THE ROCKEFELLER UNIVERSITY

Financial Statements

June 30, 2019
(With comparative financial information as of and
for the year ended June 30, 2018)

(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, 2019, 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, 2019, 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.

Emphasis of Matter

As discussed in note 1(n) to the financial statements in 2019 the University adopted new accounting guidance, Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the University's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 3, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived before the adjustments to adopt ASU 2016-14. As part of our audit of the 2019 financial statements, we also audited the adjustments described in note 1(n) that were applied to adopt ASU No. 2016-14 retrospectively in the 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

KPMG LLP

November 6, 2019

THE ROCKEFELLER UNIVERSITY

Balance Sheet

June 30, 2019
(With comparative financial information as of June 30, 2018)

Assets		**2019**	**2018**
Cash and cash equivalents	$	72,872,417	69,796,336
Accounts receivable		9,474,914	10,331,171
Contributions receivable (note 9)		238,452,871	423,944,998
Loans receivable – faculty and staff		37,439,667	33,074,778
Other assets		31,900,748	34,926,168
Investments (notes 3 and 14)		2,305,924,544	2,205,065,691
Plant assets, net (note 7)		1,205,856,387	1,129,349,352
Total assets	$	3,901,921,548	3,906,488,494
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	55,110,334	73,094,969
Deferred revenues		6,710,849	3,636,226
Obligation under derivative instruments (notes 6 and 14)		153,110,528	117,634,713
Obligation under lines of credit (note 5)		5,115,000	36,242,943
Long-term debt (note 6)		729,232,262	734,782,645
Conditional asset retirement obligation		8,638,858	8,675,777
Postretirement benefit obligation (note 8)		78,695,000	67,087,000
Amounts held for others (notes 13 and 14)		126,856,510	117,196,179
Contingent liabilities (note 12)		155,691,635	—
Total liabilities		1,319,160,976	1,158,350,452
Commitments and contingencies (notes 3 and 12)			
Net assets (notes 1(n), 4, and 10):			
Without donor restrictions		633,291,264	542,947,858
With donor restrictions		1,949,469,308	2,205,190,184
Total net assets		2,582,760,572	2,748,138,042
Total liabilities and net assets	$	3,901,921,548	3,906,488,494

See accompanying notes to financial statements.

THE ROCKEFELLER UNIVERSITY

Statement of Activities

Year ended June 30, 2019
(With summarized comparative financial information for the year ended June 30, 2018)

	2019			2018
	Without donor restrictions	With donor restrictions	Total	Total
Revenues:				
Government grants and contracts	$ 85,072,260	—	85,072,260	87,231,396
Private gifts and grants	29,122,370	92,257,985	121,380,355	211,436,605
Investment income, net (note 3)	38,030,477	129,546,399	167,576,876	210,434,562
Net (depreciation) appreciation in fair value of derivative instruments (note 6)	(35,475,815)	—	(35,475,815)	29,422,410
Sales and services of auxiliary enterprises	33,258,212	—	33,258,212	34,861,372
Royalty and other income	26,819,910	—	26,819,910	21,895,688
Net assets released from restrictions (note 10)	477,525,260	(477,525,260)	—	—
Total revenues	654,352,674	(255,720,876)	398,631,798	595,282,033
Expenses and other changes:				
Expenses (note 11):				
Research	252,013,234	—	252,013,234	251,709,978
Graduate education	15,174,193	—	15,174,193	15,278,466
Research support	38,994,295	—	38,994,295	36,932,691
Institutional support	47,926,567	—	47,926,567	44,992,791
Auxiliary enterprises	38,885,968	—	38,885,968	35,682,513
Total expenses	392,994,257	—	392,994,257	384,596,439
Other changes:				
Postretirement related changes other than net periodic postretirement benefit cost (note 8)	8,077,000	—	8,077,000	(2,546,000)
Litigation payments (note 12)	162,938,011	—	162,938,011	—
Net expenses and other changes	564,009,268	—	564,009,268	382,050,439
Change in net assets	90,343,406	(255,720,876)	(165,377,470)	213,231,594
Net assets at beginning of year	542,947,858	2,205,190,184	2,748,138,042	2,534,906,448
Net assets at end of year	$ 633,291,264	1,949,469,308	2,582,760,572	2,748,138,042

See accompanying notes to financial statements.

