



TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Financial Statements

August 31, 2023 and 2022

(With Independent Auditors' Reports Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Trustees
Teachers College, Columbia University:

Opinion

We have audited the financial statements of Teachers College, Columbia University (the College), which comprise the balance sheets as of August 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

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



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

KPMG LLP

New York, New York
December 19, 2023

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Balance Sheets

August 31, 2023 and 2022

Assets	2023	2022
Cash and cash equivalents	\$ 63,131,462	56,008,753
Student accounts and other receivables, net (note 4)	4,212,027	3,572,889
Grants and contracts receivable (note 5)	34,628,392	15,315,120
Inventories and other assets	3,253,678	3,256,520
Contributions receivable, net (note 5)	10,617,875	11,203,881
Funds held by bond trustee (note 7)	2,016,697	4,658,615
Investments (note 3)	476,844,193	454,998,696
Student loans receivable, net (note 4)	2,888,702	2,947,138
Plant assets, net (note 6)	127,886,682	130,432,199
Total assets	\$ 725,479,708	682,393,811
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 17,093,996	19,530,118
Deferred revenues (note 12)	14,366,805	17,003,421
Long-term debt, net (note 7)	97,192,852	100,103,174
Accrued pension and other benefit obligations (note 8)	32,748,384	33,702,825
Other liabilities	3,948,653	3,839,918
Funds held for others	4,257,691	4,481,059
Total liabilities	169,608,381	178,660,515
Commitments and contingencies (notes 3, 8, and 13)		
Net assets (note 9):		
Without donor restrictions	194,820,503	181,348,820
With donor restrictions:		
Purpose or time restricted	205,509,709	173,006,588
Endowment corpus	155,541,115	149,377,888
Total with donor restrictions	361,050,824	322,384,476
Total net assets	555,871,327	503,733,296
Total liabilities and net assets	\$ 725,479,708	682,393,811

See accompanying notes to financial statements.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Statements of Activities

Years ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Changes in net assets without donor restrictions:		
Operating revenues:		
Student tuition and fees, net (note 10)	\$ 121,798,038	132,667,465
Grants and contracts	42,914,500	40,128,207
Contributions	2,843,198	3,211,488
Endowment return appropriated and other investment income (notes 3 and 9)	24,813,873	20,457,966
Sales and services of auxiliary enterprises	24,314,236	22,835,382
Other sources	3,168,247	3,152,906
Net assets released from donor restrictions	<u>15,411,976</u>	<u>16,406,489</u>
Total operating revenues	<u>235,264,068</u>	<u>238,859,903</u>
Operating expenses (note 2(e)):		
Instruction	75,212,202	74,355,670
Research, training, and public service	49,191,639	47,791,364
Academic support	20,602,943	16,698,747
Student services	12,968,997	12,384,180
Institutional support (note 11)	41,431,106	40,920,177
Auxiliary enterprises	<u>23,305,711</u>	<u>22,712,300</u>
Total operating expenses	<u>222,712,598</u>	<u>214,862,438</u>
Increase in net assets without donor restrictions from operations, carried forward	<u>12,551,470</u>	<u>23,997,465</u>

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Statements of Activities

Years ended August 31, 2023 and 2022

	2023	2022
Increase in net assets without donor restrictions from operations, brought forward	\$ 12,551,470	23,997,465
Nonoperating activities:		
Investment return, net of amounts appropriated (note 3)	2,651,509	(29,402,830)
Other pension and postretirement changes and net periodic benefit costs other than service costs (note 8)	(1,370,238)	12,296,746
Gain on debt extinguishment (note 7)	—	3,423,833
Net assets released from donor restrictions for capital	150	200,000
Other, net	(361,208)	(65,641)
Increase in net assets without donor restrictions	13,471,683	10,449,573
Changes in net assets with donor restrictions:		
Contributions	12,753,956	17,061,764
Grants and contracts	33,638,155	5,383,884
Investment return, net of amounts appropriated (note 3)	8,224,185	(45,354,574)
Net assets released from donor restrictions	(15,412,126)	(16,606,489)
Other, net	(537,822)	(681,241)
Increase (decrease) in net assets with donor restrictions	38,666,348	(40,196,656)
Increase (decrease) in net assets	52,138,031	(29,747,083)
Net assets at beginning of year	503,733,296	533,480,379
Net assets at end of year	\$ 555,871,327	503,733,296
Certain amounts disaggregated above are presented below in the aggregate:		
Contributions	\$ 15,597,154	20,273,252
Grants and contracts	76,552,655	45,512,091
Endowment and other investment return, net	35,689,567	(54,299,438)

