



**THE ROCKEFELLER UNIVERSITY**

Financial Statements and Supplementary  
Information on Federal Awards Programs

June 30, 2021

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

# THE ROCKEFELLER UNIVERSITY

## Table of Contents

	<b>Page</b>
I. Financial:	
Independent Auditors' Report	I-1
Financial Statements:	
Balance Sheet	I-3
Statement of Activities	I-4
Statement of Cash Flows	I-5
Notes to Financial Statements	I-6
Schedule of Expenditures of Federal Awards	I-33
Notes to Schedule of Expenditures of Federal Awards	I-36
II. Internal Accounting and Administrative Controls and Compliance:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	II-1
Independent Auditors' Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	II-3
Schedule of Findings and Questioned Costs	II-5



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

## Independent Auditors' Report

The Board of Trustees  
The Rockefeller University:

### Report on the Financial Statements

We have audited the accompanying financial statements of The Rockefeller University (the University), which comprise the balance sheet as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Rockefeller University as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

**Report on Summarized Comparative Information**

We have previously audited the University's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

November 10, 2021

**THE ROCKEFELLER UNIVERSITY**

Balance Sheet

June 30, 2021

(With comparative financial information as of June 30, 2020)

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 78,246,897	82,612,414
Accounts receivable	11,444,993	11,393,902
Contributions receivable (note 9)	211,529,197	207,923,934
Loans receivable – faculty and staff	43,300,972	37,155,889
Other assets	31,072,398	28,729,813
Investments (notes 3 and 14)	3,011,581,099	2,337,747,636
Plant assets, net (note 7)	<u>1,139,613,256</u>	<u>1,171,360,181</u>
Total assets	<u>\$ 4,526,788,812</u>	<u>3,876,923,769</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 53,952,567	42,196,323
Deferred revenues	17,269,475	14,912,836
Obligation under derivative instruments (notes 6 and 14)	163,663,638	217,049,168
Long-term debt (note 6)	993,796,478	896,054,598
Conditional asset retirement obligation	9,345,089	9,152,105
Postretirement benefit obligation (note 8)	88,495,000	84,945,000
Amounts held for others (notes 13 and 14)	173,072,819	132,277,506
Contingent liabilities (note 12)	<u>21,151,932</u>	<u>20,996,002</u>
Total liabilities	<u>1,520,746,998</u>	<u>1,417,583,538</u>
Commitments and contingencies (notes 3 and 12)		
Net assets (notes 4 and 10):		
Without donor restrictions	339,227,939	360,197,163
With donor restrictions	<u>2,666,813,875</u>	<u>2,099,143,068</u>
Total net assets	<u>3,006,041,814</u>	<u>2,459,340,231</u>
Total liabilities and net assets	<u>\$ 4,526,788,812</u>	<u>3,876,923,769</u>

See accompanying notes to financial statements.

**THE ROCKEFELLER UNIVERSITY**

Statement of Activities

Year ended June 30, 2021

(With summarized comparative financial information for the year ended June 30, 2020)

	2021			2020
	Without donor restrictions	With donor restrictions	Total	Total
<b>Revenues:</b>				
Government grants and contracts	\$ 96,974,698	—	96,974,698	86,812,921
Private gifts and grants	25,411,064	117,018,790	142,429,854	90,169,588
Investment income, net (note 3)	138,014,209	638,063,517	776,077,726	215,575,761
Net appreciation (depreciation) in fair value of derivative instruments (note 6)	53,385,530	—	53,385,530	(63,938,640)
Sales and services of auxiliary enterprises	29,975,570	—	29,975,570	32,531,806
Royalty and other income	21,226,978	—	21,226,978	34,048,304
Net assets released from restrictions (note 10)	187,411,500	(187,411,500)	—	—
<b>Total revenues</b>	<b>552,399,549</b>	<b>567,670,807</b>	<b>1,120,070,356</b>	<b>395,199,740</b>
<b>Expenses and other changes:</b>				
<b>Expenses (note 11):</b>				
Research	259,206,624	—	259,206,624	262,824,539
Graduate education	16,737,409	—	16,737,409	15,866,697
Research support	38,702,490	—	38,702,490	39,714,763
Institutional support	52,984,118	—	52,984,118	50,025,267
Auxiliary enterprises	35,296,041	—	35,296,041	37,638,496
<b>Total expenses</b>	<b>402,926,682</b>	<b>—</b>	<b>402,926,682</b>	<b>406,069,762</b>
<b>Other changes:</b>				
Postretirement related changes other than net periodic postretirement benefit cost (note 8)	(1,476,000)	—	(1,476,000)	2,210,000
Litigation payments (note 12)	171,918,091	—	171,918,091	110,340,319
<b>Net expenses and other changes</b>	<b>573,368,773</b>	<b>—</b>	<b>573,368,773</b>	<b>518,620,081</b>
<b>Change in net assets</b>	<b>(20,969,224)</b>	<b>567,670,807</b>	<b>546,701,583</b>	<b>(123,420,341)</b>
Net assets at beginning of year	360,197,163	2,099,143,068	2,459,340,231	2,582,760,572
Net assets at end of year	\$ 339,227,939	2,666,813,875	3,006,041,814	2,459,340,231

See accompanying notes to financial statements.