THE ROCKEFELLER UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2019
(With comparative financial information for the year ended June 30, 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ (165,377,470)	213,231,594
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net appreciation in fair value of investments	(163,841,427)	(207,959,922)
Net depreciation (appreciation) in fair value of derivative instruments	35,475,815	(29,422,410)
Donated equipment	(678,845)	(95,350)
Depreciation and amortization	46,834,877	42,725,858
Write-off of unamortized bond issuance costs	—	952,340
Private gifts and grants restricted for long-term investment	(25,747,673)	(7,908,307)
Contributions for capital	(7,746,053)	(31,294,380)
Contingent liability	155,691,635	—
Changes in operating assets and liabilities:		
Accounts and accrued interest receivable	856,257	18,889
Contributions receivable, excluding amounts in financing activities	72,631,976	(17,709,499)
Other assets	3,025,420	58,621
Accounts payable and accrued expenses	(7,973,006)	6,067,669
Deferred revenues	3,074,623	(1,060,470)
Conditional asset retirement obligation	(36,919)	(210,311)
Postretirement benefit obligation	11,608,000	1,287,000
Amounts held for others	(1,300,438)	(5,810,968)
Net cash used in operating activities	(43,503,228)	(37,129,646)
Cash flows from investing activities:		
Proceeds from sale of investments	336,516,807	384,922,740
Purchase of investments	(262,573,464)	(292,207,286)
Additions to plant assets	(123,098,450)	(166,115,825)
Change in accounts payable for capital expenditures	(10,011,629)	3,489,517
Principal collections on loans receivable – faculty and staff	1,272,706	4,964,390
Issuance of loans – faculty and staff	(5,637,595)	(6,554,181)
Net cash used in investing activities	(63,531,625)	(71,500,645)
Cash flows from financing activities:		
Proceeds from private gifts and grants restricted for long-term investment	14,302,877	24,492,167
Proceeds from private gifts restricted for capital	132,051,000	39,980,000
Proceeds from issuance of long-term debt	—	100,445,000
Proceeds from lines of credit	5,115,000	36,242,943
Retirement of indebtedness	(5,115,000)	(100,000,000)
Retirement of line of credit	(36,242,943)	—
Bond issuance costs	—	(445,000)
Net cash provided by financing activities	110,110,934	100,715,110
Net increase (decrease) in cash and cash equivalents	3,076,081	(7,915,181)
Cash and cash equivalents at beginning of year	69,796,336	77,711,517
Cash and cash equivalents at end of year	$ 72,872,417	69,796,336
Supplemental disclosures:		
Interest paid	$ 33,297,390	32,531,551
Net appreciation in amounts held for others	10,960,769	12,252,688

See accompanying notes to financial statements.

(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 maintains its accounts in accordance with the principles of fund accounting. Under this method of accounting, resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund.

For financial reporting purposes, however, the University prepares its financial statements on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board (FASB) or external reporting by not-for-profit organizations. Those standards require the classification of net assets and changes therein in two classes of net assets as follows:

- *Without Donor Restrictions* – 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. In addition, changes in this category of net assets include returns on "funds functioning as endowment" and certain types of philanthropic support.

  Such philanthropic support includes gifts without restrictions, including those designated by the Board of Trustees (the Board) to function as endowment and previously restricted gifts and grants for buildings that have been placed in service.

- *With Donor Restrictions* – Net assets subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time. Items that affect this net asset category are gifts with donor restrictions, including gifts for buildings not yet placed in service and unexpended investment returns on donor-imposed endowment funds that have not been appropriated for expenditure. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts for buildings when the associated long-lived assets is placed in service, are reported as net assets restricted from restrictions.

  Also included in the category are net assets subject to donor-imposed restrictions to be maintained permanently by the University, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity.

Revenue is reported as increases in net assets without donor restrictions unless limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. As discussed further in note 4, the University follows the provisions of Accounting Standards Codification (ASC) Topic 958, Subtopic 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 increases or decreases in net assets with donor restrictions until appropriated for expenditure by the University.

(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 net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire property, plant, and equipment are reported as revenues of the net assets with donor restrictions class; the restrictions are considered to be

released at the time such long-lived assets are placed into service. A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional promises to give are recognized only when the conditions on which they depend are met and the promises become unconditional. Conditional contributions at June 30, 2019 were $18,200,000.

(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 (NAV) 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, 2019 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, 2019.

(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 Subtopic 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.

(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 2018 financial statements, from which the summarized information was derived before the adjustments to adopt ASU 2016-14. As part of our audit of the 2019 financial statements, we also audited the adjustments described in note 1(n) that were applied to adopt ASU No. 2016-14 retrospectively in the 2018 financial statements.

(m) Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation.

