



**THE ROCKEFELLER UNIVERSITY**

Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

(With Independent Auditors' Report Thereon)



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

## **Independent Auditors' Report**

The Board of Trustees  
The Rockefeller University:

We have audited the accompanying financial statements of The Rockefeller University (the University), which comprise the balance sheet as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the 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 organization'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 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 financial statements referred to above present fairly, in all material respects, the financial position of The Rockefeller University as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.



### **Report on Summarized Comparative Information**

We have previously audited the University's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 4, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*KPMG LLP*

October 3, 2018

**THE ROCKEFELLER UNIVERSITY**

Balance Sheet

June 30, 2018

(with comparative financial information as of June 30, 2017)

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Cash and cash equivalents	\$ 69,796,336	77,711,517
Accounts and accrued interest receivable	10,331,171	10,350,060
Contributions receivable (note 8)	423,944,998	431,504,979
Loans receivable – faculty and staff	33,074,778	31,484,987
Other assets	34,926,168	34,984,789
Investments (notes 2 and 13)	2,205,065,691	2,077,568,535
Plant assets, net (note 6)	1,129,349,352	1,006,297,055
Total assets	\$ 3,906,488,494	3,669,901,922
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 73,094,969	63,537,783
Deferred revenues	3,636,226	4,696,696
Obligation under derivative instruments (notes 5 and 13)	117,634,713	147,057,123
Obligation under lines of credit (note 4)	36,242,943	—
Long-term debt (note 5)	734,782,645	734,263,325
Conditional asset retirement obligation	8,675,777	8,886,088
Postretirement benefit obligation (note 7)	67,087,000	65,800,000
Amounts held for others (notes 12 and 13)	117,196,179	110,754,459
Total liabilities	1,158,350,452	1,134,995,474
Commitments and contingencies (notes 2 and 11)		
Net assets (note 3):		
Unrestricted	542,748,655	465,356,884
Temporarily restricted (note 9)	1,871,794,949	1,744,249,177
Permanently restricted (note 9)	333,594,438	325,300,387
Total net assets	2,748,138,042	2,534,906,448
Total liabilities and net assets	\$ 3,906,488,494	3,669,901,922

See accompanying notes to financial statements.

**THE ROCKEFELLER UNIVERSITY**

Statement of Activities

Year ended June 30, 2018

(with comparative financial information for the year ended June 30, 2017)

	2018			Total	2017 Total
	Unrestricted	Temporarily restricted	Permanently restricted		
Revenues:					
Government grants and contracts	\$ 87,231,396	—	—	87,231,396	87,076,735
Private gifts and grants	23,360,506	180,167,792	7,908,307	211,436,605	119,921,637
Investment income (note 2)	43,324,617	166,138,562	385,744	209,848,923	225,965,215
Net appreciation in fair value of derivative instruments (note 5)	29,422,410	—	—	29,422,410	45,836,182
Sales and services of auxiliary enterprises	34,861,372	—	—	34,861,372	33,535,170
Rent, royalty, and other income	21,895,688	—	—	21,895,688	26,229,271
Net assets released from restrictions (note 9)	218,760,582	(218,760,582)	—	—	—
<b>Total revenues</b>	<b>458,856,571</b>	<b>127,545,772</b>	<b>8,294,051</b>	<b>594,696,394</b>	<b>538,564,210</b>
Expenses and other changes:					
Expenses (note 10):					
Research	251,520,824	—	—	251,520,824	246,425,041
Graduate education	15,272,390	—	—	15,272,390	13,598,096
Research support	36,829,954	—	—	36,829,954	36,220,077
Institutional support	44,293,362	—	—	44,293,362	41,698,885
Auxiliary enterprises	35,652,270	—	—	35,652,270	35,101,821
<b>Total expenses</b>	<b>383,568,800</b>	<b>—</b>	<b>—</b>	<b>383,568,800</b>	<b>373,043,920</b>
Other changes:					
Postretirement related changes other than net periodic postretirement benefit cost (note 7)	(2,104,000)	—	—	(2,104,000)	(6,548,000)
<b>Net expenses and other changes</b>	<b>381,464,800</b>	<b>—</b>	<b>—</b>	<b>381,464,800</b>	<b>366,495,920</b>
<b>Change in net assets</b>	<b>77,391,771</b>	<b>127,545,772</b>	<b>8,294,051</b>	<b>213,231,594</b>	<b>172,068,290</b>
Net assets at beginning of year	465,356,884	1,744,249,177	325,300,387	2,534,906,448	2,362,838,158
<b>Net assets at end of year</b>	<b>\$ 542,748,655</b>	<b>1,871,794,949</b>	<b>333,594,438</b>	<b>2,748,138,042</b>	<b>2,534,906,448</b>

See accompanying notes to financial statements.

