

**Yeshiva University**  
**Consolidated Financial Statements**  
**June 30, 2020 and 2019**

**Yeshiva University**  
**Table of Contents**  
**June 30, 2020 and 2019**

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	<b>Page(s)</b>
<b>Report of Independent Auditors</b> .....	1–2
<b>Consolidated Financial Statements</b>	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities.....	4
Consolidated Statements of Cash Flows .....	5
Notes to Consolidated Financial Statements .....	6–37



## Report of Independent Auditors

To the Board of Trustees of  
Yeshiva University

We have audited the accompanying consolidated financial statements of Yeshiva University and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, and of cash flows for the years then ended.

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

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

### ***Auditors' Responsibility***

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

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



***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yeshiva University and its subsidiaries at June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it presents restricted cash on the consolidated statements of cash flows as a result of the adoption of a new accounting pronouncement in 2020. Our opinion is not modified with respect to this matter.

*PricewaterhouseCoopers LLP*

Florham Park, New Jersey  
December 23, 2020

**Yeshiva University**  
**Consolidated Statements of Financial Position**  
**June 30, 2020 and 2019**

(in thousands of dollars)

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 26,702	\$ 14,498
Student receivables, net (Note 6)	38,018	36,256
Contribution receivables, net (Note 6)	52,295	60,449
Other assets and receivables (Note 6)	61,121	58,882
Investments, at fair value (Note 4)	498,769	539,345
Investments held for AECOM (Notes 4 and 11)	35,972	39,962
Investments held for unconsolidated organizations (Note 4)	131,307	132,409
Trusts and split-interest agreements held by others	11,241	11,644
Land, buildings and equipment, net (Note 7)	181,478	186,205
Total assets	<u>\$ 1,036,903</u>	<u>\$ 1,079,650</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 31,086	\$ 30,685
Deferred revenue	5,074	3,010
Other liabilities	13,500	13,487
Refundable advances from the U.S. Government	4,598	4,967
Bonds payable and other debt (Note 9)	279,153	285,620
Asset retirement obligations (Note 10)	9,122	9,552
Due to AECOM (Note 11)	41,577	45,217
Investments held for unconsolidated organizations (Note 4)	131,307	132,409
Total liabilities	<u>515,417</u>	<u>524,947</u>
Contingencies (Note 16)		
<b>Net assets</b>		
Without donor restrictions	(47,279)	(57,404)
With donor restrictions (Note 15)	568,765	612,107
Total net assets	<u>521,486</u>	<u>554,703</u>
Total liabilities and net assets	<u>\$ 1,036,903</u>	<u>\$ 1,079,650</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Yeshiva University**  
**Consolidated Statements of Activities**  
**Years Ended June 30, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<i>(in thousands of dollars)</i>						
<b>Operating revenues</b>						
Tuition and fees, net of scholarships of \$95,143 in 2020 and \$91,449 in 2019 (Note 13)	\$ 118,948	\$ -	\$ 118,948	\$ 107,559	\$ -	\$ 107,559
Contributions	9,520	-	9,520	7,740	-	7,740
Investment support utilized	25,814	-	25,814	27,908	-	27,908
Auxiliary enterprises	16,456	-	16,456	18,942	-	18,942
Other revenue	17,189	-	17,189	17,716	-	17,716
Net assets released from restrictions (Note 14)	30,283	-	30,283	25,111	-	25,111
Total operating revenues	<u>218,210</u>	<u>-</u>	<u>218,210</u>	<u>204,976</u>	<u>-</u>	<u>204,976</u>
<b>Operating expenses</b>						
Instruction	99,381	-	99,381	92,269	-	92,269
Academic support	44,058	-	44,058	43,210	-	43,210
Student services	24,313	-	24,313	25,521	-	25,521
Institutional support	58,735	-	58,735	54,411	-	54,411
Auxiliary enterprises	13,085	-	13,085	13,466	-	13,466
Total operating expenses (Note 12)	<u>239,572</u>	<u>-</u>	<u>239,572</u>	<u>228,877</u>	<u>-</u>	<u>228,877</u>
Change in operating activities	<u>(21,362)</u>	<u>-</u>	<u>(21,362)</u>	<u>(23,901)</u>	<u>-</u>	<u>(23,901)</u>
<b>Nonoperating activities</b>						
Contributions, net	-	28,957	28,957	-	43,690	43,690
Provision for uncollectible contribution receivables	-	(10,583)	(10,583)	-	(10,255)	(10,255)
Net assets released from restrictions and redesignations (Note 14)	31,804	(62,087)	(30,283)	12	(25,123)	(25,111)
Net investment return (Note 4)	2,262	23,827	26,089	1,467	11,514	12,981
Investment support utilized	(2,579)	(23,235)	(25,814)	(4,622)	(23,286)	(27,908)
Other revenue and transfers	-	(221)	(221)	-	(74)	(74)
Subsidy of unconsolidated organization (Note 6)	-	-	-	(2,200)	-	(2,200)
Change in net assets from nonoperating activities	<u>31,487</u>	<u>(43,342)</u>	<u>(11,855)</u>	<u>(5,343)</u>	<u>(3,534)</u>	<u>(8,877)</u>
Change in net assets	<u>10,125</u>	<u>(43,342)</u>	<u>(33,217)</u>	<u>(29,244)</u>	<u>(3,534)</u>	<u>(32,778)</u>
<b>Net assets</b>						
Beginning of year	<u>(57,404)</u>	<u>612,107</u>	<u>554,703</u>	<u>(28,160)</u>	<u>615,641</u>	<u>587,481</u>
End of year	<u>\$ (47,279)</u>	<u>\$ 568,765</u>	<u>\$ 521,486</u>	<u>\$ (57,404)</u>	<u>\$ 612,107</u>	<u>\$ 554,703</u>

The accompanying notes are an integral part of these consolidated financial statements.

# Yeshiva University

## Consolidated Statements of Cash Flows

### Years Ended June 30, 2020 and 2019

(in thousands of dollars)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (33,217)	\$ (32,778)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Realized and unrealized gain on investments	(23,062)	(6,441)
Unrealized gain in irrevocable charitable remainder trusts	(10)	(51)
Realized and unrealized gain on investments held for unconsolidated organizations	(4,533)	(1,565)
Unrealized gain in irrevocable charitable remainder trusts held for unconsolidated organizations	(5)	(11)
Unrealized loss in operational investments funds	-	10
Noncash contributions received	(136)	(408)
Proceeds from sale of donated securities	71	314
Depreciation, accretion, and amortization expense	13,294	13,138
Change in trusts and split-interest agreements held by others	403	218
Present value adjustments to receivables	(384)	(2,370)
Provision for uncollectible loans and receivables	13,264	11,602
Contributions restricted for long-term investment	(4,676)	(3,229)
Contributions restricted for investment in plant assets	(592)	(1,811)
Changes in operating assets and liabilities		
Receivables and other assets	(8,044)	(25,236)
Accounts payable and accrued expenses	1,057	(97)
Deferred revenue, trusts held for others, other liabilities and asset retirement obligations	282	(8,854)
Net cash used in operating activities	<u>(46,288)</u>	<u>(57,569)</u>
<b>Cash flows from investing activities</b>		
Change in student and faculty loan receivables, net	(29)	152
Additions to land, buildings and equipment	(8,967)	(6,075)
Change in funds held by bond trustees	21	(14)
Purchases of investments	(459,100)	(417,496)
Proceeds from sales of investments	544,682	469,825
Net cash provided by investing activities	<u>76,607</u>	<u>46,392</u>
<b>Cash flows from financing activities</b>		
Contributions restricted for long-term investment	4,741	3,323
Contributions restricted for investment in plant assets	592	1,811
Change in refundable advances from the U.S. Government	(369)	141
Payment of bonds, notes, and mortgages payable	(6,552)	(5,144)
Net cash (used in) provided by financing activities	<u>(1,588)</u>	<u>131</u>
Net change in cash, cash equivalents and restricted cash	28,731	(11,046)
<b>Cash, cash equivalents and restricted cash</b>		
Beginning of year	<u>38,904</u>	<u>49,950</u>
End of year	<u>\$ 67,635</u>	<u>\$ 38,904</u>
<b>Reconciliation of cash, cash equivalents and restricted cash:</b>		
Cash and cash equivalents as shown on the Consolidated Statements of Financial Position	\$ 26,702	\$ 14,498
Restricted cash and cash equivalents included in Other assets and receivables as shown on the Consolidated Statements of Financial Position	1,311	1,078
Cash and cash equivalents included in the investments portfolio	39,622	23,328
Total cash, cash equivalents and restricted cash as shown on the Consolidated Statements of Cash Flows	<u>\$ 67,635</u>	<u>\$ 38,904</u>
<b>Supplemental disclosure</b>		
Interest paid	\$ 13,399	\$ 13,493
Change in accounts payable and accrued expenses relating to plant assets	(656)	139
Proceeds from sale of donated securities	71	314
Change in investments held for AECOM	(3,990)	(11,867)

The accompanying notes are an integral part of these consolidated financial statements.

# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

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*(in thousands of dollars)*

#### 1. The University and its Operations

Yeshiva University (the “University”) is a private, non-profit institution of higher education primarily based in New York City. The University was founded in 1886 as the Rabbi Isaac Elchanan Theological Seminary (“RIETS”), with which it is still affiliated, and was chartered as a separate University in 1945. The University brings together the heritage of western civilization and the ancient traditions of Jewish law and life.

The University is comprised of several colleges and schools providing undergraduate, graduate, professional, and post-doctoral education and training. The University’s undergraduate education includes Jewish Studies (the Robert M. Beren Department of Jewish Studies and the Rebecca Ivy Department of Jewish Studies), Yeshiva College, Stern College for Women, Sy Syms School of Business, Katz School of Science and Health, and the S. Daniel Abraham Israel Program in Israel. Graduate and professional education is provided at the affiliated Albert Einstein College of Medicine (“Einstein”) (Note 1), and at its Benjamin N. Cardozo School of Law (“Cardozo”), Sy Syms School of Business, Wurzweiler School of Social Work, Ferkauf Graduate School of Psychology (“Ferkauf”), Azrieli Graduate School of Jewish Education and Administration, Bernard Revel Graduate School of Jewish Studies, and the Katz School of Science and Health. The University provides instruction to approximately 5,300 undergraduate, graduate and professional students.

