Financial Statements and Report of Independent Certified Public Accountants

Marymount Manhattan College

June 30, 2022

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Marymount Manhattan College

Opinion
We have audited the financial statements of Marymount Manhattan College (the "College"), which comprise the balance sheet as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

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not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Grant Thornton LLP

New York, New York
December 7, 2022

Marymount Manhattan College

BALANCE SHEET

June 30, 2022

ASSETS	
Cash and cash equivalents	$ 16,661,710
Student receivables, net (Note 6)	2,725,215
Contributions receivable, net (Note 7)	7,471,263
Investments, at fair value (Notes 4 and 5)	42,597,332
Other assets	8,802,485
Funds held by trustees (Note 4)	450,810
Right-of-use assets (Note 17)	12,144,858
Plant assets, net (Note 8)	71,524,240
Total assets	$ 162,377,913
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued expenses	$ 7,971,617
Deferred revenue	1,732,873
Asset retirement obligation	668,502
Paycheck Protection Program refundable advance (Note 16)	353,536
55th Street Residence Hall refinance liabilities, net (Note 12)	41,919,219
Lease liabilities (Note 17)	12,934,884
Total liabilities	65,580,631
Commitments and contingencies (Note 18)	
Net assets (Notes 9 and 13)	
Without donor restrictions	58,058,338
With donor restrictions	38,738,944
Total net assets	96,797,282
Total liabilities and net assets	$ 162,377,913

The accompanying notes are an integral part of this financial statement.

Marymount Manhattan College

STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Tuition and fees (net of student aid of $27,233,652 in 2022)	$ 33,523,325	$ -	$ 33,523,325
State grants and appropriations	572,880	-	572,880
Federal grants	7,478,708	-	7,478,708
Investment return, net	220,430	1,065,446	1,285,876
Contributions	673,355	2,010,057	2,683,412
Auxiliary enterprises	11,665,113	-	11,665,113
Other	183,720	-	183,720
Net assets released from restrictions (Note 9)	3,955,833	(3,955,833)	-
Total operating revenues	58,273,364	(880,330)	57,393,034
Operating expenses (Note 10)			
Instruction	20,452,371	-	20,452,371
Academic support	3,884,484	-	3,884,484
Student services	10,845,581	-	10,845,581
Institutional support	10,610,475	-	10,610,475
Auxiliary enterprises	13,011,490	-	13,011,490
Total operating expenses	58,804,401	-	58,804,401
Change in net assets from operating activities	(531,037)	(880,330)	(1,411,367)
Nonoperating activities			
Government grants and appropriations	5,219,994	-	5,219,994
Contributions	-	2,443,367	2,443,367
Investment return, net	(4,311,892)	(5,698,832)	(10,010,724)
Other nonoperating activities, net (Note 10)	(1,996,288)	-	(1,996,288)
Net assets released from restrictions (Note 9)	11,326,635	(11,326,635)	-
Change in net assets from nonoperating activities	10,238,449	(14,582,100)	(4,343,651)
CHANGE IN NET ASSETS	9,707,412	(15,462,430)	(5,755,018)
Net assets at beginning of year	48,350,926	54,201,374	102,552,300
Net assets at end of year	$ 58,058,338	$ 38,738,944	$ 96,797,282

The accompanying notes are an integral part of this financial statement.

