# Rochester Institute of Technology

**Consolidated Financial Statements**
**June 30, 2021 and 2020**

# Rochester Institute of Technology
## Index
## June 30, 2021 and 2020

**Page(s)**

## Report of Independent Auditors

To the Board of Trustees of the Rochester Institute of Technology

We have audited the accompanying consolidated financial statements of the Rochester Institute of Technology and its subsidiaries ("the University"), which comprise the consolidated balance sheets as of June 30, 2021 and 2020, and the related consolidated statements of activities and of cash flows for the years then ended.

### *Management's Responsibility 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; this includes 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Rochester Institute of Technology and its subsidiaries as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP, 1200 Bausch & Lomb Place, Rochester, NY 14604-2705
T: (585) 232 4000, www.pwc.com/us

***Emphasis of Matter***

As discussed in Note 1 to the consolidated financial statements, the University changed the manner in which it accounts for leases in 2021. Our opinion is not modified with respect to this matter.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Rochester, New York
November 11, 2021

## Rochester Institute of Technology
## Consolidated Balance Sheets
## June 30, 2021 and 2020
*(in thousands)*

| | 2021 | 2020 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 113,842 | $ 93,001 |
| Cash and cash equivalents, held with trustees | 17,734 | 17,994 |
| Accounts receivable, net | 20,035 | 18,491 |
| Inventories and other assets | 21,264 | 10,071 |
| Contributions receivable, net | 57,247 | 62,390 |
| Student loans receivable, net | 14,589 | 20,024 |
| Investments, at fair value | 1,630,787 | 1,271,002 |
| Property, plant and equipment, net | 681,610 | 673,242 |
| **Total assets** | **$ 2,557,108** | **$ 2,166,215** |
| **Liabilities** | | |
| Accounts payable and accrued expenses | $ 60,672 | $ 47,625 |
| Deferred revenues and other liabilities | 78,626 | 68,922 |
| Accrued postretirement benefits | 138,804 | 139,958 |
| Federal Perkins Loan Program advances | 15,535 | 20,054 |
| Long-term debt, net | 356,576 | 369,718 |
| Total liabilities | 650,213 | 646,277 |
| **Net assets** | | |
| Without donor restrictions | 1,210,387 | 986,176 |
| With donor restrictions | 696,508 | 533,762 |
| Total net assets | 1,906,895 | 1,519,938 |
| **Total liabilities and net assets** | **$ 2,557,108** | **$ 2,166,215** |

The accompanying notes are an integral part of these Consolidated Financial Statements.

**Rochester Institute of Technology**
**Consolidated Statements of Activities**
**For the fiscal year ended June 30, 2021**
**(With summarized financial information for the year ended June 30, 2020)**
*(in thousands)*

| | | | 2021 | 2020 |
|---|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** | **Total** |
| **Operating revenues and other support** | | | | |
| Tuition and fees (includes discounts of $276,339 and $233,063, respectively) | $ 317,419 | $ - | $ 317,419 | $ 325,319 |
| Sales and services of auxiliaries | 67,921 | - | 67,921 | 66,541 |
| Grants and contracts | 155,453 | 1,016 | 156,469 | 140,170 |
| Private contributions | 1,326 | 9,230 | 10,556 | 12,987 |
| Investment return | 23,167 | 20,868 | 44,035 | 47,588 |
| Other sources | 15,662 | - | 15,662 | 20,365 |
| Net assets released from restrictions | 25,766 | (25,766) | - | - |
| Total operating revenues and other support | 606,714 | 5,348 | 612,062 | 612,970 |
| **Operating expenses** | | | | |
| Salaries and wages | $ 301,647 | $ - | $ 301,647 | $ 307,292 |
| Benefits | 95,769 | - | 95,769 | 100,651 |
| Postretirement benefits | 4,691 | - | 4,691 | 4,393 |
| Purchased services | 43,042 | - | 43,042 | 43,263 |
| Materials and supplies | 41,337 | - | 41,337 | 41,574 |
| Depreciation | 42,808 | - | 42,808 | 42,769 |
| Interest | 10,085 | - | 10,085 | 10,115 |
| Utilities, taxes and insurance | 12,359 | - | 12,359 | 11,093 |
| Travel for scholarship, professional development and recruitment | 1,088 | - | 1,088 | 7,062 |
| Other | 18,160 | - | 18,160 | 20,385 |
| Total operating expenses | 570,986 | - | 570,986 | 588,597 |
| Net operating activities | 35,728 | 5,348 | 41,076 | 24,373 |
| **Nonoperating activities** | | | | |
| Investment return, net | $ 174,580 | $ 157,174 | $ 331,754 | $ (12,419) |
| Net assets released from restrictions | 8,914 | (8,914) | - | - |
| Contributions for long-term assets | 4,798 | 9,188 | 13,986 | 17,074 |
| Grants and contracts for long-term assets | 10 | 354 | 364 | 660 |
| Net periodic postretirement benefit cost other than service cost | 562 | - | 562 | 127 |
| Other postretirement benefit changes | 741 | - | 741 | (9,234) |
| Beneficiary payments and change in value of deferred giving arrangements | - | (269) | (269) | (143) |
| Other | (1,122) | (135) | (1,257) | 2,101 |
| Net nonoperating activities | 188,483 | 157,398 | 345,881 | (1,834) |
| Increase in net assets | 224,211 | 162,746 | 386,957 | 22,539 |
| **Net assets at beginning of year** | **986,176** | **533,762** | **1,519,938** | **1,497,399** |
| **Net assets at end of year** | **$ 1,210,387** | **$ 696,508** | **$ 1,906,895** | **$ 1,519,938** |

The accompanying notes are an integral part of these Consolidated Financial Statements.

**Rochester Institute of Technology**
**Consolidated Statement of Activities**
**For the fiscal year ended June 30, 2020**
*(in thousands)*

| | 2020 | | |
|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** |
| **Operating revenues and other support** | | | |
| Tuition and fees (includes discounts of $233,063) | $ 325,319 | $ - | $ 325,319 |
| Sales and services of auxiliaries | 66,541 | - | 66,541 |
| Grants and contracts | 139,893 | 277 | 140,170 |
| Private contributions | 3,600 | 9,387 | 12,987 |
| Investment return | 27,672 | 19,916 | 47,588 |
| Other sources | 20,365 | - | 20,365 |
| Net assets released from restrictions | 25,973 | (25,973) | - |
| Total operating revenues and other support | 609,363 | 3,607 | 612,970 |
| **Operating expenses** | | | |
| Salaries and wages | 307,292 | - | 307,292 |
| Benefits | 100,651 | - | 100,651 |
| Postretirement benefits | 4,393 | - | 4,393 |
| Purchased services | 43,263 | - | 43,263 |
| Materials and supplies | 41,574 | - | 41,574 |
| Depreciation | 42,769 | - | 42,769 |
| Interest | 10,115 | - | 10,115 |
| Utilities, taxes and insurance | 11,093 | - | 11,093 |
| Travel for scholarship, professional development and recruitment | 7,062 | - | 7,062 |
| Other | 20,385 | - | 20,385 |
| Total operating expenses | 588,597 | - | 588,597 |
| Net operating activities | 20,766 | 3,607 | 24,373 |
| **Nonoperating activities** | | | |
| Investment return, net | $ (5,771) | $ (6,648) | $ (12,419) |
| Net assets released from restrictions | 597 | (597) | - |
| Contributions for long-term assets | 10,732 | 6,342 | 17,074 |
| Grants and contracts for long-term assets | 298 | 362 | 660 |
| Net periodic postretirement benefit cost other than service cost | 127 | - | 127 |
| Other postretirement benefit changes | (9,234) | - | (9,234) |
| Beneficiary payments and change in value of deferred giving arrangements | - | (143) | (143) |
| Other | 2,195 | (94) | 2,101 |
| Net nonoperating activities | (1,056) | (778) | (1,834) |
| Increase in net assets | 19,710 | 2,829 | 22,539 |
| **Net assets at beginning of year** | **966,466** | **530,933** | **1,497,399** |
| **Net assets at end of year** | **$ 986,176** | **$ 533,762** | **$ 1,519,938** |

The accompanying notes are an integral part of these Consolidated Financial Statements.

## Rochester Institute of Technology
## Consolidated Statements of Cash Flows
## For the fiscal years ended June 30, 2021 and 2020
*(in thousands)*

| | | 2021 | | 2020 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Change in net assets | **$** | **386,957** | **$** | **22,539** |
| **Adjustments to reconcile change in net assets to net cash provided by operating activities** | | | | |
| Depreciation, amortization and accretion expense | | 41,886 | | 42,170 |
| Loss on disposal of property, plant and equipment | | 258 | | 325 |
| Realized and unrealized net gains on investments | | (371,188) | | (25,411) |
| Contributions and government grants restricted for long-term purposes | | (16,030) | | (31,930) |
| Noncash contributions of property, plant, equipment and securities | | (4,781) | | (10,578) |
| Gain on extinguishment of debt | | (126) | | (12,789) |
| Premium on issuance of debt | | - | | 32,866 |
| Asset retirement obligation liquidation and adjustment | | (956) | | (81) |
| Changes in assets and liabilities: | | | | |
| Accounts receivable | | (1,544) | | 233 |
| Inventories and other assets | | (52) | | (1,246) |
| Contributions receivable | | 5,143 | | 24,299 |
| Student loans receivable | | 147 | | 88 |
| Accounts payable and accrued expenses | | 14,324 | | 574 |
| Deferred revenues and other liabilities | | (5,209) | | 9,102 |
| Accrued postretirement benefits | | (1,154) | | 9,659 |
| Net cash provided by operating activities | | 47,675 | | 59,820 |
| **Cash flows from (used in) investing activities** | | | | |
| Purchases of investments | | (378,210) | | (359,190) |
| Proceeds from the sales and maturities of investments | | 389,645 | | 233,634 |
| Proceeds from the sale of property | | 37 | | 27 |
| Payments received on student loans | | 5,288 | | 6,117 |
| Acquisition of property, plant and equipment | | (43,215) | | (48,650) |
| Net cash used in investing activities | | (26,455) | | (168,062) |
| **Cash flows from (used in) financing activities** | | | | |
| Contributions and contracts restricted for long-term purposes | | 14,293 | | 29,064 |
| Proceeds from sale of contributed securities | | 1,759 | | 2,991 |
| Payments of long term debt | | (11,976) | | (225,884) |
| Proceeds from the issuance of debt | | - | | 316,382 |
| Debt issuance costs | | (196) | | (1,760) |
| Decrease in refundable government grants for student loans | | (4,519) | | (2,670) |
| Net cash (used in) from financing activities | | (639) | | 118,123 |
| **Increase in cash, cash equivalents and restricted cash** | | **20,581** | | **9,881** |
| **Cash, cash equivalents and restricted cash - beginning of year** | | **110,995** | | **101,114** |
| **Cash, cash equivalents and restricted cash - end of year** | **$** | **131,576** | **$** | **110,995** |
| **Supplemental disclosures of cash flow information** | | | | |
| Interest paid (including capitalized interest of $898 and $1,154 in 2021 and 2020, respectively) | $ | 11,577 | $ | 11,878 |
| Contributions of long-term assets | | 4,781 | | 10,578 |
| Contributions of marketable securities | | 1,993 | | 3,234 |
| Decrease in construction-related payables | | (1,330) | | (1,203) |
| Asset exchanged under asset retirement obligation | | 3,680 | | - |
| See Note 3 for supplemental cash flow disclosures for leases | | | | |