(n) Recent Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which, among other things, changes how not-for-profit entities report net asset classes, expenses, and liquidity in their financial statements. The University adopted significant requirements of the new ASU, which includes the reduction of the number of net asset classes from three to two: with donor restrictions and without donor restrictions; the presentation of expenses by their function and their natural classification in one location; and quantitative and qualitative information about the management of liquid resources and availability of financial assets to meet cash needs within one year of the date of the balance sheet. As a result of adopting this ASU, certain prior year amounts, including $199,023 and $522,097 as of June 30, 2018 and 2017, respectively, of underwater endowment funds were reclassified to conform to the presentation requirements.

A recap of the net asset reclassifications driven by the adoption of ASU No. 2016-14 as of June 30, 2019 follows:

	ASU No. 2016-14 classifications		
Net asset classifications	**Without donor restrictions**	**With donor restrictions**	**Total net assets**
Net assets as of June 30, 2018, as previously presented:			
Unrestricted	$ 542,748,655	—	542,748,655
Temporarily restricted	—	1,871,794,949	1,871,794,949
Permanently restricted	—	333,594,438	333,594,438
Reclassification of underwater endowments to implement ASU No. 2016-14	199,203	(199,203)	—
Net assets as reclassified as of June 30, 2018	$ 542,947,858	2,205,190,184	2,748,138,042

In May 2014, The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires the University to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the University expects to be entitled in exchange for those goods or services. The University adopted ASU No. 2014-09 for the year ended June 30, 2019 on a retrospective basis, which did not have a significant impact on the financial statements.

In accordance with Topic 606, the University 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 University will collect substantially all of the consideration to which it is entitled.

(i) Nature of Goods and Services

Products and services	Nature, timing of satisfaction of performance obligations, and significant payment terms
Auxiliary enterprises	Consists of the following: *Press operations* – issues 4 different scientific journals. Subscription sales revenue is recognized on a straight-line basis over the subscription (contract) period (one year) up front. *Housing services* – provides a variety of housing accommodations in support of the scientific needs needs of the University. Tenants leases are for a one-year term. Revenue is recognized on a point in time basis. *Food Services* – provides food services to the University community through a cafeteria, café and conference dining. Food service revenue is recognized at a point in time sale.
Royalty income	Royalty income is generated from licensing agreements the University enters with a 3rd party Patentable inventions, tangible materials and copyrighted materials are transferred to the for-profit sector for further development into useful commercial products and services. Licensing agreements can terminate for convenience. Agreements are milestone based and revenue is recognized upon receipt (point in time) once certain milestones are achieved.

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies how entities determine whether to account for a transfer of assets (or a reduction, settlement or cancellation of a liability) as an exchange transaction or a contribution based on whether commensurate value has been received or transferred. The new guidance also clarifies that a contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. The clarified guidance applies to all entities that receive or make contributions (grants). The University adopted ASU No. 2018-08 for the year ended June 30, 2019 on a retrospective basis, which did not have a significant impact on the financial statements.

In March 2017, the FASB issued ASU No. 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The University recorded the service cost component ($3,531,000 and $3,833,000 for the years ended June 30, 2019 and 2018, respectively) of net benefit cost in the statement of activities line item where compensation cost is reported, and all other components of net benefit cost in the statement of activities, separately from the service cost component and outside of operating activities. The University adopted ASU No. 2017-07 for the year ended June 30, 2019 on a retrospective basis.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of leases with a term of 12 months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, representing the lessee's right to use, or control the use of, a specified asset for the lease term. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842) Targeted Improvements*, to provide an additional transition method to adopt the guidance by allowing entities to initially apply the new leases standard at the adoption date and recognize a cumulative effect to the opening balance of net assets. The standard is effective for fiscal years beginning after December 15, 2018. The University is currently evaluating the impact this standard will have on the 2020 financial statements.

(2) Liquidity and Availability of Financial Assets

As of June 30, 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled debt service payments, and capital construction costs not financed with debt, were as follows:

Financial assets:	
Cash and cash equivalents	$ 72,872,417
Accounts receivable	9,474,914
Contribution receivable due in one year, excluding endowment	62,881,846
2020 endowment spending	105,056,936
Total financial assets available within one year	250,286,113
Liquidity resources:	
Quasi-endowment funds without donor restrictions subject to board resolutions	452,273,743
Revolving credit agreement	150,000,000
Revolving credit agreement	94,885,000
Total financial assets available within one year and liquidity resources	$ 947,444,856

The University manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. In addition, the University invests cash in excess of daily requirements in short-term investments or fixed-income securities. To manage additional liquidity, the University maintains

lines of credit with several banks that are drawn upon as needed during the year to manage cash flows primarily related to construction activities. Amounts from the board-designated quasi-endowment funds could be made available if necessary through a board resolution.