**THE ROCKEFELLER UNIVERSITY**

Statement of Cash Flows

Year ended June 30, 2018

(with comparative financial information for the year ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 213,231,594	172,068,290
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net appreciation in fair value of investments	(207,959,922)	(225,514,758)
Net appreciation in fair value of derivative instruments	(29,422,410)	(45,836,182)
Net appreciation in fair value of deposits held by trustees	—	(2,565)
Donated equipment	(95,350)	(469,991)
Depreciation and amortization	42,725,858	42,563,898
Write-off of unamortized bond issuance costs	952,340	—
Private gifts and grants restricted for long-term investment	(7,908,307)	(5,810,891)
Contributions for capital	(31,294,380)	(33,220,391)
Changes in operating assets and liabilities:		
Accounts and accrued interest receivable	18,889	(2,858,385)
Contributions receivable, excluding amounts in financing activities	(17,709,499)	17,926,107
Other assets	58,621	(3,657,999)
Accounts payable and accrued expenses	6,067,669	3,314,492
Deferred revenues	(1,060,470)	(306,073)
Conditional asset retirement obligation	(210,311)	237,453
Postretirement benefit obligation	1,287,000	(2,790,000)
Amounts held for others	<u>(5,810,968)</u>	<u>(6,355,606)</u>
Net cash used in operating activities	<u>(37,129,646)</u>	<u>(90,712,601)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	384,922,740	751,773,109
Purchase of investments	(292,207,286)	(532,451,469)
Additions to plant assets	(166,115,825)	(181,788,050)
Change in accounts payable for capital expenditures	3,489,517	3,307,943
Principal collections on loans receivable – faculty and staff	4,964,390	4,000,791
Issuance of loans – faculty and staff	(6,554,181)	(2,848,217)
Change in deposits held by bond trustees, net	—	13,251,410
Net cash (used in) provided by investing activities	<u>(71,500,645)</u>	<u>55,245,517</u>
Cash flows from financing activities:		
Proceeds from private gifts and grants restricted for long-term investment	24,492,167	6,779,012
Proceeds from private gifts restricted for capital	39,980,000	30,200,000
Proceeds from issuance of long term debt	100,445,000	—
Proceeds from lines of credit	36,242,943	—
Retirement of indebtedness	(100,000,000)	—
Bond issuance costs	<u>(445,000)</u>	<u>—</u>
Net cash provided by financing activities	<u>100,715,110</u>	<u>36,979,012</u>
Net (decrease) increase in cash and cash equivalents	(7,915,181)	1,511,928
Cash and cash equivalents at beginning of year	<u>77,711,517</u>	<u>76,199,589</u>
Cash and cash equivalents at end of year	\$ <u>69,796,336</u>	\$ <u>77,711,517</u>
Supplemental disclosures:		
Interest paid	\$ 32,531,551	31,789,346
Net appreciation in amounts held for others	12,252,688	13,122,418

See accompanying notes to financial statements.

# THE ROCKEFELLER UNIVERSITY

## Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

### (1) Discussion of Operations and Summary of Significant Accounting Policies

The Rockefeller University (the University) is a world-renowned center for research and graduate education in the biomedical sciences, chemistry, bioinformatics, and physics. The University's 82 laboratories conduct both clinical and basic research and study a diverse range of biological and biomedical problems with the mission of improving the understanding of life for the benefit of humanity. Laboratories are loosely clustered in nine research areas covering a wide spectrum of disciplines in the life sciences, including neuroscience, immunology, genetics, structural biology, and bioinformatics. The University does not charge tuition. Its revenues are derived primarily from investment income, government grants and contracts, and private gifts and grants.

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

#### (a) Basis of Presentation

The University prepares its financial statements on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board for external reporting by not-for-profit organizations. Those standards require the classification of net assets and changes therein in one of three classes of net assets as follows:

*Unrestricted net assets* are not subject to donor-imposed restrictions, but may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties.

*Temporarily restricted net assets* are subject to donor-imposed restrictions that will be met by actions of the University or the passage of time and includes unexpended gains on endowment funds that have not been appropriated for expenditure.

*Permanently restricted net assets* are subject to donor-imposed restrictions that they be maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income and gains on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. As discussed further in note 3, the University follows the provisions of Accounting Standards Codification (ASC) 958, Section 205-45, *Classification of Donor-Restricted Endowment Funds Subject to the Uniform Prudent Management of Institutional Funds Act*, which impacts the reporting of investment return on endowment funds. Accordingly, dividends, interest, and net gains and losses on endowment funds are reported as follows (i) as increases or decreases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund; or (ii) as increases or decreases in temporarily restricted net assets until appropriated for expenditure by the University.

Expirations of temporary restrictions on net assets, that is, the donor-imposed restricted purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions.

# THE ROCKEFELLER UNIVERSITY

## Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

### **(b) Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted or published prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted or published prices (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted or published prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

Level 3 inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

### **(c) Cash Equivalents**

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

### **(d) Contributions**

Contributions, including unconditional promises to give, are reported as revenues in the period received. Contributions to be received after one year are discounted to reflect the present value of future cash flows at a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

Contributions of property, plant, and equipment without donor stipulation concerning the use of such long-lived assets are reported as revenues of the unrestricted net assets class. Contributions of cash or other assets to be used to acquire property, plant, and equipment are reported as revenues of the temporarily restricted net assets class; the restrictions are considered to be released at the time such long-lived assets are placed into service.

## THE ROCKEFELLER UNIVERSITY

### Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

#### **(e) Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon quoted or published market values. Investments in partnerships, as a practical expedient, are reflected at net asset value as reported by the general partners, and may differ from the values that would have been reported had a ready market for these securities existed. The University reviews and evaluates the values provided by the general partners and agrees with the valuation methods and assumptions used in determining the fair value of the limited partnerships.

#### **(f) Plant Assets**

Plant assets are stated at cost or at fair value at date of donation in the case of gifts. Depreciation of buildings and building improvements is recorded over estimated useful lives ranging from 15 to 50 years. Equipment is depreciated over estimated useful lives ranging from 5 to 10 years. Leasehold improvements are amortized over the life of the asset or term of the lease, whichever is shorter. Library books are depreciated over estimated useful lives of 15 years.

#### **(g) Government Grants and Contracts**

Revenue from government grants and contracts is generally recognized as earned, that is, as the related costs are incurred under the grant or contract agreements. Amounts expended in excess of reimbursements are reported as accounts receivable.