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended August 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 52,138,031	(29,747,083)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Net (appreciation) depreciation in fair value of investments	(33,521,299)	57,397,784
Depreciation	10,290,766	10,448,327
(Recoveries of) provision for uncollectible amounts	(40,432)	9,167
Amortization of bond issuance costs	61,474	75,833
Amortization of net bond premiums	(566,796)	(562,961)
Contributions restricted for permanent investment and plant assets	(8,297,802)	(11,474,943)
Change in value of split-interest agreements	530,883	764,939
Gain on extinguishment of debt	—	(3,423,833)
Pension and postretirement changes	1,370,238	(12,296,746)
Changes in operating assets and liabilities:		
Student accounts and other receivables	(659,404)	867,953
Grants and contracts receivable	(19,313,272)	(1,837,522)
Inventories and other assets	2,842	(438,382)
Contributions receivable, except for amounts restricted for permanent investment and plant assets	375,149	1,754,443
Accounts payable and accrued expenses and other liabilities	(2,162,686)	(4,764,715)
Deferred revenues	(2,636,616)	(2,033,497)
Accrued pension and other benefit obligations	(2,324,679)	(1,368,655)
Funds held for others	(223,368)	699,912
Net cash (used in) provided by operating activities	(4,976,971)	4,070,021
Cash flows from investing activities:		
Loans made to students	(426,972)	(597,235)
Repayments received on student loans	532,321	289,550
Purchase of plant assets	(7,745,249)	(12,420,643)
Change in amounts related to plant assets included in accounts payable and accrued expenses	(146,631)	540,784
Purchases of investments	(68,314,209)	(128,966,551)
Proceeds from sales of investments	79,984,807	132,235,241
Net cash provided by (used in) investing activities	3,884,067	(8,918,854)
Cash flows from financing activities:		
Contributions restricted for permanent investment and plant assets	8,297,802	11,474,943
(Increase) in contributions receivable restricted for permanent investment and plant assets	(288,026)	(2,419,487)
Proceeds from indebtedness	—	61,201,280
Repayment of indebtedness	(2,405,000)	(52,180,668)
Change in funds held by bond trustees	2,641,918	(4,653,028)
Investment income on split-interest agreements, net of payments to annuitants	(144,069)	(164,176)
Net cash provided by financing activities	8,102,625	13,258,864
Net increase in cash, cash equivalents and restricted cash	7,009,721	8,410,031
Cash, cash equivalents and restricted cash at beginning of year	59,274,257	50,864,226
Cash, cash equivalents and restricted cash at end of year	\$ 66,283,978	59,274,257
Reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the amounts above:		
Cash and cash equivalents	\$ 63,131,462	56,008,753
Restricted cash included in investments	3,152,516	3,265,504
Total cash, cash equivalents and restricted cash noted above	\$ 66,283,978	59,274,257
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 3,971,313	4,758,067

See accompanying notes to financial statements.

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Notes to Financial Statements

August 31, 2023 and 2022

(1) Description of Business

(a) Discussion of Operations

Teachers College, Columbia University (the College) is a graduate and professional school of education. The College engages in five basic activities: (1) research on critical issues of education; (2) instruction of future leaders-practitioners, policymakers, and academicians; (3) education of current leaders-teachers, principals, superintendents, board members, legislators, presidents, members of the media, and representatives of foundations and corporations; (4) development of the public discourse and national agenda for education; and (5) improvement of the practice of educational institutions via laboratories, models, and demonstration projects. The College was founded in 1887 and became affiliated with Columbia University in 1898. Under an arrangement with Columbia University, the faculty of the College was designated as faculty of Columbia University, but the College retained its legal and financial independence. The College remains a separate corporation.

(b) Tax Status

The College is qualified as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, as amended. Accordingly, it is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. The College recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. No provision for income taxes was required for fiscal years 2023 or 2022.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Net assets of the College and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions, including those designated by the Board of Trustees of the College (the Board) to function as endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met by either actions of the College or the passage of time, and net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by the College, but permit the College to expend part or all of the income derived therefrom for general or donor-specified purposes.

Revenues and gains and losses on investments and other assets are reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions or by law. Expirations of donor restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as increases in net assets without donor restrictions if the purpose or time restrictions are met in the same reporting period that

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such assets are received; otherwise, they are reported as net assets released from donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

(i) Revenue Recognition and Nature of Goods and Services

The College accounts for revenue from contracts with customers when both parties have approved the contract and are committed to perform their respective obligations, each party's rights and the contract payment terms can be identified, the contract has commercial substance, and it is probable the College will collect substantially all of the consideration to which it is entitled.

<u>Products and services</u>	<u>Nature, timing of satisfaction of performance obligations, and significant payment terms</u>
Tuition and fees	Consists of the following: Tuition and fees – derived from a variety of degree, executive and continuing educational programs and includes ancillary charges to the customers (students) of the College. Revenue is recognized when the performance obligations are met by both the College and the customers, which is within the College's fiscal year.
Auxiliary enterprises	Consists of the following: Housing services – provides a variety of housing accommodations in support of the educational needs of the College. Student housing contracts are for a one year term. Revenue is recognized when the performance obligations are met by both the College and the customers, which is within the College's fiscal year. Publishing services – provides customers a variety of professional and classroom books and materials covering all areas of education. Revenue is recognized when the performance obligations are met by both the College and the customers, which are primarily within the College's fiscal year.

(b) Cash Equivalents

All highly liquid debt instruments with an original maturity of three months or less are considered to be cash equivalents, except for such assets that are part of the College's investment portfolio managed by external investment managers for long-term purposes which are reported as investments (note 3).

(c) Contributions

Contributions, including unconditional promises to give, are reported initially at fair value as revenues in the appropriate category of net assets in the period received or pledged. The College reports contributions of plant assets as increases in net assets without donor restrictions unless the donor places restrictions on their use. Contributions to be received after one year are discounted at a risk-adjusted rate. Amortization of the discount is recorded as contribution revenue in accordance with the donor-imposed restrictions. An allowance is recorded for uncollectible contributions based on management's judgment, past collection experience, and other relevant factors.

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Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are met and are contingent upon the College meeting certain barriers or conditions, which were not fulfilled as of year-end. Conditional promises not reflected in the accompanying financial statements are approximately \$419,000 and \$469,000 at August 31, 2023 and 2022, respectively.

At August 31, 2023 and 2022, respectively, gift intentions and other promises from donors not reflected in the accompanying financial statements approximate \$7.7 million and \$7.6 million.

(d) Grants and Contracts

Grants, contracts, and similar agreements comprise federal and non-federal (state, private foundation, etc.) contracts. The activity may represent a reciprocal transaction where commensurate value is exchanged or a nonreciprocal transaction where the resources provided are for the public at large, further support the funding organization's mission or more directly benefit the College. Revenue from exchange transactions are recognized as performance obligations are satisfied, which may be as milestones are met or as related costs are incurred. Federal and certain nonfederal grants with specific restrictions on spending are classified as conditional transactions and the related revenue is recognized at the time expenditures are incurred. Unconditional revenue is recognized in full when a qualifying promise to give has been made and generally occurs when the agreement is executed.

