excluded within the fair value hierarchy.

Other Investments

Other investments include life insurance policies and directly-held real estate property.

All net realized and unrealized gains (losses) in the table above are reflected in the Consolidated Statements of Activities. The University's policy is to recognize transfers in and transfers out as of the end of the period. During the years ended June 30, 2022 and 2021, there were no significant transfers between Level 1 and Level 2.

The University has made investments in various long-lived partnerships and, in other cases, has entered into contractual agreements that may limit its ability to initiate redemptions due to notice periods, lock-ups and other restrictions. The University has also made commitments to provide

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capital to various limited partnerships, and under the terms of those agreements, the University is obligated to periodically advance additional funding. The University had commitments of approximately \$90,589 and \$93,255 at June 30, 2022 and 2021, respectively, to investment funds and limited partnerships for which capital calls had not been exercised. These amounts have not been recorded as liabilities in the Consolidated Statements of Financial Position. Such commitments generally have fixed expiration dates or other termination clauses. The University maintains sufficient liquidity in its investment portfolio to cover such calls.

Details on liquidity, restrictions by strategy and type of investment are provided below as of June 30, 2022 and 2021:

Investment strategy	2022						Current Year Notice Periods in Days
	Monthly and More Frequent	Quarterly	Semi-Annually and Annually	Greater Than One Year	Redemptions Placed	Total	
Cash and cash equivalents	\$ 78,441	\$ -	\$ -	\$ -	\$ -	\$ 78,441	N/A
Fixed income							
U.S. Government obligations	3,796	-	-	-	-	3,796	N/A
Mutual funds (fixed income)	1,027	-	-	-	-	1,027	N/A
Corporate debt	2,060	-	-	-	-	2,060	N/A
State of Israel bonds	-	-	-	260	-	260	N/A
Equities							
Corporate stocks	70,185	-	-	-	-	70,185	N/A
Mutual funds (equities)	58,802	-	-	-	-	58,802	N/A
Long-only equities	53,483	8,630	4,141	27,574	-	93,828	10-90
Long-short equities	-	27,565	-	26,179	12,959	66,703	30-60
Private equity	-	-	-	135,802	-	135,802	N/A
Venture capital	-	-	-	77,289	-	77,289	N/A
Marketable alternatives							
Multi-strategy/event-driven	-	77,926	27,623	-	1,119	106,668	60-90
Real assets	-	-	-	11,520	-	11,520	N/A
Real estate	-	-	-	19,526	-	19,526	N/A
Investment receivables	55	-	-	-	-	55	N/A
Other investments	2,275	-	-	1,298	-	3,573	N/A
Total investments, at fair value	\$ 270,124	\$ 114,121	\$ 31,764	\$ 299,448	\$ 14,078	\$ 729,535	

Investment strategy	2021						Current Year Notice Periods in Days
	Monthly and More Frequent	Quarterly	Semi-Annually and Annually	Greater Than One Year	Redemptions Placed	Total	
Cash and cash equivalents	\$ 42,441	\$ -	\$ -	\$ -	\$ -	\$ 42,441	N/A
Fixed income							
U.S. Government obligations	7,036	-	-	-	-	7,036	N/A
Mutual funds (fixed income)	21,259	-	-	-	-	21,259	N/A
Corporate debt	44,326	-	-	-	-	44,326	N/A
State of Israel bonds	-	-	-	260	-	260	N/A
Equities							
Corporate stocks	59,371	-	-	-	-	59,371	N/A
Mutual funds (equities)	59,174	-	-	-	-	59,174	N/A
Long-only equities	61,049	24,523	41,947	60,322	-	187,841	10-90
Long-short equities	-	36,961	255	28,931	13,621	79,768	30-60
Private equity	-	-	-	142,145	-	142,145	N/A
Venture capital	-	-	-	51,417	-	51,417	N/A
Marketable alternatives							
Multi-strategy/event-driven	-	73,015	47,151	-	1,147	121,313	60-90
Real assets	-	-	-	10,096	-	10,096	N/A
Real estate	-	-	-	18,985	-	18,985	N/A
Investment receivables	254	-	-	-	-	254	N/A
Other investments	1,345	-	-	1,378	-	2,723	N/A
Total investments, at fair value	\$ 296,255	\$ 134,499	\$ 89,353	\$ 313,534	\$ 14,768	\$ 848,409	

As of June 30, 2022 and 2021, there are no investments subject to lock up restrictions.

The University has placed redemptions with certain investments that are in the process of fully redeeming, are in liquidation or are side-pocketed. Payout from these investments is subject to when the investment manager determines and has the ability to sell the underlying assets to generate cash

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for payment. As such, payout of such investments may take a significant and indeterminable amount of time.

