



THE ROCKEFELLER UNIVERSITY

Financial Statements and Supplementary
Information on Federal Awards Programs

June 30, 2023

(With Independent Auditors' Report and
Reports on Internal Control and Compliance Thereon)

THE ROCKEFELLER UNIVERSITY

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Independent Auditors' Report

The Board of Trustees
The Rockefeller University:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Rockefeller University (the University), which comprise the balance sheet as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Report on Summarized Comparative Information

We have previously audited the University's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

New York, New York
November 8, 2023

THE ROCKEFELLER UNIVERSITY

Balance Sheet

June 30, 2023

(With comparative financial information as of June 30, 2022)

Assets	2023	2022
Cash and cash equivalents	\$ 31,142,442	77,391,359
Accounts receivable	14,356,721	14,308,157
Contributions receivable (note 9)	206,516,464	211,703,183
Loans receivable – faculty and staff	40,414,747	42,035,086
Other assets	30,978,612	29,908,901
Investments (notes 3 and 14)	2,525,942,577	2,775,815,053
Plant assets, net (note 7)	1,104,253,063	1,108,823,323
Total assets	<u>\$ 3,953,604,626</u>	<u>4,259,985,062</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 48,144,977	50,679,374
Deferred revenues	29,188,570	31,007,625
Obligation under derivative instruments (notes 6 and 14)	67,473,916	94,848,083
Obligation under lines of credit (note 5)	—	61,000,000
Long-term debt (note 6)	986,014,815	988,353,294
Conditional asset retirement obligation	9,173,915	8,622,102
Postretirement benefit obligation (note 8)	58,150,000	70,078,000
Amounts held for others (notes 13 and 14)	151,017,718	160,306,061
Contingent liabilities (note 12)	26,625,464	72,065,107
Total liabilities	<u>1,375,789,375</u>	<u>1,536,959,646</u>
Commitments and contingencies (notes 3, 7 and 12)		
Net assets (notes 4 and 10):		
Without donor restrictions	169,292,642	228,539,810
With donor restrictions	2,408,522,609	2,494,485,606
Total net assets	<u>2,577,815,251</u>	<u>2,723,025,416</u>
Total liabilities and net assets	<u>\$ 3,953,604,626</u>	<u>4,259,985,062</u>

See accompanying notes to financial statements.

THE ROCKEFELLER UNIVERSITY

Statement of Activities

Year ended June 30, 2023

(With summarized comparative financial information for the year ended June 30, 2022)

	2023			2022
	Without donor restrictions	With donor restrictions	Total	Total
Revenues:				
Government grants and contracts	\$ 101,522,703	—	101,522,703	94,794,561
Private gifts and grants	28,198,126	136,057,951	164,256,077	135,502,895
Investment income (loss), net (note 3)	16,016,706	(13,680,707)	2,335,999	(78,788,925)
Net appreciation in fair value of derivative instruments (note 6)	27,374,167	—	27,374,167	68,815,555
Sales and services of auxiliary enterprises	31,944,257	—	31,944,257	29,223,957
Royalty and other income	20,639,236	—	20,639,236	26,992,822
Net assets released from restrictions (note 10)	208,340,241	(208,340,241)	—	—
Total revenues	<u>434,035,436</u>	<u>(85,962,997)</u>	<u>348,072,439</u>	<u>276,540,865</u>
Expenses and other changes:				
Expenses (note 11):				
Research	274,782,549	—	274,782,549	258,268,941
Graduate education	19,183,852	—	19,183,852	17,892,816
Research support	40,879,265	—	40,879,265	39,522,674
Institutional support	65,812,033	—	65,812,033	56,009,248
Auxiliary enterprises	37,648,692	—	37,648,692	35,046,950
Total expenses	<u>438,306,391</u>	<u>—</u>	<u>438,306,391</u>	<u>406,740,629</u>
Other changes:				
Postretirement related changes other than net periodic postretirement benefit cost (note 8)	(15,088,000)	—	(15,088,000)	(23,569,000)
Litigation payments (notes 12)	70,064,213	—	70,064,213	176,385,634
Net expenses and other changes	<u>493,282,604</u>	<u>—</u>	<u>493,282,604</u>	<u>559,557,263</u>
Change in net assets	(59,247,168)	(85,962,997)	(145,210,165)	(283,016,398)
Net assets at beginning of year	<u>228,539,810</u>	<u>2,494,485,606</u>	<u>2,723,025,416</u>	<u>3,006,041,814</u>
Net assets at end of year	<u>\$ 169,292,642</u>	<u>2,408,522,609</u>	<u>2,577,815,251</u>	<u>2,723,025,416</u>

See accompanying notes to financial statements.

THE ROCKEFELLER UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2023

(With comparative financial information for the year ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (145,210,165)	(283,016,398)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net (appreciation) depreciation in fair value of investments	(4,387,014)	76,862,914
Net appreciation in fair value of derivative instruments	(27,374,167)	(68,815,555)
Depreciation and amortization	55,223,644	55,573,416
Write-off of unamortized bond issuance costs	—	872,002
Write-off of unamortized bond premium	—	(4,788,525)
Private gifts and grants restricted for long-term investment	(12,048,947)	(31,307,364)
Contributions for capital	(1,546,746)	(2,562,676)
Contingent liability	(45,439,643)	50,913,175
Changes in operating assets and liabilities:		
Accounts receivable	(48,564)	(2,863,164)
Contributions receivable, excluding amounts in financing activities	(18,612,490)	(3,140,272)
Other assets	(1,069,711)	1,163,497
Accounts payable and accrued expenses	(1,141,599)	(5,740,372)
Deferred revenues	(1,819,055)	13,738,150
Conditional asset retirement obligation	551,813	(722,987)
Postretirement benefit obligation	(11,928,000)	(18,417,000)
Amounts held for others	(8,493,935)	(7,906,688)
Net cash used in operating activities	<u>(223,344,579)</u>	<u>(230,157,847)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	706,350,724	687,778,291
Purchase of investments	(582,194,498)	(502,873,152)
Additions to plant assets	(52,991,863)	(26,995,824)
Change in accounts payable for capital expenditures	(1,392,798)	2,467,179
Principal collections on loans receivable – faculty and staff	2,734,241	3,352,572
Issuance of loans – faculty and staff	(1,113,902)	(2,086,686)
Net cash provided by investing activities	<u>71,391,904</u>	<u>161,642,380</u>
Cash flows from financing activities:		
Proceeds from private gifts and grants restricted for long-term investment	28,194,902	26,536,326
Proceeds from private gifts restricted for capital	9,200,000	10,300,000
Proceeds from issuance of long-term debt	—	79,308,972
Proceeds from lines of credit	125,000,000	61,000,000
Repayment of lines of credit	(186,000,000)	—
Retirement of indebtedness	—	(77,855,000)
Bond issuance costs	—	(768,292)
Net cash (used in) provided by financing activities	<u>(23,605,098)</u>	<u>98,522,006</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	<u>(175,557,773)</u>	<u>30,006,539</u>
Cash, cash equivalents, and restricted cash at beginning of year (note 1 (c))	<u>251,930,495</u>	<u>221,923,956</u>
Cash, cash equivalents, and restricted cash at end of year (note 1 (c))	<u>\$ 76,372,722</u>	<u>251,930,495</u>
Supplemental disclosures:		
Interest paid	\$ 42,731,653	37,028,466
Net depreciation in amounts held for others	(794,408)	(4,860,070)

See accompanying notes to financial statements.

THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2023

(With comparative financial information as of and
for the year ended June 30, 2022)

(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 69 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

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THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2023

(With comparative financial information as of and
for the year ended June 30, 2022)

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 prices or published net asset values similar to those of a mutual fund (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.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the statement of cash flows.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 31,142,442	77,391,359
Cash in investments	45,230,280	174,539,136
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ <u>76,372,722</u>	<u>251,930,495</u>

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THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2023

(With comparative financial information as of and
for the year ended June 30, 2022)

Cash included in investments is held with investment managers for liquidity and long-term investment 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 barriers on which they depend are met and the promises become unconditional. Conditional contributions at June 30, 2023 and 2022 were approximately \$88,189,000 and \$29,574,000, respectively.

(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.

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THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2023

(With comparative financial information as of and
for the year ended June 30, 2022)

(h) *Deferred Revenue*

Deferred revenue primarily consists of amounts received from donors that do not meet the definition of a contribution as defined by ASU No. 2018-08, Not-For-Profit-Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Such amounts are recognized as revenue to the extent of expenditure.

(i) *Revenue Recognition*

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.

<u>Products and services</u>	<u>Nature, timing of satisfaction of performance obligations, and significant payment terms</u>
Auxiliary enterprises	<p>Consists of the following:</p> <p><i>Press operations</i> – issues 4 different scientific journals. Subscription sales revenue is recognized on a straight-line basis over the subscription (contract) period (one year) up front.</p> <p><i>Housing services</i> – provides a variety of housing accommodations in support of the scientific needs of the University. Tenant's leases are for a one-year term. Revenue is recognized on a point in time basis.</p> <p><i>Food services</i> – 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.</p>
Royalty income	<p>Royalty income is generated from licensing agreements the University enters with a third-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.</p>

(j) *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, 2023 using industry-recognized methodologies. The valuations are based on the present value of the

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THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2023

(With comparative financial information as of and
for the year ended June 30, 2022)

difference between the fixed rate paid by the University and the midmarket fixed rate the University would pay on a similar transaction if it were entered into on June 30, 2023.

(k) 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. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, the University will recognize a gain or loss for any difference between the settlement amount and liability recorded.

(l) 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. The University evaluates on an annual basis, the effect of any uncertain tax position on its financial statements. As of June 30, 2023, the University has not identified or provided for any such positions.

(m) 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. 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.

(n) 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 2022 financial statements, from which the summarized information was derived.

(o) Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation.

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THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2023

(With comparative financial information as of and
for the year ended June 30, 2022)

(2) Liquidity and Availability of Financial Assets

As of June 30, 2023 and 2022, financial assets and liquidity resources available within one year of the balance sheet date for general expenditure, such as operating expenses, scheduled debt service payments, and capital construction costs not financed with debt, were as follows:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 31,142,442	77,391,359
Accounts receivable	14,356,721	14,308,157
Contribution receivable due in one year, excluding endowment	58,089,313	61,243,480
Endowment spending in subsequent year	<u>135,878,237</u>	<u>126,587,041</u>
Total financial assets available within one year	239,466,713	279,530,037
Liquidity resources:		
Quasi-endowment funds without donor restrictions subject to board resolutions	262,228,220	415,974,863
Revolving credit agreement	100,000,000	39,000,000
Revolving credit agreement (expires January 2024)	25,000,000	25,000,000
Revolving credit agreement	100,000,000	100,000,000
Revolving credit agreement	<u>50,000,000</u>	<u>50,000,000</u>
Total financial assets available within one year and liquidity resources	\$ <u>776,694,933</u>	<u>909,504,900</u>

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 for general corporate purposes. Amounts from the board-designated quasi-endowment funds could be made available if necessary through a board resolution.

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THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2023

(With comparative financial information as of and
for the year ended June 30, 2022)

(3) Investments

The fair value of the University's investments consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 64,180,814	271,354,545
U.S. government and agency obligations	—	92,374,561
U.S. long equities	8,540,710	6,747,967
International/global equities	5,842,891	4,098,564
Other equities	28,969,097	—
Alternative investments – public:		
U.S. long equities	204,895,833	242,759,338
International/global equities	202,382,936	216,226,191
Long/short equities	333,532,013	299,714,470
Absolute return	442,051,166	322,690,140
Alternative investments – private:		
Buyout funds	375,980,032	363,130,981
Venture capital funds	557,317,726	647,829,616
Real estate funds	97,582,576	90,994,301
Natural resources and other	204,666,783	217,894,379
	<u>\$ 2,525,942,577</u>	<u>2,775,815,053</u>

Investments include limited partnerships totaling approximately \$2.418 billion and \$2.401 billion at June 30, 2023 and 2022, 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

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neutral strategies, macro strategies, event driven and merger arbitrage strategies, and deep value investing.

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, 2023, the University had approximately \$466.5 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 (loss), net consists of the following as of June 30:

	2023			2022 Total
	Without donor restrictions	With donor restrictions	Total	
Interest and dividends, net	\$ 908,835	(2,959,850)	(2,051,015)	(1,926,011)
Net appreciation (depreciation) in fair value of investments	15,107,871	(10,720,857)	4,387,014	(76,862,914)
Total	\$ 16,016,706	(13,680,707)	2,335,999	(78,788,925)

(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.

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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, real estate funds and natural resources. 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. The applied spending rate was 5.5% as of June 30, 2023 and 2022, respectively. The spending rate appropriation from the portion of the endowment without donor restrictions for the years ended June 30, 2023 and 2022 was \$91,216,841 and \$83,708,549, respectively.

(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. Underwater endowments were \$2,250,640 and \$1,288,880 as of June 30, 2023 and 2022, respectively. As of June 30, 2023 the historical gift value of the 12 underwater endowments was \$26,364,210 and the fair market value was \$24,113,570. As of June 30, 2022 the historical gift value of the 11 underwater endowments was \$19,280,877 and the fair market value was \$17,991,997.

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.