The University is accredited by the Middle States Association of Colleges and Schools, Einstein is accredited by the Liaison Committee on Medical Education, and Cardozo is accredited by the American Bar Association. The other academic programs are accredited by appropriate state and professional accrediting agencies and associations.

The University has three Manhattan campuses: the Wilf Campus located in the Washington Heights section, the Israel Henry Beren Campus located in the Murray Hill section, and the Brookdale Center located in the Greenwich Village section. Ferkauf is located in a building in the Bronx, and the University also operates at Einstein’s Jack and Pearl Resnick Campus in the Bronx. The Wilf Campus, Beren Campus and the Brookdale Center, together with Ferkauf, comprise the Manhattan Campuses. The University operates a museum in New York City and is associated with programs in Israel and Canada.

The University derives its revenues principally from student tuition and fees, government appropriations, contributions, and investment earnings. Additional support is generated through auxiliary activities carried out by the University, such as dining services and residence facilities. The University spends these resources in support of its instructional and research mission.

#### **Related Entities**

##### ***Consolidated Organizations***

There are several entities (the “Consolidated Organizations”) that are controlled by the University for which it provides various administrative services. The financial results of the Consolidated Organizations are consolidated for financial statement reporting purposes.

The Yeshiva Endowment Foundation, Inc. (the “Foundation”) was formed in 1927 as a separate not-for-profit corporation organized for the benefit of the University and its affiliate, RIETS. Control of the Foundation is vested in a Board of Directors, all of whom are members of the University’s Board of Trustees (the “Board of Trustees”). The Foundation includes five wholly-owned, for-profit real estate corporations.



# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

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*(in thousands of dollars)*

Y Properties Holdings, LLC (“Y Properties”) was formed in 2017 as a special purpose bankruptcy remote entity in connection with the refinancing of the University’s private placement debt which was collateralized by a mortgage encumbering five University properties in New York City. The purpose of Y Properties is to generally acquire, hold, maintain, operate, lease, or otherwise use its properties and to borrow money in furtherance of the objectives of Y Properties. The sole member of Y Properties is the University. On April 21, 2017, the University transferred ownership of the five aforementioned properties to Y Properties, and Y Properties entered into a \$140,000 loan agreement secured by a mortgage on such properties. The net proceeds of the loan (less the costs of issuance) were distributed to the University as the sole member and used to repay the private placement debt. The University continues to use these properties as a tenant, pursuant to a long-term operating lease with Y Properties as landlord (Notes 7 and 9(c)). Y Properties remains a separate entity whose assets and credit are not available to satisfy the University’s unrelated debts and other obligations. As the sole controlling member, the University includes the operations of Y Properties in the University’s consolidated financial statements.

#### **Unconsolidated Organizations**

RIETS and Yeshiva University High Schools (the “High Schools”), an education corporation that maintains separate secondary school programs for boys and girls, are independently incorporated not-for-profit institutions separately chartered by the Board of Regents of the State of New York in 1970 and 2009, respectively. Control of RIETS and the High Schools is vested in their respective boards of trustees, a minority of whose membership includes trustees of the University. The financial results for these two entities are excluded from the consolidated financial statements.

#### **Affiliation Agreements**

On September 9, 2015 (the “Acquisition Date” or the “Closing”), the University entered into a Joint Collaboration Agreement regarding Einstein with Montefiore Medicine Academic Health System, Inc. (“Montefiore Medicine”), an affiliate of Montefiore Medical Center (“Montefiore”) which has long been Einstein’s principal teaching hospital. Pursuant to the Joint Collaboration Agreement, the University transferred operational and financial responsibility for Einstein to a newly-created not-for-profit tax-exempt corporation (which, as of January 1, 2019, merged into a newly-created tax-exempt education corporation “AECOM”) controlled by Montefiore Medicine (the “Transaction”). In accordance with the Joint Collaboration Agreement, at the Closing the majority of the University’s investment and endowment accounts that were attributable to (i.e., donated for the benefit of) Einstein were transferred from the University to AECOM. The remainder of those investments have continued to be transferred to AECOM over time (Notes 4 and 11).

The Joint Collaboration Agreement provided that for a transition period, following the Closing, until AECOM received full accreditation as a freestanding degree-granting institution, the University would: (i) maintain academic oversight for the medical school, including granting degrees; and (ii) provide certain administrative services to or on behalf of the medical school. As part of the University’s continuing involvement during the transition period until AECOM received full accreditation, certain medical school employees, including a number of faculty members and academic officers, remained employed by the University. Additionally, during this transition period, medical school students continued to enroll at the University and financial aid was administered by the University in accordance with applicable federal and state law and accreditation requirements. As part of a transition services agreement, AECOM paid the University for the University’s ongoing activities benefitting medical students and the medical school during the transition period. As of March 1, 2019, AECOM became a freestanding degree-granting institution and the academic oversight functions for the medical school previously performed by the University have generally

# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

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*(in thousands of dollars)*

ceased. The University continued to sponsor and enroll international students at the medical school until June 1, 2020 when AECOM was able to do so on its own after receiving authority from the U.S. Government. In addition, as part of the transaction, the University retained ownership of (or the right to use) certain limited real estate assets on Einstein's Resnick Campus in the Bronx.

#### **Tax Matters**

The University is a not-for-profit corporation described in Internal Revenue Code Section 501(c)(3) and is generally exempt from federal income taxes on related income under Internal Revenue Code Section 501(a). Accordingly, no provision for federal income tax has been recorded in the consolidated financial statements. The University is also exempt from New York income taxes under the related state provisions. The University is subject to the unrelated business income tax on revenue generated by activities unrelated to its tax-exempt mission of education and research, primarily from income generated by certain investments. For the years ended June 30, 2020 and 2019, the University generated net unrelated trade or business income/(loss) of \$485 and (\$1,283), respectively. As of June 30, 2020, the University had approximately \$18,700 of ordinary loss carry-forwards to offset unrelated business income and capital gains generated in future years. Management has taken the position not to record a deferred tax asset with respect to these losses, as it is uncertain whether such losses will be utilized in the future.

The Foundation is a not-for-profit corporation described in Internal Revenue Code Section 501(c)(3) and is exempt from federal income taxes under Internal Revenue Code Section 501(a). The Foundation operates as a supporting organization of the University and RIETS. The real estate entities are wholly-owned by either the University or the Foundation, and operate as for-profit entities which are either disregarded or are subject to income tax at the federal, state, and local levels. In the opinion of management, these entities generate recurring losses and de minimis tax liabilities that are not material to the consolidated financial statements. Management has taken the position not to record a deferred tax asset with respect to these losses, as it is uncertain whether such losses will be utilized in the future.

Y Properties is a single member limited liability company that is classified as a disregarded entity for federal and state income tax purposes. For tax purposes, all of Y Properties' income and losses are reported by the University, its sole member.

Management assesses its income tax position each year to determine whether it is likely to be sustained if examined by an applicable taxing authority. This review for fiscal 2020 had no material impact on the consolidated financial statements.

## **2. Summary of Significant Accounting Policies**

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

#### **Basis of Presentation**

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with standards established by the FASB for external financial reporting by not-for-profit organizations. While the underlying accounts of the University are maintained in accordance with the principles of fund accounting to facilitate observance of specific donor-imposed restrictions placed on some of the resources available to the University, the accompanying consolidated financial statements present the financial position, activities, and cash flows of the University as a whole. University resources are classified and reported in the consolidated financial statements

# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

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(in thousands of dollars)

within separate classes of net assets based on the existence or absence of donor-imposed restrictions.

#### **Net Assets Classification**

The University classifies its net assets as without donor restrictions or with donor restrictions. Periodically, donor redesignations may result in reclassifications of net assets. The two net assets categories of the University are classified as follows:

*Without donor restrictions* – Net assets that are not subject to donor-imposed stipulations and are available for operations.

*With donor restrictions* – Net assets that are subject to donor-imposed stipulations. This includes net assets with donor restrictions that will be satisfied by the actions of the University, the passage of time, or both. These net assets include gifts for which donor-imposed restrictions have not been met (including gifts for capital projects not yet placed in service), pledges, split-interest agreements, and net assets from donor-restricted endowments not yet appropriated for spending. Once the restrictions are satisfied, or have been deemed to have been satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Also included in this category are net assets with donor restrictions that require such assets to be maintained permanently by the University and invested to provide a perpetual source of income. The University considers cash assets and pledges that are maintained and invested in perpetuity as endowment funds that will ultimately be invested when collected. Certain donor restrictions are perpetual in nature and may include gifts, pledges, trusts and remainder trusts, and income and gains that are required to be permanently retained.

#### **Operating and Nonoperating Activities**

The Consolidated Statements of Activities present the changes in net assets by distinguishing between operating and nonoperating activities.

Operating activities principally include all revenue and expenses that relate to the University's educational programs, research, training, and supporting activities. Investment returns utilized included in operating revenues consist of appropriated endowment spending on pooled endowed funds and investment income on nonendowed funds, as well as nonpooled endowed funds, that were used to support operating activities in accordance with the University's endowment spending policy (Note 5). Operating revenues also include the release of restricted net assets which include prior year contributions for which the donor-specified conditions have been met.

The University has defined nonoperating activities to principally include net investment return less investment return utilized to support current year operating activities in accordance with the University's endowment spending rate policy (Note 5), restricted contributions, net assets released from restrictions and redesignations, provision for or loss on uncollectible contributions receivable, and subsidy of unconsolidated organizations. Certain other gains, losses or transfers in net assets related to transactions considered to be of an unusual or nonrecurring nature are also included in nonoperating activities.

#### **Revenue Recognition**

Revenue related to exchange transactions is recognized under the provisions of the applicable ASC Topic, which is typically ASC Topic 606, Revenue from Contracts with Customers. The

# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

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*(in thousands of dollars)*

University recognizes contributions in accordance with the revenue recognition provisions of ASC Topic 958-605, Not-for-Profit Entities Revenue Recognition. Revenue is considered a contribution if it is determined not to be an exchange transaction.