Details on unfunded commitments by investment strategy are provided below as of June 30, 2022 and 2021:

Investment Strategy	2022			
	Unfunded Commitments by Date of Fund Termination			
	0–3 Years	4–5 Years	Greater Than 5	Total
Equities				
Private equity	\$ 10,583	\$ 5,801	\$ 13,716	\$ 30,100
Venture capital	123	-	37,045	37,168
Real assets	2,773	-	-	2,773
Real estate	2,581	3,000	14,967	20,548
	<u>\$ 16,060</u>	<u>\$ 8,801</u>	<u>\$ 65,728</u>	<u>\$ 90,589</u>

Investment Strategy	2021			
	Unfunded Commitments by Date of Fund Termination			
	0–3 Years	4–5 Years	Greater Than 5	Total
Equities				
Private equity	\$ 9,331	\$ 16,675	\$ 4,118	\$ 30,124
Venture capital	235	300	44,213	44,748
Real assets	4,102	-	-	4,102
Real estate	2,581	1,500	10,200	14,281
	<u>\$ 16,249</u>	<u>\$ 18,475</u>	<u>\$ 58,531</u>	<u>\$ 93,255</u>

Net Investment Return

Net investment return for the years ended June 30, 2022 and 2021 is as follows:

	2022	2021
Investment income	\$ 3,785	\$ 4,088
Investment expenses	(4,097)	(1,999)
Net realized and unrealized (losses) gains	<u>(47,061)</u>	<u>139,962</u>
Net investment return	<u>\$ (47,373)</u>	<u>\$ 142,051</u>

Investment Support Appropriated From LTPool

In fiscal year 2022, investment support appropriated from the LTPool was \$27,591 (inclusive of appropriation from endowments of \$25,301) of which \$25,581 was utilized. In fiscal year 2021, investment support appropriated from the LTPool was \$40,759 (inclusive of appropriation from endowments of \$38,042) of which \$37,389 was utilized.

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5. Endowment

The University's endowment consists of approximately 1,200 individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University classifies as net assets with donor restrictions: (a) the original value of contributions donated to the permanent endowment, (b) the original value of subsequent contributions to the permanent endowment, (c) accumulations to the permanent endowment required by the applicable donor gift instrument and (d) appreciation related to donor-restricted endowment funds. When appreciation is appropriated for expenditure and utilized, those amounts are reclassified to net assets without donor restrictions.

The following represents the University's endowment net asset composition by type of fund as of June 30, 2022 and 2021:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 513,936	\$ 513,936
Board-designated endowment funds	4,412	-	4,412
Total endowment net assets	<u>\$ 4,412</u>	<u>\$ 513,936</u>	518,348
Other investments, net			30,545
Total investments			<u>\$ 548,893</u>

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 576,215	\$ 576,215
Board-designated endowment funds	4,996	-	4,996
Total endowment net assets	<u>\$ 4,996</u>	<u>\$ 576,215</u>	581,211
Other investments, net			65,787
Total investments			<u>\$ 646,998</u>

The tables above do not include endowed related pledge receivables, loan funds and other funds of \$44,175 and \$45,954 for the years ended June 30, 2022 and 2021, respectively.

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

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at June 30, 2021	\$ 4,996	\$ 576,215	\$ 581,211
Endowment income (loss), net of expenses	(9)	(947)	(956)
Net realized and unrealized losses on endowments	(373)	(43,191)	(43,564)
Net endowment return	(382)	(44,138)	(44,520)
Contributions	-	6,928	6,928
Appropriation of endowment assets	(202)	(25,099)	(25,301)
Transfers, withdrawals and other changes	-	30	30
Endowment net assets at June 30, 2022	\$ 4,412	\$ 513,936	\$ 518,348

Changes in endowment net assets for the year ended June 30, 2021 were as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at June 30, 2020	\$ 4,024	\$ 470,484	\$ 474,508
Endowment income, net of expenses	15	1,854	1,869
Net realized and unrealized gains on endowments	1,159	133,871	135,030
Net endowment return	1,174	135,725	136,899
Contributions	-	7,870	7,870
Appropriation of endowment assets	(202)	(37,840)	(38,042)
Transfers, withdrawals and other changes	-	(24)	(24)
Endowment net assets at June 30, 2021	\$ 4,996	\$ 576,215	\$ 581,211

The New York Prudent Management of Institutional Funds Act ("NYPMIFA") contains provisions that govern appropriation and use, among other things, of donor-restricted endowment funds. NYPMIFA updated certain provisions of prior endowment management law.