Marymount Manhattan College

STATEMENT OF CASH FLOWS

Year ended June 30, 2022

Cash flows from operating activities:		
Change in net assets	$	(5,755,018)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted for long-term investment and capital		(333,472)
Net realized and unrealized investment losses		9,396,099
Depreciation in fair value of funds held by trustees		77,022
Amortization of prepaid closing costs		81,039
Depreciation of plant assets		4,288,066
Paycheck Protection Program - refundable advance		(6,202,057)
Changes in assets and liabilities:		
Student receivables, net		87,782
Contributions receivable		13,071,455
Other assets		(2,074,894)
Accounts payable and accrued expenses		(336,606)
Right-of-use assets		(12,144,858)
Lease liabilities		12,934,884
Deferred revenue		(62,932)
Asset retirement obligation		37,840
Net cash provided by operating activities		13,064,350
Cash flows from investing activities:		
Purchase of plant assets		(12,908,456)
Proceeds from sale of investments		47,195,731
Purchase of investments		(62,661,386)
Net cash used in investing activities		(28,374,111)
Cash flows from financing activities:		
Contributions restricted for long-term investment and capital		333,472
Decrease in permanently restricted contributions receivable		44,897
Principal payments on finance lease liabilities		(51,258)
Principal payments on 55th Street Residence Hall refinancing		(650,258)
Net cash used in financing activities		(323,147)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(15,632,908)
Cash, cash equivalents, and restricted cash at beginning of year		32,354,639
Cash, cash equivalents, and restricted cash at end of year	$	16,721,731
Reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the same such accounts shown above:		
Cash and cash equivalents	$	16,661,710
Restricted cash included in funds held by trustee		60,021
Cash, cash equivalents and restricted cash	$	16,721,731
Supplemental disclosure:		
Interest paid	$	2,802,034
Purchase of plant assets included in accounts payable and accrued expenses	$	1,681,068

The accompanying notes are an integral part of this financial statement.

NOTE 1 - NATURE OF OPERATIONS

Marymount Manhattan College (the "College") is an urban, independent, undergraduate liberal arts college. The mission of the College is to educate a socially and economically diverse population by fostering intellectual achievement and personal growth and by providing opportunities for career development. The College is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Statement Presentation

<u>Basis of Accounting</u>

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

<u>Net Assets without Donor Restrictions</u>

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating purpose. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. At June 30, 2022, there are no Board designated net assets.

<u>Net Assets with Donor Restrictions</u>

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the College to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

The College reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

See Notes 9 and 13 for more information on the composition of net assets with donor restrictions and the release of restrictions, respectively.

Nature of Goods and Services

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

Products and Services	Nature, Timing of Satisfaction of Performance Obligations, and Significant Payment Terms
Tuition and fees	Consists of the following: Tuition - provides a variety of educational services to the customers of the College (students). Revenue is recognized based upon when the performance obligations are met by both the College and the customers, which is within the College's fiscal year. Fees - ancillary charges to students for the educational services provided that is not considered to be tuition. Revenue is recognized based upon when the performance obligations are met by both the College and the customers, which is within the College's fiscal year.
Auxiliary enterprises	Consists of the following: Housing services - provides a variety of housing accommodations in support of the educational needs of the College. Student housing contracts are for a one year term. Revenue is recognized based upon when the performance obligations are met by both the College and the customers, which is within the College's fiscal year. Food Services - Provides food services to the College community through a cafeteria and café. Food service revenue is recognized at a point in time sale.

Contributions

The College recognizes revenue from contributions, grants and contracts in accordance with Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958)*: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. Accordingly, the College evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the College applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, the College evaluates whether the contribution is conditional, based upon whether the agreement includes both (1) one or more barriers that must be overcome before the College is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. Pledges, less an allowance for uncollectible amounts, are recorded as receivables at the net present value, determined using a credit-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any. Restricted pledges are reported as additions to the net assets with donor restrictions. Contributions of cash or other assets that must be used to acquire or construct long-lived assets are reported as net assets with donor restrictions until the assets are placed in service.

Conditional promises to give are not recognized until they become unconditional, that is, when the barriers on which they depend are met.

Depreciation and Amortization of Plant Assets

Depreciation is recorded using the straight-line method over the estimated useful lives ranging from 40 to 50 years for buildings, 20 years for building renovations/improvements, 7 years for furniture, 3 years for equipment, and 3 years for library books. Maintenance and repair expenditures are charged to expense as incurred.

Cash Equivalents

The College considers all highly liquid debt instruments purchased with initial maturities of one year or to be cash equivalents, with the exception of those, which are held as part of the College's long-term investment portfolio or included in funds held by trustees. Cash equivalents primarily consist of money market and short-term bond funds at June 30, 2022.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The College uses three levels of inputs to measure fair value:

Level 1 - Quoted or published prices in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.

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

Level 3 - Inputs that are unobservable.

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. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The categorization of a financial instrument within the hierarchy does not necessarily correspond to the College's perceived risk of that instrument.