The accompanying notes are an integral part of these Consolidated Financial Statements.

## 1. Summary of Significant Accounting Policies

### a. *Organization*

Rochester Institute of Technology (University, RIT) is a privately endowed, co-educational university comprised of nine colleges and two degree-granting academic units. The University, which occupies approximately 1,300 acres in Rochester, New York, has approximately 19,000 full and part-time undergraduate and graduate students and 4,000 employees.

The following organizations are consolidated into the financial statements of the University:

- 5257 West Henrietta Road, LLC (Inn), doing business as the RIT Inn & Conference Center, is a not-for-profit single member limited liability company with the University as its sole member. The Inn is a dual-use 304-room full service hotel with 213 rooms available for student housing during the academic year.

- Magic Spell Studios, LLC (MAGIC Spell) is a not-for-profit single member limited liability company with the University as its sole member. MAGIC Spell operates a center for research and development of digital media directly supporting the charitable and educational activities of the University.

- RIT Campus Club, Inc. (Campus Club) is a not-for-profit subsidiary of the University. Campus Club was established to support certain aspects of the University's dining operations.

- RIT Global Delivery Corporation, Inc. (GDC) is a wholly owned not-for-profit subsidiary of the University established to develop and deliver global instruction. RIT Croatia, a subsidiary of GDC, delivers instructional services in Croatia. GDC also delivers instructional services in the United Arab Emirates where it operates RIT Dubai in conjunction with the Dubai Silicon Oasis Authority; in Kosovo through the American University in conjunction with the Kosovo Foundation; and in Beijing and Weihai, China through a partnership with Beijing Jiatong University.

- RIT Venture Fund I, LLC (Fund I) is a for-profit limited liability company; the University is its investor member and sole investor. The Fund was formed to make investments in seed, venture and growth-stage companies that involve students, faculty, alumni and/or technologies owned or developed by the University.

### b. *Basis of Accounting*

The University's Consolidated Financial Statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) in the United States of America. All significant intercompany transactions and accounts have been eliminated.

### c. *Use of Estimates*

The preparation of financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from estimates.

### d. *Cash, Cash Equivalents and Restricted Cash*

The total cash, cash equivalents and restricted cash shown in the Consolidated Statements of Cash Flows is comprised of cash and cash equivalents and cash and cash equivalents, held with trustees on the Consolidated Balance Sheets and include cash, money market funds and U.S. government securities with maturities of three months or less when purchased. Cash equivalents within the University's investment portfolio are reported as investments. The University classifies restricted cash as cash and cash equivalents, held with trustees. These funds will be used for construction of or debt service payments on certain facilities.

***e. Inventories and Other Assets***

The University's technology store inventory is valued at cost using the first-in, first-out (FIFO) retail method. Other inventories are stated at the lower of cost, generally on a FIFO basis, or market value.

Capitalized implementation costs and corresponding accumulated amortization for software recorded as a hosting arrangement deemed a service contract total $2,215 and $1,605 at June 30, 2021 and 2020, respectively, and are included in inventories and other assets on the Consolidated Balance Sheets. These costs are amortized over the term of the associated hosting arrangement on a straight-line basis and included in purchased services on the Consolidated Statements of Activities.

Operating lease right-of-use (ROU) assets are included in inventories and other assets on the Consolidated Balance Sheets.

***f. Contributions Receivable***

Contributions to the University, either from donors or grantors, provide funding for academic programs, research, investment in facilities and student support. Contributions due after one year are discounted at a range from 1.3% to 3.7%, to their fair value, based upon the fiscal year in which the contribution is to be received. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for potentially uncollectible contributions receivable is provided based upon management's judgment and analysis of the creditworthiness of the donors or grantors, past collection experience and other relevant factors.

***g. Investments***

Investments are recorded at fair value based on quoted market prices when available. The estimated fair value for certain investments in private equity, real asset, hedge and other externally managed funds are based on valuations provided by external investment managers. These investments are generally less liquid than other investments, and the values reported by the general partner or investment manager may differ from the values that would have been reported, had a ready market for these securities existed. The valuations necessarily involve estimates, appraisals, assumptions and methods which are reviewed by the University and external investment management.

To minimize the risk of loss, externally managed hedge fund investments are diversified by strategy, manager and number of positions. The risk of any derivative exposure associated with such funds is limited to the amount invested with each manager.

The University's interest rate risk management strategy provides for maximum flexibility within its debt structure, seeks to lower its cost of capital, and manages risk on a portfolio basis. The University does not hold or issue derivative financial instruments for trading purposes; however, the Board of Trustees has authorized investments in derivatives to maintain asset class ranges, hedge non-U.S. dollar investments and currencies, and provide for defensive portfolio strategies. Derivative investments are recorded at fair value and valuation gains and losses are included on the Consolidated Statements of Activities.

Investment return included in operating revenues and other support consists of amounts appropriated by the Board of Trustees from the University's pooled endowments, as well as income and realized gains and losses on investments from working capital and a trust of which the University is a partial beneficial owner. Any difference between total return and amounts appropriated for expenditure from the pooled endowments and income and realized gains reinvested per donor restrictions is reported within nonoperating activities.

***h. Life Income, Gift Annuities, and Interest in Perpetual Trusts Held by Others***

The University's split-interest agreements with donors consist primarily of gift annuity agreements and irrevocable charitable remainder trusts for which the University serves as trustee. Assets held in the trusts are included in investments and total $14,597 and $13,215 at June 30, 2021 and 2020, respectively. Contribution revenues are recognized when trusts (or annuity agreements) are established, after recording liabilities for the present value of the estimated future payments to be made to beneficiaries. The liabilities are adjusted annually for changes in the value of assets, accretion of the discount, and other changes in the estimates of future benefits. Discount rates are used to calculate the net present value of the obligations, and are based on market rates commensurate with the beneficiary's life expectancy. As of June 30, 2021 and 2020 liabilities associated with split interest agreements total $8,421 and $8,842, respectively.

The University is also the beneficiary of certain perpetual trusts held and administered by others. The present value of the estimated future cash receipts from the trusts is recognized in investments and as contribution revenue. The carrying value of the investments is adjusted annually for changes in fair value.

***i. Property, Plant and Equipment***

Land, buildings, capital improvements, equipment, capitalized software exclusive of implementation costs for hosting arrangements considered service contracts, special collections and construction-in-progress are stated at cost at the time of acquisition or fair value (if contributed). Asset retirement costs are initially recorded at fair value and are included in buildings and capital improvements.

Special collections include works of art, literary works, historical treasures and artifacts that are maintained in the University's libraries and public areas of the campus. These collections are protected and preserved for public exhibition, education, research and the furtherance of public service.

Contributed property, plant and equipment, including special collections, are recognized as revenue in the period in which the items are gifted. Property, plant and equipment acquired through federal appropriations, grants and contracts where the Federal Government retains a reversionary interest are also capitalized and depreciated. Interest on borrowings during construction is capitalized.

Depreciation is recognized using the straight-line method with useful lives of 30 to 50 years for buildings, 8 to 30 years for building improvements, 10 to 30 years for site improvements, 4 to 15 years for automobiles, furniture, fixtures and equipment, and 3 to 10 years for software exclusive of implementation costs for hosting arrangements considered service contracts. Land, special collections and construction-in-progress are not depreciated. The cost and accumulated depreciation of property, plant and equipment sold or retired have been eliminated. Costs incurred for maintenance, repairs and renewals of relatively minor items are expensed as incurred.

Finance lease ROU assets are included in equipment and software in property, plant and equipment on the Consolidated Balance Sheets.

***j. Premium and Discount on Long-Term Debt***

Premiums and discounts arising from the original issuance of long-term debt are amortized on either the effective interest method or the straight-line basis, which approximates the effective interest method, over the life of the debt. The unamortized portion of these premiums and discounts is included in long-term debt on the Consolidated Balance Sheets.

***k. Classifications of Net Assets***

The University reports its net assets and changes therein according to two classifications: without donor restrictions and with donor restrictions based upon the existence or absence of donor-imposed restrictions. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restrictions with the exception of investment expenses which are reported in both net asset classes.

***Net Assets Without Donor Restrictions***

Net assets without donor restrictions are derived from tuition, sales and services of auxiliaries, contributions, and other support that are not subject to explicit donor-imposed restrictions. Certain net assets classified as without donor restrictions for external reporting purposes are board-designated for specific purposes or uses under various internal operating and administrative arrangements of the University.