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Under NYPMIFA, a detailed prudence standard governs appropriation from endowment funds, and there is no longer a requirement to always maintain historic dollar value. Prudent appropriation from a fund whose value is less than its historic dollar value is permitted under certain circumstances. In particular, NYPMIFA provides that, unless a donor expresses a contrary intention in a gift instrument, a charitable institution may appropriate as much of an endowment fund as it “determines is prudent for the uses, benefits, purposes and duration for which the fund is established,” without regard for historic dollar value. NYPMIFA retains the requirement that in making any decision to appropriate, “the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.” It further provides a requirement that the institution “shall consider, if relevant” the following eight factors in deciding whether or not to appropriate from a fund:

- The duration and preservation of the endowment fund.
- The purposes of the Institution and the endowment fund.
- General economic conditions.
- The possible effect of inflation or deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Institution.
- Alternatives to expenditure of the endowment fund.
- The investment policy of the Institution.

The provisions of NYPMIFA allowing prudent appropriation without regard to historic dollar value apply to funds created after its September 2010 effective date. Donors of funds created before that date were given the option of requiring institutions to continue to observe the historic dollar value restrictions contained in prior law. Some donors of University funds have elected this option. Moreover, a donor may incorporate in a gift instrument specific restrictions on appropriation that are different from either NYPMIFA or prior law.

Certain of the University’s funds are governed by such restrictions. Thus, the University has funds that fall into three categories with respect to appropriation: those from which it may prudently appropriate without regard to historic dollar value; those from which it may prudently appropriate appreciation only above historic dollar value; and those whose appropriation is governed by specific instructions in the governing gift instrument.

The investment objectives for the University’s endowment are to preserve the principal value of those funds (noting guidance above regarding appropriation), in both absolute as well as real terms, and to maximize over the long-term the total rate of return earned without assuming an unreasonable degree of risk in connection with these investment objectives, the Board of Trustees has adopted a spending policy.

The University’s spending policy is consistent with the University’s objectives to utilize income to support mission-critical programs while preserving capital and ensuring future growth of the endowment. Under the policy, and as approved by the Board of Trustees, the long-term focus of the endowment is to support the University’s mission by providing a reliable source of funds for current and future use.

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The University utilizes a spending rate in allocating appreciation earned on assets invested in the LTPool. For fiscal year 2022, the spending rate policy consisted of appropriating 5% of the fair value per unit in the LTPool, based on a twelve-quarter average value through December 31 of the previous year. When donors have expressly stipulated the payout percentage of earnings on endowment that differs from the University's policies, the donors' intent prevails. For fiscal years 2022 and 2021, the University approved an additional appropriation of approximately \$1,895 from certain accessible endowment gains in accordance with NYPMIFA guidelines, and for fiscal year 2021, the University approved a one-time special appropriation in order to repay a portion of the certain prior borrowings from the LTPool of approximately \$12,500.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift value, which represents the total of the initial and subsequent donor contribution amounts. When this occurs, the deficit is classified as a reduction of donor restricted net assets. Deficits existed in various donor-restricted endowment funds as of June 30, 2022 and 2021, which combined had an original gift value \$48,889 and \$22,328 at June 30, 2022 and 2021, respectively, and a current market value of \$40,294 and \$17,124, at June 30, 2022 and 2021, respectively, resulting in a deficiency of \$8,595 and \$5,204 at June 30, 2022 and 2021, respectively. These deficiencies resulted from market fluctuations that occurred after the investment of recent contributions and authorized appropriation from an endowment that was deemed prudent.

6. Receivables, Other Assets and Other Obligations

Student Receivables, Net

The tables below provide disclosures about student loan receivables as well as student tuition receivables at June 30, 2022 and 2021.

2022			
	Receivable	Allowance	Net Receivable
Federal revolving loans	\$ 3,571	\$ (1,485)	\$ 2,086
Institutional loans	32,581	(10,701)	21,880
Accrued interest	8,032	(6,657)	1,375
Total student loan receivables	44,184	(18,843)	25,341
Total student tuition receivables	21,037	(9,107)	11,930
Total student receivables	\$ 65,221	\$ (27,950)	\$ 37,271

2021			
	Receivable	Allowance	Net Receivable
Federal revolving loans	\$ 4,018	\$ (1,514)	\$ 2,504
Institutional loans	32,937	(9,992)	22,945
Accrued interest	7,441	(5,963)	1,478
Total student loan receivables	44,396	(17,469)	26,927
Total student tuition receivables	17,894	(8,996)	8,898
Total student receivables	\$ 62,290	\$ (26,465)	\$ 35,825

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	2022					
	Federal Revolving	Institutional	Accrued Interest	Total Loans Allowance	Student Receivables	Gross Allowances
Allowance at beginning of year	\$ (1,514)	\$ (9,992)	\$ (5,963)	\$ (17,469)	\$ (8,996)	\$ (26,465)
Current year provisions	29	(709)	(694)	(1,374)	(111)	(1,485)
Allowance at end of year	<u>\$ (1,485)</u>	<u>\$ (10,701)</u>	<u>\$ (6,657)</u>	<u>\$ (18,843)</u>	<u>\$ (9,107)</u>	<u>\$ (27,950)</u>