Investments

Investments are reported at fair value based upon quoted or published market prices. Investment transactions are recorded on a trade-date basis. Alternative investments and institutional funds are stated at estimated fair value, based on NAV, as a practical expedient, reported by the investment managers or general partners. NAV may differ significantly from the values that would have been reported had a ready market for these investments existed. The College reviews and evaluates the values provided by the investment managers or general partners and has determined that the valuation methods and assumptions used in determining the fair value of the alternative investments are reasonable.

Leases

The College determines if an arrangement is a lease or a service contract at inception. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. When an arrangement is a lease, the College determines if it's an operating or a finance lease.

Leases result in recognition of right-of-use ("ROU") assets and lease liabilities on the consolidated balance sheet. ROU assets represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. For the initial and subsequent measurement of all lease liabilities, the discount rate is based on the rate implied within the lease, or on the College's incremental borrowing rate using a period comparable with the lease term, or a risk-free rate of return for a period comparable with the lease term.

The lease term may include options to extend or terminate the lease that the College is reasonably certain to exercise. Operating lease expense is generally recognized on a straight-line basis over the lease term. A ROU asset and lease liability is not recognized for leases with an initial term of 12 months or less.

Deferred Revenues

Deferred revenues consist primarily of student tuition and fee payments that are received for academic periods subsequent to the fiscal year end.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the College's ongoing activities. Nonoperating activities consist of investment return in excess of or less than the amount appropriated for operations by the Board of Trustees and contributions not related to the College's ongoing operating activities, and other activities considered to be of a more unusual or nonrecurring nature.

Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates made in the preparation of the financial statements include the estimated net realizable value of receivables, functional allocation of expenses, and the asset retirement obligation. Actual results could differ from those estimates.

Income Taxes

The College accounts for uncertainties in income taxes recognized in its financial statements using a threshold of more likely than not of being sustained. Income generated from activities unrelated to the College's exempt purpose is subject to tax. The College did not have any material unrelated business income tax liability or uncertain tax positions at June 30, 2022.

NOTE 3 - CORRECTION OF IMMATERIAL ERROR

ASC 842, Leases, indicates requires not-for-profit entities that have issued or are a conduit bond obligor for securities that are traded, listed, or quoted on an exchange or an over-the-counter market to apply the standard for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. At July 1, 2020, the College was a conduit bond obligor. As a result of the 55th Street Residence Hall Refinancing Transaction (see Note 12), at June 30, 2021, the College made a determination that it was no longer a conduit debt obligor. During the year ended June 30, 2022, the College reevaluated the implementation date of ASU 842 and determined that as it was a conduit debt obligor at July 1, 2020 and therefore should have adopted the standard as of and for the year ending June 30, 2021. Accordingly, the College recorded the adjustment to reflect its right-of-use asset and lease liabilities at June 30, 2022 totaling $12,144,858 and $12,934,884, respectively.

NOTE 4 - INVESTMENTS AND FUNDS HELD BY TRUSTEES

The College's investments consist of the following at June 30, 2022:

	Fair Value
Common stocks:	
U.S. equity	$ 16,135,470
International equity	17,458,311
Fixed income:	
U.S. fixed income	2,343,307
U.S. treasury notes	4,627,825
Other equity:	
Real estate	1,956,768
Absolute return	1,005
Private equity	74,646
Total	$ 42,597,332

Funds held by trustees at June 30, 2022 consist of the following:

	Fair Value
Cash and cash equivalents	$ 60,021
Common stocks:	
U.S. equity	181,816
International equity	50,293
Fixed income:	
U.S. fixed income	131,066
International fixed income	27,614
Total	$ 450,810

At June 30, 2022, the majority of funds held by trustees were in a gift annuity fund and classified as Level 1 within the fair value hierarchy.