Revenue recognition for the University's significant types of revenue is discussed below.

#### **Tuition and Fees**

Tuition and fees are derived from degree and continuing education programs. The University administers a variety of federal, state, institutional, and private programs in order to assist students in meeting tuition and other costs of attendance. Tuition and fees do not include other items such as meal plans and room and board which are included in auxiliary revenue in the Consolidated Statements of Activities; however the recognition process mirrors that for tuition and fees. Tuition and fee revenues are reported net of scholarships and transfers to AECOM. Scholarships are provided to offset tuition and fees and are either merit or need based. Tuition and fees and room and board revenues are supported by separate contracts entered between the University and the individual student.

Tuition and fees and room and board revenues are recognized as operating revenue in the period in which the University satisfies its performance obligations to its students. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of accounting in ASC Topic 606. The University's performance obligations are to provide education to the student and, in certain instances, other items such as room and board. The University recognizes tuition and fees, and room and board on a straight-line basis over each academic session based on gross price, net of explicit price concessions such as financial aid grants which are applied to tuition and fees. The value that is recognized for each performance obligation is set forth in a publicly available University fee schedule and is identified in the individual contracts with each student. Individual contracts for tuition and fees, and room and board display the transaction price on a standalone basis for each service to be provided to each specific student. Additionally, the contract contains the price adjustment in the form of financial aid grants that are being awarded to the student. Given the timing of each year's academic semesters, nearly all performance obligations on behalf of the University are completed within the fiscal year.

The timing(s) of billings, cash collections and revenue recognition results in accounts receivable and deferred revenue and student deposits on the Consolidated Statements of Financial Position. Receivables are recognized only to the extent that it is probable that the University will collect substantially all of the consideration to which it is entitled in exchange for goods and services transferred to the student. Receipts received in advance of goods and services performed are recorded as deferred revenue and student deposits.

Of the \$135,404 in total net tuition, fees and auxiliary revenue recognized in fiscal year 2020, \$72,098 was from undergraduate students, \$63,154 was from graduate students, and \$152 was from other sources. Of the \$126,501 in total net tuition, fees and auxiliary revenue recognized in fiscal year 2019 \$73,834 was from undergraduate students, \$52,503 was from graduate students, and \$164 was from other sources.

#### **Contributions**

Contributions, including unconditional promises to give ("pledges"), are reported as revenues in the period received or pledged.

# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

---

*(in thousands of dollars)*

Conditional promises to give are not recognized until they become unconditional, that is, when both the barrier to entitlement and the refund of amounts paid (or a release from obligation to make future payments) have been substantially met. Conditional contributions received, where the barrier to entitlement has not yet been met, are recorded as deferred revenue.

Contributions of assets other than cash are recorded at their estimated fair value at the date of receipt if the University received certain goods and services that meet criteria under generally accepted accounting principles in the United States of America ("GAAP") for recognition as contributions. Contributions of property and equipment are recorded as increases in net assets without donor restrictions unless the donor places restrictions on their use. Pledges not expected to be received within one year are discounted at a risk-adjusted rate that includes a premium for credit risk, if any. In addition, provisions for uncollectible contribution receivables that are related to pledges with donor restrictions are presented under nonoperating activities.

#### **Other Revenue**

Other revenue consists of government awarded grants and contracts, income from the Jack D. Weiler Hospital of Albert Einstein College of Medicine ("WHAECOM") lease and other program income support revenue.

The University receives sponsored program grant and contract income from governmental sources. The funding may represent a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large or it may be a reciprocal transaction in exchange for an equivalent benefit in return. Revenues from exchange transactions are recognized as performance obligations are satisfied which in most cases mirrors the timing of when related costs are incurred. Revenues from non-exchange transactions may be subject to conditions in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). The University recognizes revenue earned from conditional non-exchange transactions when the barrier is satisfied, typically as related costs are incurred. In addition, the University has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions will include the donor-restricted contributions if the purpose restrictions are met in the same reporting year as the revenue is recognized.

The University has a lease agreement with Montefiore, whereby exclusive occupation, management, and control of WHAECOM is with Montefiore. The annual lease payment along with the straight-line of the WHAECOM lease are recorded as other revenue.

#### **Investments and Net Investment Return**

Investments are stated at estimated fair value. These fair values may differ from the values that would have been used had a ready market existed for these investments, and the differences could be significant.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses are generally determined on the basis of average cost of securities sold and are reflected in net investment return in the Consolidated Statements of Activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis, and are reflected in net investment return in the Consolidated Statements of Activities.

# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

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*(in thousands of dollars)*

#### **Cash and Cash Equivalents**

Cash and cash equivalents line on the Statement of Financial Position represents the University's working capital and include cash on hand and other highly liquid investments having an original maturity of less than three months, excluding investments. Cash and cash equivalents may include cash in bank accounts and investments in money market funds. Cash and cash equivalents related to the University's investment strategies are included in Investments in the Consolidated Statements of Financial Position. In the Consolidated Statements of Cash Flows, the University is required to show restricted cash and cash equivalents from investments and other assets and receivables as part of a reconciliation equating to total cash, cash equivalents and restricted cash. At times, cash in banks may exceed Federal Deposit Insurance Corporation ("FDIC") insured limits. Management believes that the credit risk to these deposits is minimal.

#### **Student Receivables and Allowance for Doubtful Accounts**

Student receivables are recorded when billed to the student. Student receivables are reduced by an allowance for doubtful accounts. The process for estimating the ultimate collection of receivables involves significant assumptions and judgments. Account balances are written off against the allowance when management determines it is probable the receivable will not be recovered. Historical collection is an integral part of the estimation process related to the allowance for uncollectible accounts. Revisions in allowance for doubtful accounts estimates are recorded as an adjustment to the provision for bad debts.

#### **Institutional Student Loans**

The University manages a variety of internal loan programs. Student loans are classified as net assets with donor restrictions. Interest earned on institutional loan programs is reinvested to support additional loans. The repayment and interest rate terms of the institutional loans vary considerably.

#### **Split-Interest Agreements and Perpetual Trusts**

The University's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts for which the University serves as trustee. The fair value of trusts and split-interest agreements are categorized as Level 3 within the fair value hierarchy. Contribution revenue is recognized at the date that the trusts are established, after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

The University is the beneficiary of certain perpetual trusts and other split-interest agreements held and administered by others. The present value of the estimated future cash receipts from the trusts and agreements is recognized as an asset and as a contribution when the University is notified that the trusts or agreements have been funded. Distributions from the trusts greater than the estimated present value are recorded as contributions and the carrying value of the assets is adjusted annually for changes in the estimates of future receipts. Changes in the fair values of assets of perpetual trusts and agreements are recorded as increases or decreases in net assets with donor restriction.

#### **Land, Buildings and Equipment**

Land, buildings and equipment (Note 7) are stated substantially at cost, except for those received by contribution, which are stated at appraised value at date of contribution. Equipment, furniture

# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

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(in thousands of dollars)

and fixtures having a useful life of one year or more and an acquisition cost of five thousand dollars or more per unit are capitalized.

Depreciation is computed on a straight-line basis over the assets' estimated useful lives. Depreciable lives of buildings and improvements are 50 years for building shell and up to 28 years for all other building components. The depreciable lives of equipment, furniture, and fixtures range from 5 to 15 years and range from 5 to 10 years for software applications.

#### **Refundable Advances From the U.S. Government**

Funds provided by the U.S. Government under the Federal Perkins Loan program are loaned to eligible students and may be re-loaned after collection. These funds are ultimately refundable to the U.S. Government and are presented in the Consolidated Statements of Financial Position as a liability. The Perkins Loan Program was not reauthorized by the federal government in September 2017, and therefore, collected funds will be returned to the U.S. Government and the University proportionate to their original funding.

#### **Fair Value**

The University values certain financial and nonfinancial assets and liabilities by applying the FASB pronouncement on *Fair Value Measurements*. The pronouncement defines fair value and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. 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 (an exit price). The hierarchy has three levels based on inputs that market participants would use in valuing the asset or liability based on market data obtained from sources independent of the University as follows:

- Level 1      Unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2      Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable.
- Level 3      Unobservable inputs for the asset or liability.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. The University is required by the pronouncement to maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3). The University considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, provided by independent sources that are actively involved in the relevant market, and not proprietary. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the University's perceived risk of that instrument.

Assets and liabilities are disclosed in the Notes to Consolidated Financial Statements within the hierarchy based on the lowest (or least observable) input that is significant to the measurement. The University's assessment of the significance of an input requires judgment, which may affect the valuation and categorization within the fair value hierarchy. The fair value of assets and liabilities

# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

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(in thousands of dollars)

using Level 3 inputs are generally determined by using pricing models, discounted cash flow methods or calculated Net Asset Value (“NAV”), which all require significant management judgment or estimation.

As a practical expedient, the University is permitted, under the pronouncement, to estimate the fair value of an investment in an investment company at the measurement date using the reported NAV. Adjustment is required if the University expects to sell the investment at a value other than NAV or if NAV is not calculated in accordance with GAAP. All investments for which fair value is measured using NAV are excluded within the fair value hierarchy, as long as no adjustment is required to NAV and the investment manager has reported a NAV at the measurement date. Investments are categorized as Level 3 if a NAV adjustment is required or if there is no reported NAV at the measurement date.

The University performs additional procedures, including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with GAAP. The University has assessed factors including, but not limited to, managers’ compliance with the *Fair Value Measurement* standard, price transparency and valuation procedures in place.

All investments are subject to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is likely that changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported in the Consolidated Statements of Financial Position.

The fair value of the University’s investments is disclosed in Note 4. A reasonable estimate of the fair value of loans receivable from students under government loan programs could not be made because the loans are not saleable and can only be assigned to the U.S. Government or its designees. The fair value of the mortgage loans receivable at June 30, 2020 and 2019 approximate carrying value in the Consolidated Statements of Financial Position. The carrying amount of the University’s remaining financial instruments approximates fair value because of their short maturity.