At August 31, 2023 and 2022, the conditional promises to give approximate \$17.5 million and \$20.7 million, respectively, in the form of measurable performance related or other barriers that have not been reflected as revenue in the accompanying financial statements because the conditions on which they depend have not been met. These conditional promises are net of any advance payments received which are recorded within deferred revenues in the accompanying financial statements until the respective barriers are overcome.

(e) Functional Expense Allocation

The College's primary functional programs are instruction and research. Other functional expenses are primarily incurred in support of the College's core mission. Expenses for the operation and maintenance of facilities, depreciation, and interest are first allocated to auxiliary enterprises based on square footage compared to total plant. The remainder is then allocated to other functional programs based on total headcount in each program.

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Notes to Financial Statements

August 31, 2023 and 2022

Expenses by functional classification consist of the following for the years ending August 31, 2023 and 2022:

	<u>Instruction</u>	<u>Research training, and public service</u>	<u>Academic support</u>	<u>Student services</u>	<u>Institutional support</u>	<u>Auxiliary enterprises</u>	<u>Total 2023</u>
Salaries	\$ 48,302,052	24,768,489	9,905,837	6,241,533	21,892,126	6,146,089	117,256,126
Payroll taxes and benefits	16,232,795	7,953,647	3,337,223	2,090,262	7,919,998	2,683,442	40,217,367
Total compensation	<u>64,534,847</u>	<u>32,722,136</u>	<u>13,243,060</u>	<u>8,331,795</u>	<u>29,812,124</u>	<u>8,829,531</u>	<u>157,473,493</u>
Professional, contracted services, and subcontracts	3,811,829	11,959,512	4,211,512	2,886,169	5,581,410	2,441,317	30,891,749
Office supplies, equipment, and related services	1,675,130	1,360,066	2,049,859	814,995	4,402,526	2,128,547	12,431,123
Travel, conferences, meetings, and events	971,313	1,439,545	179,180	171,152	428,707	125,477	3,315,374
Utilities, alterations, and repairs	1,110,380	494,471	294,332	233,791	408,582	2,384,063	4,925,619
Depreciation	2,805,587	1,097,351	564,059	479,310	719,971	4,624,488	10,290,766
Interest	303,116	118,558	60,941	51,785	77,786	2,772,288	3,384,474
Total other operating expenses	<u>10,677,355</u>	<u>16,469,503</u>	<u>7,359,883</u>	<u>4,637,202</u>	<u>11,618,982</u>	<u>14,476,180</u>	<u>65,239,105</u>
Total operating expenses	\$ <u>75,212,202</u>	<u>49,191,639</u>	<u>20,602,943</u>	<u>12,968,997</u>	<u>41,431,106</u>	<u>23,305,711</u>	<u>222,712,598</u>

	<u>Instruction</u>	<u>Research training, and public service</u>	<u>Academic support</u>	<u>Student services</u>	<u>Institutional support</u>	<u>Auxiliary enterprises</u>	<u>Total 2022</u>
Salaries	\$ 47,450,143	23,871,398	9,661,601	6,075,114	20,198,808	5,727,004	112,984,068
Payroll taxes and benefits	16,152,999	7,849,028	3,214,978	2,042,637	7,256,290	2,478,292	38,994,224
Total compensation	<u>63,603,142</u>	<u>31,720,426</u>	<u>12,876,579</u>	<u>8,117,751</u>	<u>27,455,098</u>	<u>8,205,296</u>	<u>151,978,292</u>
Professional, contracted services, and subcontracts	3,868,620	12,221,948	1,677,658	2,664,459	6,377,233	2,389,092	29,199,010
Office supplies, equipment, and related services	1,635,787	1,324,320	1,135,663	666,409	5,683,827	2,583,921	13,029,927
Travel, conferences, meetings, and events	627,611	699,891	77,412	67,847	149,300	70,820	1,692,881
Utilities, alterations, and repairs	1,069,247	435,771	217,459	261,011	343,393	2,068,330	4,395,211
Depreciation	2,848,543	1,114,153	572,695	486,649	730,994	4,695,293	10,448,327
Interest	702,720	274,855	141,281	120,054	180,332	2,699,548	4,118,790
Total other operating expenses	<u>10,752,528</u>	<u>16,070,938</u>	<u>3,822,168</u>	<u>4,266,429</u>	<u>13,465,079</u>	<u>14,507,004</u>	<u>62,884,146</u>
Total operating expenses	\$ <u>74,355,670</u>	<u>47,791,364</u>	<u>16,698,747</u>	<u>12,384,180</u>	<u>40,920,177</u>	<u>22,712,300</u>	<u>214,862,438</u>

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Other pension and postretirement changes and net periodic benefit costs other than service costs, included within nonoperating activities within the accompanying financial statements, are allocated by functional classification consistent with the allocation of payroll taxes and benefits as specified above.

(f) Inventories

Inventories, including books published by the Teachers College Press, are valued at the lower of average cost or market (net realizable value).

(g) Plant Assets

Plant assets, including land, buildings, building improvements, and furniture and equipment, as well as assets under financing obligations with the Dormitory Authority of the State of New York (DASNY) are stated at cost or fair value at the date of gift for assets contributed. All plant assets, other than land, are depreciated over the following useful lives using the straight-line method:

Buildings	50 years
Building improvements	20 years
Furniture and equipment	5 years

(h) Fair Value Measurements

Investments (note 3) and funds held by bond trustees are reported at fair value in the College's financial statements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an ordinary transaction between market participants as of the measurement date. GAAP establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels:

Level 1 Inputs that reflect unadjusted published prices or net asset values (NAV) in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.

Level 2 Inputs other than quoted or published prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 820, *Fair Value Measurement*, the College excludes from the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient.

(i) Collections

Collections at the College include works of art, literary works, historical treasures, and artifacts that are maintained in the College's library and buildings. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service and, therefore, are not recognized as assets on the balance sheets. The College does not sell its collections and any costs associated with purchasing additions to and maintaining these collections are recorded as operating expenses in the period in which the items are acquired.