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

NOTE 5 - FAIR VALUE MEASUREMENT

The following table presents the fair value hierarchy of the College's investments, measured at fair value, as of June 30, 2022:

	Fair Value		
	Level 1	Net Asset Value	Total
Equity mutual funds	$ 33,593,781	$ -	$ 33,593,781
Fixed income mutual funds	2,343,307	-	2,343,307
U.S. Treasury Notes	4,627,825	-	4,627,825
Real estate mutual funds	1,956,768	-	1,956,768
Absolute return	1,005	-	1,005
Private equity	-	74,646	74,646
Total investments	$ 42,522,686	$ 74,646	$ 42,597,332

The following table details certain attributes pertaining to the investments reported at fair value using a NAV, or its equivalent, for the fiscal year ended June 30, 2022:

Strategy	NAV	# of Funds	Remaining Life	Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Time and Restriction
Private Equity Fund	$ 74,646	1	14 years	$ 4,925,000	3 to 5 years	14 years

NOTE 6 - STUDENT RECEIVABLES, NET

Student receivables, net comprise the following at June 30, 2022:

Student accounts receivable	$ 5,025,426
Allowance	(2,300,211)
	$ 2,725,215

NOTE 7 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net at June 30, 2022 are expected to be collected as follows:

Less than one year	$ 2,587,406
One year to five years	5,095,000
	7,682,406
Less discount to present value (at rates ranging from 0.53% to 1.68%)	(199,135)
Allowance	(12,008)
Contributions receivable, net	$ 7,471,263

Gross contributions receivable as of June 30, 2022 consist of approximately 82% from 1 donor.

NOTE 8 - PLANT ASSETS, NET

Plant assets, net at June 30, 2022 are stated at cost or, if acquired through gift, at fair value at date of gift and consist of the following:

Buildings and building improvements	$ 108,083,793
Furniture and equipment	20,518,279
Leasehold improvements	750,847
Library books	2,487,697
	131,840,616
Less: accumulated depreciation	78,586,131
	53,254,485
Construction in progress	175,167
Land	18,094,588
Plant assets, net	$ 71,524,240

Depreciation of plant assets was $4,288,066 for the year ended June 30, 2022.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2022 are available for the following purposes:

With donor restrictions:	
Donor-restricted endowments:	
Scholarships	$ 19,486,353
Programs	6,134,843
Time and purpose restriction:	
Scholarships	4,639,439
Programs	3,924,586
Other	4,533,723
Total net assets with donor restrictions	$ 38,738,944

Net assets with donor restrictions that are restricted to investment in perpetuity (corpus) at June 30, 2022 were $20,019,808, with investment return available primarily to support scholarships and programs.

Net assets were released from restrictions during 2022 by incurring expenses satisfying the restricted purposes as follows:

Operating activities:	
Academic program support	$ 291,420
Scholarships	3,664,413
	$ 3,955,833
Nonoperating activities:	
Academic program support	$ 776,294
Acquisition of plant assets	10,550,341
	$ 11,326,635

NOTE 10 - EXPENSES

Operating expenses for the years ended June 30, 2022 are as follows:

	Compensation and Benefits	Materials and Suppliers	Services and Other	Interest, Depreciation, and Amortization	Total
Instruction	$ 16,400,245	$ 280,926	$ 1,445,828	$ 2,325,372	$ 20,452,371
Academic support	2,823,036	182,861	801,811	76,776	3,884,484
Student services	5,278,664	1,221,126	3,598,497	747,294	10,845,581
Institutional support	6,951,048	889,823	2,607,598	162,006	10,610,475
Auxiliary enterprises	860,708	65,881	8,225,210	3,859,691	13,011,490
	$ 32,313,701	$ 2,640,617	$ 16,678,944	$ 7,171,139	$ 58,804,401

The College allocates maintenance of plant, interest, and depreciation to the Instruction, Academic Support and Libraries, Student Services, Institutional Support and Auxiliary Enterprises on a square footage basis. Institutional support includes $1,482,622 of fundraising expenses in fiscal year 2022. Nonoperating activities, net was $1,996,288 in 2022.

NOTE 11 - RETIREMENT PLAN

Employees of the College are covered under a defined contribution money-purchase retirement plan whereby the contributions are made directly to each individual participant's annuity accounts maintained by Teachers Insurance and Annuity Association - College Retirement Equities Fund. The cost of the plan is funded as accrued. Effective July 1, 2000, the College makes contributions equal to 10% of eligible employees' gross earnings. Employees become eligible after one year of service.

In August 2020, the College temporarily suspended the College-paid 10% retirement employer contribution to the Tax-Deferred Annuity (TDA) Retirement Program to address the financial impact of the COVID-19 pandemic. This suspension affected all employees who were currently active in the program. The College reinstated the College-paid contributions in the first pay cycle after May 31, 2021.