**THE ROCKEFELLER UNIVERSITY**

Statement of Cash Flows

Year ended June 30, 2021

(With comparative financial information for the year ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 546,701,583	(123,420,341)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net appreciation in fair value of investments	(778,301,153)	(215,303,583)
Net (appreciation) depreciation in fair value of derivative instruments	(53,385,530)	63,938,640
Depreciation and amortization	56,162,321	57,503,548
Write-off of unamortized bond issuance costs	—	2,309,250
Write-off of unamortized bond premium	—	(4,474,464)
Private gifts and grants restricted for long-term investment	(18,490,506)	(7,359,079)
Contributions for capital	(6,801,223)	(1,905,162)
Contingent liability	155,930	(134,695,633)
Changes in operating assets and liabilities:		
Accounts and accrued interest receivable	(51,091)	(1,918,988)
Contributions receivable, excluding amounts in financing activities	(8,416,859)	17,169,697
Other assets	(2,342,585)	3,170,935
Accounts payable and accrued expenses	28,860,238	4,189,983
Deferred revenues	2,356,639	8,201,987
Conditional asset retirement obligation	192,984	513,247
Postretirement benefit obligation	3,550,000	6,250,000
Amounts held for others	(6,267,266)	(6,846,420)
Net cash used in operating activities	<u>(236,076,518)</u>	<u>(332,676,383)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	526,562,017	629,481,386
Purchase of investments	(387,199,879)	(358,268,489)
Additions to plant assets	(26,601,428)	(24,384,174)
Change in accounts payable for capital expenditures	(17,103,994)	(17,103,994)
Principal collections on loans receivable – faculty and staff	1,919,077	1,952,426
Issuance of loans – faculty and staff	(8,064,160)	(1,668,648)
Net cash provided by investing activities	<u>89,511,633</u>	<u>230,008,507</u>
Cash flows from financing activities:		
Proceeds from private gifts and grants restricted for long-term investment	16,318,325	9,513,481
Proceeds from private gifts restricted for capital	13,785,000	13,110,000
Proceeds from issuance of long-term debt	100,000,000	376,792,826
Proceeds from lines of credit	—	185,000,000
Retirement of indebtedness	—	(204,180,000)
Retirement of line of credit	—	(190,115,000)
Bond issuance costs	(72,088)	(2,248,444)
Net cash provided by financing activities	<u>130,031,237</u>	<u>187,872,863</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	<u>(16,533,648)</u>	<u>85,204,987</u>
Cash, cash equivalents, and restricted cash at beginning of year (note 1 (c))	<u>238,457,604</u>	<u>153,252,617</u>
Cash, cash equivalents, and restricted cash at end of year (note 1 (c))	<u>\$ 221,923,956</u>	<u>238,457,604</u>
Supplemental disclosures:		
Interest paid	\$ 35,199,963	32,845,273
Net appreciation in amounts held for others	47,062,579	12,267,416

See accompanying notes to financial statements.

## THE ROCKEFELLER UNIVERSITY

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

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

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

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

#### (a) Basis of Presentation

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

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

- *Without Donor Restrictions* – Net assets are not subject to donor-imposed restrictions, but may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties. In addition, changes in this category of net assets include returns on “funds functioning as endowment” and certain types of philanthropic support.

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

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

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

Revenue is reported as increases in net assets without donor restrictions unless limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor

(Continued)



**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

restrictions. As discussed further in note 4, the University follows the provisions of Accounting Standards Codification (ASC) Topic 958, Subtopic 205-45, *Classification of Donor-Restricted Endowment Funds Subject to the Uniform Prudent Management of Institutional Funds Act*, which impacts the reporting of investment return on endowment funds. Accordingly, dividends, interest, and net gains and losses on endowment funds are reported as increases or decreases in net assets with donor restrictions until appropriated for expenditure by the University.

**(b) Fair Value Measurements**

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

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

Level 1 inputs are quoted prices or published net asset value similar to those of a mutual fund (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.