	2021					
	Federal Revolving	Institutional	Accrued Interest	Total Loans Allowance	Student Receivables	Gross Allowances
Allowance at beginning of year	\$ (1,384)	\$ (9,029)	\$ (5,379)	\$ (15,792)	\$ (7,906)	\$ (23,698)
Current year provisions	(130)	(963)	(584)	(1,677)	(1,090)	(2,767)
Allowance at end of year	<u>\$ (1,514)</u>	<u>\$ (9,992)</u>	<u>\$ (5,963)</u>	<u>\$ (17,469)</u>	<u>\$ (8,996)</u>	<u>\$ (26,465)</u>

Write-offs of a student loan receivable are based primarily on the age of the receivable and an evaluation of any recent activity in the account. Overall default rates and an evaluation of general economic conditions are reviewed at least annually. The University, because of its close and continuing relationship with its students and graduates, seeks to work closely with the students and graduates to help ensure repayment.

Contribution Receivables, Net

Contribution receivables, net consisted of the following at June 30, 2022 and 2021:

	2022	2021
Amount expected to be collected in		
Less than one year	\$ 26,909	\$ 22,005
One to five years	55,096	45,783
Greater than five years	14,864	23,911
	<u>96,869</u>	<u>91,699</u>
Less:		
Discount to present value (0.66%–6.00%)	(4,754)	(5,418)
Allowance for uncollectible amounts	<u>(3,991)</u>	<u>(3,218)</u>
Total contribution receivables, net	<u>\$ 88,124</u>	<u>\$ 83,063</u>

As of June 30, 2022 and 2021, 56% and 60%, respectively, of gross contribution receivables were from five donors.

Other Assets, Receivables and Other Obligations

Other assets consist of grant receivables, prepaid expenses, deposits, donated fractional interests in real estate, due to/from related entities, rent receivables, and various other miscellaneous receivables. Included at fair value are the assets of the University's 457(b) deferred compensation plan (Note 8).

The University has a lease agreement with Montefiore, whereby exclusive occupation, management, and control of the Jack D. Weiler Hospital of Albert Einstein College of Medicine ("WHAECOM") is with Montefiore. As of September 9, 2015, the annual lease payment was \$2,500 with increases thereafter of 2% compounded annually through 2114. The rental income on this lease is recognized evenly over the life of the lease, and accordingly, a rent receivable of \$42,696 and \$37,886 is

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included in other assets and receivables in the Consolidated Statements of Financial Position at June 30, 2022 and 2021, respectively.

As of June 30, 2022, the minimum future lease payments for WHAECOM over the next 5 years and thereafter and for the remaining term of the lease are as follows:

	2023	2024	2025	2026	2027	Thereafter	Total
Minimum lease income	\$ 2,872	\$ 2,929	\$ 2,988	\$ 3,047	\$ 3,108	\$ 729,294	\$ 744,238

In December 2020, the University entered into an agreement with a third party whereby the University assigned 49 years of the WHAECOM lease payments to be made directly to the third party in exchange for approximately \$58,000, which is the net present value of the assigned payments over that period of time, less the issuance costs of \$1,181. Under the terms of the agreement, the University, among other provisions, completed a "tax lot sub-division" related to the leased property, and the lease and the underlying property were transferred by the University to a special purpose entity (SPV) of which the University is the sole member, and which is consolidated with the University. The University provided an equity pledge of the SPV as collateral to the third party for the lease payments, but has no guaranty for these lease payments which are required to be made by Montefiore, the lessee, to the third party. The transaction resulted in a discount rate on the assignment of lease payments of approximately 6%. At the end of the assignment period, the remaining lease stream of approximately 45 years would revert to the University.

The lessee, is expected to make the assigned lease payments to the third party in the following amounts over the next 5 years and thereafter:

	2023	2024	2025	2026	2027	Thereafter	Total
Assigned lease payments	\$ 2,872	\$ 2,929	\$ 2,988	\$ 3,047	\$ 3,108	\$ 212,936	\$ 227,880

Other obligations shown net of issuance costs on the Consolidated Statement of Financial position are \$57,609 and \$56,819 at June 30, 2022 and 2021, respectively. Annual payments will be allocated to interest and principal, and issuance costs will be amortized over the life of the agreement. Total interest expenses associated with the other obligations, that has been assigned to a third party, is \$3,581 for the year ended June 30, 2022. There was no interest expense assigned in fiscal year 2021. For the future assigned lease payment period, starting in fiscal year 2023, the assigned interest expense is \$3,628 and will aggregate to approximately \$169,115 over the term of the obligation.