#### **Use of Estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions include the valuation of investments, provision for uncollectible receivables, the present value of multi-year pledges, and the allocation of expenses to functional classifications.

#### **New Authoritative Pronouncements Adopted by the University**

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. The ASU provides guidance on the presentation, disclosure, and cash flow classification of restricted cash. The ASU is effective for fiscal years beginning after December 15, 2018; however, early adoption is permitted. The new guidance requires that the reconciliation of the beginning-of-period and end-of period amounts shown in the Consolidated Statements of Cash Flows include restricted cash and restricted cash equivalents. The new standard was effective July 1, 2019 and was adopted by the University using a retrospective application. The University has implemented the new guidance and presented the reconciliation to the Consolidated Statements of



# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

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*(in thousands of dollars)*

Financial Position within the Consolidated Statements of Cash Flows. The adoption of ASU 2016-18 did not have a material impact on the University's Consolidated Statements of Activities, however, in the Consolidated Statements of Cash Flows, the adoption decreased net cash provided by investing activities for the year ended June 30, 2019 from \$49,104 as previously reported to \$46,392, decreased net cash used by operating activities for the year ended June 30, 2019 from (\$50,195) as previously reported to (\$57,569), increased 2019 beginning of year cash and cash equivalents from \$15,458 as previously reported to \$49,950 and increased 2019 end of year cash and cash equivalents from \$14,498 as previously reported to \$38,904.

#### **New Authoritative Pronouncements Not Yet Adopted by the University**

In February 2016, the FASB issued ASU 2016-02, *Leases*, that will require lessees to report most leases on their statement of financial position but recognize expenses on their income statement in a manner similar to current accounting. The guidance also eliminates current real estate-specific provisions. Lessors in operating leases continue to recognize the underlying asset and recognize lease income on either a straight-line basis or another systematic and rational basis. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers and Leases: Effective Dates for Certain Entities*. As per this update the effective date for adoption of *Leases* is fiscal year beginning after December 15, 2019 with early adoption permissible. The University is evaluating the impact this standard will have on the fiscal year 2021 consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement*. The new guidance simplifies fair value measurement disclosures through the removal and modification of a number of investment related disclosure requirements. Certain disclosures are no longer required including amount of and reasons for transfers between Levels 1 and 2; policy for timing of transfers between level and valuation processes for Level 3 investments. The ASU is effective for fiscal year 2021 for the University. The University is evaluating the impact of the new standard on the University consolidated financial statements.

#### **Reclassifications**

Certain previously reported amounts in the fiscal year 2019 consolidated financial statements have been reclassified in order to conform to fiscal year 2020 presentation.

### **3. Liquidity and Availability of Financial Resources**

As part of the University's liquidity management strategy, the University structures its financial assets to be available to meet cash needs for general expenditures, liabilities, and other obligations as they come due. A significant portion of the University's annual expenditures are funded by operating revenues in the current year including tuition and fees, endowment support, auxiliary enterprises, gifts for current use and other revenues.

The University routinely monitors liquidity required to meet its ongoing operating needs and commitments while striving to maximize the investment of available resources within its investment pools.

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

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*(in thousands of dollars)*

The University's financial assets available within one year of the Consolidated Statements of Financial Position for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital projects are as follows:

	<u>2020</u>	<u>2019</u>
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 19,436	\$ 11,454
Student receivables	9,300	9,200
Pledge receivables due in one year	11,861	13,027
Short term investments	36,500	76,300
Estimated spending appropriation	<u>25,801</u>	<u>23,524</u>
Total financial assets available within one year	<u>\$ 102,898</u>	<u>\$ 133,505</u>

In addition, the University has board-designated funds of \$4,024. Although the University does not intend to spend from such funds, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from such board-designated funds could be made available if necessary.

The University was in compliance with its bond and bank loan covenants at June 30, 2020 and 2019. Management believes that the University will have sufficient resources to meet its ongoing obligations, through June 30, 2022.

As a result of the COVID-19 pandemic, in March 2020, the University closed its campus after spring break and converted the remainder of the spring semester to a period of virtual learning. Students living in on-campus residence halls received credits for their unused housing and meal plans through the end of the semester resulting in a refund of \$3,276 which would have been included in Auxiliary enterprises, net on the Consolidated Statements of Activities for the fiscal year ending June 30, 2020.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act Higher Education Emergency Relief Fund allocated funding of \$2,500 to the University. During the year ended June 30, 2020, \$1,250 was utilized for institutional purposes with the remainder of these funds being disbursed to qualifying students within fiscal year 2021. While the federal regulations which these payments will be subject to have not been finalized to date, the University believes it is in compliance with existing federal guidelines.

The University continues to monitor developments related to COVID-19. However, given the uncertainty regarding the future impact of Covid-19, it is difficult to predict the potential impact on the University's financial which may be material to the University's results of operations

**4. Investments**

The University manages substantially all of its investments and those of certain Consolidated Organizations and Unconsolidated Organizations in three investment groups – the Long Term Pool

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

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*(in thousands of dollars)*

(“LTPool”) for long-term investments, the Operational Investment Funds (“OIFunds”) for shorter-term investments, and Segregated Investments.

The Investment Oversight Committee of the Board of Trustees oversees the University’s investment strategy for the LTPool in accordance with established guidelines, which cover, among other criteria, asset allocation, diversification, liquidity and performance return objectives. The overall investment objective of the University is to invest the LTPool in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after accounting for inflation. The University diversifies its investments among various asset classes incorporating multiple strategies and managers.

In anticipation of the Joint Collaboration Agreement regarding Einstein (Note 1), the University split the LTPool into two unitized pools in fiscal year 2015, both of which are included as part of the LTPool in the schedule below. The remaining portion of Einstein’s investments of \$35,972 and \$39,962 at June 30, 2020 and 2019, respectively, represents investments held for AECOM that are being transferred over time due to illiquidity and other regulatory reasons. These amounts are shown separately on the Consolidated Statements of Financial Position as of June 30, 2020, and 2019, respectively.

The OIFunds are managed to a shorter-term investment horizon with an emphasis on liquidity. Investments include cash and cash equivalents and fixed income securities.

Segregated Investments include investments that are donor-directed and assets held in irrevocable charitable remainder trusts. These investments include cash and cash equivalents, U.S. Government obligations, mutual funds (fixed income), corporate debt, State of Israel Bonds, corporate stocks, mutual funds (equities), investment receivables, investment payables and other investments.

At June 30, 2020 and 2019, the value of the University’s interest in these groups is as follows:

	<u>2020</u>	<u>2019</u>
Long term pool	\$ 493,907	\$ 534,394
Operational investment funds	94	94
Segregated investments	<u>4,768</u>	<u>4,857</u>
Total investments, at fair value	<u>\$ 498,769</u>	<u>\$ 539,345</u>

Included in segregated investments are irrevocable charitable remainder trusts of \$837 and \$893 as of June 30, 2020 and 2019, respectively. Included in investments held for AECOM on the Consolidated Statements of Financial Position are \$18,993 and \$20,898 of irrevocable charitable remainder trusts as of June 30, 2020 and 2019, respectively.

# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

(in thousands of dollars)

The following tables present the fair value hierarchy for those assets reported at fair value in the Consolidated Statements of Financial Position as of June 30, 2020 and 2019. The fair value amounts presented below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Financial Position as of June 30, 2020 and 2019:

Investment Strategy	2020				
	Level 1	Level 2	Level 3	NAV	Total
Cash and cash equivalents	\$ 39,622	\$ -	\$ -	\$ -	\$ 39,622
Fixed income					
U.S. Government obligations	6,394	-	-	-	6,394
Mutual funds (fixed income)	18,689	-	-	-	18,689
Corporate debt	-	9,494	-	-	9,494
State of Israel bonds	-	295	-	-	295
Equities					
Corporate stocks	52,187	-	-	-	52,187
Mutual funds (equities)	29,239	-	-	-	29,239
Long-only equities	-	-	-	97,206	97,206
Long-short equities	-	-	-	137,186	137,186
Private equity	-	-	-	107,753	107,753
Venture capital	-	-	-	18,931	18,931
Marketable alternatives					
Multi-strategy/event-driven	-	-	-	109,841	109,841
Real assets	-	-	-	8,987	8,987
Real estate	-	-	-	14,660	14,660
Investment receivables	-	-	-	12,123	12,123
Other investments	1,747	1,694	-	-	3,441
	<u>\$ 147,878</u>	<u>\$ 11,483</u>	<u>\$ -</u>	<u>\$ 506,687</u>	<u>666,048</u>
Less: Unconsolidated Organizations' interests in the investments portfolio					(131,307)
Less: Investments held for AECOM					(35,972)
Total investments, at fair value					<u>\$ 498,769</u>

Investment Strategy	2019				
	Level 1	Level 2	Level 3	NAV	Total
Cash and cash equivalents	\$ 23,328	\$ -	\$ -	\$ -	\$ 23,328
Fixed income					
U.S. Government obligations	43,547	-	-	-	43,547
Mutual funds (fixed income)	23,573	-	-	-	23,573
Corporate debt	-	14,887	-	-	14,887
State of Israel bonds	-	295	-	-	295
Equities					
Corporate stocks	61,097	-	-	-	61,097
Mutual funds (equities)	39,337	-	-	-	39,337
Long-only equities	-	-	-	128,933	128,933
Long-short equities	-	-	-	114,484	114,484
Private equity	-	-	-	81,151	81,151
Venture capital	-	-	-	10,828	10,828
Marketable alternatives					
Multi-strategy/event-driven	-	-	-	122,988	122,988
Real assets	-	-	-	8,214	8,214
Real estate	-	-	-	14,759	14,759
Investment receivables	1	-	-	21,362	21,363
Other investments	1,205	1,727	-	-	2,932
	<u>\$ 192,088</u>	<u>\$ 16,909</u>	<u>\$ -</u>	<u>\$ 502,719</u>	<u>711,716</u>
Less: Unconsolidated Organizations' interests in the investments portfolio					(132,409)
Less: Investments held for AECOM					(39,962)
Total investments, at fair value					<u>\$ 539,345</u>

# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

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*(in thousands of dollars)*

#### **Fixed Income**

Fixed income securities include directly-held U.S. Government obligations, fixed income securities held in mutual funds, directly-held corporate debt and directly-held State of Israel bonds. U.S. Government obligations and fixed income securities held in mutual funds are valued based on quoted market prices in active markets and are categorized as Level 1. Corporate debt is valued based on quoted market prices or dealer or broker quotations and is categorized as Level 2. State of Israel bonds are recorded at face value, which approximates fair value, and are categorized as Level 2.