*(in thousands)*

***Net Assets With Donor Restrictions***

Net assets with donor restrictions are derived from contributions (from donors and grantors) or income and gains on contributed assets, including the original amount of gifts which donors have given to be maintained in perpetuity, as well as net assets from endowments not yet appropriated for spending by the University that are subject to explicit donor-imposed restrictions on expenditure. Restrictions include support of specific colleges or academic programs of the University, professorships, research, faculty support, scholarships and fellowships, building construction and other purposes.

When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions. The University uses the simultaneous release option to report conditional contributions with donor restrictions that are recognized and expensed in the same reporting period as revenue without donor restrictions. This allows the University to bypass the need to initially record these resources in net assets with donor restrictions and subsequently release them.

Classification of net assets by restriction and purpose as of June 30 are summarized as follows:

| | | 2021 | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total Net Assets |
| Board designated net assets: | | | |
| General | $ 423,231 | $ - | $ 423,231 |
| Postretirement | 138,804 | - | 138,804 |
| Program support | 54,731 | - | 54,731 |
| Scholarships | 31,476 | - | 31,476 |
| Professorships | 25,626 | - | 25,626 |
| Facilities | 16,326 | 813 | 17,139 |
| Total board designated net assets | 690,194 | 813 | 691,007 |
| Other net assets: | | | |
| Endowment funds [1, 2] | - | 611,866 | 611,866 |
| Pledges for long-lived assets | - | 41,794 | 41,794 |
| Designated for program services | - | 35,619 | 35,619 |
| Annuities [1] | - | 5,139 | 5,139 |
| Grants and contracts | - | 1,095 | 1,095 |
| Loan funds [1] | - | 138 | 138 |
| Net investment in plant | 455,826 | 44 | 455,870 |
| Net expendable resources | 64,367 | - | 64,367 |
| Total other | 520,193 | 695,695 | 1,215,888 |
| **Total** | **$ 1,210,387** | **$ 696,508** | **$ 1,906,895** |

[1] Endowment funds, annuities and loan funds include $210,680, $4,370 and $134 of net assets restricted in perpetuity, respectively, totaling $215,184

[2] Includes term endowment funds totaling $3,175

*(in thousands)*

| | 2020 | | |
|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total Net Assets** |
| Board designated net assets: | | | |
| General | $ 289,303 | $ - | $ 289,303 |
| Postretirement | 126,471 | - | 126,471 |
| Program support | 30,939 | - | 30,939 |
| Scholarships | 23,461 | - | 23,461 |
| Professorships | 19,031 | - | 19,031 |
| Facilities | 12,133 | 602 | 12,735 |
| Total board designated net assets | 501,338 | 602 | 501,940 |
| Other net assets: | | | |
| Endowment funds [3, 4] | - | 452,092 | 452,092 |
| Pledges for long-lived assets | - | 43,970 | 43,970 |
| Designated for program services | - | 32,679 | 32,679 |
| Annuities [3] | - | 3,518 | 3,518 |
| Grants and contracts | - | 723 | 723 |
| Loan funds [3] | - | 134 | 134 |
| Net investment in plant | 442,767 | 44 | 442,811 |
| Net expendable resources | 42,071 | - | 42,071 |
| Total other | 484,838 | 533,160 | 1,017,998 |
| **Total** | **$ 986,176** | **$ 533,762** | **$ 1,519,938** |

[3] Endowment funds, annuities and loan funds include $204,043, $3,268 and $130 of net assets restricted in perpetuity, respectively, totaling $207,441

[4] Includes term endowment funds totaling $2,379

### *l. Operations*

Revenues earned and expenses incurred during the fiscal year are classified on the University's Consolidated Statements of Activities as either operating or nonoperating activity. Operating revenues and other support and expenses consist primarily of those items attributable to the University's education and training programs, sales and services of auxiliaries and research activities.

Nonoperating activities within the Consolidated Statements of Activities consist primarily of contributions from donors and grantors for building construction and renovation, realized and unrealized gains and losses on investments, long-term benefit plan obligation funding changes and other activities not attributable to the current year.

### *m. Revenue Recognition*

#### *Exchange Transactions*

The University recognizes revenue from exchange transactions when there is a transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The primary sources of revenue from contracts with customers consist of tuition and fees, sales and services of auxiliaries and exchange transactions with grantors.

#### **Tuition and Fees**

Tuition and fees revenue, comprised of tuition for undergraduate and graduate students enrolled in classes and required fees, is recognized in the fiscal year in which the academic programs are delivered. The acceptance letter conveys enrollment expectations, provides information regarding tuition price, anticipated financial aid and required payment schedules, and outlines each party's rights and obligations. Since the student provides consideration in exchange for instruction, the contract has commercial substance and based on experience, the University expects to receive the payments due under the contract. The University uses the portfolio approach to assess the probability of collectability.

The performance obligation corresponding to tuition and fees is the delivery of instruction and it is satisfied over the stated period of the contract, which is the academic term. The time period between when revenue is recognized and when payment is due is not significant. Tuition revenue reflects reductions attributable to discounts in the form of scholarship awards, credits and refunds which are recognized as a reduction of the transaction price at the time revenue for the corresponding contract is recognized.

**Sales and Services of Auxiliaries**
Revenue from sales and services of auxiliaries consists primarily of revenue received from student housing and dining contracts. Contracts are created when students make their housing and dining elections for the academic semester, which contain the terms of the contracts and each party's rights and obligations regarding the goods or services to be transferred. Housing revenue includes rental income for undergraduate and graduate students that reside in University-owned dormitories and apartments and RIT Inn revenue for events, student housing, and hotel guests. Dining revenue primarily includes Dining Dollars meal plans and food and beverage purchases in University-operated facilities by students, employees, and visitors. Revenue from certain meal plans is included in deferred revenue until spent. Since the student provides consideration in exchange for housing and dining during the academic term, the contracts have commercial substance and based on experience, the University expects to receive the payments due under the contracts. The University uses the portfolio approach to assess the probability of collectability.

The performance obligation associated with housing and dining contracts is satisfied over a period of time as the student simultaneously receives and consumes the benefits performed by the University. The time period between when revenue is recognized on these fixed price contracts and when payment is due is not significant. Revenue from the RIT Inn & Conference Center is earned over the time period of the guests' stay and event revenue is recognized at a point in time when the event takes place. Payment is due at the time of service. The performance for individual food and beverage transactions at University-operated establishments is satisfied at a point in time and revenue is recognized based on the amount of consideration received at the time of purchase, including applicable discounts.

In response to the coronavirus pandemic (COVID-19), effective at 8 p.m. on Sunday, March 22, 2020, the "New York State on PAUSE" executive order mandated that all non-essential businesses statewide close in-office personnel functions and temporarily banned all non-essential gatherings of individuals of any size for any reason. The University complied with the order by closing the campus including its housing and dining facilities and transitioning to remote educational delivery for the remainder of the Spring 2020 term and through the Summer 2020 term. The University issued credits following the campus closure for unused Spring 2020 term room and board charges on a pro-rata basis. Credits against the transaction price totaled $15,339 for the year ended June 30, 2020 and are included in sales and services of auxiliaries on the Consolidated Statements of Activities.

The University successfully re-opened the campus for the academic year 2020-21 by modifying its operations in accordance with national, state and local agencies guidelines to ensure the health and safety of students, faculty and staff. There were no credits against the transaction price for room and board charges for the year ended June 30, 2021.

**Contracts with Grantors**
Revenue from contracts with grantors consists primarily of goods or services which provide direct benefit and have commercial value to the resource provider, including proprietary rights, patents, copyrights, or advance and exclusive knowledge of research outcomes. Payment terms vary by grantor; however, the time period between when revenue is recognized and when payment is due is not significant. Contracts entered

into with grantors typically contain a single performance obligation (i.e. proprietary rights to research outcomes) and revenue is recognized over the life of the contract based on when expenses are incurred. When contracts contain milestone requirements, revenue is recognized upon the completion of those milestones and acceptance by the grantor. Revenue is measured as the amount of consideration the University expects to receive in exchange for goods, services, or proprietary rights. Contracts are evaluated for uncollectable consideration based upon management's judgment, analysis of the creditworthiness of the grantors, past collection experience and other relevant factors.

***Contributions***
The University recognizes revenue from donors' and grantors' contributions, including unconditional promises to give, in the period received. Unconditional promises to give are recorded as revenue with donor restrictions and released to net assets without donor restrictions as restrictions are met or qualifying expenses are incurred.

The University receives contributions for which promises to give are conditional upon incurring certain qualifying allowable expenses, matching requirements under the grant program and other conditions that depend on future events. The University recognizes such revenue in the period the conditions are met.

***n. Income Taxes***
The University and its consolidated U.S. subsidiaries, except for Fund I, are not-for-profit organizations, and generally exempt from income taxes on related income under Section 501(c)(3) of the Internal Revenue Code (IRC) but are subject to unrelated business income tax on activities not related to their exempt purposes. Fund I, a limited liability company of which RIT is the investor member, is classified as a disregarded entity for federal income tax purposes. The accounting for income taxes Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification addresses the determination of whether certain tax positions result in benefits claimed or expected to be claimed on a tax return and whether they should be recorded in the Consolidated Financial Statements. For tax-exempt entities, tax positions include the entity's tax-exempt status and assumptions used to determine unrelated business taxable income. The University believes its tax positions meet the more-likely-than-not recognition threshold referenced in the Topic.

***o. Accounting Pronouncements***
FASB issues Accounting Standards Updates (ASUs) that are applicable to and have an impact on the Consolidated Financial Statements. The University evaluates and implements pronouncements by the effective fiscal year end date or prior if early adoption is permitted and deemed appropriate. The adoption of certain ASU's is pending further evaluation as noted.

***Implemented***
**ASU No. 2016-02, "Leases (Topic 842)"**
This pronouncement was designed to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. The new guidance was adopted by the University, effective July 1, 2020 (transition date) using the modified retrospective transition method that allows for application of the standard at the adoption date rather than at the beginning of the earliest comparative period presented in the Consolidated Financial Statements. Therefore, financial information is not updated and the disclosures required under the new standard are not modified for dates and periods before July 1, 2020. Leases are classified as either operating or finance.