(3) Investments

The fair value of the University's investments consists of the following at June 30, 2019 and 2018:

	2019	2018
Cash equivalents	$ 136,896,488	136,142,563
U.S. government and agency obligations	33,863,981	31,371,079
U.S. long equities	289,138,792	335,319,670
International/global equities	303,104,633	235,770,079
Real assets	—	17,107,235
Alternative investments – public:		
Long/short equities	238,690,694	265,631,984
Absolute return	373,364,413	356,576,507
Real assets	41,738,342	43,910,281
Alternative investments – private:		
Buyout funds	274,549,565	227,838,895
Venture capital funds	300,615,150	237,327,824
Real estate funds	47,875,043	65,165,205
Natural resources and other	266,087,443	252,904,369
	$ 2,305,924,544	2,205,065,691

Investments include limited partnerships totaling approximately $2.123 billion and $1.955 billion at June 30, 2019 and 2018, 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.

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, 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, 2019, the University had approximately $450 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.

Investment income, net consists of the following as of June 30:

	2019			
	Without donor restrictions	With donor restrictions	Total	2018 Total
Interest and dividends	$ 2,324,636	1,410,813	3,735,449	2,474,640
Net appreciation in fair value of investments	35,705,841	128,135,586	163,841,427	207,959,922
Total	$ 38,030,477	129,546,399	167,576,876	210,434,562

(4) 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 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.

(a) Spending Policy

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. Should endowment returns prove to be insufficient to support this policy, the balance is provided from accumulated capital gains. Should endowment returns exceed the amounts necessary to attain this objective, the balance is reinvested. The applied spending rate was 5.5% as of June 30, 2019 and 2018, respectively. The spending rate appropriation from the portion of the endowment without donor restrictions for the year ended June 30, 2019 was $76,312,149.

(b) Funds with Deficiencies

From time to time, the fair value of endowment assets may fall below the fund's original value. Deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2019, the fair value of two endowment accounts were less than their original donated amount by a total of approximately $68,350, as follows:

		Original amount	Fair value at June 30 2019	Underwater amount
Underwater fund #1	$	51,941	38,957	(12,984)
Underwater fund #2		3,416,397	3,361,031	(55,366)
	$	3,468,338	3,399,988	(68,350)

The University applies the aforementioned spending policy to its endowment accounts with deficiencies by utilizing the accumulated gains on the board designated endowment without donor restrictions.

At June 30, 2019 and 2018, net assets associated with endowment funds consisted of the following:

		2019		
		Without donor restrictions	With donor restrictions	Total
Donor restricted	$	—	1,660,038,063	1,660,038,063
Designated for long-term purposes		452,273,743	—	452,273,743
Total	$	452,273,743	1,660,038,063	2,112,311,806

		2018		
		Without donor restrictions	With donor restrictions	Total
Donor restricted	$	—	1,621,326,375	1,621,326,375
Designated for long-term purposes		424,672,169	—	424,672,169
Total	$	424,672,169	1,621,326,375	2,045,998,544

Changes in net assets associated with endowment funds, exclusive of pledges and nonpooled endowments principally in trusts, for the years ended June 30, 2019 and 2018, were as follows:

	2019		
	Without donor restrictions	**With donor restrictions**	**Total**
Net assets at June 30, 2018	$ 424,672,169	1,621,326,375	2,045,998,544
Contributions	—	14,302,877	14,302,877
Investment return, net	35,188,614	129,546,399	164,735,013
Transfers, net	12,872,022	(25,917,672)	(13,045,650)
Total before spending rate	472,732,805	1,739,257,979	2,211,990,784
Endowment spending rate:			
Without donor restrictions	(20,459,062)	(76,312,149)	(96,771,211)
With donor restrictions	—	(2,907,767)	(2,907,767)
Total endowment spending rate	(20,459,062)	(79,219,916)	(99,678,978)
Net assets at June 30, 2019	$ 452,273,743	1,660,038,063	2,112,311,806

Transfers out of with donor restrictions principally consists of money that was released from restriction due to the death of one of the University's laboratory heads. Such funds were transferred into the without donor restricted net assets. Transfers into without donor restrictions principally consists of the aforementioned transfer offset by funding for litigation payments.