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(j) U.S. Government Grants Refundable

Funds provided by the U.S. government under the Federal Perkins and Nursing Faculty Loan programs are loaned to qualified students. These funds are ultimately refundable to the U.S. government and are presented in the accompanying balance sheets as a liability in funds held for others.

(k) Split-Interest Agreements

In fiscal years 2023 and 2022, the College's split-interest agreements with donors consist of charitable gift annuities (CGA), irrevocable charitable remainder trusts, perpetual trusts, and pooled life income funds (PLIF).

CGA and PLIF assets are reported in investments in the accompanying balance sheets. Assets from charitable remainder trusts and perpetual trusts are reflected as contributions receivable in the accompanying balance sheets. Contributions are recognized at the date the trusts or pooled life income funds are established at the present value of the estimated future cash flows expected to be received by the College. The College's interest in such split-interest gifts is adjusted annually for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

In addition, the College has the irrevocable right to receive income earned on two perpetual trusts at August 31, 2023 and August 31, 2022. The College's beneficial interest in the value of the trusts' assets is classified as net assets with donor restrictions. Changes in the value of the College's interest are recorded as changes in net assets with donor restrictions in the accompanying statements of activities.

(l) Operations

The accompanying statements of activities distinguish between operating and nonoperating activities. Nonoperating activities represent changes in net assets without donor restrictions other than annual fund contributions, investment return on endowments in excess of or less than the amounts authorized for spending by the Board (note 9) on those funds, pension and postretirement changes and net periodic benefit costs other than service costs (note 8), net assets released from donor restrictions for capital, and certain nonrecurring activities.

(m) Accounting Estimates

The preparation of 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates made in the preparation of the financial statements include the valuation of investments and accrued postretirement pension and other benefit obligations, the allocation of functional expenses, and the net realizable value of receivables. Actual results could differ from those estimates.

(n) Authoritative Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result Accounting Standards Update 606, loans and

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August 31, 2023 and 2022

certain other instruments, entities will be required to use a new forward looking expected loss model that generally will result in earlier recognition of credit losses than under the existing incurred loss model. ASU 2016-13 is effective for the College's fiscal year ending August 31, 2024 and is being evaluated to determine the impact on the financial statements.

(3) Investments

The following tables present the fair value of the College's investments by type at August 31, 2023 and 2022:

<u>Asset</u>	2023			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash and money market funds	\$ 13,206,409	—	—	13,206,409
Fixed income securities	409,255	—	—	409,255
Domestic common stock	47,340,806	—	—	47,340,806
Mutual funds:		—	—	
Bond mutual funds	35,812,733	—	—	35,812,733
Equity mutual funds	42,219,004	—	—	42,219,004
Exchange traded funds	128,886	—	—	128,886
Common trust funds	12,075,664	—	—	12,075,664
Nonpublic equity	10,442,125	—	—	10,442,125
	<u>\$ 161,634,882</u>	<u>—</u>	<u>—</u>	<u>161,634,882</u>
Investments measured at NAV (or its equivalent):				
Nonpublic equity				212,684,450
Private equity				85,672,725
Real estate				<u>16,852,136</u>
Total investments measured at NAV (or its equivalent)				<u>315,209,311</u>
Total investments				<u>\$ 476,844,193</u>

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August 31, 2023 and 2022

Asset	2022			Total
	Level 1	Level 2	Level 3	
Cash and money market funds	\$ 37,052,162	—	—	37,052,162
Fixed income securities	428,844	—	—	428,844
Domestic common stock	41,674,840	—	—	41,674,840
Mutual funds:				
Bond mutual funds	9,331,480	—	—	9,331,480
Equity mutual funds	48,348,412	—	—	48,348,412
Exchange traded funds	140,022	—	—	140,022
Common trust funds	18,314,000	—	—	18,314,000
Nonpublic equity	10,250,250	—	—	10,250,250
	<u>\$ 165,540,010</u>	<u>—</u>	<u>—</u>	<u>165,540,010</u>
Investments measured at NAV (or its equivalent):				
Nonpublic equity				201,962,480
Private equity				71,115,956
Real estate				<u>16,380,250</u>
Total investments measured at NAV (or its equivalent)				<u>289,458,686</u>
Total investments				<u>\$ 454,998,696</u>

Money market funds, fixed income securities, domestic common stock, mutual funds, exchange traded funds, and nonpublic equity are reported at fair value based upon published market prices or NAV for investments in funds with characteristics similar to a mutual fund.

Common trust funds represent a pool of collective investment funds with underlying investments held in publicly traded stocks, bonds, or other securities. These funds are redeemable with two days' notice.

Investments measured at NAV or its equivalent include nonpublic equity, private equity, and real estate funds:

Nonpublic equities include funds whose underlying investments are publicly traded domestic and international equities and interests in limited partnerships and limited liability corporations that may employ both long and short strategies and invest in public equities, internationally developed and emerging markets, and other marketable securities. These interests have varying degrees of liquidity, generally ranging from monthly to annually with up to 90 days' notice, except for five funds with an approximate value of \$35.8 million, which remain subject to lockup. Two of the funds with a fair market value of \$3.8 million are illiquid and three funds totaling \$31.9 million, have liquidity provisions ranging from January 2024 through January 2026.

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August 31, 2023 and 2022

Private equity and real estate funds include interests in limited partnerships and limited liability corporations that invest in private equity buyouts, distressed credit opportunities, real estate, and other private equity strategies. Under the terms of certain limited partnership agreements, the College is obligated to periodically advance additional funding for these limited partnership investments. At August 31, 2023 and 2022, the College had outstanding commitments of approximately \$57.0 million and \$57.9 million, respectively. The College maintains sufficient liquidity in its investment portfolio to cover such calls. Such commitments, generally, have fixed expiration dates or other termination clauses through April 2035. These funds offer no redemptions.