The University elected the transition practical expedient package by applying previous accounting conclusions under Accounting Standard Codification (ASC) Topic 840, Leases (ASC 840), to all leases that existed prior to the transition date. As a result, the University did not reassess whether existing or expired contracts contained leases; lease classification for any existing or expired leases; or whether lease origination costs qualified as initial direct costs. The ASU and subsequent amendments require lessees to recognize assets and liabilities on the balance sheet for all leases with a term of greater than 12 months and disclosure of certain quantitative and qualitative information pertaining to an entity's leasing arrangements. The University also elected the hindsight practical expedient, which permits the use of hindsight when determining lease term and impairment of right-of-use assets, and the land easement reassessment practical expedient. These practical expedients were elected for all classes of underlying assets.

The adoption of the standard resulted in the recognition of a finance lease right-of-use asset and finance lease liability of $983. Operating lease right-of-use assets and corresponding liabilities recognized as of July 1, 2020 amounted to $12,545 (Refer to Note 3 for disclosures about leases).

***Under Evaluation***
ASU No. 2020-07, “Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)” requires increased transparency in the presentation of contributed nonfinancial assets by enhancing information disclosed in the Consolidated Financial Statements. ASU No. 2020-07 does not impact the accounting for recognition of nonfinancial assets. This ASU was issued in September 2020 and is effective for the fiscal year ended June 30, 2022.

ASU No. 2016-13 “Measurement of Credit Losses on Financial Instruments (Topic 326)” replace the current GAAP incurred loss impairment methodology with one that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This ASU was issued in June 2016 and the effective date, as prescribed by ASU No. 2019-10, is the fiscal year ended June 30, 2024.

***p. Risks and Uncertainties***
The University's investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least possible that changes in risks in the near term would materially affect the amounts reported in the financial statements.

In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. The spread of COVID-19 worldwide has had, and continues to have, a significant impact on the global, national, state and local economies and, as a result, financial markets have and continue to experience volatility. The values of certain investments have and will fluctuate in response to changing market conditions and, therefore, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. The University made significant adjustments to its campus facilities and business operations to re-open for the Fall term in academic year 2020-21. The University continues to evaluate and modify its operations in response to the COVID-19 pandemic; taking into consideration expert agencies guidelines, as well as, information from health officials. As of the issuance of these financial statements, impact on operations as a result of the COVID-19 pandemic continues to evolve and it is at least possible that changes in risks in the near term would materially affect the amounts reported herein.

*(in thousands)*

## 2. Accounts Receivable

Accounts receivable as of June 30 are summarized as follows:

| | 2021 | 2020 |
|---|---|---|
| Grants and contracts: | | |
| Federal and state sources | $ 1,691 | $ 2,251 |
| Private sources | 562 | 430 |
| Total grants and contracts | 2,253 | 2,681 |
| Student accounts | 14,289 | 14,177 |
| Other | 6,897 | 4,358 |
| Total student accounts and other | 21,186 | 18,535 |
| Total accounts receivable | 23,439 | 21,216 |
| Less: allowance for doubtful accounts | (3,404) | (2,725) |
| **Accounts receivable, net** | **$ 20,035** | **$ 18,491** |

Receivables as of June 30, 2021 are expected to be collected by June 30, 2022.

## 3. Leases

The University's lease portfolio primarily consists of real estate and equipment leases with varying lengths and payments. The University determines if an arrangement is a lease at inception and the terms are evaluated to determine if there is an identified asset and the contract conveys the right to control the use of the asset in exchange for consideration. Finance and operating lease ROU assets and lease obligations are recognized based on the present value of the future minimum lease payments over the lease term at commencement date.

The lease ROU assets and obligations are calculated including options to extend or terminate the lease when it is reasonably certain that the University will exercise those options. The University uses the implicit rate noted within the contract. If not readily available, the University uses the federal treasury rate plus one hundred basis points at commencement date to determine the present value of future payments. The operating lease ROU asset also includes any lease payments made and excludes incentives and any initial direct costs incurred. Operating lease expense for minimum payments is recognized on a straight-line basis over the lease term.

The University has elected the short-term lease exception under Topic 842, and as such, all leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets and lease expense is recognized on a straight-line basis over the term within purchased services on the Consolidated Statements of Activities.

The finance leases as of June 30 are summarized as follows:

| | Consolidated Balance Sheet | 2021 |
|---|---|---|
| Right-of-use assets, net of accumulated amortization of $129 | Property, plant and equipment, net | $ 854 |
| Finance lease obligation | Long-term debt | (853) |

Operating leases as of June 30 are summarized as follows:

| | Consolidated Balance Sheet | 2021 |
|---|---|---|
| Right-of-use assets | Inventories and other assets | $ 11,140 |
| Operating lease obligation | Deferred revenues and other liabilities | (11,140) |

*(in thousands)*

The following table reflects lease costs for the year ended June 30:

| | Consolidated Statements of Activities | | 2021 |
|---|---|---|---|
| Operating lease costs | Purchased services | $ | 1,594 |
| Finance lease costs: | | | |
| Amortization of leased assets | Depreciation | | 129 |
| Interest on lease liabilities | Interest | | 27 |
| Total finance lease costs | | | 156 |
| **Total lease costs** | | **$** | **1,750** |

Supplemental cash flow information related to leases for the year ended June 30 are as follows:

| | | 2021 |
|---|---|---|
| Operating cash outflows from finance leases | $ | 27 |
| Operating cash outflows from operating leases | | 1,594 |
| Financing cash outflows from finance leases | | 130 |
| **Total cash paid for amounts included in measurement of lease liabilities** | **$** | **1,751** |
| ROU assets obtained in the exchange for lease liabilities | | |
| Finance leases | $ | 983 |
| Operating leases | | 12,545 |

The following presents the weighted-average lease terms and discount rates for operating and finance leases as of June 30, 2021:

| | 2021 |
|---|---|
| Weighted average remaining lease term (yrs) - Finance Leases | 6 |
| Weighted average remaining lease term (yrs) - Operating Leases | 10 |
| Weighted average discount rate - Finance Leases | 3.18% |
| Weighted average discount rate - Operating Leases | 1.76% |

The following table includes the future maturities of lease payments for periods subsequent to June 30, 2021.

| | 2021 | | | | | |
|---|---|---|---|---|---|---|
| | | Operating | | Financing | | Total |
| 2022 | $ | 1,569 | $ | 156 | $ | 1,725 |
| 2023 | | 1,564 | | 156 | | 1,720 |
| 2024 | | 1,512 | | 156 | | 1,668 |
| 2025 | | 1,469 | | 156 | | 1,625 |
| 2026 | | 1,361 | | 156 | | 1,517 |
| Thereafter | | 4,812 | | 158 | | 4,970 |
| Undiscounted cash flows | | 12,287 | | 938 | | 13,225 |
| Less: discount | | (1,147) | | (85) | | (1,232) |
| **Lease obligations, net** | **$** | **11,140** | **$** | **853** | **$** | **11,993** |

*(in thousands)*

## 4. Contributions Receivable

Contributions receivable consists of the following unconditional promises to give, less related allowances for uncollectible receivables and discounts for present value on long-term pledges at June 30:

| | 2021 | | |
|---|---|---|---|
| | **Grantors** | **Donors** | **Total** |
| Unconditional promises expected to be collected in: | | | |
| Less than one year | $ 18,090 | $ 20,126 | $ 38,216 |
| One year to five years | - | 18,272 | 18,272 |
| Over five years | - | 2,207 | 2,207 |
| Contributions receivable | 18,090 | 40,605 | 58,695 |
| Less: allowance and discount | - | (1,448) | (1,448) |
| **Contributions receivable, net** | **$ 18,090** | **$ 39,157** | **$ 57,247** |

| | 2020 | | |
|---|---|---|---|
| | **Grantors** | **Donors** | **Total** |
| Unconditional promises expected to be collected in: | | | |
| Less than one year | $ 18,730 | $ 19,486 | $ 38,216 |
| One year to five years | 87 | 24,305 | 24,392 |
| Over five years | - | 1,465 | 1,465 |
| Contributions receivable | 18,817 | 45,256 | 64,073 |
| Less: allowance and discount | (1) | (1,682) | (1,683) |
| **Contributions receivable, net** | **$ 18,816** | **$ 43,574** | **$ 62,390** |

The University has received conditional promises to give from grantors that depend upon the occurrence of the following future events at June 30:

| | **2021** | **2020** |
|---|---|---|
| Cost share and qualifying allowable expenses | $ 1,145 | $ 2,465 |
| Cost share only | 1,183 | 13,829 |
| Qualifying allowable expenses or specified outcomes | 131,013 | 66,084 |
| **Conditional contributions** | **$ 133,341** | **$ 82,378** |

As of June 30, 2021 and 2020, the University has no conditional promises to give from donors.

Contributions to acquire property, plant and equipment are recorded as net assets with donor restrictions and are released from restrictions at the time the asset is placed in service. As a result, $41,794 and $43,970 of assets contributed to acquire property, plant and equipment are recorded as net assets with donor restrictions as of June 30, 2021 and 2020, respectively.

## 5. Student Loans Receivable and Credit Disclosures

On September 30, 2017, the Federal Perkins Loan Program (Program) expired when it was not extended by the U.S. Congress. Students did not receive new loans after that date unless the student had received a disbursement before October 1, 2017 for the 2017-2018 award year.

The University's student loans receivable represents the amounts due from current and former students under the Program. Loans disbursed under the Program are assigned to the Federal Government in certain non-repayment situations. Allowances for doubtful accounts are established when a non-deferred loan is delinquent for 240 days.