	2018		
	Without donor restrictions	**With donor restrictions**	**Total**
Net assets at June 30, 2017	$ 401,836,570	1,511,168,893	1,913,005,463
Contributions	—	24,492,167	24,492,167
Investment return, net	41,740,839	166,788,985	208,529,824
Transfers, net	—	853,810	853,810
Total before spending rate	443,577,409	1,703,303,855	2,146,881,264
Endowment spending rate:			
Without donor restrictions	(18,905,240)	(75,327,457)	(94,232,697)
With donor restrictions	—	(6,650,023)	(6,650,023)
Total endowment spending rate	(18,905,240)	(81,977,480)	(100,882,720)
Net assets at June 30, 2018	$ 424,672,169	1,621,326,375	2,045,998,544

Transfers into with donor restrictions primarily relates to unspent restricted endowment spend draws that were re-capitalized.

(5) 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, 2021, 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 $0 and $28,172,948 outstanding as of June 30, 2019 and 2018, 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 $5,115,000 and $8,069,995 outstanding as of June 30, 2019 and 2018, respectively.

Fees relating to the obligation under the line of credit for the years ended June 30, 2019 and 2018 were approximately $281,000 and $238,000, respectively.

Subsequent to year-end the University drew an additional $110 million from the above lines of credit.

(6) 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, 2019 and 2018:

	2019	2018
The Rockefeller University Revenue Bonds, Series 2017A, variable rate, partially hedged by interest rate swap, due 2052 (effective rate 3.65% and 3.66% as of June 30, 2019 and 2018, respectively)	$ 100,445,000	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 4.53% and 4.50% as of June 30, 2019 and 2018, 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 2.29% and 1.99% as of June 30, 2019 and 2018, 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 2009A, 4.50% to 5.00%, due serially to 2028	54,180,000	59,295,000
The Rockefeller University Revenue Bonds, Series 2008A, variable rate, partially hedged by interest rate swap, due 2039 (effective rate 4.09% and 3.96% as of June 30, 2019 and 2018, 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 4.21% and 4.17% as of June 30, 2019 and 2018, respectively)	50,000,000	50,000,000
	723,885,000	729,000,000
Unamortized bond premium	10,528,215	11,269,568
Unamortized bond issuance costs	(5,180,953)	(5,486,923)
	$ 729,232,262	734,782,645

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, 2019, the University's projected debt service payments on its long-term debt are as follows:

		Principal	Interest	Total debt service
Year ending June 30:				
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
2024		5,850,000	30,071,799	35,921,799
Thereafter		696,135,000	478,622,621	1,174,757,621
	$	723,885,000	631,297,888	1,355,182,888

Interest expense on long-term debt for the years ended June 30, 2019 and 2018 was approximately $28,775,000 and $26,695,000, respectively; approximately $4,522,000 and $5,837,000 was capitalized for the years ended June 30, 2019 and 2018, 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 and the Series 2008A 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 and 2008A 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.

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, 2019:

Effective date	Notional amount	Termination date
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 $153,110,528 and $117,634,713 at June 30, 2019 and 2018, respectively. Additionally, the change in the cumulative (loss) gain is included in net (depreciation) appreciation in fair value of derivative instruments in the accompanying statement of activities and amounted to $(35,475,815) and $29,422,410 for the years ended June 30, 2019 and 2018, respectively.

(7) Plant Assets

Plant assets at June 30, 2019 and 2018 comprise the following:

	2019	2018
Land and land improvements	$ 32,141,074	22,991,999
Buildings and building improvements	1,712,505,007	1,154,579,743
Equipment	106,272,650	94,728,705
Leasehold improvements	424,726	424,726
Library books	755,237	755,237
Works of art	888,464	877,839
Total	1,852,987,158	1,274,358,249
Less accumulated depreciation and amortization	(655,692,857)	(608,255,046)
Construction in progress	8,562,086	463,246,149
	$ 1,205,856,387	1,129,349,352

The University commenced a construction project to build a two story research tower over the FDR Drive in New York City. The project was completed in March 2019. The estimated cost of the River Campus project was $530 million. The University has commitments in the amount of $12.8 million as of June 30, 2019 related to its capital expansion project.

(8) 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 $11,309,000 and $10,970,000 for the years ended June 30, 2019 and 2018, 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 net assets without donor restrictions.

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, 2019 and 2018:

		2019	2018
Change in benefit obligation:			
Benefit obligation at beginning of year	$	93,869,000	91,243,000
Service cost		3,531,000	3,833,000
Interest cost		3,954,000	3,934,000
Plan participants' contributions		554,000	449,000
Retiree drug subsidy receipts		150,000	120,000
Actuarial loss (gain)		7,553,000	(2,549,000)
Benefits paid		(3,337,000)	(3,161,000)
Benefit obligation at end of year		106,274,000	93,869,000
Change in plan assets:			
Fair value of plan assets at beginning of year		26,782,000	25,443,000
Actual return on plan assets		797,000	1,339,000
Employer contribution		2,633,000	2,592,000
Plan participants' contributions		554,000	449,000
Retiree drug subsidy receipts		150,000	120,000
Benefits paid		(3,337,000)	(3,161,000)
Fair value of plan assets at end of year (Level 1 inputs)		27,579,000	26,782,000
Accrued postretirement benefit obligation (APBO)	$	78,695,000	67,087,000

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

		2019	2018
Service cost	$	3,531,000	3,833,000
Interest cost		3,954,000	3,934,000
Expected return on plan assets		(1,877,000)	(1,784,000)
Net periodic postretirement benefit cost	$	5,608,000	5,983,000

No amounts will be amortized into net periodic postretirement benefit cost in 2019.