#### **(h) Derivative Instruments**

The University accounts for derivative instruments at fair value. The fair value of the derivatives held is based upon values provided by third-party financial institutions and is assessed by management for reasonableness. The fair values of the University's interest rate swaps were calculated as of June 30, 2018 using industry-recognized methodologies. The valuations are based on the present value of the difference between the fixed rate paid by the University and the mid-market fixed rate the University would pay on a similar transaction if it were entered into on June 30, 2018.

#### **(i) Conditional Asset Retirement Obligation**

Upon acquisition, and when reasonably estimable, the University recognizes the fair value of the liability related to the legal obligation to perform asset retirement activity on tangible long-lived assets.

#### **(j) Income Taxes**

The University is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The University follows the guidance of ASC 740-10, *Income Taxes – Overall*, which addresses accounting for uncertainties in income taxes recognized in an enterprise's financial statements. The University utilizes a threshold of more-likely than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

**(k) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Significant estimates made in the preparation of these financial statements include the valuation of investments, estimated net realizable value of receivables, the obligation under derivative instruments, and the postretirement benefit obligation. Actual results could differ from those estimates.

**(l) Comparative Financial Information**

The statement of activities is presented with prior year financial information in total, which does not include net asset class detail. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the University's 2017 financial statements, from which the summarized information was derived.

**(2) Investments**

The fair value of the University's investments consists of the following at June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Cash equivalents	\$ 136,142,563	67,717,051
Investment receivable	—	44,553,602
U.S. government and agency obligations	31,371,079	55,063,803
U.S. long equities	335,319,670	220,091,466
International/global equities	235,770,079	327,866,236
Real assets	17,107,235	18,487,711
Alternative investments – public:		
Long/short equities	265,631,984	238,226,619
Absolute return	356,576,507	337,889,267
Real assets	43,910,281	53,522,434
Alternative investments – private:		
Buyout funds	227,838,895	211,450,039
Venture capital funds	237,327,824	213,312,473
Real estate funds	65,165,205	69,202,835
Natural resources and other	252,904,369	220,184,999
	\$ 2,205,065,691	2,077,568,535

Investments include limited partnerships totaling approximately \$1.955 billion and \$1.827 billion at June 30, 2018 and 2017, respectively, which are presented above by the underlying investment classification.

Alternative investments – public investments include interests in limited partnerships that invest principally in public equities and corporate bonds and may employ both long and short strategies.

## THE ROCKEFELLER UNIVERSITY

### Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

Alternative investments – private investments include interests in limited partnerships that invest principally in buyout funds, venture capital, real estate funds, and natural resources. These interests generally have very limited liquidity.

A description of the various categories follows:

Long/short equities represent investments in funds that invest predominantly in liquid publicly traded marketable securities, primarily equities. These funds are able to hold both long and short positions and utilize leverage. These funds attempt to generate higher returns with lower volatility than their long-only counterparts and demonstrate moderate equity market correlation.

Absolute return represents investments in funds that pursue strategies that do not demonstrate a sustained correlation to public equity markets such as distressed debt and credit strategies, market neutral strategies, macro strategies, event driven and merger arbitrage strategies, and deep value investing.

Real assets represent investments in funds whose assets attempt to retain their value in inflationary environments and include investments in real estate, commodities, and natural resources, and inflation-linked bonds.

Buyout funds represent investments in funds that take negotiated, frequently controlling ownership stakes in companies in the United States and internationally.

Venture capital funds represent investments in companies that are newly formed and which require substantial initial capital.

Real estate funds represent investments in a broad range of commercial and residential real estate properties.

Natural resources and other represent investments in partnerships that invest in a broad range of natural resources, including oil and gas, timber, metals and mining, and power. The other category generally represents private partnerships in credit, royalty, or other nonequity investments.

At June 30, 2018, the University had approximately \$330 million for which capital calls had not been exercised pertaining to alternative investments – private. Such commitments generally have fixed expiration dates or other termination clauses. The University maintains sufficient liquidity to cover such calls. 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 that such changes could materially affect the amounts reported in the balance sheet.

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

Investment income consists of the following as of June 30:

	2018			Total	2017 Total
	Unrestricted	Temporarily restricted	Permanently restricted		
Interest and dividends	\$ 1,018,212	870,789	—	1,889,001	447,892
Net appreciation in fair value of investments	42,306,405	165,267,773	385,744	207,959,922	225,517,323
Total	<u>\$ 43,324,617</u>	<u>166,138,562</u>	<u>385,744</u>	<u>209,848,923</u>	<u>225,965,215</u>

**(3) Endowment Funds**

The primary role of the endowment is to advance the research mission of the University through support of the annual operating budget. The University's endowment consists of both donor-restricted endowment funds and funds designated by the University for long-term purposes and is subject to the provision of the *New York Prudent Management of Institutional Funds Act* (NYPMIFA). The University has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as is 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 endowment's assets are invested in marketable securities, including U.S. and global equities and fixed income securities, and partnerships, including long/short equities, absolute return, venture capital, buyout funds, and real assets. The assets are primarily invested by external investment managers through separate accounts or through commingled vehicles, including funds, trusts, and limited partnerships.