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in their values will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets.

Investments include approximately \$1.9 million and \$2.0 million of assets relating to split-interest agreements at August 31, 2023 and 2022, respectively.

The following summarizes the College's total return on investments and its classification in the financial statements for the years ended August 31, 2023 and 2022:

	2023	2022
Dividends and interest, net	\$ 6,572,676	7,663,175
Net appreciation (depreciation) in fair value of investments	33,521,299	(57,397,784)
Investment fees and expenses	(4,404,408)	(4,564,829)
Net investment return	35,689,567	(54,299,438)
Investment return appropriated as operating – without donor restriction	24,813,873	20,457,966
Investment return reported as nonoperating and with donor restriction	\$ 10,875,694	(74,757,404)

(4) Allowances for Uncollectible Accounts and Loans Receivable

Student accounts and other receivables are reported net of an allowance for uncollectible amounts and a reserve for returned sales of approximately \$743,000 and \$718,000 at August 31, 2023 and 2022, respectively.

Student loans receivable are reported net of an allowance for uncollectible amounts of approximately \$79,000 and \$126,000 at August 31, 2023 and 2022, respectively.

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Notes to Financial Statements

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(5) Grants and Contracts and Contributions Receivable, Net

Grants and contracts receivable consist of the following at August 31, 2023 and 2022:

	2023	2022
Amounts expected to be collected in:		
Less than one year	\$ 13,995,486	11,265,264
One to five years	20,632,906	4,049,856
	\$ 34,628,392	15,315,120

At August 31, 2023 and 2022, amounts due from three sponsors represent approximately 52% and 51% of the College's grants and contracts receivable, respectively.

Approximately 34% and 42% of grants and contracts revenue relates to activity with three sponsors in 2023 and 2022, respectively.

Contributions receivable consist of the following at August 31, 2023 and 2022:

	2023	2022
Unconditional promises expected to be collected in:		
Less than one year	\$ 6,661,841	4,268,332
One to five years	3,208,715	5,784,394
	9,870,556	10,052,726
Less:		
Allowance for uncollectible amounts	(128,715)	(142,500)
Discount to present value (at discount rates ranging from 0.28% to 4.23%)	(112,880)	(207,927)
	9,628,961	9,702,299
Interest in perpetual and other trusts, net	988,914	1,501,582
	\$ 10,617,875	11,203,881

At August 31, 2023 and 2022, three outstanding donor pledge balances represented approximately 54% and 56% of the College's gross contributions receivable, respectively.

Contributions from five donors represent 51% of contributions revenue in 2023 and 2022.

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(6) Plant Assets, Net

Plant assets consist of the following at August 31, 2023 and 2022:

	2023	2022
Land	\$ 642,443	642,443
Buildings and improvements	160,464,419	157,306,620
Furniture and equipment	53,749,562	52,767,482
Under financing obligations with DASNY and other lenders:		
Land	50,000	50,000
Buildings and improvements	155,560,649	147,338,167
Furniture and equipment	13,052,801	12,056,022
	383,519,874	370,160,734
Less accumulated depreciation	(258,586,159)	(248,295,393)
Construction in progress	2,952,967	8,566,858
	\$ 127,886,682	130,432,199

Plant assets under finance leases with DASNY and other lenders, other than land, were fully depreciated as of August 31, 2023 and 2022, respectively.

(7) Long-Term Debt, Net

Long-term debt at August 31, 2023 and 2022 consists of the following:

	2023	2022
DASNY:		
Series 2017 Revenue Bonds, including unamortized bond premium of \$3,487,393 and \$3,711,296, respectively (c)	\$ 37,972,393	40,481,296
Series 2022 Revenue Bonds, including unamortized bond premium of \$9,803,902 and \$10,146,795, respectively (d)	60,593,902	61,056,795
Total debt outstanding	98,566,295	101,538,091
Less unamortized bond issuance costs	(1,373,443)	(1,434,917)
	\$ 97,192,852	100,103,174

(a) In March 2017, DASNY issued Revenue Bonds, Series 2017 (Series 2017 Bonds) in the amount of \$43,390,000 on behalf of the College at a premium of \$4,925,908. The College used the proceeds from the Series 2017 Bonds to advance refund (legally defeased) the Series 2009 Bonds. The Series 2017 Bonds are due through 2039 with interest rates ranging from 3.0% to 5.0%. Payments toward principal began on July 1, 2018. Interest is payable semiannually on January 1 and July 1. In issuing the Series 2017 Bonds, the College incurred costs of \$649,339, which have been deferred and are being

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amortized over the life of the related debt. At August 31, 2023 and 2022, the College had unamortized bond issuance costs of \$459,673 and \$489,188, respectively.

- (b) In April 2022, DASNY issued the Series 2022 Bonds in the amount of \$50,910,000 on behalf of the College at a premium of \$10,286,770. The College used the proceeds from the Series 2022 Bonds to current refund (legally defease) the Series 2012A and Series 2012B Bonds and to finance capital improvements including roof replacements, classroom renovations and other capital projects. The Series 2022 Bonds are due through 2052 with interest rates ranging from 4.0% to 5.0%. Payments toward principal began on July 1, 2023. Interest is payable semiannually on January 1 and July 1. In issuing the Series 2022 Bonds, the College incurred costs of \$958,776, which have been deferred and are being amortized over the life of the related debt. At August 31, 2023 and 2022, the College had unamortized bond issuance costs of \$913,770 and \$945,729, respectively. The College recognized a gain on extinguishment of \$3,423,833 with the refunding of the Series 2012A and 2012B Bonds. Assets earmarked as construction reserves have a fair market value of \$2.0 million and \$4.7 million at August 31, 2023 and 2022, respectively, and are primarily held in cash and U.S. Treasuries and are considered Level 1 in the fair value hierarchy.