#### **Equities**

Equity investments include directly-held corporate stocks, public equities held in mutual funds, and long-only equities, long-short equities, private equity and venture capital, all held in limited partnerships. Corporate stocks and public equities held in mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1. Long-only equities (where only long positions in assets and securities are traded and held), long-short equities (where long positions that are expected to appreciate and short positions that are expected to decline are traded and held), private equity (which invests directly in private firms) and venture capital (which includes direct equity investments of less mature firms) are valued at NAV provided by the investment manager. All investments, for which fair value is measured using NAV, have been excluded within the fair value hierarchy.

#### **Marketable Alternatives**

Marketable alternatives include limited partnership investments in multi-strategy/event-driven and macro strategies. Multi-strategy/event-driven (which represents an investment strategy that includes several strategies or attempts to take advantage of events such as mergers and restructurings) and macro (that bases its holdings - such as long and short positions in various equity, fixed income, currency, and futures markets - primarily on overall economic and political views of various countries (macroeconomic principles)) are valued at NAV provided by the investment manager. All such investments, for which fair value is measured using NAV, have been excluded within the fair value hierarchy.

#### **Real Assets and Real Estate**

Real Assets represent limited partnership investments in tangible assets that may include rail cars, ships, aircraft, forestry or traded commodities. Real estate represents limited partnership investments in real property. The interests in these investments are valued at NAV provided by the investment manager. All such investments, for which fair value is measured using NAV, have been excluded within the fair value hierarchy, as long as no adjustment is required to NAV and the manager has reported a NAV at the measurement date. Investments are categorized as Level 3 if a NAV adjustment is required or if there is no reported NAV at the measurement date.

#### **Investment Receivables**

Investment receivables include investments in limited partnerships where the University has placed redemption requests or provided prepaid subscriptions and are measured at NAV and accrued income earned not yet paid are measured at Level 1. All such investments, for which fair value is measured using NAV, have been excluded within the fair value hierarchy.

#### **Other Investments**

Other investments include life insurance policies and directly-held real estate property.

# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

(in thousands of dollars)

All net realized and unrealized gains (losses) in the table above are reflected in the Consolidated Statements of Activities. The University's policy is to recognize transfers in and transfers out as of the end of the period. During the years ended June 30, 2020 and 2019, there were no significant transfers between Level 1 and Level 2.

The University has made investments in various long-lived partnerships and, in other cases, has entered into contractual agreements that may limit its ability to initiate redemptions due to notice periods, lock-ups and other restrictions. The University has also made commitments to provide capital to various limited partnerships, and under the terms of those agreements, the University is obligated to periodically advance additional funding. The University had commitments of approximately \$128,726 and \$150,524 at June 30, 2020 and 2019, respectively, to investment funds and limited partnerships for which capital calls had not been exercised. These amounts have not been recorded as liabilities in the Consolidated Statements of Financial Position. Such commitments generally have fixed expiration dates or other termination clauses. The University maintains sufficient liquidity in its investment portfolio to cover such calls.

Details on liquidity, restrictions by strategy and type of investment are provided below as of June 30, 2020 and 2019:

Investment strategy	2020						Current Year Notice Periods in Days
	Monthly and More Frequent	Quarterly	Semi- Annually and Annually	Greater Than One Year	Redemptions Placed	Total	
Cash and cash equivalents	\$ 39,622	\$ -	\$ -	\$ -	\$ -	\$ 39,622	N/A
Fixed income							
U.S. Government obligations	6,394	-	-	-	-	6,394	N/A
Mutual funds (fixed income)	18,689	-	-	-	-	18,689	N/A
Corporate debt	9,494	-	-	-	-	9,494	N/A
State of Israel bonds	-	-	-	295	-	295	-
Equities							
Corporate stocks	52,187	-	-	-	-	52,187	N/A
Mutual funds (equities)	29,239	-	-	-	-	29,239	N/A
Long-only equities	44,231	23,344	29,631	-	-	97,206	10-60
Long-short equities	-	41,451	805	81,092	13,838	137,186	30-90
Private equity	-	-	-	107,753	-	107,753	N/A
Venture capital	-	-	-	18,931	-	18,931	N/A
Marketable alternatives							
Multi-strategy/event-driven	-	63,481	44,498	-	1,862	109,841	60-90
Real assets	-	-	-	8,987	-	8,987	N/A
Real estate	-	-	-	14,660	-	14,660	N/A
Investment receivables	123	12,000	-	-	-	12,123	N/A
Other investments	2,008	-	-	1,433	-	3,441	N/A
Total investments, at fair value	\$ 201,987	\$ 140,276	\$ 74,934	\$ 233,151	\$ 15,700	\$ 666,048	

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

(in thousands of dollars)

Investment strategy	2019						Current Year Notice Periods in Days
	Monthly and More Frequent	Quarterly	Semi- Annually and Annually	Greater Than One Year	Redemptions Placed	Total	
Cash and cash equivalents	\$ 23,328	\$ -	\$ -	\$ -	\$ -	\$ 23,328	N/A
Fixed income							
U.S. Government obligations	43,547	-	-	-	-	43,547	N/A
Mutual funds (fixed income)	23,573	-	-	-	-	23,573	N/A
Corporate debt	14,887	-	-	-	-	14,887	N/A
State of Israel bonds	-	-	-	295	-	295	-
Equities							
Corporate stocks	61,097	-	-	-	-	61,097	N/A
Mutual funds (equities)	39,337	-	-	-	-	39,337	N/A
Long-only equities	67,866	27,923	33,144	-	-	128,933	10-60
Long-short equities	-	33,022	9,330	58,880	13,252	114,484	30-90
Private equity	-	-	-	81,151	-	81,151	N/A
Venture capital	-	-	-	10,828	-	10,828	N/A
Marketable alternatives							
Multi-strategy/event-driven	-	73,394	47,177	-	2,417	122,988	60-90
Real assets	-	-	-	8,214	-	8,214	N/A
Real estate	-	-	-	14,759	-	14,759	N/A
Investment receivables	286	21,077	-	-	-	21,363	N/A
Other investments	1,499	-	-	1,433	-	2,932	N/A
Total investments, at fair value	\$ 275,420	\$ 155,416	\$ 89,651	\$ 175,560	\$ 15,669	\$ 711,716	

As of June 30, 2020, there are no investments subject to lock up restrictions. As of June 30, 2019, a total of \$16,288 within the long-short equities investment strategy is locked up until a future date.

The University has placed redemptions with certain investments that are in the process of fully redeeming, are in liquidation or are side-pocketed. Payout from these investments is subject to when the investment manager determines and has the ability to sell the underlying assets to generate cash for payment. As such, payout of such investments may take a significant and indeterminable amount of time.

Details on unfunded commitments by investment strategy are provided below as of June 30, 2020 and 2019:

Investment Strategy	2020			
	Unfunded Commitments by Date of Fund Termination			
	0-3 Years	4-5 Years	Greater Than 5	Total
Equities				
Private equity	\$ 7,044	\$ 8,389	\$ 32,008	\$ 47,441
Venture capital	531	-	58,983	59,514
Real assets	4,801	389	-	5,190
Real estate	2,581	-	14,000	16,581
	\$ 14,957	\$ 8,778	\$ 104,991	\$ 128,726

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

(in thousands of dollars)

<b>2019</b>				
<b>Unfunded Commitments by Date of Fund Termination</b>				
<b>Investment Strategy</b>	<b>0–3 Years</b>	<b>4–5 Years</b>	<b>Greater Than 5</b>	<b>Total</b>
Equities				
Long-short equities	\$ 15,000	\$ -	\$ -	\$ 15,000
Private equity	7,385	4,054	42,423	53,862
Venture capital	532	-	61,592	62,124
Real assets	5,401	1,156	-	6,557
Real estate	2,581	-	10,400	12,981
	<u>\$ 30,899</u>	<u>\$ 5,210</u>	<u>\$ 114,415</u>	<u>\$ 150,524</u>

**Net Investment Return**

Net investment return for the years ended June 30, 2020 and 2019 is as follows:

	<b>2020</b>	<b>2019</b>
Investment income	\$ 5,083	\$ 8,751
Investment expenses	(2,056)	(2,211)
Net realized and unrealized gains	<u>23,062</u>	<u>6,441</u>
Net investment return	<u>\$ 26,089</u>	<u>\$ 12,981</u>

**Investment Support Appropriated From LTPool**

In fiscal year 2020, investment support appropriated from the LTPool was \$28,197, inclusive of appropriation from endowments of \$25,812, of which \$25,814 was utilized. In fiscal year 2019, investment support appropriated from the LTPool was \$30,272, inclusive of appropriation from endowments of \$25,836, of which \$27,908 was utilized.

**5. Endowment**

The University's endowment consists of approximately 1,200 individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University classifies as net assets with donor restrictions: (a) the original value of contributions donated to the permanent endowment, (b) the original value of subsequent contributions to the permanent endowment, (c) accumulations to the permanent endowment required by the applicable donor gift instrument and (d) appreciation related to donor-restricted endowment funds. When appreciation is appropriated for expenditure and utilized, those amounts are reclassified to net assets without donor restrictions.



**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

---

*(in thousands of dollars)*

The following represents the University's endowment net asset composition by type of fund as of June 30, 2020 and 2019:

	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 470,484	\$ 470,484
Board-designated endowment funds	4,024	-	4,024
Total endowment net assets	<u>\$ 4,024</u>	<u>\$ 470,484</u>	474,508
Other investments, net			24,261
Total investments			<u>\$ 498,769</u>

  

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 496,481	\$ 496,481
Board-designated endowment funds	4,020	3,453	7,473
Total endowment net assets	<u>\$ 4,020</u>	<u>\$ 499,934</u>	503,954
Other investments, net			35,391
Total investments			<u>\$ 539,345</u>

The tables above do not include endowed related pledge receivables, loan funds and other funds of \$33,261 and \$39,389 for the years ended June 30, 2020 and 2019, respectively.