The University charges RIETS and the High Schools for management services (such as accounting, treasury operations, human resources, procurement, legal, and other administrative services) as well as facilities maintenance. The fees for these services to RIETS was \$2,500 for each of the years ended June 30, 2022 and 2021. The cost of these services to the High Schools was \$1,220 for each of the years ended June 30, 2022 and 2021. The University's inter-company payable to RIETS is (\$525) and (\$811) at June 30, 2022 and 2021, respectively. The University's inter-company payable to the High Schools is (\$825) and (\$1,840) at June 30, 2022 and 2021, respectively.

In light of certain positive structural changes at the High Schools, the University and the High Schools agreed to reduce the due to related organization balance, within other assets and receivables in the Consolidated Statements of Financial Position at June 30, 2022 and 2021 by \$2,500 for previously funded working capital advances to the High Schools. This is reflected as transfers from related party in the Consolidated Statements of Activities.

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7. Land, Buildings and Equipment, Net

Land, buildings and equipment, net consisted of the following at June 30, 2022 and 2021:

	2022	2021
Land	\$ 13,717	\$ 13,717
Buildings and improvements	414,031	404,410
Equipment, furniture and fixtures and other	33,249	29,788
Capitalized asbestos remediation costs	<u>3,945</u>	<u>3,945</u>
	464,942	451,860
Less: Accumulated depreciation and amortization	<u>(285,958)</u>	<u>(275,837)</u>
Total land, buildings and equipment, net	<u>\$ 178,984</u>	<u>\$ 176,023</u>

Depreciation and amortization expense related to buildings and equipment for the years ended June 30, 2022 and 2021 was \$13,694 and \$13,086, respectively. The University wrote off fully depreciated assets of \$3,573 during the year ended June 30, 2022.

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the Consolidated Statements of Activities and in the above table in equipment, furniture and fixtures and other included the following:

	2022	2021
Books	\$ -	\$ 1,530
Fine art	6,450	-
Donated equipment	<u>8</u>	<u>-</u>
	<u>\$ 6,458</u>	<u>\$ 1,530</u>

The University did not monetize any contributed nonfinancial assets. They are currently maintained on the University's campuses and being utilized in accordance with the donors wishes for the benefit of the University and its students. There are no restrictions on these assets and have been valued based on fair-market valuations and appraisals.

8. Retirement Plans

Defined Contribution and Deferred Compensation Plans

The University has several defined contribution retirement plans in which most full-time and many part-time employees participate. The University's contributions are based on specified percentages of each employee's annual salary. It is the University's policy to fund retirement plan costs currently. Total retirement plan expense for the years ended June 30, 2022 and 2021 was \$5,363 and \$4,423, respectively.

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The University has a 457(b) deferred compensation plan, which is offered to select management employees. The employee contributions are capped at the annual federal limit for deferred compensation. The assets related to this plan are included in other assets and receivables in the Consolidated Statements of Financial Position and amounted to \$14,247 and \$17,128 as of June 30, 2022 and 2021, respectively. These assets primarily consist of mutual funds and a guaranteed interest account classified as Level 1 based on the fair value hierarchy described in Note 4. The assets of the mutual funds for the years ended June 30, 2022 and 2021 were \$10,753 and \$13,717, respectively. The contract value of the guaranteed interest account for the years ended June 30, 2022 and 2021 was \$3,494 and \$3,411, respectively.

Offsetting liabilities that relate to this 457(b) plan are included in other liabilities as of June 30, 2022 and 2021.

Multi-Employer Benefit Plan

The University participates in the 1199 SEIU Health Care Employees Pension Fund, a multi-employer defined benefit pension plan, for its 1199 union employees.

The University makes cash contributions to the plan under the terms of collective-bargaining agreements that cover its union employees based on a fixed rate and hours of service per week worked by the covered employees. The risks of participating in a multi-employer plan are different from other single-employer plans in the following aspects: (1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (3) if the University chooses to stop participating in the multi-employer plan, the University may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The University contributed \$1,355 and \$1,182 in cash and recorded expenses for the 1199 Pension Fund for fiscal 2022 and 2021, respectively. The University's contributions to the 1199 Pension Fund represent less than 5% of its total contributions to all retirement plans.

The following table includes additional disclosure information related to the 1199 Pension Fund.

Plan Name	EIN Plan Number /Pension	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
		2022	2021			
1199 Pension Fund	13-3604862/001	Green	Green	N/A	No	September 30, 2024

The Pension Protection Act zone status indicates the plan's funded status of either at least 80% funded (green) or less than 80% funded (red). A zone status of red requires the plan sponsor to implement a Funding Improvement Plan or Rehabilitation Plan.