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

The Investment Committee of the University's Board of Trustees (the Committee) is responsible for overseeing the endowment. With the support of the Office of Investments, the Committee establishes the endowment's investment policy and asset allocation, retains and oversees external investment managers, and monitors the implementation and performance of the investment program. The Committee has established a long-term asset allocation policy, which is designed to earn superior investment returns while reducing the risk of permanent impairment of capital. The policy emphasizes (1) a substantial allocation to equity investments; (2) broad diversification of asset class, style, and manager; (3) low correlation to traditional equity market indices; (4) low volatility strategies; and (5) less efficient asset classes. The asset allocation policy is reviewed annually by the Committee. Actual asset allocation is reviewed quarterly by the Committee, which may tactically overweight or underweight a particular asset class.

At June 30, 2018, the fair values of 2 endowment accounts were less than their original fair value (underwater) by a total of approximately \$199,000. At June 30, 2017, the fair values of 3 endowment accounts were less than their original fair value (underwater) by a total of approximately \$522,000.

The University operates under a modified inflation-based spending formula for operations. This formula consists of 70% of the allowable spending in the prior fiscal year, increased by the rate of inflation (Higher Education Price Index (HEPI)) and 30% of the current year spend rate applied to a 12 quarter average market value. The applied spending rate was 5.5% and 5.6% as of June 30, 2018 and 2017, respectively. The spending rate appropriation from the temporarily restricted portion of the unrestricted endowment for the year ended June 30, 2018 was \$75,327,457.

At June 30, 2018 and 2017, net assets associated with endowment funds consisted of the following:

		<b>2018</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Donor restricted	\$	(199,203)	1,309,515,193	312,010,385	1,621,326,375
Designated for long-term purposes		424,672,169	—	—	424,672,169
Total	\$	<u>424,472,966</u>	<u>1,309,515,193</u>	<u>312,010,385</u>	<u>2,045,998,544</u>
		<b>2017</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Donor restricted	\$	(522,097)	1,224,558,516	287,132,474	1,511,168,893
Designated for long-term purposes		401,836,570	—	—	401,836,570
Total	\$	<u>401,314,473</u>	<u>1,224,558,516</u>	<u>287,132,474</u>	<u>1,913,005,463</u>

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

Changes in net assets associated with endowment funds, exclusive of pledges and nonpooled endowments principally in trusts, for the years ended June 30, 2018 and 2017 were as follows:

	<b>2018</b>			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Net assets at June 30, 2017	\$ 401,314,473	1,224,558,516	287,132,474	1,913,005,463
Contributions	—	—	24,492,167	24,492,167
Interest and dividends	166,236	924,243	—	1,090,479
Realized gains	23,468,495	93,220,297	—	116,688,792
Unrealized gains	18,429,002	71,935,807	385,744	90,750,553
Transfers, net	—	853,810	—	853,810
	<u>443,378,206</u>	<u>1,391,492,673</u>	<u>312,010,385</u>	<u>2,146,881,264</u>
Total before spending rate				
Endowment spending rate:				
Unrestricted	(18,905,240)	(75,327,457)	—	(94,232,697)
Restricted	—	(6,650,023)	—	(6,650,023)
	<u>(18,905,240)</u>	<u>(81,977,480)</u>	<u>—</u>	<u>(100,882,720)</u>
Total endowment spending rate				
Net assets at June 30, 2018	\$ <u>424,472,966</u>	<u>1,309,515,193</u>	<u>312,010,385</u>	<u>2,045,998,544</u>

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

	<b>2017</b>			
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Net assets at June 30, 2016	\$ 374,349,450	1,125,310,566	266,814,979	1,766,474,995
Contributions	—	—	6,779,012	6,779,012
Interest and dividends	(157,533)	(317,824)	—	(475,357)
Realized gains	9,550,517	37,593,451	—	47,143,968
Unrealized gains	36,763,847	141,975,341	424,678	179,163,866
Transfers, net	—	499,230	13,113,805	13,613,035
Total before spending rate	<u>420,506,281</u>	<u>1,305,060,764</u>	<u>287,132,474</u>	<u>2,012,699,519</u>
Endowment spending rate:				
Unrestricted	(19,191,808)	(75,027,995)	—	(94,219,803)
Restricted	—	(5,474,253)	—	(5,474,253)
Total endowment spending rate	<u>(19,191,808)</u>	<u>(80,502,248)</u>	<u>—</u>	<u>(99,694,056)</u>
Net assets at June 30, 2017	<u>\$ 401,314,473</u>	<u>1,224,558,516</u>	<u>287,132,474</u>	<u>1,913,005,463</u>

**(4) Obligation under Lines of Credit**

On October 1, 2013, the University entered into a revolving credit agreement with a financial institution. This agreement consists of a \$150 million committed facility, expiring on February 28, 2019, to be used for general institutional purposes. The facility borrowings may occur at the London Interbank Offered Rate (LIBOR) plus 0.50%, money market rate plus 0.50%, or a Corporate Base Rate. The commitment fee on the facility is 0.10% of the undrawn balance. There was \$28,172,948 and \$0 outstanding as of June 30, 2018 and 2017, respectively.

On December 23, 2016, the University entered into a revolving credit agreement with a financial institution. This agreement consists of a \$100 million committed facility, expiring on December 23, 2019, to be used for general institutional purposes. The facility borrowings may occur at LIBOR plus 0.45% or a prime based rate. The commitment fee on the facility is 0.10% of the undrawn balance. There was \$8,069,995 and \$0 outstanding as of June 30, 2018 and 2017, respectively.

Fees relating to the obligation under the line of credit for the years ended June 30, 2018 and 2017 were approximately \$238,000 and \$206,000, respectively.

The obligation under Lines of Credit were both paid off in full subsequent to year-end.