*(in thousands)*

Outstanding loans cancelled under the Program result in a decrease in the liability to the government. Under current federal guidelines, the University has chosen to service existing Perkins Loans through a third-party administrator.
At June 30, student loans included on the Consolidated Balance Sheets consists of the following:

| | 2021 | 2020 |
|---|---|---|
| Federal Perkins Loan Program | $ 16,812 | $ 23,290 |
| Less: allowance for doubtful accounts | (2,223) | (3,266) |
| **Student loans receivable, net** | **$ 14,589** | **$ 20,024** |

The student loans receivable aging analysis at June 30 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Current | $ 13,272 | $ 18,049 |
| 1-60 days past due | 577 | 755 |
| 61-90 days past due | 156 | 307 |
| >91 days past due | 2,807 | 4,179 |
| **Total student loan receivables** | **$ 16,812** | **$ 23,290** |

Program advances of $15,535 and $20,054 at June 30, 2021 and 2020, respectively, are classified as liabilities on the Consolidated Balance Sheets. The U.S. Department of Education (ED) provided direction and the University remitted the federal portion of cash on hand from June 30, 2020 and 2019 of $4,907 and $3,551, in fiscal year 2021 and 2020, respectively. The June 30, 2021 federal share of Perkins Loans collected during 2021 will be remitted to the Federal Government when at such time ED provides guidance. Cash on hand representing funds collected amounted to $5,989 and $6,956 at June 30, 2021 and 2020, respectively, which includes the federal share, and is included in cash and cash equivalents on the Consolidated Balance Sheets.

## 6. Investments

Total investments for the fiscal years ended June 30 are as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Cost | Fair Value | Cost | Fair Value |
| Cash and short-term investments | $ 28,307 | $ 28,307 | $ 5,931 | $ 5,931 |
| Domestic fixed income | 310,025 | 308,245 | 300,349 | 305,149 |
| Global fixed income | 54,878 | 56,319 | 39,776 | 39,850 |
| Domestic equity securities | 95,341 | 201,768 | 92,649 | 142,562 |
| Global equity securities | 135,142 | 213,790 | 138,403 | 162,018 |
| Hedge funds | 128,778 | 273,047 | 145,727 | 261,350 |
| Private equity | 238,474 | 447,404 | 216,797 | 270,362 |
| Real assets | 93,247 | 101,907 | 91,917 | 83,780 |
| **Total investments** | **$ 1,084,192** | **$ 1,630,787** | **$ 1,031,549** | **$ 1,271,002** |

Assets and liabilities measured and reported at fair value are classified and disclosed within one of the following categories:

***Level 1***

Quoted prices (unadjusted) in active markets for identical assets as of the measurement date. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Market price data is generally obtained from exchange or dealer markets. Investments within Level 1 may include active listed equities and exchange traded funds, option contracts traded in active markets, and certain U.S. government investments and money market securities.

***Level 2***

Pricing inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers. Investments within Level 2 may include investment-grade corporate bonds, less liquid listed equities, option contracts, certain mortgage products, bank loans, and U.S. government investments.

***Level 3***

Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment. Investments within Level 3 primarily consist of the University's ownership in closely held private companies and the cash surrender value of insurance contracts.

***Net Asset Value***

The University is permitted as a practical expedient under GAAP to estimate the fair value of an investment at the measurement date using the reported net asset value (NAV) without further adjustment unless the University expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with GAAP. The University's investments in commingled funds, hedge funds, and private equity and real asset limited partnerships are recorded at fair value based on the most recent NAV reported by the investment manager. The NAV of these investments is determined by the investment manager, and is based on appraisal or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the investment manager, taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The University has performed due diligence around these investments to ensure that NAV is an appropriate measure of fair value as of June 30 and has concluded that these valuations are a reasonable estimate of fair value as of June 30, 2021 and 2020, but are subject to uncertainty and, therefore, may differ from the value that would have been used had an active market for all of the investments existed.

Inputs are used in applying the various valuation techniques and 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. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Furthermore, the fair value hierarchy does not correspond to a financial instrument's relative liquidity in the market or to its level of risk.

*(in thousands)*

Following is a summary of the University's investments carried at fair value as of June 30, 2021:

| | Level 1 | Level 2 | Level 3 | Net Asset Value | Total |
|---|---|---|---|---|---|
| Cash and short-term investments | $ 11,229 | $ 17,078 | $ - | $ - | $ 28,307 |
| Domestic fixed income | 143,834 | 164,186 | 225 | - | 308,245 |
| Global fixed income | 51,921 | - | - | 4,398 | 56,319 |
| Domestic equity securities | 46,396 | - | - | 155,372 | 201,768 |
| Global equity securities | 14,901 | - | - | 198,889 | 213,790 |
| Hedge funds | - | - | - | 273,047 | 273,047 |
| Private equity | - | - | 188 | 447,216 | 447,404 |
| Real assets | 24,150 | - | - | 77,757 | 101,907 |
| **Total investments at fair value** | **$ 292,431** | **$ 181,264** | **$ 413** | **$ 1,156,679** | **$ 1,630,787** |

Following is a summary of the University's investments carried at fair value as of June 30, 2020:

| | Level 1 | Level 2 | Level 3 | Net Asset Value | Total |
|---|---|---|---|---|---|
| Cash and short-term investments | $ 1,931 | $ 4,000 | $ - | $ - | $ 5,931 |
| Domestic fixed income | 115,788 | 189,138 | 223 | - | 305,149 |
| Global fixed income | 26,142 | - | - | 13,708 | 39,850 |
| Domestic equity securities | 34,516 | - | - | 108,046 | 142,562 |
| Global equity securities | 13,465 | - | - | 148,553 | 162,018 |
| Hedge funds | - | - | - | 261,350 | 261,350 |
| Private equity | - | - | 3,162 | 267,200 | 270,362 |
| Real assets | 20,030 | - | - | 63,750 | 83,780 |
| **Total investments at fair value** | **$ 211,872** | **$ 193,138** | **$ 3,385** | **$ 862,607** | **$ 1,271,002** |

The following table provides additional information about the University's investments which are recorded at NAV as of June 30, 2021:

| Asset Class | Fair Value | Unfunded Commitments | Redemption Frequency (if currently eligible) | Redemption Notice Period | Redemption Restrictions[1] |
|---|---|---|---|---|---|
| Global fixed income | $ 4,398 | $ - | Monthly | 1 to 15 days | Lock up provisions expired |
| Domestic equity securities | 155,372 | - | Monthly | 1 to 15 days | Lock up provisions expired |
| Global equity securities | 198,889 | - | Monthly | 1 to 15 days | Lock up provisions expired |
| Hedge funds | 273,047 | - | 30 to more than 365 days | 35 to 90 days | 2 year lock up on 3% of allocation; all other lock up provisions expired |
| Private equity | 447,216 | 166,632 | NA[2] | NA[2] | NA |
| Real assets | 77,757 | 32,511 | NA[2] | NA[2] | NA |
| **Total** | **$ 1,156,679** | **$ 199,143** | | | |

[1] Represents initial investment lock up restriction. 4% of the Hedge funds allocation is subject to a 33.3% annual redemption gate.

[2] The University does not have redemption rights in these investments; the remaining lives are between 1 and 10 years.

*(in thousands)*

The following table provides additional information about the University's investments which are recorded at NAV as of June 30, 2020:

| Asset Class | | Fair Value | | Unfunded Commitments | Redemption Frequency (if currently eligible) | Redemption Notice Period | Redemption Restrictions[1] |
|---|---|---|---|---|---|---|---|
| Global fixed income | $ | 13,708 | $ | - | Monthly | 1 to 15 days | Lock up provisions expired |
| Domestic equity securities | | 108,046 | | - | Monthly | 1 to 15 days | Lock up provisions expired |
| Global equity securities | | 148,553 | | - | Monthly | 1 to 15 days | Lock up provisions expired |
| Hedge funds | | 261,350 | | - | 30 to more than 365 days | 35 to 90 days | Lock up provisions expired |
| Private equity | | 267,200 | | 140,918 | NA[2] | NA[2] | NA |
| Real assets | | 63,750 | | 43,134 | NA[2] | NA[2] | NA |
| **Total** | **$** | **862,607** | **$** | **184,052** | | | |

[1] Represents initial investment lock-up restriction. No other material redemption restrictions, such as redemption gates, were in place at year end.

[2] The University does not have redemption rights in these investments; the remaining lives are between 1 and 10 years.

***Total Investment Return***

Following is a summary of the total investment return and its classification on the Consolidated Statements of Activities for the years ended June 30:

| | | 2021 | | 2020 |
|---|---|---|---|---|
| **Total investment return** | | | | |
| Interest and dividends | $ | 15,203 | $ | 17,344 |
| Realized and unrealized gains on investments, net of investment management fees and other expenses | | 360,586 | | 17,825 |
| **Total investment return** | **$** | **375,789** | **$** | **35,169** |
| **Consolidated Statements of Activities classification** | | | | |
| Allocated for operating activities per spending policy | $ | 38,137 | $ | 39,588 |
| Interest and dividends | | 5,898 | | 8,000 |
| Total operating investment return | | 44,035 | | 47,588 |
| Nonoperating investment return | | 331,754 | | (12,419) |
| **Total investment return** | **$** | **375,789** | **$** | **35,169** |

## 7. Endowment

The University's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (board-designated). As required by GAAP, 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 New York Prudent Management of Institutional Funds Act (NYPMIFA) governs the management and investment of funds held by not-for-profit corporations and other institutions. Absent donor stipulations to the contrary, the statutory guidelines contained in NYPMIFA relate to the prudent management, investment and expenditure of donor-restricted endowment funds without regard to the original value of the gifts. However, NYPMIFA contains specific factors that must be considered prior to making investment decisions or appropriating funds for expenditure.

The Board of Trustees' interpretation of its fiduciary responsibilities for donor-restricted endowment funds under New York State's Not-for-Profit Corporation Law, including NYPMIFA, is to preserve intergenerational equity to the extent possible by prudently managing, investing, and spending from the endowment funds. This principle holds that future endowment beneficiaries should receive at least the same level of economic support that the current generation receives. As a result of this interpretation, the University classifies as net assets with donor restrictions the unappropriated portion of: a) the original value of gifts donated to a true endowment fund; b) the original value of subsequent gifts to a true endowment fund; and, c) accumulations to a true endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Also included in net assets with donor restrictions is accumulated appreciation on donor-restricted endowment funds which are available for expenditure in a manner consistent with the donor's intent and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

The Board of Trustees determines the appropriate amount to withdraw from endowment and similar funds on an annual basis to provide support for operations with prudent concern for the long-term growth in the underlying assets as well as the specific factors detailed in NYPMIFA.