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9. Bonds Payable and Other Debt

Details of the bonds payable and other debt as of June 30, 2022 and 2021 are as follows:

Description	Maturity Date	Interest Rate	2022	2021
Bonds payable - DASNY Bonds				
Series 2011A ^(a)	November 1, 2040	4.00%–5.00%	\$ 41,725	\$ 44,210
Series 2009 ^(b)	September 1, 2038	4.00%–5.00%	87,490	90,725
Principal subtotal			129,215	134,935
Add: Unamortized premiums			(591)	(565)
Less: Unamortized bond issuance costs			(1,083)	(1,216)
Subtotal - Bonds payable - DASNY Bonds			127,541	133,154
Mortgages payable	Varied	3.13%–3.25%	3,014	3,098
Y Properties notes ^(c)	May 6, 2032	4.32%	137,575	139,810
Less: Unamortized loan issuance costs			(2,100)	(2,407)
Total bonds payable and other debt			\$ 266,030	\$ 273,655

- a. In September 2011, DASNY issued \$90,000 of Revenue Bonds Series 2011A (Series 2011A Bonds) on behalf of the University. The Series 2011A Bonds bear interest rates ranging from 4% to 5% with principal payments due at various dates commencing November 1, 2014, and a final maturity date of November 1, 2040. The Series 2011A Bonds are general unsecured obligations of the University; no security interest or mortgage encumbering University revenues or assets was granted in connection with the issuance of the Series 2011A Bonds. A portion of the proceeds of the Series 2011A Bonds was used for the payment of, or to reimburse the University for the payment of, certain capital expenditures and to reimburse \$20,500 on a line of credit. A portion of the Series 2011A Bonds was used to refund all but \$3,064 of the outstanding DASNY Series 2001 Bonds. The Series 2011A Bonds were issued with a net premium of \$3,390, of which \$162 and \$186 were unamortized as of June 30, 2022 and 2021, respectively. Subsequent to June 30, 2022, the Series 2011A Bonds were refunded (Note 17).
- b. In July 2009, DASNY issued \$140,820 of Revenue Bonds Series 2009 (Series 2009 Bonds) on behalf of the University. The Series 2009 Bonds bear interest rates ranging from 4% to 5% with principal payments due at various dates commencing September 1, 2016, and a final maturity date of September 1, 2038. The Series 2009 Bonds are general unsecured obligations of the University; no security interest or mortgage encumbering University revenues or assets was granted in connection with the issuance of the Series 2009 Bonds. A portion of the proceeds of the Series 2009 Bonds was used for the payment of, or to reimburse the University for the payment of, certain capital expenditures. A portion of the Series 2009 Bonds was used to refund the outstanding DASNY Series 1998 Bonds. The Series 2009 Bonds were issued with a net premium of \$1,386, of which (\$753) and (\$751) were unamortized as of June 30, 2022 and 2021, respectively. Subsequent to June 30, 2022, the Series 2009 Bonds were refunded (Note 17).
- c. In April 2017, in connection with the refinancing of certain private placement taxable bonds, the University transferred ownership of five mortgaged properties to Y Properties, a special purpose entity of which the University is the sole member (Note 1). Y Properties entered into a secured loan agreement with certain lenders whereby it issued notes in the aggregate principal amount of \$140,000 which are secured by a mortgage on the five properties owned by Y Properties. The terms of the notes are for 15 years, and the notes currently bear interest at a rate of 4.324% per annum. Until June 2021, Y Properties made interest only payments; subsequent payments will include a portion of the principal amount outstanding, using a 30-year amortization table.

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As part of the loan, the University entered into a unitary lease with Y Properties, whereby the University will continue to use the mortgaged properties as a tenant pursuant to a long term operating lease and make monthly rent payments to Y Properties, initially in the approximate amount of \$1,590. Payments in excess of debt service and certain operating costs of Y Properties are distributed to the University as the sole member, on a monthly basis. As controlling member, the University includes the operations of Y Properties in its consolidated financial statements, and accordingly all intercompany revenue, expenses, equity transfers and distributions are eliminated in consolidation.

In July 2022, DASNY issued \$152,845 of Revenue Bonds Series 2022A (Series 2022A Bonds) on behalf of the University. The Series 2022A Bonds bear interest at an average rate of 5%, with principal payments due at various dates commencing January 15, 2029, with a final maturity date of July 15, 2050. The Series 2022A Bonds are general unsecured obligations of the University; no security interest or mortgage encumbering University revenues or assets was granted in connection with the issuance of the Series 2022A Bonds. A portion of the proceeds of the Series 2022A Bonds will be used to finance the costs of the construction, renovation, repair and/or equipping of various University facilities, including energy improvement projects, and a portion of the Series 2022A Bonds, together with other available moneys, was used to redeem the outstanding Series 2009 Bonds and the outstanding Series 2011A Bonds.