As of June 30, 2019, the postretirement benefit obligation includes net actuarial losses of $12,210,000. As of June 30, 2018, the postretirement benefit obligation includes net actuarial losses of $3,577,000.

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:

	2019	2018
Discount rate for benefit obligation	3.788 %	4.479 %
Discount rate for net periodic postretirement cost	4.479	4.285
Expected return on plan assets	7.01	7.01

For measurement purposes, an annual rate of 5.9% of increase in the per capita cost of covered healthcare and prescription drug benefits was assumed as of June 30, 2019. 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:

	1-percentage-point increase	1-percentage-point decrease
Effect on total of service and interest cost components	$ 1,859,000	(1,401,000)
Effect on year-end APBO	22,224,000	(17,191,000)

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

	2019	2019 Target	2018	2018 Target
Asset Category:				
Equities	78 %	75 %	79 %	75 %
Fixed income	22	25	21	25
	100 %	100 %	100 %	100 %

The fair value of plan assets as of June 30, 2019 and 2018 includes equity mutual funds of approximately $21.4 million and $21.1 million, respectively, and fixed income mutual funds of approximately $6.2 million and $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 2020 to 2024 and the five subsequent years thereafter are as follows:

	Payments not reflecting medicare subsidy	Medicare subsidy	Benefits reflecting medicare subsidy
2020	$ 3,081,000	193,000	2,888,000
2021	3,328,000	198,000	3,130,000
2022	3,536,000	203,000	3,333,000
2023	3,710,000	207,000	3,503,000
2024	3,921,000	210,000	3,711,000
2025–2029	23,036,000	1,107,000	21,929,000

The expected benefits to be paid are based on the same assumptions used to measure the University's benefit obligation at June 30, 2019.

Employer contributions of approximately $2.8 million are expected to be made in 2020.

(9) Contributions Receivable

Contributions receivable consist of the following at June 30, 2019 and 2018:

	2019	2018
Amounts expected to be collected in:		
Less than one year	$ 69,978,512	207,764,442
One year to five years	131,823,300	163,631,914
Thereafter	64,100,000	86,360,000
	265,901,812	457,756,356
Less allowance	(2,500,000)	(2,500,000)
Less discount to present value at a 5% rate at June 30, 2019 and 2018	(24,948,941)	(31,311,358)
	$ 238,452,871	423,944,998

Included in gross contributions receivable at June 30, 2019 and 2018 is approximately $130 million and $226 million, respectively, due from three donors. Included in private gifts and grants revenue in the accompanying statement of activities are contributions from one donor representing 39% of total contributions.

(10) Net Assets

Net assets consist of the following as of June 30, 2019 and 2018:

	Without donor restrictions	With donor restrictions	2019 Total	Without donor restrictions	With donor restrictions	2018 Total
Operations	$ (290,491,604)	—	(290,491,604)	(240,048,075)	—	(240,048,075)
Net investment in plant	471,509,125	—	471,509,125	358,323,764	—	358,323,764
Endowment funds without donor restrictions	452,273,743	—	452,273,743	424,672,169	—	424,672,169
Underwater endowment funds	—	(68,350)	(68,350)	—	(199,202)	(199,202)
Research	—	115,822,532	115,822,532	—	116,214,697	116,214,697
Research support	—	291,063	291,063	—	768,449	768,449
Graduation education	—	735,700	735,700	—	2,777,731	2,777,731
Renovation of facilities	—	45,398	45,398	—	103,724,273	103,724,273
Subsequent years:						
Pledges – Facilities	—	87,869,383	87,869,383	—	212,174,330	212,174,330
Pledges – Program	—	88,071,040	88,071,040	—	158,170,637	158,170,637
Pledges – Endowment	—	33,047,820	33,047,820	—	21,603,025	21,603,025
Accumulated gains	—	1,248,542,963	1,248,542,963	—	1,281,101,148	1,281,101,148
Annuity Trust & Split Interest Agreements	—	296,491	296,491	—	296,491	296,491
Permanent endowment corpus	—	374,815,268	374,815,268	—	308,558,605	308,558,605
	$ 633,291,264	1,949,469,308	2,582,760,572	542,947,858	2,205,190,184	2,748,138,042