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

**(5) Long-Term Debt**

The University has financed certain plant asset acquisition and construction costs through revenue obligations of the Dormitory Authority of the State of New York (the Authority) and other sources. The following obligations were outstanding at June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
The Rockefeller University Revenue Bonds, Series 2017A, variable rate, partially hedged by interest rate swap, due 2052 (effective rate 3.66% as of June 30, 2018)	\$ 100,445,000	—
Note Payable, direct placement 3.77%, due serially to 2045	25,000,000	25,000,000
The Rockefeller University Revenue Bonds, Series 2015A, variable rate, partially hedged by interest rate swap, due 2045 (effective rate 4.50% and 4.59% as of June 30, 2018 and 2017, respectively)	119,190,000	119,190,000
The Rockefeller University Revenue Bonds, Series 2015B, variable rate, partially hedged by interest rate swap, due 2025 (effective rate 1.99% and 1.45% as of June 30, 2018 and 2017, respectively)	44,000,000	44,000,000
The Rockefeller University Revenue Bonds, Series 2012B, 4.00% to 5.00%, due serially to 2038	51,390,000	51,390,000
The Rockefeller University Revenue Bonds, Series 2012A, 4.00% to 5.00%, due serially to 2037	26,465,000	26,465,000
The Rockefeller University Revenue Bonds, Series 2010A, 5.00%, due serially to 2041	50,000,000	50,000,000
The Rockefeller University Revenue Bonds, Series 2009C, 5.00%, due serially to 2040	100,000,000	100,000,000
The Rockefeller University Revenue Bonds, Series 2009B, variable rate, hedged by interest rate swap, due 2040 (effective rate 3.59% as of June 30, 2017),	—	100,000,000
The Rockefeller University Revenue Bonds, Series 2009A, 4.50% to 5.00%, due serially to 2028	59,295,000	59,295,000
The Rockefeller University Revenue Bonds, Series 2008A, variable rate, partially hedged by interest rate swap, due 2039 (effective rate 3.96% and 3.92% as of June 30, 2018 and 2017, respectively)	103,215,000	103,215,000
The Rockefeller University Revenue Bonds, Series 2002A2, variable rate, partially hedged by interest rate swap, due 2032 (effective rate 4.17% and 4.53% as of June 30, 2018 and 2017, respectively)	50,000,000	50,000,000
	729,000,000	728,555,000
Unamortized bond premium	11,269,568	12,010,917
Unamortized bond issuance costs	(5,486,923)	(6,302,592)
	\$ 734,782,645	734,263,325

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

The Series 2012A, 2012B, 2010A, 2009A, and 2009C bonds were issued at a premium, which are being amortized over the lives of the bonds.

As of June 30, 2018, the University's projected debt service payments on its long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
Year ending June 30:			
2019	\$ 5,115,000	31,151,400	36,266,400
2020	5,375,000	30,975,849	36,350,849
2021	5,645,000	30,775,841	36,420,841
2022	5,305,000	30,539,419	35,844,419
2023	5,575,000	30,312,359	35,887,359
Thereafter	<u>701,985,000</u>	<u>508,694,420</u>	<u>1,210,679,420</u>
	<u>\$ 729,000,000</u>	<u>662,449,288</u>	<u>1,391,449,288</u>

Interest expense on long-term debt for the years ended June 30, 2018 and 2017 was approximately \$26,695,000 and \$26,406,000, respectively; approximately \$5,837,000 and \$5,383,000 was capitalized for the years ended June 30, 2018 and 2017, respectively.

On April 10, 2015, the University entered into a note purchase agreement with a major insurance company for \$25 million, with principal due April 10, 2045.

The Series 2015A bonds bear interest at a variable rate and were directly placed with a financial institution for an initial 10 year period through a bond purchase and placement agreement. The 2015B bonds bear interest at a variable rate and were directly placed with a financial institution through a bond purchase and placement agreement.

The Series 2002A2 bonds, the Series 2008A bonds, and the Series 2009B bonds bear interest at variable rates and are subject to optional and mandatory tender. The University has entered into agreements with remarketing agents pursuant to which the remarketing agents are obligated to use their best efforts to remarket any bonds so tendered. The University is obligated to purchase any bonds that are tendered but not remarketed. In connection with the Series 2002A2, 2008A, and 2009B bonds, the University arranged for a standby purchase agreement to be provided by a bank, pursuant to which the bank will purchase any bonds that are tendered and not remarketed.

On August 3, 2017, the Series 2009B bonds were refunded through proceeds from the 2017A bonds. The 2017A bonds were issued in the amount of \$100,445,000. The 2017A bonds bear interest at a variable rate and were directly placed with a financial institution for an initial 10 year period through a bond purchase and placement agreement.

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

*Interest Rate Swap Agreements*

The University has entered into five interest rate swap agreements. The following schedule presents the notional principal amounts of the swaps and other related information as of June 30, 2018:

<u>Effective date</u>	<u>Notional amount</u>	<u>Termination date</u>
January 31, 2002	\$ 50,000,000	2032
May 2, 2005	50,000,000	2032
July 1, 2008	100,000,000	2039
July 1, 2009	100,000,000	2040
July 1, 2010	75,000,000	2040

The swaps are a partial hedge of the Series 2002A2, 2008A, 2015A, 2015B, and 2017A bond issues. Under the terms of the agreements, the University pays interest at predetermined fixed rates and receives variable rates. Included in obligation under derivative instruments in the balance sheet is the net cumulative loss on these derivative transactions in the amounts of \$117,634,713 and \$147,057,123 at June 30, 2018 and 2017, respectively. Additionally, the change in the cumulative loss is included in net appreciation in fair value of derivative instruments in the accompanying statement of activities, and amounted to \$29,422,410 and \$45,836,182 for the years ended June 30, 2018 and 2017, respectively.