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At June 30, 2023 and 2022, net assets associated with endowment funds, exclusive of pledges and nonpooled endowments principally in trusts, consisted of the following:

2023			
	Without donor restrictions	With donor restrictions	Total
Donor restricted	\$ —	2,103,191,261	2,103,191,261
Designated for long-term purposes	262,228,220	—	262,228,220
Total	\$ 262,228,220	2,103,191,261	2,365,419,481

2022			
	Without donor restrictions	With donor restrictions	Total
Donor restricted	\$ —	2,192,241,394	2,192,241,394
Designated for long-term purposes	415,974,863	—	415,974,863
Total	\$ 415,974,863	2,192,241,394	2,608,216,257

Changes in net assets associated with endowment funds, exclusive of pledges and nonpooled endowments principally in trusts, for the years ended June 30, 2023 and 2022, were as follows:

2023			
	Without donor restrictions	With donor restrictions	Total
Net assets at June 30, 2022	\$ 415,974,863	2,192,241,394	2,608,216,257
Contributions	—	28,194,902	28,194,902
Investment gain (loss), net	3,865,433	(13,680,707)	(9,815,274)
Transfers, net	9,150,000	(6,375,851)	2,774,149
Total before spending rate	428,990,296	2,200,379,738	2,629,370,034
Endowment spending rate:			
Without donor restrictions	(26,762,076)	(91,216,841)	(117,978,917)
With donor restrictions	—	(5,971,636)	(5,971,636)
Total endowment spending rate	(26,762,076)	(97,188,477)	(123,950,553)
Total before draw for operations	402,228,220	2,103,191,261	2,505,419,481
Draw for operations	(140,000,000)	—	(140,000,000)
Net assets at June 30, 2023	\$ 262,228,220	2,103,191,261	2,365,419,481

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During fiscal year 2023, the University withdrew \$140,000,000 from the endowment primarily to temporarily fund settlements, legal fees and other expenses (see note 12). The University plans on repaying the endowment in fiscal 2025.

	2022		
	Without donor restrictions	With donor restrictions	Total
Net assets at June 30, 2021	\$ 443,670,329	2,373,026,548	2,816,696,877
Contributions	—	26,536,326	26,536,326
Investment (loss), net	(3,540,348)	(69,077,889)	(72,618,237)
Transfers, net	3,250,000	(51,748,150)	(48,498,150)
Total before spending rate	443,379,981	2,278,736,835	2,722,116,816
Endowment spending rate:			
Without donor restrictions	(27,405,118)	(83,708,549)	(111,113,667)
With donor restrictions	—	(2,786,892)	(2,786,892)
Total endowment spending rate	(27,405,118)	(86,495,441)	(113,900,559)
Net assets at June 30, 2022	\$ 415,974,863	2,192,241,394	2,608,216,257

Transfers out of with donor restrictions principally consists of unrestricted accumulated gains subject to UYPMIFA which were used to fund settlements, legal fees, and other expenses (see note 12).

(5) Obligation under Lines of Credit

On November 1, 2022, the University entered into a revolving credit agreement with a financial institution. This agreement consists of a \$100 million committed facility, expiring on November 1, 2025, to be used for general institutional purposes. The facility borrowings may occur at the Secured Overnight Financing Rate (SOFR+0.10%) plus 0.50%. The commitment fee on the facility is 0.45% of the undrawn balance. There was \$0 outstanding as of June 30, 2023 and \$61,000,000 as of June 30, 2022.

On January 7, 2023, the University entered into a revolving credit agreement with a financial institution. This agreement consists of a \$25 million committed facility, expiring on January 7, 2024, to be used for general institutional purposes. The facility borrowings may occur at the SOFR plus 0.55%. The commitment fee on the facility is 0.10% of the undrawn balance. There was \$0 outstanding as of June 30, 2023 and 2022, respectively.

On May 4, 2022, the University entered into a revolving credit agreement with a financial institution. The agreement consists of a \$100 million committed facility, expiring on May 3, 2027, to be used for general institutional purposes. The facility borrowings may occur at the SOFR plus 0.43%. The commitment fee on the facility is 0.10% of the undrawn balance. There was \$0 outstanding as of June 30, 2023 and 2022, respectively.

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On March 23, 2023 the University entered into a revolving credit agreement with a financial institution. The agreement will consist of a 3 year \$50 million committed facility to be used for general corporate purposes. The facility borrowings may occur at the Bloomberg Short-Term Bank Yield (BSBY) plus 1.35%. The commitment fee on the facility will be 0.20% of the undrawn balance. There was \$0 outstanding as of June 30, 2023.

Fees relating to the obligation under the lines of credit for the years ended June 30, 2023 and 2022 were approximately \$420,000 and \$258,000, respectively. Interest expense on the lines of credit was \$4,590,000 and \$218,000 as of June 30, 2023 and 2022, respectively.

(6) Long-Term Debt

The University has financed certain plant asset acquisition and construction costs, and obtained general institutional liquidity, 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, 2023 and 2022:

	2023	2022
The Rockefeller University Revenue Bonds, Series 2022A, 4% to 5%, due serially to 2042	\$ 70,400,000	70,400,000
Note payable, direct placement 1.25%, due serially 2026	100,000,000	100,000,000
The Rockefeller University Revenue Bonds, Series 2020A, 5.00%, due serially to 2053	40,985,000	40,985,000
The Rockefeller University Revenue Bonds, Series 2020B, 3.75%, due 2051	75,345,000	75,345,000
The Rockefeller University Revenue Bonds, Series 2019A, 5.00%, due 2035	46,770,000	46,770,000
The Rockefeller University Revenue Bonds, Series 2019B, 5.00%, due 2050	73,285,000	73,285,000
The Rockefeller University Revenue Bonds, Series 2019C, 4.00%, due 2049	89,365,000	89,365,000
The Rockefeller University Revenue Bonds, Series 2017A, variable rate, partially hedged by interest rate swap, due 2052 (effective rate 2.81% and 3.77% as of June 30, 2023 and 2022, 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 4.24% and 4.46% as of June 30, 2023 and 2022, respectively)	119,190,000	119,190,000
The Rockefeller University Revenue Bonds, Series 2015B, variable rate, partially hedged by interest rate swap, due 2045 (effective rate 3.92% and 1.5% as of June 30, 2023 and 2022, respectively)	44,000,000	44,000,000
The Rockefeller University Revenue Bonds, Series 2008A, variable rate, partially hedged by interest rate swap, due 2039 (effective rate 4.51% and 3.92% as of June 30, 2023 and 2022, 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 4.89% and 4.39% as of June 30, 2023 and 2022, respectively)	50,000,000	50,000,000
	938,000,000	938,000,000

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	<u>2023</u>	<u>2022</u>
Unamortized bond premium	\$ 52,074,817	54,658,558
Unamortized bond issuance costs	<u>(4,060,002)</u>	<u>(4,305,264)</u>
	<u>\$ 986,014,815</u>	<u>988,353,294</u>

The Series 2012A, 2012B, 2019A, 2019B, 2019C, 2020A and the 2022A bonds were issued at a premium, which are being amortized over the lives of the bonds.

As of June 30, 2023, 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:			
2024	\$ —	37,315,592	37,315,592
2025	—	37,315,592	37,315,592
2026	100,000,000	36,863,537	136,863,537
2027	—	36,065,592	36,065,592
2028	—	36,065,592	36,065,592
Thereafter	<u>838,000,000</u>	<u>612,154,882</u>	<u>1,450,154,882</u>
	<u>\$ 938,000,000</u>	<u>795,780,787</u>	<u>1,733,780,787</u>

Interest expense on long-term debt for the years ended June 30, 2023 and 2022 was approximately \$37,271,000 and \$37,028,000, respectively.