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based and alternative investments to achieve its long-term objectives within prudent risk constraints.

The University currently accounts for endowment activity in two investment pools: Pool I and Pool II. Pool I is comprised of contributions, both donor-restricted and board-designated, made to the University for a variety of purposes, as well as contributions transferred from Pool II; Pool II is comprised of contributions, both donor-restricted and board-designated, made to the National Technical Institute for the Deaf (NTID). Each pool has a separate investment and spending policy.

*Pool I* – The University has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 20 quarters through March of the preceding fiscal year in which the distribution is planned. The total spending distribution should be at least equal to 3.50% but not greater than 5.25% of the beginning of year portfolio market value. The distribution excludes those funds with deficiencies due to unfavorable market fluctuations. During periods when investment return exceeds the distribution, such excess return is added to these investments. Likewise, when investment return is less than the distribution, such deficit is funded by accumulated return. In establishing the distribution policy, the University considered the long-term expected return on its endowment. New gifts to existing funds participate in the spending policy in the quarter that begins subsequent to the date of the gift. New funds participate in the spending policy in the quarter that begins one year subsequent to the date of the gift. Accordingly, over the long term, the University expects the current spending policy to allow its endowment to grow at a rate exceeding expected inflation, consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as, to provide additional real growth through new gifts and investment return. In 1994, the University's Board of Trustees established a board-designated fund within Pool I to finance a portion of the University's postretirement medical obligations. Distributions had been reinvested in the fund each year since inception, and, accordingly, were not available to support the general operations of the University. In November 2013, the University's Board of Trustees approved a resolution allowing, with the approval of the chair of the Finance Committee, a portion or all of a year's distributions related to the board-designated postretirement fund to be allocated to support the general operations of the University. During the year ended June 30, 2021 and 2020, $0 and $2,000, respectively, was distributed in accordance with this resolution. The market value for this board-designated fund was $138,804 and $126,471 at June 30, 2021 and 2020, respectively.

*Pool II* – The University established Pool II for NTID during 1989 in accordance with the federal program established by Public Law 99-371 (August 4, 1986) to support NTID. Pool II assets are invested in a manner intended to produce price and yield results that are at least equal to a blended benchmark of 70% of the S&P 500 Index and 30% of the Barclays Capital Aggregate Bond Index, assuming a moderate level of investment risk. The program stipulates that the investment of annual additions to Pool II is restricted to IRC 501(f) investment organizations. The federal guidelines authorize a spending distribution from Pool II of not more than 50% of current year's investment income (interest and dividends only). After a period of 10 years, the University can elect to invest the funds consistent with the University's overall long-term investment strategy (Pool I).

*(in thousands)*

At June 30, 2021, the endowment net asset composition by type of fund consists of the following:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Donor-restricted funds | $ - | $ 611,866 | $ 611,866 |
| Board-designated funds | 690,194 | 813 | 691,007 |
| **Total funds** | **$ 690,194** | **$ 612,679** | **$ 1,302,873** |

Following are changes in endowment net assets for the year ended June 30, 2021:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets, June 30, 2020 | $ 501,338 | $ 452,694 | $ 954,032 |
| Investment return | 193,951 | 174,657 | 368,608 |
| Contributions | - | 6,150 | 6,150 |
| Amounts appropriated for expenditure | (17,275) | (20,822) | (38,097) |
| Other changes: | | | |
| Transfers to create board-designated endowment funds | 12,180 | - | 12,180 |
| **Endowment net assets, June 30, 2021** | **$ 690,194** | **$ 612,679** | **$ 1,302,873** |

At June 30, 2020, the endowment net asset composition by type of fund consists of the following:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Donor-restricted funds | $ - | $ 452,092 | $ 452,092 |
| Board-designated funds | 501,338 | 602 | 501,940 |
| **Total funds** | **$ 501,338** | **$ 452,694** | **$ 954,032** |

Following are changes in endowment net assets for the year ended June 30, 2020:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets, June 30, 2019 | $ 502,738 | $ 454,494 | $ 957,232 |
| Investment return | 13,071 | 13,234 | 26,305 |
| Contributions | - | 4,837 | 4,837 |
| Amounts appropriated for expenditure | (19,672) | (19,871) | (39,543) |
| Other changes: | | | |
| Transfers to create board-designated endowment funds | 5,201 | - | 5,201 |
| **Endowment net assets, June 30, 2020** | **$ 501,338** | **$ 452,694** | **$ 954,032** |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the NYPMIFA requires the University to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. It is the University's policy to exclude these funds from the spending distribution until the fund's fair value is equal to or greater than the perpetual value. Subsequent gains that restore the fair value of the assets of such endowment funds to the required level are classified as an increase in net assets with donor restrictions. There are no deficiencies of this nature as of June 30, 2021. As of June 30, 2020, funds with an original gift value of $2,510 had deficiencies of $98.

*(in thousands)*

## 8. Liquidity and Available Resources

The University's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the Consolidated Balance Sheets are as follows:

| | 2021 | 2020 |
|---|---|---|
| Cash and cash equivalents | $ 113,842 | $ 93,001 |
| Accounts receivable, net | 20,035 | 18,491 |
| Contributions receivable, net | 38,216 | 38,216 |
| Student loans receivable, net | 1,387 | 1,748 |
| Investments: | | |
| Working capital investments | 224,213 | 174,987 |
| Appropriated for spending in the following year | 42,460 | 37,833 |
| **Financial assets available within one year** | **$ 440,153** | **$ 364,276** |

As part of the University's liquidity management strategy, its financial assets are structured to be available as expenditures, liabilities and other obligations come due. The University allocates cash in excess of daily requirements to short-term investments. When determining the availability of resources to meet cash requirements within one year, the University considers general expenditures to be those related to its mission-related activities as well as the delivery of services undertaken to support its day-to-day operations. In addition to these available financial assets, a significant portion of the University's annual expenditures are funded by current year operating revenues and other support including tuition and fees, sales and services of auxiliaries and grants and contracts. Endowment funds appropriated for spending and contributions receivable, subject to donor-restrictions where applicable, are considered available for general liquidity purposes.

Additionally, the University maintains board-designated funds of $691,007 and $501,940 as of June 30, 2021 and 2020, respectively. Although the University does not intend to spend from this endowment, other than amounts appropriated for expenditure as part of its annual appropriation process, amounts from its board-designated funds could be made available for liquidity needs if necessary. However, both the board-designated and donor-restricted endowments contain investments with lock-up provisions that reduce the total investments that could be made available. (Refer to Note 6 for disclosures about investments).

*(in thousands)*

## 9. Property, Plant and Equipment

Property, plant and equipment, less related depreciation on certain asset categories at June 30, is as follows:

| | 2021 | 2020 |
|---|---|---|
| Buildings and capital improvements | $ 1,114,503 | $ 1,075,317 |
| Equipment and software | 156,296 | 173,286 |
| Less: accumulated depreciation | (644,591) | (627,204) |
| Depreciable property, plant and equipment, net | 626,208 | 621,399 |
| Land | 11,924 | 11,723 |
| Special collections | 13,073 | 12,806 |
| Construction-in-progress | 30,405 | 27,314 |
| **Property, plant and equipment, net** | **$ 681,610** | **$ 673,242** |

Total depreciation expense for 2021 and 2020 was $42,808 and $42,769, respectively.

## 10. Asset Retirement Obligations

The University accounts for asset retirement obligations, primarily asbestos-related removal costs, in accordance with asset retirement and environmental obligations guidance. The University accrues for asset retirement obligations in the period 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 recorded.

The University reassesses its asset retirement obligations annually, adjusting both the liability, included in deferred revenues and other liabilities, and the associated asset retirement costs, included in property, plant and equipment, on the Consolidated Balance Sheets.

The following schedule reflects changes in asset retirement obligations for the year ended June 30:

| | 2021 | 2020 |
|---|---|---|
| Beginning balance | $ 23,220 | $ 22,439 |
| Change in estimate | (475) | 143 |
| Abatement liability incurred | 3,823 | - |
| Abatement liability settled | (481) | (224) |
| Accretion expenses | 906 | 862 |
| **Ending balance** | **$ 26,993** | **$ 23,220** |

*(in thousands)*

## 11. Deferred Revenue

Deferred revenue from customer contracts represents amounts collected from, or invoiced to, customers in advance of revenue recognition. The deferred revenue balance will increase or decrease based on the timing of invoices and recognition of revenue. The University applies the practical expedient in FASB ASC 606-10-50-14 and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less. Significant changes in deferred revenue liability balances during the years ended June 30 are as follows:

| 2021 | Balance at June 30, 2020 | Revenue Recognized | Consideration Received in Advance of Performance | Refunds and Other Adjustments | Balance at June 30, 2021 |
|---|---|---|---|---|---|
| Student related revenues | $ 24,969 | $ (24,144) | $ 19,597 | $ 56 | $ 20,478 |
| Tuition prepayment program | 5,137 | (3,678) | 1,922 | 542 | 3,923 |
| Contracts with grantors | 3,157 | (1,683) | 696 | - | 2,170 |
| Other | 1,453 | (2,197) | 1,830 | (24) | 1,062 |

| 2020 | Balance at June 30, 2019 | Revenue Recognized | Consideration Received in Advance of Performance | Refunds and Other Adjustments | Balance at June 30, 2020 |
|---|---|---|---|---|---|
| Student related revenues | $ 12,118 | $ (11,307) | $ 24,220 | $ (62) | $ 24,969 |
| Tuition prepayment program | 6,347 | (4,373) | 3,192 | (29) | 5,137 |
| Contracts with grantors | 3,672 | (1,517) | 1,002 | - | 3,157 |
| Other | 1,631 | (2,009) | 1,878 | (47) | 1,453 |

Student related revenues consist of tuition, sales and services of auxiliaries, advance deposits, and student credit balances and represent payments received in advance of the period when services will be rendered and performance obligations met. These deferred revenue balances will be recognized as revenue over the academic terms beginning and ending in the following fiscal year as services are rendered.