**(6) Plant Assets**

Plant assets at June 30, 2018 and 2017 comprise the following:

	<u>2018</u>	<u>2017</u>
Land and land improvements	\$ 22,991,999	22,991,999
Buildings and building improvements	1,154,579,743	1,140,081,915
Equipment	94,728,705	97,374,669
Leasehold improvements	424,726	424,726
Library books	755,237	755,237
Works of art	877,839	877,839
Total	<u>1,274,358,249</u>	<u>1,262,506,385</u>
Less accumulated depreciation and amortization	(608,255,046)	(571,640,727)
Construction in progress	463,246,149	315,431,397
	<u>\$ 1,129,349,352</u>	<u>1,006,297,055</u>

The University commenced a construction project to build a two story research tower over the FDR Drive in New York City. The estimated cost of the River Campus project is \$525 million. The University has commitments in the amount of \$62 million as of June 30, 2018 related to its capital expansion project.

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

**(7) Retirement Benefits**

The University has defined contribution retirement plans covering substantially all academic and nonacademic personnel. The plans are fully funded by the purchase of annuity contracts. Pension costs amounted to approximately \$10,970,000 and \$10,559,000 for the years ended June 30, 2018 and 2017, respectively.

In addition to providing pension benefits, the University provides certain healthcare and life insurance benefits for retired faculty and administrative employees who meet certain age and length-of-service requirements upon retirement. The University recognizes the funded status (i.e., the difference between the fair value of plan assets and projected benefit obligations) of its benefit plan as an asset or liability in its balance sheet and recognizes changes in that funded status in the year in which the changes occur through changes in unrestricted net assets.

The following table sets forth the postretirement benefit plan's funded status and amounts recognized in the University's financial statements as of and for the years ended June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 91,243,000	90,956,000
Service cost	3,833,000	3,667,000
Interest cost	3,934,000	3,614,000
Plan participants' contributions	449,000	403,000
Retiree drug subsidy receipts	120,000	156,000
Actuarial loss	(2,549,000)	(4,369,000)
Benefits paid	(3,161,000)	(3,184,000)
Benefit obligation at end of year	93,869,000	91,243,000
Change in plan assets:		
Fair value of plan assets at beginning of year	25,443,000	22,366,000
Actual return on plan assets	1,339,000	3,077,000
Employer contribution	2,592,000	2,625,000
Plan participants' contributions	449,000	403,000
Retiree drug subsidy receipts	120,000	156,000
Benefits paid	(3,161,000)	(3,184,000)
Fair value of plan assets at end of year (Level 1 inputs)	26,782,000	25,443,000
Accrued postretirement benefit obligation (APBO)	\$ 67,087,000	65,800,000

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

The components of net periodic postretirement benefit cost for the years ended June 30 are as follows:

	<u>2018</u>	<u>2017</u>
Service cost	\$ 3,833,000	3,667,000
Interest cost	3,934,000	3,614,000
Expected return on plan assets	(1,784,000)	(1,568,000)
Amortization:		
Prior service cost	—	644,000
Net gains	—	26,000
	<u>5,983,000</u>	<u>6,383,000</u>
Net periodic postretirement benefit cost	\$ <u>5,983,000</u>	<u>6,383,000</u>

No amounts will be amortized into net periodic postretirement benefit cost in 2018.

As of June 30, 2018, the postretirement benefit obligation includes net actuarial losses of \$3,577,000. As of June 30, 2017, the postretirement benefit obligation includes net actuarial losses of \$5,681,000.

Weighted average assumptions used to calculate the benefits obligation and to determine net periodic pension cost as of and for the years ended June 30 are as follows:

	<u>2018</u>	<u>2017</u>
Discount rate for benefit obligation	4.479%	4.285%
Discount rate for net periodic postretirement cost	4.285	4.135
Expected return on plan assets	7.01	7.01

For measurement purposes, an annual rate of 6.2% of increase in the per capita cost of covered healthcare and prescription drug benefits was assumed as of June 30, 2018. The rate was assumed to decrease to an ultimate rate of 4.5% in 2037 and remain at that level thereafter. Assumed healthcare cost trends have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	<u>1-percentage- point increase</u>	<u>1-percentage- point decrease</u>
Effect on total of service and interest cost components	\$ 2,008,000	(1,503,000)
Effect on year-end APBO	18,774,000	(14,640,000)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

The asset allocation of the postretirement benefit plan as of June 30 was:

	<u>2018</u>	<u>2018 Target</u>	<u>2017</u>	<u>2017 Target</u>
Asset Category:				
Equities	79%	75%	77%	75%
Fixed income	21	25	23	25
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The fair value of plan assets as of June 30, 2018 and 2017 includes equity mutual funds of approximately \$21.1 million and \$19.7 million, respectively, and fixed income mutual funds of approximately \$5.7 million, respectively.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 is reflected assuming that the University will continue to provide a prescription drug benefit to plan participants that is at least actuarially equivalent to Medicare Part D. The University received the federal subsidy until 2018. The amounts do not reflect the effects, if any, of the Patient Protection and Affordable Care Act and Health Care and Reconciliation Act that were enacted in March 2010.