In April 2022, the University entered into a bond refinancing transaction. The Series 2022A bonds refunded the 2012A and the 2012B bonds and bears interest at a fixed rate. The refunding of the 2012A and 2012B bonds resulted in a gain of approximately \$3,231,000 which is included in royalty and other income in the accompanying statement of activities for the year ended June 30, 2022.

In February 2021, the University entered into a note purchase agreement with a major insurance company for \$100,000,000, with principal due February 18, 2026.

In May 2020, the University entered into two bond transactions. The Series 2020A bonds refunded the Series 2010A bonds and bear interest at a fixed rate. The Series 2020B bonds bear interest at a fixed rate and were issued for general institutional liquidity.

In December 2019, the University entered into two bond transactions. The 2019A bonds refunded the 2009A bonds and bear interest at a fixed rate. The 2019B and 2019C bonds were issued jointly and bear interest at a fixed rate. The 2019B bonds issued for additional financing for a construction project. The 2019C bonds refunded the 2009C bonds.

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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.

On June 1, 2022, the University changed from the London Inter Bank Rate (LIBOR) to the Secured Overnight Financing Rate (SOFR) for interest on its variable rate bond issues, 2002A2, 2008A, 2015A, 2015B and 2017A.

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, 2023:

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 \$67,473,916 and \$94,848,083 at June 30, 2023 and 2022, respectively. Additionally, the change in the cumulative loss is included in net appreciation in fair

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value of derivative instruments in the accompanying statement of activities and amounted to \$27,374,167 and \$68,815,555 for the years ended June 30, 2023 and 2022, respectively.

In June 2023 the University converted the underlying interest rate on its swaps from LIBOR to SOFR under the International Swaps and Derivatives Association (ISDA) protocols.

(7) Plant Assets

Plant assets at June 30, 2023 and 2022 comprise the following:

	2023	2022
Land and land improvements	\$ 32,974,959	32,683,820
Buildings and building improvements	1,746,583,135	1,720,882,412
Equipment	128,595,808	121,850,513
Leasehold improvements	460,112	460,112
Library books	755,237	755,237
Works of art	890,664	890,664
Total	1,910,259,915	1,877,522,758
Less accumulated depreciation and amortization	(834,327,731)	(782,343,126)
Construction in progress	28,320,879	13,643,691
	<u>\$ 1,104,253,063</u>	<u>1,108,823,323</u>

The University has commitments in the amount of \$8.9 million as of June 30, 2023 related to its capital projects program.

(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 \$12,067,000 and \$11,623,000 for the years ended June 30, 2023 and 2022, 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.

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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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 101,990,000	125,465,000
Service cost	3,160,000	5,152,000
Interest cost	4,765,000	3,791,000
Plan participants' contributions	642,000	772,000
Actuarial gain	(11,129,000)	(29,386,000)
Benefits paid	<u>(4,956,000)</u>	<u>(3,804,000)</u>
Benefit obligation at end of year	<u>94,472,000</u>	<u>101,990,000</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	31,912,000	36,970,000
Actual return on plan assets	4,410,000	(5,058,000)
Employer contribution	4,314,000	3,032,000
Plan participants' contributions	642,000	772,000
Benefits paid	<u>(4,956,000)</u>	<u>(3,804,000)</u>
Fair value of plan assets at end of year (Level 1 inputs)	<u>36,322,000</u>	<u>31,912,000</u>
Accrued postretirement benefit obligation (APBO)	\$ <u>58,150,000</u>	<u>70,078,000</u>

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

	<u>2023</u>	<u>2022</u>
Service cost	\$ 3,160,000	5,152,000
Interest cost	4,765,000	3,791,000
Expected return on plan assets	(2,199,000)	(2,547,000)
Amortization of net loss	<u>—</u>	<u>759,000</u>
Net periodic postretirement benefit cost	\$ <u>5,726,000</u>	<u>7,155,000</u>

The amount of actuarial gain amortized into net periodic postretirement benefit cost in 2024 is estimated to be \$0.

As of June 30, 2023 and 2022, the postretirement benefit obligation includes net actuarial gains of \$20,641,000 and \$7,301,000, respectively.

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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>2023</u>	<u>2022</u>
Discount rate for benefit obligation	5.270 %	4.700 %
Discount rate for net periodic postretirement cost	4.700	2.880
Expected return on plan assets	6.89	6.89

For measurement purposes, an annual increase in the per capita cost of covered healthcare and prescription drug benefits was assumed. As of June 30, 2023, the initial trend rates are assumed to be 6.75% for pre-65 medical claims, 4.00% for post-65 medical claims, 7.35% for both pre-65 and post-65 prescription drug claims and 5.76% for Medicare Advantage claims. These rates are assumed to reach an ultimate rate of 4.00% in 2045 and remain at that level thereafter. The trend rates grade to a projected long-term annual growth of inflation, real GDP growth, NHE excess trend and additional experience. Assumed healthcare cost trends have a significant effect on the amounts reported for the healthcare plans.

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

	<u>2023</u>	<u>2023 Target</u>	<u>2022</u>	<u>2022 Target</u>
Asset category:				
Equities	83 %	75 %	81 %	75 %
Fixed income	17	25	19	25
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The fair value of plan assets as of June 30, 2023 and 2022 includes equity mutual funds of approximately \$30.1 million and \$25.8 million, respectively, and fixed income mutual funds of approximately \$6.2 million and \$6.1 million, respectively. These instruments are considered level 1 investments in the fair value hierarchy.

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.

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The benefits expected to be paid in each fiscal year from 2024 to 2028 and the five subsequent years thereafter are as follows:

	Payments not reflecting Medicare subsidy	Medicare subsidy	Benefits reflecting Medicare subsidy
2024	\$ 4,177,000	173,000	4,004,000
2025	4,363,000	174,000	4,189,000
2026	4,542,000	175,000	4,367,000
2027	4,702,000	177,000	4,525,000
2028	4,866,000	179,000	4,687,000
2029–2033	27,537,000	902,000	26,635,000

The expected benefits to be paid are based on the same assumptions used to measure the University's benefit obligation at June 30, 2023.

Employer contributions of approximately \$4.0 million are expected to be made in 2024.

(9) Contributions Receivable

Contributions receivable consist of the following at June 30, 2023 and 2022:

	2023	2022
Amounts expected to be collected in:		
Less than one year	\$ 66,455,593	73,175,792
One year to five years	124,574,200	105,986,309
Thereafter	39,630,000	57,720,000
	230,659,793	236,882,101
Less allowance	(2,500,000)	(2,500,000)
Less discount to present value at a 5% rate at June 30, 2023 and 2022	(21,643,329)	(22,678,918)
	<u>\$ 206,516,464</u>	<u>211,703,183</u>

Included in gross contributions receivable at June 30, 2023 and 2022 is approximately \$98 million and \$107 million, respectively, due from three donors.