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

(in thousands of dollars)

Changes in endowment net assets for the year ended June 30, 2020 were as follows:

	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment net assets at June 30, 2019</b>	\$ 4,020	\$ 499,934	\$ 503,954
Endowment income, net of expenses	20	2,538	2,558
Net realized and unrealized gains (losses) on endowments	184	21,213	21,397
Net endowment return	204	23,751	23,955
Contributions	-	4,741	4,741
Appropriation of endowment assets per spending policy	(200)	(25,612)	(25,812)
Transfers, withdrawals and other changes	-	(32,330)	(32,330)
<b>Endowment net assets at June 30, 2020</b>	<b>\$ 4,024</b>	<b>\$ 470,484</b>	<b>\$ 474,508</b>

Changes in endowment net assets for the year ended June 30, 2019 were as follows:

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment net assets at June 30, 2018</b>	\$ 4,122	\$ 510,723	\$ 514,845
Endowment income, net of expenses	39	4,668	4,707
Net realized and unrealized gains (losses) on endowments	58	6,782	6,840
Net endowment return	97	11,450	11,547
Contributions	-	3,455	3,455
Appropriation of endowment assets per spending policy	(200)	(25,636)	(25,836)
Transfers, withdrawals and other changes	1	(58)	(57)
<b>Endowment net assets at June 30, 2019</b>	<b>\$ 4,020</b>	<b>\$ 499,934</b>	<b>\$ 503,954</b>

The New York Prudent Management of Institutional Funds Act ("NYPMIFA") contains provisions that govern appropriation and use, among other things, of donor-restricted endowment funds. NYPMIFA updated certain provisions of prior endowment management law.

# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

---

*(in thousands of dollars)*

Under NYPMIFA, a detailed prudence standard governs appropriation from endowment funds, and there is no longer a requirement to always maintain historic dollar value. Prudent appropriation from a fund whose value is less than its historic dollar value is permitted under certain circumstances. In particular, NYPMIFA provides that, unless a donor expresses a contrary intention in a gift instrument, a charitable institution may appropriate as much of an endowment fund as it “determines is prudent for the uses, benefits, purposes and duration for which the fund is established,” without regard for historic dollar value. NYPMIFA retains the requirement that in making any decision to appropriate, “the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.” It further provides a requirement that the institution “shall consider, if relevant” the following eight factors in deciding whether or not to appropriate from a fund:

- The duration and preservation of the endowment fund.
- The purposes of the Institution and the endowment fund.
- General economic conditions.
- The possible effect of inflation or deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Institution.
- Alternatives to expenditure of the endowment fund.
- The investment policy of the Institution.

The provisions of NYPMIFA allowing prudent appropriation without regard to historic dollar value apply to funds created after its September 2010 effective date. Donors of funds created before that date were given the option of requiring institutions to continue to observe the historic dollar value restrictions contained in prior law. Some donors of University funds have elected this option. Moreover, a donor may incorporate in a gift instrument specific restrictions on appropriation that are different from either NYPMIFA or prior law.

Certain of the University’s funds are governed by such restrictions. Thus, the University has funds that fall into three categories with respect to appropriation: those from which it may prudently appropriate without regard to historic dollar value; those from which it may prudently appropriate appreciation only above historic dollar value; and those whose appropriation is governed by specific instructions in the governing gift instrument.

The investment objectives for the University’s endowment are to preserve the principal value of those funds (noting guidance above regarding appropriation), in both absolute as well as real terms, and to maximize over the long-term the total rate of return earned without assuming an unreasonable degree of risk. In connection with these investment objectives, the Board of Trustees has adopted a spending policy.

# Yeshiva University

## Notes to Consolidated Financial Statements

### June 30, 2020 and 2019

---

*(in thousands of dollars)*

The University's spending policy is consistent with the University's objectives to utilize income to support mission-critical programs while preserving capital and ensuring future growth of the endowment. Under the policy, and as approved by the Board of Trustees, the long-term focus of the endowment is to support the University's mission by providing a reliable source of funds for current and future use.

The University utilizes a spending rate in allocating appreciation earned on assets invested in the LTPool. For fiscal year 2020 the spending rate policy consisted of appropriating 5% of the fair value per unit in the LTPool, based on a twelve-quarter average value through December 31 of the previous year. When donors have expressly stipulated the payout percentage of earnings on endowment that differs from the University's policies, the donors' intent prevails. For fiscal years 2020 and 2019, the University approved an additional appropriation of approximately \$2,431 from certain accessible endowment gains in accordance with NYPMIFA guidelines.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift value, which represents the total of the initial and subsequent donor contribution amounts. When this occurs, the deficit is classified as a reduction of donor restricted net assets. Deficits existed in various donor-restricted endowment funds as of June 30, 2020 and June 30, 2019 which combined had an original gift value of \$80,748 and of \$69,540 at June 30, 2020 and June 30, 2019, respectively, and a current market value of \$69,528 and \$58,346 at June 30, 2020 and June 30, 2019, respectively, resulting in a deficiency of \$11,220 and \$11,194 at June 30, 2020 and June 30, 2019, respectively. These deficiencies resulted from market fluctuations that occurred after the investment of recent contributions and authorized appropriation from an endowment that was deemed prudent.

The Manhattan Campuses had a balance of prior borrowings from the LTPool utilized to fund operations of \$13,785 and \$13,093 at June 30, 2020 and 2019, respectively. This amount included gains of \$692 and \$320 in fiscal 2020 and 2019, respectively, and is reported as a reduction to the investment balance in the Consolidated Statements of Financial Position as of June 30, 2020 and 2019. AECOM's share of this borrowing amounted to \$5,514 out of the \$13,785 for fiscal 2020, which is included in investments held for AECOM. In accordance with the Joint Collaboration Agreement, AECOM's share (plus accrued interest) is payable over a ten year period commencing on September 9, 2020; and interest is accrued annually based on the equivalent return on the LTPool.

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

(in thousands of dollars)

**6. Receivables and Other Assets**

**Student Receivables, Net**

The tables below provide disclosures about the student loan receivables as well as student tuition receivables at June 30, 2020 and 2019.

	<b>2020</b>		
	<b>Receivable</b>	<b>Allowance</b>	<b>Net Receivable</b>
Federal revolving loans	\$ 4,602	\$ (1,384)	\$ 3,218
Institutional loans	33,119	(9,029)	24,090
Accrued interest	6,903	(5,379)	1,524
Total student loan receivables	44,624	(15,792)	28,832
Total student tuition receivables	17,092	(7,906)	9,186
Total student receivables	<u>\$ 61,716</u>	<u>\$ (23,698)</u>	<u>\$ 38,018</u>

	<b>2019</b>		
	<b>Receivable</b>	<b>Allowance</b>	<b>Net Receivable</b>
Federal revolving loans	\$ 5,355	\$ (1,361)	\$ 3,994
Institutional loans	32,274	(8,259)	24,015
Accrued interest	6,416	(4,783)	1,633
Total student loan receivables	44,045	(14,403)	29,642
Total student tuition receivables	13,162	(6,548)	6,614
Total student receivables	<u>\$ 57,207</u>	<u>\$ (20,951)</u>	<u>\$ 36,256</u>

	<b>2020</b>					
	<b>Federal Revolving</b>	<b>Institutional</b>	<b>Accrued Interest</b>	<b>Total Loans Allowance</b>	<b>Student Receivables</b>	<b>Gross Allowances</b>
<b>Allowance at beginning of year</b>	\$ (1,361)	\$ (8,259)	\$ (4,783)	\$ (14,403)	\$ (6,548)	\$ (20,951)
Current year provisions	(23)	(770)	(596)	(1,389)	(1,358)	(2,747)
<b>Allowance at end of year</b>	<u>\$ (1,384)</u>	<u>\$ (9,029)</u>	<u>\$ (5,379)</u>	<u>\$ (15,792)</u>	<u>\$ (7,906)</u>	<u>\$ (23,698)</u>

	<b>2019</b>					
	<b>Federal Revolving</b>	<b>Institutional</b>	<b>Accrued Interest</b>	<b>Total Loans Allowance</b>	<b>Student Receivables</b>	<b>Gross Allowances</b>
<b>Allowance at beginning of year</b>	\$ (1,325)	\$ (7,553)	\$ (4,352)	\$ (13,230)	\$ (5,905)	\$ (19,135)
Current year provisions	(36)	(706)	(431)	(1,173)	(643)	(1,816)
<b>Allowance at end of year</b>	<u>\$ (1,361)</u>	<u>\$ (8,259)</u>	<u>\$ (4,783)</u>	<u>\$ (14,403)</u>	<u>\$ (6,548)</u>	<u>\$ (20,951)</u>

Write-offs of a student loan receivable are based primarily on the age of the receivable and an evaluation of any recent activity in the account. Overall default rates and an evaluation of general economic conditions are reviewed at least annually. The University, because of its close and

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

(in thousands of dollars)

continuing relationship with its students and graduates, seeks to work closely with the students to help ensure repayment.

**Contribution Receivables, Net**

Contribution receivables, net consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
<b>Amount expected to be collected in</b>		
Less than one year	\$ 14,733	\$ 68,803
One to five years	23,867	22,885
Greater than five years	<u>22,822</u>	<u>20,850</u>
	61,422	112,538
Less:		
Discount to present value (0.66%–6.00%)	(4,425)	(4,809)
Allowance for uncollectible amounts	<u>(4,702)</u>	<u>(47,280)</u>
Total contribution receivables, net	<u>\$ 52,295</u>	<u>\$ 60,449</u>

In fiscal 2020, the University reached an agreement which resulted in the write off of remaining pledge balances of a long standing donor. As of June 30, 2020, and 2019, approximately 60% and 72%, respectively, of gross contribution receivables were from five donors. The allowance in 2019 included approximately \$43,000 related to the collectability of pledges from a long-term donor which were subsequently written-off in 2020.