Tuition prepayments will be recognized as revenue over the respective academic terms when performance obligations are met beginning July 1, 2021 through June 30, 2025. Anticipated recognition of revenue for the fiscal years ended June 30 are as follows:

| | |
|---|---|
| 2022 | $ 2,194 |
| 2023 | 1,151 |
| 2024 | 366 |
| 2025 | 212 |
| | **$ 3,923** |

Other deferred revenue consists of general customer contracts with performance obligations that will be met and revenue recognized during the fiscal year ended June 30, 2022.

## 12. Benefit Plans

### *a. Retirement Benefit Plan*

The Rochester Institute of Technology Retirement Savings Plan (Plan) is a defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and IRC Section 403(b). The Plan is available to all employees who meet certain eligibility requirements. Plan contributions are invested in one or more of the funding vehicles made available to participants under the Plan. Contributions may be allocated to annuity contracts offered by Teachers Insurance Annuity Association (TIAA) and/or custodial accounts which are invested in regulated investment companies (mutual funds) offered by Fidelity Investments (Fidelity). In addition, employees may choose to invest in a self-directed brokerage account through which they can access additional mutual fund options. TIAA and Fidelity are recordkeepers of the Plan. It is the University's policy to currently fund defined contribution pension costs as they are incurred. Total retirement contribution expense for 2021 and 2020 was $22,195 and $22,063, respectively.

### *b. Postemployment Benefits*

The accrued postemployment benefits of the University were $632 and $1,017 at June 30, 2021 and 2020, respectively.

### *c. Postretirement Benefits*

The University sponsors a defined benefit medical plan that covers substantially all employees.

#### *Eligibility*

Employees hired prior to January 1, 1995 are eligible for retiree medical benefits if they are at least 50 years old, with at least 10 years of service (5 years if hired prior to July 1, 1990) and age plus service total at least 70 at retirement. Employees hired on or after January 1, 1995 are eligible for retiree medical benefits if they are at least 55 years old, with at least 10 years of service, and age plus service totals at least 70 at retirement.

Employees hired prior to January 1, 2019 who are at least 45 years of age or have at least 10 years of full-time service or 15 years of eligible part-time service as of January 1, 2019 are grandfathered into the pre-January 1, 2019 retirement eligibility conditions. For employees who are not grandfathered or are hired on or after January 1, 2019, retirement eligibility is at least age 62 with 15 years of full-time service (20 years of eligible part-time service).

#### *Delivery of Medical Benefits*

***Pre-Medicare retirees:***
Retirees contribute towards the cost of coverage based on the plan option selected and salary at retirement, but are required to pay a larger contribution than active employees.

***Medicare-eligible retirees:***
Retirees and spouses receive an annual health reimbursement account (HRA) allocation from the University to obtain healthcare coverage via a private healthcare exchange.

HRA allocations vary based on the retiree classifications described above, with earlier hire dates receiving a greater HRA allocation. Coverage from the healthcare exchange includes reimbursement for drug claims in the catastrophic tier under Medicare Part D.

*(in thousands)*

The postretirement medical plan's obligations and applicable discount rates as of June 30 are as follows:

| | | 2021 | | 2020 |
|---|---|---|---|---|
| **Change in projected benefit obligation** | | | | |
| Postretirement benefit obligation at beginning of year | $ | 139,958 | $ | 130,299 |
| Service cost | | 4,691 | | 4,393 |
| Interest cost | | 4,090 | | 4,631 |
| Participants' contributions | | 607 | | 556 |
| Actuarial (gains) losses | | (5,393) | | 4,476 |
| Benefits paid | | (5,149) | | (4,397) |
| **Postretirement benefit obligation at end of year** | **$** | **138,804** | **$** | **139,958** |
| **Amounts recognized in net assets without donor restrictions consist of:** | | | | |
| Net prior service credit | $ | (58,588) | $ | (65,568) |
| Net losses | | 21,146 | | 28,867 |
| **Accumulated income in net assets without donor restrictions** | **$** | **(37,442)** | **$** | **(36,701)** |
| **Discount rates** | | | | |
| Net periodic benefit cost | | 2.98% | | 3.63% |
| Year-end benefit obligation | | 3.04% | | 2.98% |

The components of net periodic postretirement benefit costs are as follows at June 30:

| | | 2021 | | 2020 |
|---|---|---|---|---|
| Operating activities: | | | | |
| Service cost | $ | 4,691 | $ | 4,393 |
| Nonoperating activities: | | | | |
| Interest cost | | 4,090 | | 4,631 |
| Amortization of unrecognized prior service benefit | | (6,980) | | (6,987) |
| Amortization of net losses | | 2,328 | | 2,229 |
| Total nonoperating activities | | (562) | | (127) |
| **Net periodic postretirement benefit cost** | **$** | **4,129** | **$** | **4,266** |

Postretirement benefit changes of $741 and $(9,234) for the fiscal years ending June 30, 2021 and 2020, respectively, consisting of prior service cost amortization, net actuarial loss amortization and experience gains (losses) are included in nonoperating activities on the Consolidated Statements of Activities.

The University expects to recognize a postretirement benefit amortization gain in fiscal year 2022 of $5,302 relating to $6,980 of prior service credits partially offset by $1,678 of net actuarial losses. Amortization of prior service costs or credits which result from changes to plan provisions and amortization of actuarial net gains or losses which result from experience different from assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value) are included as components of Net Periodic Postretirement Benefit Cost/(Income) for a year. The amortization of actuarial net gain or loss is the net gain or loss divided by the average remaining service period to full eligibility for participating employees expected to receive benefits under the postretirement medical plan.

*(in thousands)*

The postretirement medical plan's health care cost trend rate assumptions are as follows at June 30:

| | 2021 | 2020 |
|---|---|---|
| Initial rate | 6.5% | 6.5% |
| Ultimate rate | 5.0% | 5.0% |
| Fiscal year of ultimate rate | 2024 | 2024 |

The health care cost trend rate assumption has a significant effect on the amounts reported; a 1% point change in the assumed health care cost trend rates would have the following effects:

| | 1% Point Increase | 1% Point Decrease |
|---|---|---|
| Effect on total of service and interest cost components | $ 533 | $ (430) |
| Effect on postretirement benefit obligation | $ 4,662 | $ (3,942) |

***Benefit Payments***
At June 30, the University's aggregated future estimated postretirement benefit payments, which reflect future services, are as follows:

| | |
|---|---|
| 2022 | $ 5,105 |
| 2023 | 5,347 |
| 2024 | 5,642 |
| 2025 | 5,975 |
| 2026 | 6,239 |
| 2027-2031 | 36,859 |

***d. Self-insurance Plans***

The University is self-insured for medical, prescription drug and dental benefits. Based on estimates provided by its actuaries, the University's obligation for health care claims incurred but not reported is $2,272 and $2,096 as of June 30, 2021 and 2020, respectively. The University is also self-insured for workers compensation and has established a liability for asserted and unasserted claims totaling $5,033 and $4,041 as of June 30, 2021 and 2020, respectively. These amounts are included in accounts payable and accrued expenses on the Consolidated Balance Sheets.

*(in thousands)*

## 13. Long-Term Debt

The University has entered into various agreements for the purpose of financing construction, renovation and improvement of its facilities and equipment. Long-term debt outstanding for these purposes, net of applicable unamortized premium/discount and debt issuance costs as of June 30, is as follows:

| Issue | Interest Rate(s)[1] | Type of Rate | Maturity | 2021 | 2020 |
|---|---|---|---|---|---|
| Tax-exempt revenue bonds: | | | | | |
| Dormitory Authority of the State of New York (DASNY) | | | | | |
| Series 2006A | 5.25% | Fixed | 7/1/22 | $ 10,435 | $ 15,260 |
| Series 2010 | N/A | Fixed | 7/1/20 | - | 3,480 |
| Series 2012 | 4.00% - 5.00% | Fixed | 7/1/22 | 3,505 | 5,180 |
| Series 2019A | 4.00% - 5.00% | Fixed | 7/1/49 | 119,635 | 119,635 |
| Series 2019C | N/A | Variable | 2/1/21 | - | 162 |
| Series 2020A | 5.00% | Fixed | 7/1/40 | 47,800 | 48,345 |
| Taxable revenue bonds: | | | | | |
| Dormitory Authority of the State of New York (DASNY) | | | | | |
| Series 2019B | 2.09% - 3.44% | Fixed | 7/1/42 | 145,700 | 146,900 |
| Other debt | 3.18%-3.56% | Variable | Various | 1,151 | 551 |
| Total long-term debt, principal | | | | 328,226 | 339,513 |
| Bond premium/discount, net | | | | 30,189 | 32,181 |
| Unamortized debt issuance costs, net | | | | (1,839) | (1,976) |
| **Total long-term debt, net** | | | | **$ 356,576** | **$ 369,718** |

[1] Represents interest rates on debt outstanding as of June 30, 2021

The required principal payments for long-term debt for each of the years in the five-year period ending June 30, 2026 and thereafter are presented below. The schedule has been prepared based on the contractual maturities of the debt outstanding at June 30:

| | |
|---|---|
| 2022 | $ 11,585 |
| 2023 | 12,105 |
| 2024 | 11,559 |
| 2025 | 12,129 |
| 2026 | 12,464 |
| Thereafter | 268,384 |
| | **$ 328,226** |

Deposits with bond trustees consist of debt service funds and the unexpended proceeds of certain debt totaling $130,792 and $139,242, and are included in cash and cash equivalents held with trustees and investments on the Consolidated Balance Sheets as of June 30, 2021 and 2020, respectively.

***Tax-Exempt Revenue Bonds***

The University's tax-exempt bonds are issued through DASNY, a New York State agency serving as a conduit issuer of tax-exempt debt. Proceeds from tax-exempt revenue bonds outstanding as of June 30, 2021 were used as follows:

***DASNY 2006A Series***

Insured revenue bonds were issued to advance refund a substantial portion of the outstanding aggregate principal amount of the University's 1997 Series bonds which had been issued to refund the remaining obligation of general and unconditional obligation Series E revenue bonds. Proceeds were also used to renovate on-campus housing facilities and improve the technological infrastructure of the University.