The benefits expected to be paid in each fiscal year from 2019 to 2023 and the five subsequent years thereafter are as follows:

	<b>Payments not reflecting medicare subsidy</b>	<b>Medicare subsidy</b>	<b>Benefits reflecting medicare subsidy</b>
2019	\$ 2,925,000	184,000	2,741,000
2020	3,155,000	190,000	2,965,000
2021	3,394,000	195,000	3,199,000
2022	3,625,000	198,000	3,427,000
2023	3,804,000	203,000	3,601,000
2024–2028	22,504,000	1,064,000	21,440,000

The expected benefits to be paid are based on the same assumptions used to measure the University's benefit obligation at June 30, 2018.

Employer contributions of approximately \$2.7 million are expected to be made in 2019.

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

**(8) Contributions Receivable**

Contributions receivable consist of the following at June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Amounts expected to be collected in:		
Less than one year	\$ 207,764,442	137,440,756
One year to five years	163,631,914	229,314,537
Thereafter	86,360,000	110,630,000
	457,756,356	477,385,293
Less allowance	(2,500,000)	(2,500,000)
Less discount to present value at a 5% rate at June 30, 2018 and 2017	(31,311,358)	(43,380,314)
	\$ 423,944,998	431,504,979

Included in gross contributions receivable at June 30, 2018 and 2017 is approximately \$226 million and \$278 million, respectively, due from three donors.

**(9) Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets consist of the following at June 30, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Restricted as to purpose:		
Research	\$ 379,301,872	324,222,523
Research support	35,209,596	26,664,776
Renovation of facilities	315,898,603	284,703,798
Graduate education	2,777,731	3,015,736
Restricted as to time:		
For subsequent years	1,138,537,147	1,105,572,344
Annuity trust agreements	70,000	70,000
	\$ 1,871,794,949	1,744,249,177

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

Permanently restricted net assets at June 30, 2018 and 2017 are restricted to investments in perpetuity, with investment return available to support the following activities:

	<u>2018</u>	<u>2017</u>
Research	\$ 115,985,397	108,628,991
Research support	23,421,978	24,703,306
Unrestricted activities	<u>194,187,063</u>	<u>191,968,090</u>
	<u>\$ 333,594,438</u>	<u>325,300,387</u>

Net assets released from restrictions as of June 30, 2018 consisted of the following:

Spending on restricted funds	\$ 97,241,102
Unrestricted pledge payments	39,542,000
Endowment spending rate:	
Unrestricted appropriation	75,327,457
Restricted spending	<u>6,650,023</u>
Total	<u>\$ 218,760,582</u>

**(10) Expenses**

Expenses are reported in the statement of activities in categories recommended by the National Association of College and University Business Officers. The University's primary program services are research and graduate education. Expenses reported as research support and auxiliary enterprises are incurred in support of these primary program services. Accordingly, total program services expenses approximated \$339,275,000 and \$331,345,000 in 2018 and 2017, respectively. Institutional support includes approximately \$7,822,000 and \$7,987,000 of fund-raising expenses in 2018 and 2017, respectively.

**(11) Contingent Liabilities**

The University is a defendant in various lawsuits. Management of the University does not expect the ultimate resolution of these actions to have a significant effect on the University's financial position.

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

## THE ROCKEFELLER UNIVERSITY

### Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

#### (12) Affiliated Entities

##### *The Rockefeller Archive Center*

The Rockefeller Archive Center (RAC) was a division of the University. On June 20, 2006, RAC was formed as a separate legal entity with a board of trustees separate and distinct from the University's board of trustees. The University's President participates in RAC's board of trustees.

The University has entered into an agreement whereby it is providing investment services to RAC. Amounts held for others represent the fair value of RAC's units in the University's endowment pool. RAC, upon written notice to the University, may submit a request to redeem all or a portion of the units held by RAC. Each redemption request shall be no less than \$2 million. After receiving the redemption request, the University shall notify RAC of the portion, if any, of the redemption request that is accepted and the manner and timing of payment of the redemption amounts. Pursuant to the terms of the investment services agreement, RAC has no beneficial interest or rights with respect to the University's underlying investments.

##### *Tri-Institutional Therapeutics Discovery Institute*

Tri-Institutional Therapeutics Discovery Institute (TDI) is a nonprofit corporation formed in 2013 to further and improve health and the diagnosis, prevention and treatment of disease through furthering and improving translational research. TDI is controlled and governed by the University and two other leading not-for-profit academic, medical and research institutions. The University's president and one additional University faculty member participate on TDI's board of directors. The University provides accounting and tax services to TDI on a pro-bono basis.

The collaboration agreement among TDI and the Tri-Institutional members states that each Tri-Institutional member will contribute at least \$1.3 million annually (calendar year basis) in support of TDI's activity. In 2018 and 2017, the University provided funding of \$1,750,000 and \$3,167,000, respectively, to TDI.

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

**(13) Fair Value**

The University's assets and liabilities at June 30, 2018 that are reported at fair value are summarized within the fair value hierarchy as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Investments reported at fair value:				
Cash equivalents	\$ 136,142,563	136,142,563	—	—
U.S. government and agency obligations	31,371,079	31,371,079	—	—
U.S. long equities	58,812,386	58,812,386	—	—
International/global equities	7,023,514	7,023,514	—	—
Real assets	<u>17,107,235</u>	<u>17,107,235</u>	<u>—</u>	<u>—</u>
	<u>250,456,777</u>	\$ <u>250,456,777</u>	<u>—</u>	<u>—</u>
Investments reported at net asset value:				
Public:				
U.S. long equities	276,507,284			
International/global equities	228,746,565			
Long/short equities	265,631,984			
Absolute return	356,576,507			
Real assets	<u>43,910,281</u>			
Total public at net asset value	<u>1,171,372,621</u>			
Private:				
Buyout funds	227,838,895			
Venture capital funds	237,327,824			
Real estate funds	65,165,205			
Natural resources and other	<u>252,904,369</u>			
Total private at net asset value	<u>783,236,293</u>			
Total investments	\$ <u>2,205,065,691</u>			
Liabilities:				
Interest rate swap agreements	\$ 117,634,713	—	117,634,713	—
Amounts held for others	117,196,179	—	—	117,196,179