**Other Assets and Receivables**

Other assets consisted of grant receivables, prepaid expenses, deposits with bond trustees, donated fractional interests in real estate, due to/from related entities, rent receivables, and various other miscellaneous receivables. Included at fair value are the assets of the University's 457(b) deferred compensation plan (Note 8).

The University has a lease agreement with Montefiore, whereby exclusive occupation, management, and control of the Jack D. Weiler Hospital of Albert Einstein College of Medicine ("WHAECOM") is with Montefiore. As of September 9, 2015, with annual lease is \$2,500 with increases thereafter of 2% compounded annually through 2114. The rental income on this lease is recognized evenly over the life of the lease, and accordingly, a rent receivable of \$33,020 and \$28,101 is included in other assets and receivables in the Consolidated Statements of Financial Position at June 30, 2020 and 2019, respectively.

As of June 30, 2020, the University, as a lessor, is expecting to receive as minimum future lease payments for WHAECOM the following amounts over the next 5 years and thereafter:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Thereafter</u>	<u>Total</u>
Minimum lease income \$	2,760	\$ 2,815	\$ 2,872	\$ 2,929	\$ 2,988	\$ 735,450	\$ 749,814

The University charges RIETS and the High Schools for management services (such as accounting, treasury operations, human resources, procurement, legal, and other administrative services) as well as facilities maintenance. The fees for these services to RIETS were \$2,500 for

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

---

*(in thousands of dollars)*

each of the years ended June 30, 2020 and 2019. The cost of these services to the High Schools was \$1,300 each for the years ended June 30, 2020 and 2019. The University's inter-company receivable from RIETS is \$520 and \$495 at June 30, 2020 and 2019, respectively. The University's inter-company (payable) receivable from the High Schools is (\$762) and \$1,546 at June 30, 2020 and 2019, respectively.

The University provided a subsidy to the High Schools \$2,200 for the year ended June 30, 2019 for the forgiveness of University-funded advances.

**7. Land, Buildings and Equipment, Net**

Land, buildings and equipment, net consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 13,717	\$ 13,717
Buildings and improvements	398,704	392,756
Equipment, furniture and fixtures	27,863	26,850
Capitalized asbestos remediation costs	3,945	3,945
	<u>444,229</u>	<u>437,268</u>
Less: Accumulated depreciation and amortization	<u>(262,751)</u>	<u>(251,063)</u>
Total land, buildings and equipment, net	<u>\$ 181,478</u>	<u>\$ 186,205</u>

The Depreciation and amortization expense related to buildings and equipment for the years ended June 30, 2020 and 2019 was \$13,038 and \$13,005, respectively. The University wrote off fully depreciated assets of \$1,350 during the year ended June 30, 2020.

**8. Retirement Plans**

**Defined Contribution and Deferred Compensation Plans**

The University has several defined contribution retirement plans in which most full-time and many part-time employees participate. The University's contributions are based on specified percentages of each employee's annual salary. It is the University's policy to fund retirement plan costs currently. Total retirement plan expense for the years ended June 30, 2020 and 2019 was \$4,168 and \$3,770, respectively.

The University has a 457(b) deferred compensation plan, which is offered to select management employees. The employee contributions are capped at the annual federal limit for deferred compensation. The assets related to this plan are included in other assets and receivables in the Consolidated Statements of Financial Position and amounted to \$13,586 and \$12,491 as of June 30, 2020 and 2019, respectively. The assets primarily consist of mutual funds and a guaranteed interest account classified as Level 1 based on the fair value hierarchy described in Note 4. These assets of the 457(b) plan for the years ended June 30, 2020 and 2019 were \$9,868 and \$9,394, respectively. The contract value of the guaranteed interest account for the years ended June 30, 2020 and 2019 was \$3,718 and \$3,097, respectively.

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

---

*(in thousands of dollars)*

Offsetting liabilities that relate to this plan are included in other liabilities as of June 30, 2020 and 2019.

**Multi-Employer Benefit Plan**

The University participates in the 1199 SEIU Health Care Employees Pension Fund, a multi-employer defined benefit pension plan, for its 1199 union employees.

The University makes cash contributions to the plan under the terms of collective-bargaining agreements that cover its union employees based on a fixed rate and hours of service per week worked by the covered employees. The risks of participating in a multi-employer plan are different from other single-employer plans in the following aspects: (1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (3) if the University chooses to stop participating in the multi-employer plan, the University may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

In connection with the Joint Collaboration Agreement which closed on September 9, 2015 (Note 1), substantially all 1199 union employees of Einstein were hired by AECOM. As a result, the Transaction did not result in any withdrawal liability for the University. As required by ERISA, had AECOM withdrawn from the plan during the first five years and failed to pay its withdrawal liability, the University would have been secondarily liable. AECOM did not withdraw from the plan during those five years, so no withdrawal liability (or secondary liability for the University) was triggered. AECOM assumed all obligations under the plan and agreed to make the required plan contributions.

The University contributed \$1,029 and \$1,042 in cash and recorded expenses for the multi-employer plan for fiscal 2020 and 2019, respectively. The University's contributions to the 1199 Pension Fund represent less than 5% of its total contributions to all retirement plans.

The following table includes additional disclosure information related to the 1199 Pension Fund.

Plan Name	EIN Plan Number /Pension	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
		2020	2019			
1199 Pension Fund	13-3604862/001	Green	Green	N/A	No	September 30, 2021

The Pension Protection Act zone status indicates the plan's funded status of either at least 80% funded (green) or less than 80% funded (red). A zone status of red requires the plan sponsor to implement a Funding Improvement Plan or Rehabilitation Plan.



**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

(in thousands of dollars)

**9. Bonds Payable and Other Debt**

Details of the bonds payable and other debt as of June 30, 2020 and 2019 are as follows:

Description	Maturity Date	Interest Rate	2020	2019
Bonds payable - DASNY Bonds				
Series 2011A <sup>(a)</sup>	November 1, 2040	4.00%–5.00%	\$ 46,575	\$ 48,825
Series 2009 <sup>(b)</sup>	September 1, 2038	4.00%–5.00%	93,805	96,740
Principal subtotal			140,380	145,565
Add: Unamortized premiums			(431)	(169)
Less: Unamortized bond issuance costs			(1,360)	(1,517)
Subtotal - Bonds payable - DASNY Bonds			138,589	143,879
Mortgages payable	Varied	3.13%–3.25%	3,187	4,554
Y Properties notes <sup>(c)</sup>	May 6, 2032	4.32%	140,000	140,000
Less: Unamortized loan issuance costs			(2,623)	(2,813)
Total bonds payable and other debt			\$ 279,153	\$ 285,620

(a) In September 2011, DASNY issued \$90,000 of Revenue Bonds Series 2011A (Series 2011A Bonds) on behalf of the University. The Series 2011A Bonds bear interest rates ranging from 4% to 5% with principal payments due at various dates commencing November 1, 2014, and a final maturity date of November 1, 2040. The Series 2011A Bonds are general unsecured obligations of the University; no security interest or mortgage encumbering University revenues or assets was granted in connection with the issuance of the Series 2011A Bonds. A portion of the proceeds of the Series 2011A Bonds was used for the payment of, or to reimburse the University for the payment of, certain capital expenditures and to reimburse \$20,500 on a line of credit. A portion of the Series 2011A Bonds was used to refund all but \$3,064 of the outstanding DASNY Series 2001 Bonds. The Series 2011A Bonds were issued with a net premium of \$3,390, of which \$271 and \$423 were unamortized as of June 30, 2020 and 2019, respectively.

(b) In July 2009, DASNY issued \$140,820 of Revenue Bonds Series 2009 (Series 2009 Bonds) on behalf of the University. The Series 2009 Bonds bear interest rates ranging from 4% to 5% with principal payments due at various dates commencing September 1, 2016, and a final maturity date of September 1, 2038. The Series 2009 Bonds are general unsecured obligations of the University; no security interest or mortgage encumbering University revenues or assets was granted in connection with the issuance of the Series 2009 Bonds. A portion of the proceeds of the Series 2009 Bonds was used for the payment of, or to reimburse the University for the payment of, certain capital expenditures. A portion of the Series 2009 Bonds was used to refund the outstanding DASNY Series 1998 Bonds. The Series 2009 Bonds were issued with a net premium of \$1,386, of which (\$702) and (\$592) were unamortized as of June 30, 2020 and 2019, respectively.

(c) In April 2017, in connection with the refinancing of certain private placement taxable bonds, the University transferred ownership of five mortgaged properties to Y Properties, a special purpose entity of which the University is the sole member (Note 1). Y Properties entered into a secured loan agreement with certain lenders whereby it issued notes in the aggregate principal amount of \$140,000 which are secured by a mortgage on the five properties owned

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

---

(in thousands of dollars)

by Y Properties. The terms of the notes are for 15 years, and the notes currently bear interest at a rate of 4.324% per annum. Until June 2021, Y Properties will make interest only payments; subsequent payments will include a portion of the principal amount outstanding, using a 30-year amortization table.

As part of the loan, the University entered into a unitary lease with Y Properties, whereby the University will continue to use the mortgaged properties as a tenant pursuant to a long term operating lease and make monthly rent payments to Y Properties, initially in the approximate amount of \$1,590. Payments in excess of debt service and certain operating costs of Y Properties are distributed to the University as the sole member, on a monthly basis. As controlling member, the University includes the operations of Y Properties in its consolidated financial statements, and accordingly all intercompany revenue, expenses, equity transfers and distributions are eliminated in consolidation.

Projected debt service payments on the bonds, mortgages payable and notes are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Year Ending June 30,</b>			
2021	\$ 5,725	\$ 12,924	\$ 18,649
2022	8,151	12,504	20,655
2023	8,547	12,113	20,660
2024	8,923	11,734	20,657
2025	9,293	11,358	20,651
Thereafter	<u>242,928</u>	<u>52,577</u>	<u>295,505</u>
	283,567	<u>\$ 113,210</u>	<u>\$ 396,777</u>
Unamortized premium	(431)		
Unamortized issuance costs	<u>(3,983)</u>		
Total projected debt service payments	<u>\$ 279,153</u>		

Interest expense on the bonds and other debt for the years ended June 30, 2020 and 2019 was \$12,863 and \$12,980, respectively.