Projected debt service payments on the bonds, mortgages payable and notes are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2023	\$ 8,459	\$ 12,201	\$ 20,660
2024	8,816	11,841	20,657
2025	9,199	11,452	20,651
2026	10,833	11,007	21,840
2027	134,735	10,559	145,294
Thereafter	97,762	31,655	129,417
	<u>269,804</u>	<u>\$ 88,715</u>	<u>\$ 358,519</u>
Unamortized premium	(591)		
Unamortized issuance costs	<u>(3,183)</u>		
Total projected debt service payments	<u>\$ 266,030</u>		

Interest expense on the bonds and other debt for the years ended June 30, 2022 and 2021 was \$12,436 and \$12,675, respectively.

10. Asset Retirement Obligations

The University has asset retirement obligations for asbestos-related removal costs. The University accrues for asset retirement obligations in the period in which they are incurred if sufficient information is available to reasonably estimate the fair value of the obligation. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, the University will recognize a gain or loss for any difference between the settlement amount and liability amount recorded.

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A reconciliation of the beginning and ending carrying amounts of such obligations is as follows:

	2022	2021
Asset retirement obligations at June 30, 2021 and 2020	\$ 9,171	\$ 9,122
Accretion expense	182	178
Asset retirement obligations settled or eliminated	<u>(49)</u>	<u>(129)</u>
Asset retirement obligations at June 30, 2022 and 2021	<u>\$ 9,304</u>	<u>\$ 9,171</u>

11. Due to AECOM

Included in the Consolidated Statements of Financial Position are certain assets that are being held for AECOM due to the Joint Collaboration Agreement (Note 1).

The following are liabilities payable to AECOM that the University has recognized as of June 30, 2022 and 2021:

	2022	2021
Investments held pending transfer	\$ 29,451	\$ 34,015
Cash and cash equivalents	101	384
Other assets and receivables		
457B Plan	1,552	2,014
Workers compensation	2,925	2,925
Faculty mortgages	<u>244</u>	<u>252</u>
Total due to AECOM	<u>\$ 34,273</u>	<u>\$ 39,590</u>

12. Allocation of Operating Expenses

The accompanying Consolidated Statements of Activities report expenses by functional classification in accordance with the educational mission of the University in categories recommended by the National Association of College and University Business Officers. The University's primary program service is instruction. Expenses reported as Academic support, Student services and Auxiliary enterprises are incurred in support of this primary program service. Institutional support includes general and administrative expenses of the University.

Natural expenses attributable to more than one functional expense category are allocated using reasonable cost allocation techniques. Depreciation, operations and maintenance expense are allocated on a square footage basis. Interest expense on indebtedness is allocated to the functional categories that have benefited from the associated debt.

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Expenses by functional and natural classification, after allocating operations and maintenance, depreciation, and interest, are as follows for the years ended June 30, 2022 and 2021:

	2022					
	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary Enterprises	Total
Direct expenses						
Compensation and benefits	\$ 66,728	\$ 27,743	\$ 15,018	\$ 27,016	\$ 3,089	\$ 139,594
Fees for services	1,570	1,237	773	7,577	74	11,231
Study abroad expenses	13,801	11	-	-	-	13,812
Other than personnel services	13,563	6,748	5,332	16,962	2,092	44,697
Total direct expenses	95,662	35,739	21,123	51,555	5,255	209,334
Allocated expenses						
Operations and maintenance	11,285	4,360	2,577	6,672	6,529	31,423
Depreciation	4,884	1,887	1,115	2,888	2,102	12,876
Interest	5,201	2,009	1,188	3,075	963	12,436
Total allocated expenses	21,370	8,256	4,880	12,635	9,594	56,735
Year ended June 30, 2022	\$ 117,032	\$ 43,995	\$ 26,003	\$ 64,190	\$ 14,849	\$ 266,069

	2021					
	Instruction	Academic Support	Student Services	Institutional Support	Auxiliary Enterprises	Total
Direct expenses						
Compensation and benefits	\$ 61,447	\$ 26,719	\$ 13,600	\$ 27,627	\$ 2,742	\$ 132,135
Fees for services	1,640	1,002	982	8,069	40	11,733
Study abroad expenses	13,137	9	-	-	-	13,146
Other than personnel services	10,501	5,685	2,691	17,705	1,179	37,761
Total direct expenses	86,725	33,415	17,273	53,401	3,961	194,775
Allocated expenses						
Operations and maintenance	8,869	3,549	1,834	6,013	5,167	25,432
Depreciation	4,823	1,930	998	3,270	1,261	12,282
Interest	5,118	2,048	1,059	3,470	980	12,675
Total allocated expenses	18,810	7,527	3,891	12,753	7,408	50,389
Year ended June 30, 2021	\$ 105,535	\$ 40,942	\$ 21,164	\$ 66,154	\$ 11,369	\$ 245,164

Fundraising expenses are included in institutional support. For the years ended June 30, 2022 and 2021, such costs were \$8,757 and \$7,476, respectively. For purposes of reporting fundraising expenses, the University includes only those fundraising costs incurred by its development office.