The endowment funds without donor restrictions consisted of the following at June 30, 2019 and 2018:

	2019	2018
Board designated funds primarily for capital reserves	$ 55,878,854	51,461,759
Working capital in the endowment	36,658,090	35,247,260
Other funds designated for long-term investment	359,736,799	337,963,150
	$ 452,273,743	424,672,169

Net assets released from restrictions as of June 30, 2019 consisted of the following:

Spending on restricted funds:		
Research	$	84,189,471
Research support		500,000
Education		514,237
Facilities		262,547,875
Pledge payments without donor restrictions		22,205,545
Endowment spending rate:		
Without donor restrictions		76,312,149
Restricted spending:		
Research		2,906,817
Education		950
Expired donor restrictions		28,348,216
Total	$	477,525,260

(11) Expenses by Natural Classification by Function

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 $345,068,000 and $339,604,000 in 2019 and 2018, respectively. Institutional support includes approximately $9,235,000 and $7,822,000 of fund-raising expenses in 2019 and 2018, respectively. Operations and maintenance of plant and depreciation are allocated to program and supporting activities based upon square footage. Interest is allocated to program and supporting activities based upon the usage of bond proceeds.

Expenses are reported in the statement of activities in functional categories. Natural expenses were categorized as follows:

	2019						
	Research	Education	Research support	Operations and maintenance of plant (O&M)	Institutional support	Auxiliary enterprises	Total
Salaries and benefits	$ 99,913,160	1,889,264	28,748,344	16,603,794	32,710,373	7,905,583	187,770,518
Supplies and other	26,676,786	5,893,500	10,012,751	6,923,139	1,934,561	15,018,384	66,459,121
Fellowships and stipends	7,318,767	4,709,004	—	—	—	—	12,027,771
Subcontracts	12,886,036	—	—	—	—	—	12,886,036
Professional fees and service contracts	9,671,014	350,976	5,662,077	4,316,749	5,187,256	2,197,821	27,385,893
Depreciation and amortization	25,515,044	2,606,255	3,673,341	3,678,428	3,763,092	7,598,718	46,834,878
Interest and related costs	22,836,422	—	4,935,547	112,972	471,058	709,162	29,065,161
O&M - Utilities	26,667,318	103,202	6,447,369	(29,490,684)	2,506,772	4,330,902	10,564,879
Interdepartmental charges	20,528,687	(378,008)	(20,485,134)	(2,144,398)	1,353,455	1,125,398	—
Total functional expenses	252,013,234	15,174,193	38,994,295	—	47,926,567	38,885,968	392,994,257
Postretirement related changes other than service costs	3,407,425	111,440	1,893,839	—	2,128,279	536,017	8,077,000
Litigation payments	—	—	—	—	162,938,011	—	162,938,011
Total expenses and other changes	$ 255,420,659	15,285,633	40,888,134	—	212,992,857	39,421,985	564,009,268

	2018						
	Research	Education	Research support	Operations and maintenance of plant (O&M)	Institutional support	Auxiliary enterprises	Total
Salaries and benefits	$ 102,709,637	1,729,000	26,216,247	16,241,021	28,858,057	7,508,607	183,262,569
Supplies and other	26,639,824	5,835,159	10,951,290	8,088,731	1,920,447	12,596,289	66,031,740
Fellowships and stipends	7,322,941	4,445,225	—	—	—	—	11,768,166
Subcontracts	12,832,886	—	—	—	—	—	12,832,886
Professional fees and service contracts	11,902,888	713,760	5,043,095	3,458,633	5,954,401	2,265,923	29,338,700
Depreciation and amortization	24,143,997	2,323,129	3,692,242	3,288,714	3,373,490	6,856,626	43,678,198
Interest and related costs	21,045,810	—	4,745,913	92,461	345,057	701,488	26,930,729
O&M - Utilities	25,086,135	97,104	6,066,431	(27,264,307)	2,358,691	4,409,397	10,753,451
Interdepartmental charges	20,025,860	135,089	(19,782,527)	(3,905,253)	2,182,648	1,344,183	—
Total functional expenses	251,709,978	15,278,466	36,932,691	—	44,992,791	35,682,513	384,596,439
Postretirement related changes other than service costs	(1,074,075)	(35,128)	(596,968)	—	(670,868)	(168,961)	(2,546,000)
Total expenses and other changes	$ 250,635,903	15,243,338	36,335,723	—	44,321,923	35,513,552	382,050,439

(12) Contingent Liabilities

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.