**10. Asset Retirement Obligations**

The University has asset retirement obligations for asbestos-related removal costs. The University accrues for asset retirement obligations in the period in which they are incurred if sufficient information is available to reasonably estimate the fair value of the obligation. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, the University will recognize a gain or loss for any difference between the settlement amount and liability amount recorded.

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

---

(in thousands of dollars)

A reconciliation of the beginning and ending carrying amounts of such obligations is as follows:

	<u>2020</u>	<u>2019</u>
<b>Asset retirement obligations at June 30, 2019 and 2018</b>	\$ 9,552	\$ 9,403
Accretion expense	171	149
Asset retirement obligations settled or eliminated	(601)	-
<b>Asset retirement obligations at June 30, 2020 and 2019</b>	<u>\$ 9,122</u>	<u>\$ 9,552</u>

**11. Due to AECOM**

Included in the Consolidated Statements of Financial Position are certain assets that are being held for AECOM due to the Joint Collaboration Agreement (Note 1).

The following are liabilities payable to AECOM that the University has recognized as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Investments held pending transfer	\$ 35,972	\$ 39,962
Cash and cash equivalents	580	672
Other assets and receivables		
457B plan	1,821	1,939
Workers compensation	2,925	2,341
Faculty mortgages	279	303
Total due to AECOM	<u>\$ 41,577</u>	<u>\$ 45,217</u>

**12. Allocation of Operating Expenses**

The accompanying Consolidated Statements of Activities report expenses by functional classification in accordance with the educational mission of the University in categories recommended by the National Association of College and University Business Officers. The University's primary program services is instruction. Expenses reported as Academic support, Student services and Auxiliary enterprises are incurred in support of this primary program services. Institutional support includes general and administrative expenses of the University.

Natural expenses attributable to more than one functional expense category are allocated using reasonable cost allocation techniques. Depreciation, operations and maintenance expense are allocated on a square footage basis. Interest expense on indebtedness is allocated to the functional categories that have benefited from the associated debt.

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

(in thousands of dollars)

Expenses by functional and natural classification, after allocating operations and maintenance, depreciation, and interest, are as follows for the years ended June 30, 2020 and 2019:

	2020					
	Instruction	Academic	Student	Institutional	Auxiliary	Total
Direct expenses:						
Compensation and benefits	\$ 57,009	\$ 26,770	\$ 13,174	\$ 24,202	\$ 2,823	\$ 123,978
Fees for services	1,011	1,967	574	12,001	40	15,593
Study abroad expenses	13,116	21	-	-	-	13,137
Other than personnel services	8,537	6,368	5,636	10,184	2,064	32,789
Total direct expenses	79,673	35,126	19,384	46,387	4,927	185,497
Allocated expenses:						
Operations and maintenance	9,909	4,491	2,478	6,208	5,887	28,973
Depreciation	4,718	2,138	1,180	2,956	1,247	12,239
Interest	5,081	2,303	1,271	3,184	1,024	12,863
Total allocated expenses	19,708	8,932	4,929	12,348	8,158	54,075
Year ended June 30, 2020	\$ 99,381	\$ 44,058	\$ 24,313	\$ 58,735	\$ 13,085	\$ 239,572
	2019					
	Instruction	Academic	Student	Institutional	Auxiliary	Total
Direct expenses:						
Compensation and benefits	\$ 52,949	\$ 24,504	\$ 12,953	\$ 23,486	\$ 2,813	\$ 116,705
Fees for services	1,021	2,005	572	12,612	58	16,268
Study abroad expenses	12,063	7	-	-	-	12,070
Other than personnel services	7,043	7,514	6,573	6,342	2,518	29,990
Total direct expenses	73,076	34,030	20,098	42,440	5,389	175,033
Allocated expenses:						
Operations and maintenance	9,571	4,578	2,704	5,970	5,820	28,643
Depreciation	4,614	2,207	1,304	2,878	1,218	12,221
Interest	5,008	2,395	1,415	3,123	1,039	12,980
Total allocated expenses	19,193	9,180	5,423	11,971	8,077	53,844
Year ended June 30, 2019	\$ 92,269	\$ 43,210	\$ 25,521	\$ 54,411	\$ 13,466	\$ 228,877

Fundraising expenses are included in institutional support. For the years ended June 30, 2020 and 2019, such costs were \$8,843 and \$8,864, respectively. For purposes of reporting fundraising expenses, the University includes only those fundraising costs incurred by its development office.

**13. Scholarships and Tuition Transfers to AECOM**

Student tuition and fees are presented net of amounts awarded to students to defray their costs of attending the University as follows:

	2020	2019
University unfunded support	\$ 75,665	\$ 74,025
University funded support	19,478	17,424
	\$ 95,143	\$ 91,449

University unfunded support includes tuition discounts, financial aid, and merit scholarships awarded to students from operating resources. University-funded support includes financial aid and scholarships funded from restricted and external sources, including federal grant programs, private giving and endowment support.

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

(in thousands of dollars)

As part of the affiliation with AECOM the University continued as the degree-granting institution for Einstein students. In 2019 AECOM received conditional accreditation effective March 2019 (for all students except for international students) and April 2020 (for international students) (Note 1). The University transferred to AECOM gross tuition of \$772 and \$45,739, less a scholarship allowance of \$65 and \$11,341, for a net tuition transfer of \$707 and \$34,398 for the years ended June 30, 2020 and 2019, respectively.

**14. Net Assets Released From Restrictions**

Net assets released from restrictions during June 30, 2020 and 2019 were released for the following purposes:

	<b>2020</b>	<b>2019</b>
Academic chairs and support	\$ 1,176	\$ 1,492
Facility maintenance	1,020	359
Fellowships	1,658	1,628
Instruction, training and lectureships	7,437	4,168
Other	7,834	9,694
Public service	134	242
Research	99	9
Student scholarships	8,580	5,827
Time restricted pledges	2,345	1,692
	<b>\$ 30,283</b>	<b>\$ 25,111</b>

**15. Net Assets**

The composition of the University's net assets with donor restrictions as of June 30, 2020 and 2019 are as follows:

	<b>2020</b>		
	<b>Funds held in Perpetuity</b>	<b>All other Funds</b>	<b>Total</b>
Academic chairs and support	\$ 55,088	\$ 25,459	\$ 80,547
Facility maintenance	6,055	1,796	7,851
Faculty scholars and fellowships	15,110	10,543	25,653
Instruction, training and lectureships	63,057	27,795	90,852
Library	2,616	2,036	4,652
Other	32,906	42,745	75,651
Public service	-	622	622
Research	4,632	447	5,079
Revolving fund for special projects	22,328	(8,535)	13,793
Student loans	15,344	-	15,344
Student scholarships	176,769	60,834	237,603
Trusts held by others in perpetuity	4,150	-	4,150
Time restricted pledges	-	6,968	6,968
	<b>\$ 398,055</b>	<b>\$ 170,710</b>	<b>\$ 568,765</b>

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

(in thousands of dollars)

	2019		
	Funds held in Perpetuity	All other Funds	Total
Academic chairs and support	\$ 55,088	\$ 26,508	\$ 81,596
Facility maintenance	6,055	2,492	8,547
Faculty scholars and fellowships	14,959	11,912	26,871
Instruction, training and lectureships	63,037	29,993	93,030
Library	2,616	2,063	4,679
Other	30,497	51,043	81,540
Public service	-	2,771	2,771
Research	4,888	445	5,333
Revolving fund for special projects	60,569	(8,550)	52,019
Student loans	15,034	-	15,034
Student scholarships	171,123	55,866	226,989
Trusts held by others in perpetuity	4,431	-	4,431
Time restricted pledges	-	9,267	9,267
	<u>\$ 428,297</u>	<u>\$ 183,810</u>	<u>\$ 612,107</u>

**16. Contingencies**

The University is a party to various litigation and other claims arising in the ordinary course of business. In the opinion of management, appropriate provision has been made for possible losses, and the ultimate resolution of these matters will not have a significant effect on the University's consolidated financial statements.

Amounts received and expended by the University under various federal and state 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 consolidated financial statements.

Commencing in August 2019, and pursuant to the enactment of New York's Child Victims Act (and its subsequent extension, which extended the statute of limitations for the filing of claims of child sexual abuse and provided a two year window for the filing of previously time-barred claims commencing August 2019 through August 2021), five lawsuits were filed (with one expected to be dismissed by the plaintiff), and several others have been threatened. These Child Victims Act claims allege that the University is liable for certain alleged abuse during the 1970s and 1980s. The cases are in the earliest stages. Defense counsel has been retained. An answer or responsive pleading has not yet been filed in any of the cases. The University and the High Schools purchased insurance policies covering the applicable time periods in question, and do not believe that such litigation will have a material adverse financial impact.

**17. Subsequent Events**

On December 15, 2020, the University entered into a transaction for the assignment of a stream of the lease payments related to the Jack D. Weiler Hospital of Albert Einstein College of Medicine (See Note 6). Under the terms of this transaction, the University would assign all rights for annual payment under the lease for the next 49 years in exchange for \$58 million, net of applicable costs. The agreement contains certain provisions among others, that require the University to complete a subdivision of the property that Montefiore currently resides by a specified date at which point the

**Yeshiva University**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

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*(in thousands of dollars)*

University will hold the underlying property within a special purpose entity (SPV) for which the University would be the sole member. Upon completion of the subdivision, the lease payments become nonrecourse to the University. Under the terms of the agreement, the University would retain the rights and obligations as owner and landlord and would provide an equity pledge of this property and the SPV as collateral. At the end of the assignment period, the remaining lease stream of approximately 50 years would revert to the University.

Subsequent event guidance requires the University to evaluate subsequent events to determine whether they provide additional evidence about conditions that existed at the date of the consolidated financial statements, and to determine if those events require recognition or disclosure in the consolidated financial statements. The University has performed an evaluation of subsequent events through December 23, 2020, which is the date the consolidated financial statements were issued.