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(10) Net Assets

Net assets consist of the following as of June 30, 2023 and 2022:

	2023			2022		
	Without donor restrictions	With donor restrictions	2023 Total	Without donor restrictions	With donor restrictions	2022 Total
Operations	\$ (386,518,825)	—	(386,518,825)	(483,250,081)	—	(483,250,081)
Net investment in plant	293,583,247	—	293,583,247	295,815,028	—	295,815,028
Endowment funds without donor restrictions	262,228,220	—	262,228,220	415,974,863	—	415,974,863
Underwater endowment funds	—	(2,250,640)	(2,250,640)	—	(1,288,880)	(1,288,880)
Research	—	95,368,023	95,368,023	—	84,271,743	84,271,743
Research support	—	303,421	303,421	—	1,040,916	1,040,916
Graduation education	—	679,650	679,650	—	1,716,828	1,716,828
Renovation of facilities	—	2,167,299	2,167,299	—	3,215,051	3,215,051
Subsequent years:						
Pledges – Facilities	—	54,985,189	54,985,189	—	63,088,443	63,088,443
Pledges – Program	—	129,840,592	129,840,592	—	110,778,102	110,778,102
Pledges – Endowment	—	21,690,683	21,690,683	—	37,836,638	37,836,638
Accumulated gains	—	1,640,496,350	1,640,496,350	—	1,756,779,625	1,756,779,625
Annuity trust and split interest agreements	—	296,491	296,491	—	296,491	296,491
Permanent endowment corpus	—	464,945,551	464,945,551	—	436,750,649	436,750,649
	<u>\$ 169,292,642</u>	<u>2,408,522,609</u>	<u>2,577,815,251</u>	<u>228,539,810</u>	<u>2,494,485,606</u>	<u>2,723,025,416</u>

The endowment funds without donor restrictions consisted of the following at June 30, 2023 and 2022:

	2023	2022
Working capital in the endowment	\$ 44,026,633	46,518,674
Other funds designated for long-term investment	218,201,587	369,456,189
	<u>\$ 262,228,220</u>	<u>415,974,863</u>

Net assets released from restrictions as of June 30, 2023 consisted of the following:

Spending on restricted funds:	
Research	\$ 82,117,018
Facilities	28,434,322
Education	600,424
Endowment spending rate:	
Board appropriated spending	91,216,841
Restricted spending:	
Research	5,970,136
Education	1,500
Total	<u>\$ 208,340,241</u>

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THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2023

(With comparative financial information as of and
for the year ended June 30, 2022)

(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 \$372,494,000 and \$350,731,000 in 2023 and 2022, respectively. Institutional support includes approximately \$10,182,000 and \$9,083,000 of fund-raising expenses in 2023 and 2022, 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:

	2023						
	Research	Education	Research support	Operations and maintenance of plant (O&M)	Institutional support	Auxiliary enterprises	Total
Salaries and benefits	\$ 97,439,105	2,473,057	30,311,468	18,414,137	37,351,421	8,237,585	194,226,773
Supplies and other	31,418,268	6,825,948	9,595,261	9,028,592	3,399,446	12,658,515	72,926,030
Fellow ships and stipends	5,693,082	6,614,001	—	—	—	—	12,307,083
Subcontracts	16,999,838	—	—	—	—	—	16,999,838
Professional fees and service contracts	10,601,833	375,851	5,840,204	7,627,287	6,001,975	1,583,344	32,030,494
Depreciation and amortization	30,599,993	3,155,799	3,000,887	4,447,626	4,987,475	9,031,864	55,223,644
Interest and related costs	27,265,917	—	4,877,130	209,689	9,454,847	605,519	42,413,102
O&M— Utilities	33,775,106	174,532	9,160,458	(38,052,023)	2,724,869	4,396,485	12,179,427
Interdepartmental charges	20,989,407	(435,336)	(21,906,143)	(1,675,308)	1,892,000	1,135,380	—
Total functional expenses	274,782,549	19,183,852	40,879,265	—	65,812,033	37,648,692	438,306,391
Postretirement related changes other than service costs	(5,572,343)	(262,126)	(3,810,903)	—	(4,430,067)	(1,012,561)	(15,088,000)
Litigation payments	—	—	—	—	70,064,213	—	70,064,213
Total expenses and other changes	\$ <u>269,210,206</u>	<u>18,921,726</u>	<u>37,068,362</u>	<u>—</u>	<u>131,446,179</u>	<u>36,636,131</u>	<u>493,282,604</u>

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THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

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(With comparative financial information as of and
for the year ended June 30, 2022)

	2022						
				Operations and maintenance of plant (O&M)	Institutional support	Auxiliary enterprises	Total
	Research	Education	Research support				
Salaries and benefits	\$ 95,381,658	2,317,203	29,990,653	18,326,709	36,166,244	8,153,465	190,335,932
Supplies and other	28,635,739	6,487,050	7,665,197	5,168,293	1,267,188	10,009,444	59,232,911
Fellow ships and stipends	6,307,264	6,205,334	—	—	—	—	12,512,598
Subcontracts	14,847,408	—	—	—	—	—	14,847,408
Professional fees and service contracts	9,783,821	333,932	5,363,034	5,967,526	3,392,692	1,661,552	26,502,557
Depreciation and amortization	29,803,293	3,175,911	4,473,952	4,485,562	4,620,196	9,014,502	55,573,416
Interest and related costs	27,034,903	—	4,675,166	(274,735)	4,603,457	484,798	36,523,589
O&M— Utilities	29,441,265	114,022	7,123,338	(32,643,139)	2,769,593	4,407,139	11,212,218
Interdepartmental charges	17,033,590	(740,636)	(19,768,666)	(1,030,216)	3,189,878	1,316,050	—
Total functional expenses	258,268,941	17,892,816	39,522,674	—	56,009,248	35,046,950	406,740,629
Postretirement related changes other than service costs	(8,916,658)	(382,583)	(5,851,125)	—	(6,854,944)	(1,563,690)	(23,569,000)
Litigation payments	—	—	—	—	176,385,634	—	176,385,634
Total expenses and other changes	\$ 249,352,283	17,510,233	33,671,549	—	225,539,938	33,483,260	559,557,263

(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 NYS Child Victims Act (CVA), which was passed in February 2019, modified the statute of limitations for civil claims relating to certain childhood abuse claims and created a one-year window, which was subsequently extended for an additional year, from August 14, 2019, until mid-August 2021, during which persons could initiate civil lawsuits. On March 1, 2023, an amendment to the NYC Gender Motivated Violence Protection Act (GMVPA), which created a two-year window during which persons may bring civil lawsuits for gender-based crimes, became effective. For the year ended June 30, 2023, approximately \$70.1 million has been recorded in the financial statements for CVA and GMVPA settlements, legal fees, investigation costs, and other expenses through November 3, 2023. 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.

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THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2023

(With comparative financial information as of and
for the year ended June 30, 2022)

(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 two additional University faculty members 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 provide pro rata funding annually (calendar year basis) determined by TDI's Board of Directors in support of TDI's activity. In 2023 and 2022, the University provided funding of \$2,000,000, respectively, to TDI.