13. Scholarships and Tuition

Student tuition and fees are presented net of amounts awarded to students to defray their costs of attending the University as follows:

	2022	2021
University unfunded support	\$ 66,565	\$ 58,895
University funded support	24,879	34,235
	<u>\$ 91,444</u>	<u>\$ 93,130</u>

University unfunded support includes tuition discounts, financial aid, and merit scholarships awarded to students from operating resources. University-funded support includes financial aid and scholarships funded from restricted and external sources, including federal grant programs, private giving and endowment support. Net Assets Released From Restrictions

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(in thousands of dollars)

14. Net Assets Released from Restrictions

Net assets released from restrictions during June 30, 2022 and 2021 were released for the following purposes:

	2022	2021
Academic chairs and support	\$ 357	\$ 615
Facility maintenance	1,895	200
Faculty scholars and fellowships	803	2,931
General institutional support	6,982	2,324
Instruction, training and lectureships	6,900	8,089
Library	184	109
Other	2,616	5,344
Prizes	337	394
Public service	1,581	932
Research	964	1,240
Student scholarships	11,608	13,949
Time restricted pledges	2,123	2,006
	<u>\$ 36,350</u>	<u>\$ 38,133</u>

15. Net Assets

The composition of the University's net assets with donor restrictions as of June 30, 2022 and 2021 are as follows:

Nature of Specific Net Assets	2022		
	Funds held in Perpetuity	All other Funds	Total
Academic chairs and support	\$ 55,939	\$ 30,839	\$ 86,778
Facility maintenance	7,886	15,282	23,168
Faculty scholars and fellowships	15,120	9,012	24,132
General institutional support	21,624	18,892	40,516
Instruction, training and lectureships	65,900	44,324	110,224
Library	2,616	2,389	5,005
Other	21,308	9,929	31,237
Prizes	1,434	4,474	5,908
Public service	-	114	114
Research	4,668	539	5,207
Revolving fund for special projects	22,328	(7,207)	15,121
Student loans	16,422	-	16,422
Student scholarships	184,803	89,278	274,081
Trusts held by others in perpetuity	4,057	-	4,057
Time restricted pledges	-	3,589	3,589
	<u>\$ 424,105</u>	<u>\$ 221,454</u>	<u>\$ 645,559</u>

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Nature of Specific Net Assets	2021		Total
	Funds held in Perpetuity	All other Funds	
Academic chairs and support	\$ 55,088	\$ 42,793	\$ 97,881
Facility maintenance	6,055	1,946	8,001
Faculty scholars and fellowships	15,110	12,827	27,937
General institutional support	21,228	27,157	48,385
Instruction, training and lectureships	66,262	50,865	117,127
Library	2,616	3,110	5,726
Other	20,522	14,522	35,044
Prizes	1,331	6,430	7,761
Public service	-	904	904
Research	5,523	936	6,459
Revolving fund for special projects	22,328	(5,205)	17,123
Student loans	16,881	-	16,881
Student scholarships	181,839	123,334	305,173
Trusts held by others in perpetuity	4,895	-	4,895
Time restricted pledges	-	3,455	3,455
	<u>\$ 419,678</u>	<u>\$ 283,074</u>	<u>\$ 702,752</u>

16. Contingencies

The University is a party to various litigation and other claims arising in the ordinary course of business. In the opinion of management, appropriate provision has been made for possible losses, and the ultimate resolution of these matters will not have a significant effect on the University's consolidated financial statements.

Amounts received and expended by the University under various federal and state grants and contracts are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the University's consolidated financial statements.

Commencing in August 2019, and pursuant to the enactment of New York's Child Victims Act (and its subsequent extension, which extended the statute of limitations for the filing of claims of child sexual abuse and provided a two year window for the filing of previously time-barred claims commencing August 2019 through August 2021), eleven lawsuits were filed (two were voluntarily dismissed by the plaintiff). These Child Victims Act claims allege that the University is liable for certain alleged abuse during the 1970s and 1980s. The cases are in the earliest stages. Defense counsel has been retained. An answer or responsive pleading has not yet been filed in any of the cases. The University and the High Schools purchased insurance policies covering the applicable time periods in question. It is uncertain at this time whether and to what extent the University and the High Schools will recover any amounts from its insurers. At this time, the University and High Schools do not believe that such litigation will have a material adverse financial impact.

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17. Subsequent Events

Subsequent event guidance requires the University to evaluate subsequent events to determine whether they provide additional evidence about conditions that existed at the date of the consolidated financial statements, and to determine if those events require recognition or disclosure in the consolidated financial statements. The University has performed an evaluation of subsequent events through December 16, 2022, which is the date the consolidated financial statements were issued.