The College's contributions to the plan for the year ended June 30, 2022 amounted to $1,866,116.

NOTE 12 - 55TH STREET RESIDENCE HALL REFINANCING TRANSACTION

In September 2020, the College closed on a refinancing transaction for its 55th Street Residence Hall condominium unit (the "Unit") in order to (i) raise the capital necessary to retire the existing bonds issued by the Dormitory Authority of the State of New York (the DASNY), (ii) improve liquidity, and (iii) fund capital investment.

The College granted an interest in the Unit to a not-for-profit limited liability corporation (the "LLC"), of which a not-for-profit intermediary is the sole corporate member (the "NFP Intermediary") and entered into a triple net, 25-year ground lease of the Unit (the "Ground Lease"). The Ground Lease term is 25 years, with a 23-year extension option.

In lieu of the LLC making monthly rent payments, the College received a lump-sum prepayment of all rent due for the initial term of the Ground Lease upon execution of the Ground Lease of $45 million. The funds for this lump-sum payment came from an equity loan with recourse that was made by a lender to the LLC, which loan was secured by the College's credit and a mortgage upon the Unit. The College and the LLC are co-signors on the mortgage.

The NFP Intermediary subleased the Unit to the College for an initial term of 12.75 years (the "Operating Lease"), which Operating Lease contains options to extend the term for up to the duration of the term of the Ground Lease. The Operating Lease, like the Ground Lease, is a triple net lease, so that the College will continue to operate and control the Unit as if the NFP Intermediary were not a part of the structure. At the end of the initial 12.75 year term of the Operating Lease, the College will either (a) extend the term of the sublease, (b) pay off the loan encumbering the Unit, or (c) permit the NFP Intermediary to sublet the Unit to a third party with the College backstopping any rent shortfall.

Since the Ground Lease and the Operating Lease are part of the same transaction and commenced on the same date, they are treated as the same contract and, therefore, a lease and leaseback are not recognized for accounting purposes. The College recorded liabilities of $41,919,219, net of unamortized prepaid closing costs of $1,884,163 in fiscal year 2022.

The minimum annual payments are as follows:

Year Ending June 30:	Interest	Principal	Total Payments
2023	$ 2,539,048	$ 714,748	$ 3,253,796
2024	2,503,394	782,940	3,286,334
2025	2,464,162	855,035	3,319,197
2026	2,421,149	931,240	3,352,389
2027	2,374,139	1,011,774	3,385,913
Thereafter	28,585,343	39,507,645	68,092,988
Total payments	$ 40,887,235	43,803,382	$ 84,690,617
Less unamortized prepaid closing costs		(1,884,163)	
Total 55th Street Residence Hall refinance liabilities, net		$ 41,919,219	

Interest expense totaled $2,571,322 in fiscal year 2022.

NOTE 13 - ENDOWMENT FUNDS

The College is subject to the provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA) and has interpreted NYPMIFA as allowing the College to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as the College deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary.

The College classifies as endowment net assets (a) the original value of gifts restricted in perpetuity; (b) the original value of subsequent gifts to the endowment; and (c) accumulations of investment returns to the endowment made in accordance with the direction of the applicable donor gift instrument, where applicable. The remaining portion of the donor-restricted endowment fund is classified in net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by NYPMIFA. Such amounts recorded as net assets with donor restrictions are released from restriction when the College appropriates the amount for expenditure, the donor-stipulated purpose has been fulfilled, and/or the required time period has elapsed.

The College has no board-designated endowments. The following table represents changes in endowment funds for the year ended June 30, 2022:

	With Donor Restrictions
Endowment net assets at June 30, 2021	$ 30,927,734
Investment return, net	(4,576,072)
Contributions	333,472
Appropriation of endowment assets for expenditure/net assets released from restriction	(1,063,938)
Endowment net assets at June 30, 2022	$ 25,621,196

Funds with Deficiencies

From time to time, the fair value of assets associated with the individual donor-restricted endowments funds may fall below the level that the donor or NYPMIFA requires the College to retain as a fund for perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were 7 funds that were underwater at June 30, 2022 with an original gift value of approximately $1.7 million and a total deficiency of $162,108. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions.