(14) Fair Value

The University's assets and liabilities at June 30, 2023 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 and cash equivalents	\$ 64,180,814	64,180,814	—	—
U.S. long equities	8,540,710	8,540,710	—	—
International/ global equities	5,842,891	5,842,891	—	—
Other equities	28,969,097	28,969,097	—	—
	<u>107,533,512</u>	<u>107,533,512</u>	<u>—</u>	<u>—</u>

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THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2023

(With comparative financial information as of and
for the year ended June 30, 2022)

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments reported at net asset value:				
Public:				
U.S. long equities	\$ 204,895,833			
International/global equities	202,382,936			
Long/short equities	333,532,013			
Absolute return	<u>442,051,166</u>			
Total public at net asset value	<u>1,182,861,948</u>			
Private:				
Buyout funds	375,980,032			
Venture capital funds	557,317,726			
Real estate funds	97,582,576			
Natural resources and other	<u>204,666,783</u>			
Total private at net asset value	<u>1,235,547,117</u>			
Total investments	<u>\$ 2,525,942,577</u>			
Liabilities:				
Interest rate swap agreements	\$ 67,473,916	—	67,473,916	—
Amounts held for others	151,017,718	—	—	151,017,718

Equities and alternative investments – public contain various monthly, quarterly, semiannual, 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, 2023, the following table summarizes at fair value the composition of various redemption provisions and lock-up periods in the investment portfolio:

<u>Redemption period</u>		<u>Public investments reported at net asset value</u>			<u>Total</u>
		<u>Long equities</u>	<u>Long/short equities</u>	<u>Absolute return</u>	
Monthly	\$	—	105,248,416	51,220,681	156,469,097
Quarterly		147,377,215	90,232,351	131,994,666	369,604,232
Semiannual		13,589,000	—	118,938,700	132,527,700
Annual		46,661,548	—	27,431,849	74,093,397
In liquidation		31,301,816	24,521,565	41,894,309	97,717,690
Lock-up (a)		<u>168,349,190</u>	<u>113,529,681</u>	<u>70,570,961</u>	<u>352,449,832</u>
Total	\$	<u>407,278,769</u>	<u>333,532,013</u>	<u>442,051,166</u>	<u>1,182,861,948</u>

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THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2023

(With comparative financial information as of and
for the year ended June 30, 2022)

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

	<u>Amount</u>
Fiscal year:	
2024	\$ 245,219,878
2025	102,223,021
Thereafter	<u>5,006,933</u>
	<u>\$ 352,449,832</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 University's assets and liabilities at June 30, 2022 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 and cash equivalents	\$ 271,354,545	271,354,545	—	—
U.S. government and agency obligations	92,374,561	92,374,561	—	—
U.S. long equities	6,747,967	6,747,967	—	—
International/ global equities	4,098,564	4,098,564	—	—
	<u>374,575,637</u>	<u>374,575,637</u>	<u>—</u>	<u>—</u>
Investments reported at net asset value:				
Public:				
U.S. long equities	242,759,338			
International/global equities	216,226,191			
Long/short equities	299,714,470			
Absolute return	322,690,140			
Total public at net asset value	<u>1,081,390,139</u>			
Private:				
Buyout funds	363,130,981			
Venture capital funds	647,829,616			
Real estate funds	90,994,301			
Natural resources and other	217,894,379			
Total private at net asset value	<u>1,319,849,277</u>			
Total investments	<u>\$ 2,775,815,053</u>			

(Continued)

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Notes to Financial Statements

June 30, 2023

(With comparative financial information as of and
for the year ended June 30, 2022)

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Liabilities:				
Interest rate swap agreements	\$ 94,848,083	—	94,848,083	—
Amounts held for others	160,306,061	—	—	160,306,061

Equities and alternative investments – public contain various monthly, quarterly, semiannual, 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, 2022, the following table summarizes at fair value the composition of various redemption provisions and lock-up periods in the investment portfolio:

<u>Redemption period</u>	<u>Long equities</u>	<u>Public investments reported at net asset value</u>		<u>Total</u>
		<u>Long/short equities</u>	<u>Absolute return</u>	
Monthly	\$ 39,069,210	53,238,618	10,954,739	103,262,567
Quarterly	231,422,271	66,962,391	62,510,511	360,895,173
Semiannual	—	—	138,203,145	138,203,145
Annual	36,959,228	—	27,392,861	64,352,089
In liquidation	1,359,386	1,862,878	37,215,953	40,438,217
Lock-up (a)	<u>150,175,434</u>	<u>177,650,583</u>	<u>46,412,931</u>	<u>374,238,948</u>
Total	\$ <u>458,985,529</u>	<u>299,714,470</u>	<u>322,690,140</u>	<u>1,081,390,139</u>

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

	<u>Amount</u>
Fiscal year:	
2023	\$ 123,113,077
2024	191,903,102
Thereafter	<u>59,222,769</u>
	\$ <u>374,238,948</u>

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THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2023

(With comparative financial information as of and
for the year ended June 30, 2022)

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, 2023 and 2022 for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Fair value at June 30, 2022</u>	<u>Acquisitions net of investment income</u>	<u>Dispositions</u>	<u>Realized gains</u>	<u>Unrealized losses</u>	<u>Fair value at June 30, 2023</u>
Amounts held for others	\$ 160,306,061	(169,581)	(8,324,354)	11,367,223	(12,161,631)	151,017,718

	<u>Fair value at June 30, 2021</u>	<u>Acquisitions net of investment income</u>	<u>Dispositions</u>	<u>Realized gains</u>	<u>Unrealized losses</u>	<u>Fair value at June 30, 2022</u>
Amounts held for others	\$ 173,072,819	(79,158)	(7,827,530)	14,151,437	(19,011,507)	160,306,061

(15) Subsequent Events

The University evaluated events subsequent to June 30, 2023 through November 8, 2023, the date on which the financial statements were issued and concluded that no additional disclosures are required, except as referred to above in note 12.