***DASNY 2012 Series***

Secured revenue bonds were issued to advance refund a portion of DASNY 2002B Series bonds and a portion of DASNY 2008A Series bonds and for the construction of a new athletic and multi-purpose facility, renovations and improvements to academic facilities, replacement of electrical infrastructure and the acquisition of University Commons Project II on-campus residential housing.

During the fiscal year 2020, the University advance refunded a portion of 2012 Series bonds which were outstanding in the principal amount of $136,050 (see DASNY 2019B Series). A portion of the proceeds from the DASNY 2019B Series bonds were used to purchase U.S. government securities which were deposited into an irrevocable trust solely for the purpose of making debt service payments on the 2012 Series bonds. Accordingly, the refunded 2012 Series bonds were legally extinguished and neither the indebtedness nor the assets of the irrevocable trust are included on the Consolidated Balance Sheet as of June 30, 2021. In connection with this refunding in fiscal year 2020, the University incurred debt extinguishment gains of $2,774 included in other nonoperating activities on the Consolidated Statements of Activities.

***DASNY 2019A Series***

Unsecured revenue bonds were issued to refinance the University's taxable bank loan and for the construction of the Student Hall for Exploration and Development and a music performance theater.

***DASNY 2019C Series***

Unsecured revenue bonds were issued in fiscal year 2020 and were available to be drawn by October 8, 2022. On February 1, 2021, the bonds were redeemed and terminated within the draw-down period.

***DASNY 2020A Series***

Unsecured revenue bonds were issued to forward refund a portion of the 2010 Series bonds.

***Taxable Revenue Bonds***

The University's taxable bonds are issued through DASNY. Proceeds from taxable revenue bonds outstanding as of June 30, 2021 were used as follows:

***DASNY 2019B Series***

Unsecured taxable revenue bonds were issued to advance refund a portion of the 2012 Series bonds (See DASNY 2012 Series).

***Other Debt***

Other debt consists of amounts associated with agreements the University has entered into for finance leases of equipment and furniture.

***Line of Credit***

The $30,000 unsecured line of credit agreement executed on September 11, 2020 was terminated on June 3, 2021.

*(in thousands)*

## 14. Student Aid

For the fiscal year ending June 30, aid provided to students is summarized as follows:

| 2021 | Institutional Support[1] | Sponsored Support[2] | Total |
|---|---|---|---|
| Financial aid and merit-based scholarships | $ 259,168 | $ 17,171 | $ 276,339 |
| Student salaries and wages | 15,728 | 10,003 | 25,731 |
| **Total student aid** | **$ 274,896** | **$ 27,174** | **$ 302,070** |

| 2020 | Institutional Support[1] | Sponsored Support[2] | Total |
|---|---|---|---|
| Financial aid and merit-based scholarships | $ 216,872 | $ 16,191 | $ 233,063 |
| Student salaries and wages | 17,769 | 9,423 | 27,192 |
| **Total student aid** | **$ 234,641** | **$ 25,614** | **$ 260,255** |

[1] Institutional support includes student aid from operating resources without donor restrictions.

[2] Sponsored support includes student aid funded from donor restricted and University designated resources and external sources, including federal, state or private grants and/or contributions.

*(in thousands)*

## 15. Grants and Contracts Revenue

For the fiscal year ending June 30, revenue sources from grants and contracts are as follows:

| 2021 | Contributions | Exchange Transactions | Total |
|---|---|---|---|
| Operating activities: | | | |
| Federal [1, 2] | $ 129,702 | $ 10,136 | $ 139,838 |
| State | 9,472 | 1,619 | 11,091 |
| Private | 2,051 | 3,489 | 5,540 |
| **Total operating grants and contracts revenue** | **$ 141,225** | **$ 15,244** | **$ 156,469** |
| Nonoperating activities: | | | |
| Federal [1] | $ 354 | $ - | $ 354 |
| State | 10 | - | 10 |
| **Total nonoperating grants and contracts revenue** | **$ 364** | **$ -** | **$ 364** |

| 2020 | Contributions | Exchange Transactions | Total |
|---|---|---|---|
| Operating activities: | | | |
| Federal [1,3] | $ 111,862 | $ 8,000 | $ 119,862 |
| State | 13,118 | 2,689 | 15,807 |
| Private | 1,150 | 3,351 | 4,501 |
| **Total operating grants and contracts revenue** | **$ 126,130** | **$ 14,040** | **$ 140,170** |
| Nonoperating activities: | | | |
| Federal [1] | $ 372 | $ - | $ 372 |
| State | 288 | - | 288 |
| **Total nonoperating grants and contracts revenue** | **$ 660** | **$ -** | **$ 660** |

[1] Contributions include appropriation for NTID.

[2] Contributions include Higher Education Emergency Relief Funds (HEERF II) established by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) awarded to RIT totaling $16,978 and an appropriation established by CRRSAA awarded to NTID totaling $5,701.

[3] Contributions include Higher Education Emergency Relief Funds (HEERF I) established by the Coronavirus Aid, Relief, and Economic Security Act (CARES) totaling $10,380.

## 16. National Technical Institute for the Deaf

Under an agreement with the U.S. Department of Education (ED), the University established NTID in 1968 to provide post-secondary education and technical training for deaf and hard of hearing persons. NTID is the world's first and largest technical college for deaf students with approximately 1,101 students from the United States and other countries. The Federal Government provides funding through an appropriation, currently covering approximately 81% of NTID's total operating costs, as well as matching funds for NTID's Federal Endowment Fund. Funding is applied for annually and is subject to the Federal Government's continued support of the program.

*(in thousands)*

***Operating Revenues***

The federal appropriation partially covers direct operating expenses and reimbursement to the University for tuition, fees, room and board and indirect costs for NTID students using RIT facilities. Appropriation revenues are included in grants and contracts on the Consolidated Statements of Activities and totaled $77,303 and $73,037 at June 30, 2021 and 2020, respectively. The remaining operating expenses are funded by tuition and fees collected from NTID students and other revenues.

In addition, NTID has received funds in its annual appropriation from ED to support a regional partnership with the Alabama Institute for the Deaf and Blind (AIDB). The NTID Southeast Regional STEM Center was established to expand the geographic reach of activities and services supported by NTID consistent with its mission and strategic plan. Of the amount included in grants and contracts on the Consolidated Statements of Activities, $4,397 and $3,557 at June 30, 2021 and 2020 respectively, was appropriated for the AIDB regional partnership.

***Nonoperating Activities***

The federal appropriation may also be used to match qualifying contributions received from donors for NTID's Federal Endowment Fund. Included in with donor restricted nonoperating government grants and contracts for long-term assets on the Consolidated Statements of Activities are federal matching funds totaling $354 and $362 at June 30, 2021 and 2020, respectively.

## 17. Expenses by Functional and Natural Classification

Certain natural expenses attributable to more than one functional expense category are distributed using reasonable cost allocation methods. Depreciation, interest and plant operation and maintenance expenses are allocated to the functional categories on a square footage basis.

Expenses by functional and natural classification for the fiscal year ending June 30 are as follows:

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Instruction & Academic Support | Student & Auxiliary Services | Research & Public Support | General Admin & Operations [1] | Total |
| Compensation and benefits | $ 260,533 | $ 67,565 | $ 43,124 | $ 30,885 | $ 402,107 |
| Purchased services and other | 37,641 | 52,598 | 21,008 | 4,739 | 115,986 |
| Depreciation, amortization and interest | 20,538 | 21,460 | 6,727 | 4,168 | 52,893 |
| Total operating expense | $ 318,712 | $ 141,623 | $ 70,859 | $ 39,792 | $ 570,986 |
| Net periodic benefit cost other than service | (389) | (95) | (11) | (67) | (562) |
| **Total expense** | $ 318,323 | $ 141,528 | $ 70,848 | $ 39,725 | $ 570,424 |

[1] Includes fundraising expenses of $9,868

*(in thousands)*

| | 2020 | | | | |
|---|---|---|---|---|---|
| | Instruction & Academic Support | Student & Auxiliary Services | Research & Public Support | General Admin & Operations [1] | Total |
| Compensation and benefits | $ 269,923 | $ 66,751 | $ 41,126 | $ 34,536 | $ 412,336 |
| Purchased services and other | 42,588 | 50,121 | 26,799 | 3,870 | 123,378 |
| Depreciation, amortization and interest | 20,805 | 21,345 | 6,394 | 4,339 | 52,883 |
| Total operating expense | $ 333,316 | $ 138,217 | $ 74,319 | $ 42,745 | $ 588,597 |
| Net periodic benefit cost other than service | (89) | (21) | (2) | (15) | (127) |
| **Total expense** | $ 333,227 | $ 138,196 | $ 74,317 | $ 42,730 | $ 588,470 |

[1] Includes fundraising expenses of $10,926

## 18. Commitments and Contingencies

The University is involved in legal actions arising in the normal course of activities and is subject to periodic audits and inquiries by various regulatory agencies. Although the ultimate outcome of such matters is not determinable at this time, management, after taking into consideration advice of legal counsel, believes that the resolution of pending matters will not have a materially adverse effect, individually or in the aggregate, upon the Consolidated Financial Statements.

The University received notice in fiscal year 2020 of lawsuits filed purporting to represent a class of students enrolled for the Spring 2020 term and seeking refunds of tuition and fees for that term. The complaints assert that refunds are required because students did not receive the full benefits of the tuition and fees after COVID-19 forced the University to transition to remote delivery of education in March 2020. The complaints do not identify all of the fees for which plaintiffs seek a refund on behalf of the class, nor the specific percentage of tuition they seek to recover. The University is vigorously defending itself in this legal matter.

The University is committed under several construction contracts amounting to approximately $34,493 and $17,007 at June 30, 2021 and 2020, respectively. These contracts relate to the renovation and construction of various on-campus facilities including projects totaling $204 funded by federal and state grants, $5,414 funded by private donors and $15,507 funded by the University's Series 2019A debt issue.

## 19. Subsequent Events

Subsequent events have been evaluated through November 11, 2021, the date the Consolidated Financial Statements were issued.