Return Objectives and Risk Parameters

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to protect the original value of the gift. Under this policy, as approved by the board, the endowment assets are invested in a manner that is intended to produce results that match the price and yield results of a blended benchmark based on policy allocation; large cap equity compared to S&P 500 Index, small cap equity compared to Russell 2000 index, international equity compared to MSCI AC World ex US index, fixed income taxable compared to Barclays Aggregate Index, commodities compared to Bloomberg Commodity Index, absolute return compared to HFRI Fund of Funds Index, real estate compared to FTSE NAREIT Index, and U.S. Treasuries.

Spending Policy

The College has a spending policy that permits the use of total return at a rate (spending rate) of 5% of the prior 60-month average fair value investment balance of endowment funds unless otherwise explicitly stipulated by the donor.

NOTE 14 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following schedule reflects the financial assets as of June 30, 2022 and 2021, reduced by the amounts not available for general use within one year of the balance sheet date because of contractual or donor imposed restrictions.

Cash and cash equivalents	$ 16,661,710
Student receivables, due within one year	2,725,215
Contributions receivable, due in one year	2,587,406
Investments	42,597,332
	64,571,663
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Endowment return restricted for scholarships and programs	(5,601,388)
Restricted by donors in perpetuity (corpus)	(20,019,808)
Total amounts unavailable for general expenditures within one year	(25,621,196)
Add endowment spending	1,075,682
Total financial asset resources	40,026,149
Liquidity resources:	
Revolving line of credit facility	5,000,000
Total financial asset and liquidity resources available to management for general expenditures within one year	$ 45,026,149

The College considers all expenditures related to its ongoing mission-related activities except for plant assets funded by donor contributions as well as the conduct of services undertaken to support those activities to be general expenditures.

The College maintains a revolving line of credit of $5,000,000, secured by a $2,000,000 compensating balance, which it could draw upon to manage cash needs. As of June 30, 2022, there was no amounts outstanding on this line of credit. The line of credit expires on January 31, 2023. The College does not intend to utilize this line of credit in fiscal year 2023.

NOTE 15 - COVID-19

The College was awarded certain funding under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The College was awarded $8,829,718 in Higher Education Emergency Relief Fund ("HEERF") I, II & III grants to provide student emergency financial aid grants, and college aid to cover lost revenue for refunds to students for room, board and certain fees, as well as eligible expenses attributable to the effects of COVID-19. The College recognized both revenue and related expenses of $2,496,485 in HEERF grants for the student and institutional shares in the fiscal year ended 2022.

NOTE 16 - PAYCHECK PROTECTION PROGRAM

On May 8, 2020, the College received a refundable advance in the amount of $6,555,593 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the CARES Act, provides a cash advance to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business, subject to certain adjustments.

The PPP advance is payable over five years at an interest rate of 0.98% per annum, with a deferral of payments of interest and principal for the first ten months of the loan. Thereafter, principal and interest are payable in equal monthly installments through May 2025.

The advance and accrued interest are forgivable to the extent the proceeds are used for eligible purposes, which include payroll, benefits, rent and utilities incurred during either an eight week or 24-week period, at the borrower's election. The amount of forgiveness can be reduced if the borrower terminates employees or reduces compensation during the relevant measurement period.

Through June 30, 2022, the College has used substantially all of the proceeds for purposes consistent with the PPP.

The College received notice on September 8, 2021 from the Small Business Administration ("SBA") that the application for forgiveness was approved in the amount of $6,118,580. The College has elected to pay back the unforgiven portion of the loan of $437,013. The payback will be amortized over a five-year period and retroactive to when the original advance was disbursed to the College in May 2020. The College paid $83,477 in principal payments for the year ended June 30, 2022.