THE ROCKEFELLER UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

Federal grants/program title or cluster	Federal assistance listing number	Pass-through entity identifying number	Amount provided to subrecipients	Expenditures
Research and Development Cluster:				
U.S. Department of Health and Human Services (DHHS):				
National Institute of Health:				
National Cancer Institute:				
21st Century Cures Act – Beau Biden Cancer Moonshot	93.353		\$ 460,986	892,294
Cancer Cause and Prevention Research	93.393		1,159,835	3,550,997
Cancer Treatment Research	93.395		178,470	1,722,878
Cancer Biology Research	93.396		75,351	2,927,468
Cancer Centers Support Grants	93.397		19,735	1,655,442
Cancer Research Manpower	93.398		252,389	341,682
Pass-through programs from:				
Columbia University	93.393	1(GG016311-01)	—	141,241
Weill Cornell Medical College	93.396	213844	—	(20,615)
Weill Cornell Medical College	93.396	191450	—	84,750
Sloan-Kettering Institute for Cancer Research	93.397	C21915743	—	11,969
Mayo Clinic	93.397	ROC-245908	—	335,801
Sloan-Kettering Institute for Cancer Research	93.398	MSKSUB00000142	—	41,190
Total National Cancer Institute			2,146,766	11,685,097
National Eye Institute:				
Vision Research	93.867		—	(4,137)
Pass-through programs from:				
University of California, San Francisco	93.867	12115SC	—	360,884
Total National Eye Institute			—	356,747
National Heart, Lung, and Blood Institute:				
Blood Diseases and Resources Research	93.839		228,547	691,857
Pass-through programs from:				
Lehigh University	93.839	544455-78002	—	13,592
Total National Heart, Lung, and Blood Institute			228,547	705,449
National Institute of Allergy and Infectious Diseases:				
Trans-NIH Research Support	93.310		—	1,870,212
Allergy and Infectious Diseases Research	93.855		2,753,389	19,662,347
Allergy and Infectious Diseases Research (COVID-19)	93.855		803,765	4,230,420
Pass-through programs from:				
Albert Einstein College of Medicine	93.855	31209A	—	222,416
Benaroya Research Institute	93.855	FY22ITN548	—	1,217
Broad Institute	93.855	5000564-5500001798	—	179,713
California Institute of Technology	93.855	S413690	—	779,466
The Brigham and Women's Hospital	93.855	125809	—	644,762
The Wistar Institute	93.855	25901-52-324	—	80,215
The Wistar Institute	93.855	25860-01-324	—	66,535
The Wistar Institute	93.855	25900-52-324	—	3,492
Fred Hutchinson Cancer Research Center	93.855	0001110407	—	273,745
Fred Hutchinson Cancer Research Center	93.855	0001143571	—	326,868
Weill Cornell Medical College	93.855	211027-3	—	329,583
Weill Cornell Medical College	93.855	200543-1	—	152,013
Hackensack Meridian Health	93.855	1 U19 AI171401-01	—	849,226
Hackensack Meridian Health	93.855	G10200-2213	—	843,390
Hackensack Meridian Health	93.855	G10200-2219	—	57,059
Hackensack Meridian Health	93.855	U19 AI171401-01	—	2,442,374
Hackensack Meridian Health	93.855	U19AI142731-04	—	627,085
Hackensack Meridian Health	93.855	U19AI142731-05	—	84,366
University of California, Los Angeles	93.855	1560 G YB449	—	48,585
University of Michigan	93.855	SUBK00016308	—	335,301
University of Michigan	93.855	SUBK00018317	—	156,227
Mount Sinai School of Medicine	93.855	0254-6901-4609	—	123,230
New York Genome Center	93.855	2019-0014-ROCK-01	—	332,802
Seattle Children's Research Institute	93.855	SCRI NS122902	—	315,185
Northwestern University	93.855	60055769 RU	—	208,088
The Scripps Research Institute	93.855	5-54886	—	582,067
The Scripps Research Institute	93.855	5-54559	—	68,933
University of Alabama at Birmingham	93.855	000520244-SP008-SC016	—	166,308
University of Alabama at Birmingham	93.855	000520244-SP008-SC025	—	13,776
Weill Cornell Medical College	93.855	211594	—	91,198
Weill Cornell Medical College	93.855	215334-1	—	18,767
Weill Cornell Medical College	93.855	222658	—	869,509
Massachusetts General Hospital	93.855	236937	—	430,147
Total National Institute of Allergy and Infectious Diseases			3,557,154	37,486,627

(Continued)

THE ROCKEFELLER UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

Federal grants/program title or cluster	Federal assistance listing number	Pass-through entity identifying number	Amount provided to subrecipients	Expenditures
Research and Development Cluster, continued:				
DHHS, continued:				
National Institute of Alcohol Abuse and Alcoholism:				
Alcohol Research Programs	93.273		\$ —	288,208
National Institute of Human Genome:				
Human Genome Research	93.172		—	85,556
Trans-NIH Research Support	93.310		—	1,013,246
Pass-through program from:				
University of California, Santa Cruz	93.172	A20-0450-S004 P0727664	—	785,147
Total National Institute of Human Genome			—	1,883,949
National Institute of Arthritis and Musculoskeletal and Skin Diseases:				
Arthritis and Musculoskeletal and Skin Diseases Research	93.846		—	1,811,442
Pass-through programs from:				
Stanford University	93.846	62678188-166520	—	422,303
University of California, Los Angeles	93.846	1554GLA512	—	30,732
Rush University	93.846	22021106-Sub04	—	16,927
Hospital for Special Surgery	93.846	1	—	9,295
Total National Institute of Arthritis and Musculoskeletal and Skin Diseases			—	2,290,699
National Institute of Child Health and Human Development:				
Child Health and Human Development Extramural Research	93.865		—	1,049,784
Pass-through program from:				
Columbia University	93.865	COLUMBIA-RF1NS128897	—	365,212
Columbia University	93.865	GG014695-01	—	331,718
Total National Institute of Child Health and Human Development			—	1,746,714
National Institute of Deafness and Other Communication Disorders:				
Research Related to Deafness and Communication Disorders	93.173		—	860,280
National Institute of Diabetes and Digestive and Kidney Diseases:				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		893,817	4,919,624
Pass-through program from:				
Mount Sinai School of Medicine	93.847	0255-E541-4609	—	67,423
Total National Institute of Diabetes and Digestive and Kidney Diseases			893,817	4,987,047
National Institute on Drug Abuse:				
Drug Abuse and Addiction Research Programs	93.279		—	836,867
Pass-through programs from:				
University of Kentucky Research Foundation	93.279	3200002798-20-052	—	24,628
Mount Sinai School of Medicine	93.279	0255-B353-4609	—	380,687
Mount Sinai School of Medicine	93.279	0255-B354-4609	—	43,393
Total National Institute on Drug Abuse			—	1,285,575
National Institute of General Medical Sciences:				
Trans-NIH Research Support	93.310		—	678,211
Biomedical Research and Research Training	93.859		1,119,594	10,398,500
Pass-through programs from:				
Albert Einstein College of Medicine	93.859	311797	—	77,855
University of Michigan	93.859	3004739341	—	101,725
University of Michigan	93.859	SUBK00009605	—	2,998
Cornell University	93.859	GM120242-05A1	—	13,277
Stanford University	93.859	63067877-135102	—	6,155
Stanford University	93.859	61923756-135242	—	21,926
Total National Institute of General Medical Sciences			1,119,594	11,300,647
National Institute of Mental Health:				
Mental Health Research Grants	93.242		—	975,871
Pass-through programs from:				
Allen Institute	93.242	2022-0627	—	461,499
MicroBrightField	93.242	MH132234-01	—	12,809
NYU School of Medicine	93.242	19-A0-00-1003478	—	33,217
NYU School of Medicine	93.242	22-A0-00-1008079	—	14,715
Total National Institute of Mental Health			—	1,498,111
National Institute of Neurological Disorders and Stroke:				
Extramural Research Programs in the Neurosciences and				
Neurological Disorders	93.853		910,236	10,525,277
Pass-through program from:				
The Children's Hospital of Philadelphia	93.853	3201870622	—	27,719
The Children's Hospital of Philadelphia	93.853	3201870623	—	57,508
University of California, Los Angeles	93.853	1580 G LG241	—	45,952
Rutgers, The State University of New Jersey	93.853	1098	—	15,569
Mount Sinai School of Medicine	93.853	0255-C051-4609	—	7,000
Mount Sinai School of Medicine	93.853	0255-D181-4609	—	225,486
Total National Institute of Neurological Disorders and Stroke			910,236	10,904,511