During 2018, the University retained external legal counsel to investigate a report by a former patient of inappropriate conduct by a former physician at the Rockefeller University Hospital. The University made publicly available the external counsel's report on its investigation. The University also established the Rockefeller Hospital Therapy Fund to provide financial assistance for therapy costs.

The New York Child Victims Act (CVA), which was passed in February 2019, modifies the statute of limitations for civil claims relating to certain childhood abuse claims and creates a one-year window, beginning August 14, 2019, for persons to initiate civil lawsuits. As of June 30, 2019, approximately $162.9 million has been recorded in the financial statements for CVA settlements, legal fees, investigation costs, and other expenses through October 25, 2019. Such future costs and other expenses relating to this matter cannot be reasonably estimated at this time. The University expects that a number of these claims will be covered by existing insurance coverage and has filed a lawsuit against its insurers to recover proceeds in connection with these claims.

The University is a defendant in various other 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.

(13) 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 2019 and 2018, the University provided funding of $1,109,000 and $1,750,000, respectively, to TDI.

(14) Fair Value

The University's assets and liabilities at June 30, 2019 that are reported at fair value are summarized within the fair value hierarchy as follows:

	Fair value	Level 1	Level 2	Level 3
Assets:				
Investments reported at fair value:				
Cash equivalents	$ 136,896,488	136,896,488	—	—
U.S. government and agency obligations	33,863,981	33,863,981	—	—
U.S. long equities	11,669,608	11,669,608	—	—
	182,430,077	$ 182,430,077	—	—
Investments reported at net asset value:				
Public:				
U.S. long equities	277,469,184			
International/global equities	303,104,633			
Long/short equities	238,690,694			
Absolute return	373,364,413			
Real assets	41,738,342			
Total public at net asset value	1,234,367,266			
Private:				
Buyout funds	274,549,565			
Venture capital funds	300,615,150			
Real estate funds	47,875,043			
Natural resources and other	266,087,443			
Total private at net asset value	889,127,201			
Total investments	$ 2,305,924,544			
Liabilities:				
Interest rate swap agreements	$ 153,110,528	—	153,110,528	—
Amounts held for others	126,856,510	—	—	126,856,510

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, 2019, the following table summarizes at fair value the composition of various redemption provisions and lock-up periods in the investment portfolio:

		Public investments reported at net asset value			
Redemption period	**Long equities**	**Long/short equities**	**Absolute return**	**Real assets**	**Total**
Monthly	$ 159,615,174	—	—	—	159,615,174
Quarterly	198,144,243	86,217,284	117,637,992	41,738,342	443,737,861
Semiannual	—	—	192,987,497	—	192,987,497
Annual	—	2,831,393	49,816,367	—	52,647,760
In liquidation	2,419,569	354,365	2,759,698	—	5,533,632
Lock-up (a)	220,394,831	149,287,652	10,162,859	—	379,845,342
Total	$ 580,573,817	238,690,694	373,364,413	41,738,342	1,234,367,266

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

	Amount
Fiscal year:	
2020	$ 171,250,903
2021	65,378,641
Thereafter	143,215,798
	$ 379,845,342

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

	Fair value	Level 1	Level 2	Level 3
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	17,107,235	17,107,235	—	—
	250,456,777	$ 250,456,777	—	—
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	43,910,281			
Total public at net asset value	1,171,372,621			
Private:				
Buyout funds	227,838,895			
Venture capital funds	237,327,824			
Real estate funds	65,165,205			
Natural resources and other	252,904,369			
Total private at net asset value	783,236,293			
Total investments	$ 2,205,065,691			
Liabilities:				
Interest rate swap agreements	$ 117,634,713	—	117,634,713	—
Amounts held for others	117,196,179	—	—	117,196,179

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:

		Public investments reported at net asset value			
Redemption period	**Long equities**	**Long/short equities**	**Absolute return**	**Real assets**	**Total**
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	$ 505,253,849	265,631,984	356,576,507	43,910,281	1,171,372,621

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

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

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, 2019 and 2018 for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair value at June 30, 2018	**Acquisitions**	**Dispositions**	**Realized gains**	**Unrealized gains**	**Fair value at June 30, 2019**
Amounts held for others	$ 117,196,179	5,442,888	(6,743,327)	9,404,813	1,555,957	126,856,510

	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

(15) Subsequent Events

The University evaluated events subsequent to June 30, 2019 through November 6, 2019, the date on which the financial statements were issued and concluded that no additional disclosures are required, except as referred to above.