Under the Loan Agreements with DASNY, the Series 2017 and 2022 Bonds are general unsecured obligations of the College and no interest or pledge of any revenues of the College were granted to DASNY as part of these bond issuances.

The DASNY bonds require compliance with certain nonfinancial debt covenants. The College is in compliance with such covenants as of August 31, 2023 and 2022.

The minimum annual payments for principal are as follows:

Year ending August 31:		
2024	\$	2,525,000
2025		2,605,000
2026		2,735,000
2027		2,870,000
2028		3,015,000
Thereafter		<u>71,525,000</u>
Total principal payments		85,275,000
Unamortized bond premium		13,291,295
Less unamortized bond issuance costs		<u>(1,373,443)</u>
Total debt outstanding	\$	<u><u>97,192,852</u></u>

Interest expense totaled approximately \$3.4 million in 2023 and \$4.1 million in 2022.

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August 31, 2023 and 2022

(8) Pension and Postretirement Benefit Plans

The College has a contributory defined contribution plan covering academic and professional employees. The College incurred expenses for the years ended August 31, 2023 and 2022 of approximately \$7,741,000 and \$7,960,000, respectively.

In addition, the College has a deferred compensation plan covering a select group employees. The amounts deferred under this plan are reported in inventories and other assets and funds held for others at August 31, 2023 and 2022.

The College also has a noncontributory defined benefit pension plan covering nonacademic union employees. Benefits under this plan are based on years of service and the employee's regular remuneration averaged over the period of the highest five consecutive years during the last 10 years of service.

In addition, the College provides health insurance coverage to retired faculty and professional staff and their dependents. Faculty and professional staff hired before January 1, 2006 become eligible for these benefits if they are at least 55 years of age and have a minimum of 15 years of service. This plan was amended on June 16, 2010 whereby eligible professional staff who retire after August 31, 2011 and eligible faculty who retire after August 31, 2013 may participate in the plan, but will contribute to the plan based upon their age and years of service.

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The following table provides information with respect to the defined benefit pension and postretirement benefit plans as of and for the years ended August 31, 2023 and 2022:

	Pension benefits		Postretirement benefits	
	2023	2022	2023	2022
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 56,521,111	75,038,136	31,165,008	41,102,990
Service cost	1,439,962	2,202,038	232,863	151,760
Interest cost	2,707,878	2,097,433	1,710,688	1,083,856
Actuarial (gain) loss	(5,963,422)	(20,005,714)	609,147	(9,851,145)
Participant contributions	—	—	375,908	304,958
Benefits and expenses paid	(2,928,262)	(2,810,782)	(1,973,411)	(1,627,411)
Benefit obligation at end of year	51,777,267	56,521,111	32,120,203	31,165,008
Change in plan assets:				
Fair value of plan assets at beginning of year	53,983,294	68,772,900	—	—
Actual return on plan assets	(2,305,946)	(14,378,824)	—	—
Employer and participant contributions	2,400,000	2,400,000	1,973,411	1,627,411
Benefits and expenses paid	(2,928,262)	(2,810,782)	(1,973,411)	(1,627,411)
Fair value of plan assets at end of year	51,149,086	53,983,294	—	—
Funded status, recognized in the balance sheets	\$ (628,181)	(2,537,817)	(32,120,203)	(31,165,008)

The decrease in the benefit obligation for the defined benefit pension plan was primarily driven by actuarial gains due to an increase in the discount rate.

The increase in the benefit obligation for the postretirement plan was primarily driven by updated claims data and contributions, but was largely offset due to an increase in the discount rate.

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Notes to Financial Statements

August 31, 2023 and 2022

The following table provides the components of net periodic benefit cost recognized in the accompanying statements of activities:

	Pension benefits		Postretirement benefits	
	2023	2022	2023	2022
Operating:				
Service cost	\$ 1,439,962	2,202,038	232,863	151,760
Nonoperating:				
Interest cost	2,707,878	2,097,433	1,710,688	1,083,856
Expected return on plan assets	(2,672,787)	(3,414,199)	—	—
Net loss recognized	—	—	32,493	779,371
Total nonoperating	35,091	(1,316,766)	1,743,181	1,863,227
Net periodic benefit cost	\$ 1,475,053	885,272	1,976,044	2,014,987

Accumulated amounts recorded in net assets without donor restrictions other than through net periodic benefit cost at August 31, 2023 and 2022 consist of the following:

	Pension benefits		Postretirement benefits	
	2023	2022	2023	2022
Net actuarial (gain) loss	\$ (2,441,023)	(3,425,711)	(345,933)	230,721
	\$ (2,441,023)	(3,425,711)	(345,933)	230,721

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August 31, 2023 and 2022

The following table provides the actuarial assumptions:

	Pension benefits		Postretirement benefits	
	2023	2022	2023	2022
Weighted average assumptions used to determine benefit obligations:				
Discount rate	5.81 %	5.06 %	5.82 %	5.01 %
Rate of compensation increase	4.00	4.00	—	—
Weighted average assumptions used to determine net periodic benefit cost:				
Discount rate	5.06	2.90	5.01	2.82
Expected return on plan assets	5.00	5.00	—	—
Rate of compensation increase	4.00	4.00	—	—

For measurement purposes, the annual rate of increase in the per capita cost of covered healthcare benefits is as follows:

	2023	2022
Assumed healthcare cost trend rates:		
Healthcare cost trend rate assumed for next year	6.34 %	6.76 %
Healthcare cost trend assumed to decline	4.00	3.75
Ultimate trend rate achieved	2047	2044

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Notes to Financial Statements

August 31, 2023 and 2022

Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions at August 31, 2023 and 2022 are as follows:

	Pension benefits		Postretirement benefits	
	2023	2022	2023	2022
Pension and postretirement changes other than net periodic benefit cost:				
Net (gain) loss	\$ (984,688)	(2,212,691)	609,147	(9,851,145)
Amortization of net loss	—	—	(32,493)	(779,371)
Total amount recognized in net assets without donor restrictions	\$ (984,688)	(2,212,691)	576,654	(10,630,516)

The accumulated benefit obligation for the pension plan at August 31, 2023 and 2022 was \$47,818,720 and \$51,814,524, respectively.