(Continued)

THE ROCKEFELLER UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

Federal grants/program title or cluster	Federal assistance listing number	Pass-through entity identifying number	Amount provided to subrecipients	Expenditures
Research and Development Cluster, continued:				
DHHS, continued:				
National Institute on Aging:				
Aging Research	93.866		\$ 271,923	4,403,545
Pass-through programs from:				
Brown University	93.866	0001778	—	8,045
Californial Pacific Medical Center Research Institute	93.866	5U19AG023122-15	—	171,141
Sloan-Kettering Institute for Cancer Research	93.866	SUB00000192AM3	—	145,258
University of Kentucky Research Foundation	93.866	3200002798-20-052	—	31,037
Mount Sinai School of Medicine	93.866	0255-D081-4609	—	29,200
Mount Sinai School of Medicine	93.866	0255-E221-4609	—	390,132
Mount Sinai School of Medicine	93.866	0255-F961-4609	—	503,248
Total National Institute on Aging			271,923	5,681,606
National Center for Advancing Translational Sciences:				
National Center for Advancing Translational Sciences	93.350		452,449	4,732,493
Pass-through programs from:				
University of Alabama at Birmingham	93.350	UC 223972	—	28,302
Vanderbilt University	93.350	VUMC59241	—	34,043
Total National Center for Advancing Translational Sciences			452,449	4,794,838
National Center for Complementary and Integrative Health:				
Research and Training in Complementary and Alternative Medicine	93.213		—	172,151
Pass-through program from:				
Mount Sinai School of Medicine	93.UNK	75N93019C00051	—	487,733
Total National Center for Complementary and Integrative Health			—	659,884
Total DHHS			9,580,486	98,415,989
U.S. Department of Defense:				
Intelligence Advanced Research Projects Activity	12.UNK		—	(54,665)
Basic and Applied Scientific Research	12.300		—	615,658
Military Medical Research and Development	12.420		—	194,057
Pass-through program from:				
Icahn School of Medicine at Mount Sinai	12.420	0258-A371-4609	—	42,031
Total Military Medical Research and Development			—	236,088
Total U.S. Department of Defense			—	797,081
National Science Foundation:				
Education and Human Resources	47.076		—	308,042
Biological Sciences:				
Biological Sciences	47.074		—	62,863
Pass-through programs from:				
University of North Carolina, Chapel Hill	47.074	5122605	—	40,746
University of California, Los Angeles	47.074	1580 G VC929	—	122,897
Total Biological Sciences			—	226,506
Computer and Information Science and Engineering:				
Computer and Information Science and Engineering	47.070		—	26,505
Pass-through programs from:				
Massachusetts Institute of Technology	47.070	S3377 PO634173	—	10,251
Massachusetts Institute of Technology	47.070	S3377; PO 508269	—	71,272
Total Computer and Information Science and Engineering			—	108,028
Engineering				
Pass-through programs from:				
Research Foundation of CUNY	47.041	CM00007253-01	—	12,134
Research Foundation of CUNY	47.041	CM00007253-00	—	6,016
Total Engineering			—	18,150
Mathematical and Physical Sciences	47.049		—	178,721
Total National Science Foundation			—	839,447
U.S. Department of Commerce:				
National Oceanic and Atmospheric Administration:				
Ocean Exploration	11.011		—	26,116
National Aeronautics and Space Administration:				
Exploration	43.003		—	10,783

(Continued)

THE ROCKEFELLER UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

Federal grants/program title or cluster	Federal assistance listing number	Pass-through entity identifying number	Amount provided to subrecipients	Expenditures
Research and Development Cluster, continued:				
Research Training Programs:				
U.S. Department of Health and Human Services:				
National Institute of Health:				
National Institute of Allergy and Infectious Diseases	93.855		\$ —	196,336
National Institute of General Medical Sciences	93.859		—	407,409
Total Research Training Programs			—	603,745
Fellowships Programs:				
U.S. Department of Health and Human Services:				
National Institute of Health:				
National Institute on Deafness and Other Communication Disorders	93.173		—	46,752
National Institute of Mental Health	93.242		—	104,206
National Institute of Cancer	93.393		—	49,660
National Institute of Cancer	93.398		—	45,984
National Heart, Lung and Blood Institute	93.837		—	38,960
National Institute of Diabetes and Digestive and Kidney Diseases	93.847		—	65,362
National Institute of Neurological Disorders and Stroke	93.853		—	34,744
National Institute of Allergy and Infectious Diseases	93.855		—	50,005
National Institute of General Medical Sciences	93.859		—	290,881
Total National Institute of Health			—	726,554
National Science Foundation	47.074		—	2,083
Total Fellowships Programs			—	728,637
Total Expenditures of Federal Awards – Research and Development Cluster			\$ 9,580,486	101,421,798

See accompanying notes to schedule of expenditures of federal awards.

THE ROCKEFELLER UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards for the year ended June 30, 2023 (the Schedule) presents expenditures of The Rockefeller University (the University) charged to federal awards programs. The information in this schedule is presented on the accrual basis of accounting and is in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Expenditures are accrued when they are reviewed for eligibility under the grant. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the University.

(2) Summary of Significant Accounting Policies for Federal Awards Expenditures

Expenditures for federal awards programs of the University are determined using cost accounting principles and procedures. Under these cost principles, certain expenditures are not allowable or are limited as to reimbursement.

Expenditures include indirect costs, relating primarily to facilities operation and maintenance, and general and departmental administration services, which are allocated to direct cost objectives (including federal awards) based on negotiated formulas commonly referred to as indirect cost rates. Indirect costs allocated to such awards for the year ended June 30, 2023 were based on fixed rates negotiated with the cognizant federal agency, the Department of Health and Human Services. The University has not elected to use the 10-percent de minimis cost rate allowed under the Uniform Guidance.

(3) Summary of Indirect Costs

Indirect cost recoveries of the University for the year ended June 30, 2023 are summarized as follows:

Research and development	\$ 33,944,961
Research training and fellowships	<u>1,319,926</u>
	<u>\$ 35,264,887</u>



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

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

The Board of Trustees
The Rockefeller University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Rockefeller University (the University), which comprise the balance sheet as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

New York, New York
November 8, 2023



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

Independent Auditors' Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Trustees
The Rockefeller University:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Rockefeller University's (the University) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the University's major federal program for the year ended June 30, 2023. The University's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS,

Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the University as of and for the year ended June 30, 2023, and have issued our report thereon dated November 8, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

New York, New York
December 20, 2023

THE ROCKEFELLER UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

(1) Summary of Auditors' Results

- (a) The type of report issued on whether the financial statements were prepared in accordance with U.S. generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- (c) Noncompliance which is material to the financial statements: **No**
- (d) Internal control deficiencies over the major program disclosed by the audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- (e) Type of report issued on compliance for the major program: **Unmodified**
- (f) Any audit findings that are required to be reported under 2 CFR 200.516(a): **No**
- (g) Major program: **Research and Development Cluster (various Federal Assistance Listing Numbers)**
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None