NOTE 17 - LEASES

Operating Leases

The College assesses contracts at inception to determine whether an arrangement includes a lease, which conveys the College's right to control the use of an identified asset for a period of time in exchange for consideration. The College leases certain space under non-cancellable lease agreements, for which the related ROU assets and liabilities have been recorded in the accompanying 2022 balance sheet. The leases expire on various dates through fiscal 2027 and are subject to escalation for real estate taxes and other building operating expenses. The College measures its lease assets and liabilities using the risk-free rate of return selected based on the term of the lease. The College considered the likelihood of exercising renewal or termination terms in measuring the ROU assets and liabilities. The College has included renewal periods in its assessment of lease terms when provided for in the lease. The College's lease payments are based on fixed payments. There are no variable or short-term leases. The leases contain no termination options or residual value guarantee.

Operating Lease - Cooper Square

The College's largest lease relates to its operating lease at Cooper Square. This lease relates to student housing, which it sublets to students with no commitments beyond one year. The rental revenues and expenses relating to these operating leases amounted to $3,075,371 and $3,984,846, respectively, in 2022, and are included in auxiliary enterprises in the accompanying statement of activities.

On December 13, 2012, the College entered into a ten-year student housing lease agreement with Cooper and 6th Property LLC for a new building at 35-39 Cooper Square in New York City (Cooper Square). In connection with the Cooper Square lease, the College provided on June 22, 2016 a $623,203 letter of credit (LOC) for a two-month rent deposit as required in the lease. The building contains 253 student beds and the College occupies the building for nine months each lease year (August through May, academic term).

The future minimum lease payments are as follows:

Year Ending June 30,	
2023	$ 4,078,280
2024	4,181,082
2025	4,021,851
	$ 12,281,213

Additionally, the College leases other equipment under operating leases. The future minimum lease payments, including those relating to the Cooper Square lease are as follows:

Fiscal Years June 30:	
2023	$ 4,365,680
2024	4,462,832
2025	4,208,817
2026	190,705
2027	15,918
Total lease obligations, gross	13,243,952
Less: amounts representing interest with rates ranging from 1.26% to 1.62%	309,068
Total operating lease liabilities	$ 12,934,884

Supplemental balance sheet information related to operating leases at June 30, 2022 is as follows:

ROU assets	$ 36,618,375
Less: accumulated amortization	24,473,517
	$ 12,144,858
Weighted-average remaining lease term	3 years
Weighted-average discount rate	1.53%

The components of operating lease cost for the year ended June 30, 2022 are as follows:

Rent expense	$ 4,093,014

Supplemental cash flow information related to operating leases for the year ended June 30, 2022 is as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 4,171,921

Finance Leases

These leases mainly consist of various equipment leases. Termination of the leases generally are prohibited unless there is a violation under the lease agreement. ROU assets and liabilities for finance leases are included within plant assets, net, and account payable and accrued expenses, respectively, on the accompanying balance sheet.

Fiscal Years June 30:		
2023	$	55,412
2024		16,475
2025		16,475
Total finance obligations, gross		88,361
Less: amounts representing interest with rates ranging from 1.37% to 2.78%		2,067
Total finance lease liabilities	$	86,294

Supplemental balance sheet information related to finance leases at June 30, 2022 is as follows:

ROU assets	$	298,916
Accumulated depreciation		245,831
	$	53,085

The components of finance lease cost for the year ended June 30, 2022 are as follows:

Finance lease cost		
Depreciation of ROU assets	$	27,964
Interest on lease liabilities		2,906
Total finance lease cost	$	30,870

Supplemental cash flow information related to finance leases for the year ended June 30, 2022 is as follows:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$	15,871
Financing cash flows from finance leases		51,258
	$	67,129

NOTE 18 - COMMITMENTS AND CONTINGENCIES

The College is subject to various litigation incidental to its business activities. Management and its counsel believe that pending litigation will not have a material adverse effect on the College's financial position, operations and cash flows.

NOTE 19 - RELATED PARTY TRANSACTIONS

The College has a written conflict of interest policy that requires, among other things, that no member of the Board can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each trustee is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the College does business with an entity in which the trustee has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring such transactions to be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and in the best interest of the College, and in accordance with relevant conflict of interest laws. The College had no material related party transactions during the year ended June 30, 2022.

NOTE 20 - SUBSEQUENT EVENTS

The College evaluated additional subsequent events after the balance sheet date of June 30, 2022 through December 7, 2022, which was the date the financial statements were issued, and has concluded that there are no other subsequent events required to be disclosed.