Pension plan assets consist of an interest in a diversified fund, which is reported at NAV as determined and published by the fund manager and is reviewed by management for reasonableness. The fund is classified as Level 1 within the fair value hierarchy. The College's overall investment strategy is to provide liquidity to fund current benefit payments as well as to provide for long-term growth through appreciation. The target allocations for plan assets are 29% equity securities, 65% fixed income, and 6% other investment types.

As of August 31, 2023 and 2022, the diversified fund's composition was as follows:

	2023	2022
Cash	1 %	12 %
Domestic equities	11	11
International equities/emerging markets equities	18	14
Fixed income – domestic and international	63	55
Real estate	7	8
	100 %	100 %

The expected long-term rate of return on assets assumption is 5.0%. The assumption has been determined by developing expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

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August 31, 2023 and 2022

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid under the pension plan for the year(s) ending August 31:

2024	\$	3,380,497
2025		3,213,215
2026		3,291,402
2027		3,387,967
2028		3,438,024
2029–2033		18,266,009

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 has been reflected, assuming that the College will continue to provide a prescription drug benefit to plan participants that is at least actuarially equivalent to Medicare Part D and that the College will receive the federal subsidy.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid under the postretirement plan for the year(s) ending August 31:

		Expected benefits reflecting Medicare subsidy
2024	\$	2,124,026
2025		2,273,609
2026		2,369,888
2027		2,427,267
2028		2,486,898
2029–2033		12,552,221

(9) Net Assets

(a) Net Assets with Donor Restrictions

Net assets with donor restrictions include those subject to donor-imposed restrictions that will be met by either actions of the College or the passage of time, and net assets subject to donor-imposed restrictions that stipulate that the corpus of the gift be held in perpetuity, but permit the College to expend part or all of the income derived therefrom for general or donor-specified purposes.

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Notes to Financial Statements

August 31, 2023 and 2022

Net assets with donor restrictions of purpose or time consist of the following:

	2023	2022
Endowment earnings for:		
Scholarships and financial aid	\$ 30,275,779	27,122,219
Professorships and lectureships	30,575,822	28,755,119
Research and experimentation	42,885,709	41,351,755
Without restrictions and other	28,772,908	27,056,940
Other restrictions:		
Scholarships, fellowships, professorships, and lectureships	22,594,986	23,406,404
Research and training	40,003,297	15,596,359
Capital projects	5,960,068	5,865,656
Future periods	435,501	1,351,150
Total	\$ 201,504,070	170,505,602

Net assets with donor restrictions of purpose or time include \$153,214 and \$163,516, respectively, of life income, annuity funds and charitable remainder trusts at August 31, 2023 and 2022.

Net assets restricted to investment in perpetuity at August 31, 2023 and 2022 are as follows:

	2023	2022
Scholarships and financial aid	\$ 82,079,692	78,022,235
Professorships and lectureships	35,439,613	31,510,721
Research and experimentation	10,375,395	10,374,575
Other	31,652,054	31,971,343
Total	\$ 159,546,754	151,878,874

Net assets restricted to investment in perpetuity include \$1,414,685 and \$1,965,644, respectively, of annuity funds, charitable remainder trusts and beneficial interests in perpetual trusts held in perpetuity at August 31, 2023 and 2022.

(b) Endowment Funds

The College's endowment consists of both donor restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value.

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At August 31, 2023, nine donor-restricted endowments with a total fair value of \$2.6 million and a \$2.8 million historic dollar value were underwater by approximately \$163,000. At August 31, 2022, fifteen donor-restricted endowments with a total fair value of \$8.4 million and a \$8.8 million historic dollar value were underwater by approximately \$347,000.

The investment objectives for the College's endowment are to preserve the principal value of those funds, in both absolute as well as real terms, provide a stable source of perpetual financial support to endowment beneficiaries, and 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 has adopted a spending policy. The amount available for spending is determined annually by applying a rate of 5% to the 16-quarter moving average of the fair value of the endowment.

The College has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as allowing the College to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund, as is deemed prudent for uses, benefits, purposes, and duration for which the endowment is established, subject to the intent of the donor as expressed in the gift instrument, absent donor stipulations to the contrary. As a result of this interpretation, the College has not changed the way net assets with donor restrictions in perpetuity are classified.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions for time or purpose until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by NYPMIFA.

The tables that follow present information with respect to the College's endowment. Endowment net assets consist of the following at August 31, 2023 and 2022:

		August 31, 2023		
		Without donor restrictions	With donor restrictions	Total
	Donor restricted	\$ —	288,051,333	288,051,333
	Board-designated	179,063,381	—	179,063,381
	Total	\$ 179,063,381	288,051,333	467,114,714
		August 31, 2022		
		Without donor restrictions	With donor restrictions	Total
	Donor restricted	\$ —	273,663,921	273,663,921
	Board-designated	174,320,065	—	174,320,065
	Total	\$ 174,320,065	273,663,921	447,983,986

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Changes in endowment net assets during the fiscal years ended August 31, 2023 and 2022 are as follows:

	2023		
	Without donor restrictions	With donor restrictions	Total
Net assets, August 31, 2022	\$ 174,320,065	273,663,921	447,983,986
Dividends and interest	1,549,644	2,492,844	4,042,488
Contributions	6,500	6,163,227	6,169,727
Transfers from quasi	(420,331)	—	(420,331)
Appropriation for expenditure	(8,272,189)	(13,108,175)	(21,380,364)
Investment return, net	11,879,692	18,839,516	30,719,208
Net assets, August 31, 2023	<u>\$ 179,063,381</u>	<u>288,051,333</u>	<u>467,114,714</u>
	2022		
	Without donor restrictions	With donor restrictions	Total
Net assets, August 31, 2021	\$ 198,675,497	309,984,733	508,660,230
Dividends and interest	2,172,871	3,411,176	5,584,047
Contributions	16,680	9,033,763	9,050,443
Transfers to quasi	5,000,000	—	5,000,000
Appropriation for expenditure	(7,858,552)	(12,066,884)	(19,925,436)
Investment return, net	(23,686,431)	(36,698,867)	(60,385,298)
Net assets, August 31, 2022	<u>\$ 174,320,065</u>	<u>273,663,921</u>	<u>447,983,986</u>

(10) Student Tuition and Fees

Tuition and fees and room and board revenues are recognized in the fiscal year in which the academic programs and residential services are delivered. Amounts collected in advance of such revenue recognition are deferred. A full refund is issued to students who drop courses by a preestablished add/drop date each semester. Partial refunds are issued during the next four to six weeks of a semester. Student tuition and fees are presented net of amounts awarded to students to defray their cost of attending the College. Student aid totaled \$36,998,519 and \$34,858,930 in fiscal years 2023 and 2022, respectively.

(11) Fund-Raising Expenses

Fund-raising expenses are included in institutional support in the accompanying statements of activities. For the years ended August 31, 2023 and 2022, fund-raising costs incurred by the College's development office for contributions and certain private grants and contracts amounted to approximately \$4.4 million and \$3.9 million, respectively.

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Notes to Financial Statements

August 31, 2023 and 2022

(12) Deferred Revenues

Deferred revenues consist of the following at August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Federal and private grants	\$ 3,067,206	4,502,466
Student tuition	10,889,769	11,926,243
Other	<u>409,830</u>	<u>574,712</u>
	<u>\$ 14,366,805</u>	<u>17,003,421</u>

(13) Commitments and Contingencies

(a) Government Funding

Amounts received and expended by the College under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, would not have a significant effect on the financial position of the College.

(b) Line of Credit

The College has a credit arrangement with a bank that provides for a line of credit, up to \$10 million through June 2024, which was not drawn upon during the year ended August 31, 2023. Borrowings under the line of credit facility will bear interest at the sum of (i) the greater of the Bloomberg Short-Term Bank Yield Index (BSBY) Daily Floating Rate or 0.0% plus (ii) 0.85%. Additionally, the College has an agreement with a bank for an annual letter of credit up to \$300,000 required under an insurance policy, which automatically renews September of each year unless the issuing bank provides termination notification. The College has not drawn from the letter of credit.

(c) Litigation

The College, in the normal course of its operations, is a defendant in various lawsuits. While it is not feasible to predict the ultimate outcomes, management of the College does not expect the resolution of these actions to have a material adverse effect on the College's financial position.

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Notes to Financial Statements

August 31, 2023 and 2022

(14) Liquidity

Financial assets available within one year of the balance sheet date for general expenditures, payments on debt, and capital construction at August 31, 2023 and 2022:

	2023	2022
Total assets	\$ 725,479,708	682,393,811
Plus:		
Subsequent fiscal year endowment spending	19,860,633	19,665,335
Less:		
Contributions receivable, net	6,280,671	7,308,549
Grants and contracts receivable due in greater than 1 year	20,632,906	4,049,856
Inventories, prepaid expenses, and other assets	3,253,678	3,256,520
Endowment funds	467,114,714	447,983,986
Investments (CGAs and PLIF)	1,941,573	2,005,066
Student loans receivable, net	2,888,702	2,947,138
Property, plant and equipment, net	127,886,682	130,432,199
Total financial assets available at year-end for general expenditures	115,341,415	104,075,832
Other liquid resources:		
Board-designated endowment, net of related future fiscal year spending	171,346,582	166,639,063
Unexpended line of credit	10,000,000	20,000,000
Total financial assets and other liquid resources available for general expenditures	\$ 296,687,997	290,714,895

The College manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. The College's cash flows have seasonal variations during the fiscal year primarily attributable to the student tuition, fees, and housing billing cycles. In order to manage liquidity, the College maintains a revolving unexpended line of credit with a financial institution totaling \$10 million and \$20 million, at August 31, 2023 and 2022, respectively. As of August 31, 2023, the College did not borrow under this agreement.

Included within endowment funds is \$179 million and \$174 million of board-designated funds as of August 31, 2023 and 2022, respectively. These funds represent unrestricted operating funds internally designated by the Board. Although the College does not intend to spend from these funds, if needed, the funds could be liquidated over time to support operations, but require a Board resolution approving the spending.

Under the provision of the College's endowment spending rule, the Board approved a spending allocation of \$19.9 million and \$19.7 million for the fiscal years ending August 31, 2024 and 2023, respectively.

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Notes to Financial Statements

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(15) Related Parties

As part of the College's recurring business practices, an assessment of activities and transactions are completed to evaluate related party relationships. Transactions between the College and any of its trustees, officers or employees are subject to the College's conflict of interest policies, which require annual disclosure of conflicting interests, include measures to mitigate any actual or perceived conflicts and can result in abstention by the conflicted persons from College decision making. Additionally, the College reviews and evaluates transactions to determine if there are any financially interrelated entities or parties providing concentrations in revenue and receivables.

Approximately \$9 million and \$5 million, respectively, of fiscal year 2023 and 2022 contribution revenue and approximately \$3 million and \$2 million, respectively of gross contributions receivable is from the College's trustees and other related parties.

The Columbia Teachers College Foundation in Hong Kong Limited is a Hong Kong domiciled not for profit foundation 100% controlled by the College. The Foundation was created for purposes of soliciting donations for the advancement of education and related College activities.

(16) Subsequent Events

The College evaluated other events subsequent to August 31, 2023 and through December 19, 2023, the date on which the financial statements were issued, and has determined there are no additional disclosures.