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

Equities and alternative investments – public contain various monthly, quarterly, semi-annual, and annual redemption restrictions with required written notice ranging up to 180 days. In addition, certain of these investments are restricted by initial lock-up periods. As of June 30, 2018, the following table summarizes at fair value the composition of various redemption provisions and lock-up periods in the investment portfolio:

Redemption period	Long equities	Public investments reported at net asset value			Total
		Long/short equities	Absolute return	Real assets	
Monthly	\$ 149,207,659	—	—	—	149,207,659
Quarterly	187,295,530	64,763,755	114,185,857	43,910,281	410,155,423
Semiannual	—	—	189,219,852	—	189,219,852
Annual	—	46,983,010	49,648,696	—	96,631,706
In liquidation	4,829,703	1,289,372	3,522,102	—	9,641,177
Lock-up (a)	163,920,957	152,595,847	—	—	316,516,804
Total	\$ <u>505,253,849</u>	<u>265,631,984</u>	<u>356,576,507</u>	<u>43,910,281</u>	<u>1,171,372,621</u>

(a) The amount subject to redemption lock-up is set to expire as follows:

	<u>Amount</u>
Fiscal year:	
2019	\$ 118,716,694
2020	38,742,565
Thereafter	<u>159,057,545</u>
	<u>\$ 316,516,804</u>

Private partnerships are invested through drawdown vehicles such that capital is drawn and repaid over time. On average, private partnerships have a cash flow weighted duration that ranges from 3 to 5 years.

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

The University's assets and liabilities at June 30, 2017 that are reported at fair value are summarized within the fair value hierarchy as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Investments reported at fair value:				
Cash equivalents	\$ 67,717,051	67,717,051	—	—
Investment receivable	44,553,602	44,553,602	—	—
U.S. government and agency obligations	55,063,803	—	55,063,803	—
U.S. long equities	58,094,782	58,094,782	—	—
International/global equities	6,980,165	6,980,165	—	—
Real assets	<u>18,487,711</u>	<u>18,487,711</u>	<u>—</u>	<u>—</u>
	<u>250,897,114</u>	\$ <u>195,833,311</u>	<u>55,063,803</u>	<u>—</u>
Investments reported at net asset value:				
Public:				
U.S. long equities	161,996,684			
International/global equities	320,886,071			
Long/short equities	238,226,619			
Absolute return	337,889,267			
Real assets	<u>53,522,434</u>			
Total public at net asset value	<u>1,112,521,075</u>			
Private:				
Buyout funds	211,450,039			
Venture capital funds	213,312,473			
Real estate funds	69,202,835			
Natural resources and other	<u>220,184,999</u>			
Total private at net asset value	<u>714,150,346</u>			
Total investments	\$ <u>2,077,568,535</u>			
Liabilities:				
Interest rate swap agreements	\$ 147,057,123	—	147,057,123	—
Amounts held for others	110,754,459	—	—	110,754,459

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

Equities and alternative investments – public contain various monthly, quarterly, semi-annual, and annual redemption restrictions with required written notice ranging up to 180 days. In addition, certain of these investments are restricted by initial lock-up periods. As of June 30, 2017, the following table summarizes at fair value the composition of various redemption provisions and lock-up periods in the investment portfolio:

Redemption period	Long equities	Public investments reported at net asset value			Total
		Long/short equities	Absolute return	Real assets	
Monthly	\$ 104,007,950	—	—	—	104,007,950
Quarterly	198,982,791	53,500,181	116,584,882	53,522,434	422,590,288
Semiannual	—	—	170,340,178	—	170,340,178
Annual	—	46,347,140	45,117,833	—	91,464,973
In liquidation	8,236,601	2,679,036	5,846,374	—	16,762,011
Lock-up (a)	171,655,413	135,700,262	—	—	307,355,675
Total	\$ 482,882,755	238,226,619	337,889,267	53,522,434	1,112,521,075

(a) The amount subject to redemption lock-up is set to expire as follows:

	Amount
Fiscal year:	
2018	\$ 110,680,469
2019	6,208,476
Thereafter	190,466,730
	\$ <u>307,355,675</u>

Private partnerships are invested through drawdown vehicles such that capital is drawn and repaid over time. On average, private partnerships have a cash flow weighted duration that ranges from 3 to 5 years.

The following table presents the University's activity for the fiscal years ended June 30, 2018 and 2017 for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair value at June 30, 2017	Acquisitions	Dispositions	Realized gains	Unrealized gains	Fair value at June 30, 2018
Amounts held for others	\$ 110,754,459	1,232,204	(7,047,343)	6,670,647	5,586,212	117,196,179
	Fair value at June 30, 2016	Acquisitions	Dispositions	Realized gains	Unrealized gains	Fair value at June 30, 2017
Amounts held for others	\$ 103,987,647	614,892	(6,970,498)	2,725,826	10,396,592	110,754,459

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2018

(With comparative financial information as of and  
for the year ended June 30, 2017)

**(14) Subsequent Events**

The University evaluated events subsequent to June 30, 2018 through October 3, 2018, the date on which the financial statements were issued and concluded that no additional disclosures are required.