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

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

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

**(c) Cash Equivalents**

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

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 78,246,897	82,612,414
Cash in investments	<u>143,677,059</u>	<u>155,845,190</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 221,923,956</u>	<u>238,457,604</u>

(Continued)

**THE ROCKEFELLER UNIVERSITY**

## Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

Cash included in investments is held with investment managers for liquidity and long-term investment purposes.

**(d) Contributions**

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

Contributions of property, plant, and equipment without donor stipulation concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire property, plant, and equipment are reported as revenues of the net assets with donor restrictions class; the restrictions are considered to be released at the time such long-lived assets are placed into service. A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional promises to give are recognized only when the barriers on which they depend are met and the promises become unconditional. Conditional contributions at June 30, 2021 were approximately \$41,400,000.

**(e) Investments**

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

**(f) Plant Assets**

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

**(g) Government Grants and Contracts**

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

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

**(h) Revenue Recognition**

In accordance with Topic 606, the University accounts for a customer contract when both parties have approved the contract and are committed to perform their respective obligations, each party's rights can be identified, payment terms can be identified, the contract has commercial substance, and it is probable the University will collect substantially all of the consideration to which it is entitled.

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

**(i) Derivative Instruments**

The University accounts for derivative instruments at fair value. The fair value of the derivatives held is based upon values provided by third-party financial institutions and is assessed by management for reasonableness. The fair values of the University's interest rate swaps were calculated as of June 30, 2021 using industry-recognized methodologies. The valuations are based on the present value of the difference between the fixed rate paid by the University and the midmarket fixed rate the University would pay on a similar transaction if it were entered into on June 30, 2021.

**(j) Conditional Asset Retirement Obligation**

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

(Continued)

**THE ROCKEFELLER UNIVERSITY**

## Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

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

**(k) Income Taxes**

The University is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The University follows the guidance of ASC Subtopic 740-10, *Income Taxes – Overall*, which addresses accounting for uncertainties in income taxes recognized in an enterprise's financial statements. The University utilizes a threshold of more-likely than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The University evaluates on an annual basis, the effect of any uncertain tax position on its financial statements. As of June 30, 2021, the University has not identified or provided for any such positions.

**(l) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates made in the preparation of these financial statements include the valuation of investments, estimated net realizable value of receivables, the obligation under derivative instruments, and the postretirement benefit obligation. Actual results could differ from those estimates.

**(m) Comparative Financial Information**

The statement of activities is presented with prior year financial information in total, which does not include net asset class detail. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the University's 2020 financial statements, from which the summarized information was derived.

**(n) Reclassifications**

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

**(o) New Authoritative Accounting Pronouncement**

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

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

opening balance of net assets. ASU No. 2020-05: *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* deferred the effective date of this ASU for one year, the standard is effective for fiscal years beginning after December 15, 2019. The University implemented this standard in 2021, which had no impact on the financial statements.

**(2) Liquidity and Availability of Financial Assets**

As of June 30, 2021 and 2020, financial assets and liquidity resources available within one year of the balance sheet date for general expenditure, such as operating expenses, scheduled debt service payments, and capital construction costs not financed with debt, were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 78,246,897	82,612,414
Accounts receivable	11,444,993	11,393,902
Contribution receivable due in one year, excluding endowment	71,149,500	64,759,999
Endowment spending in subsequent year	<u>117,796,296</u>	<u>113,224,810</u>
Total financial assets available within one year	278,637,686	271,991,125
Liquidity resources:		
Quasi-endowment funds without donor restrictions subject to board resolutions	443,670,329	379,159,393
Revolving credit agreement	150,000,000	150,000,000
Revolving credit agreement	<u>100,000,000</u>	<u>100,000,000</u>
Total financial assets available within one year and liquidity resources	<u>\$ 972,308,015</u>	<u>901,150,518</u>

The University manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. In addition, the University invests cash in excess of daily requirements in short-term investments or fixed-income securities. To manage additional liquidity, the University maintains lines of credit with several banks that are drawn upon as needed during the year to manage cash flows primarily related to construction activities. Amounts from the board-designated quasi-endowment funds could be made available if necessary through a board resolution.

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

**(3) Investments**

The fair value of the University's investments consists of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 208,075,120	197,618,993
U.S. government and agency obligations	71,861,101	72,420,164
U.S. long equities	21,267,310	20,235,557
Alternative investments – public:		
U.S. long equities	287,081,665	299,147,499
International/global equities	308,442,260	228,089,532
Long/short equities	346,027,509	221,061,911
Absolute return	343,514,776	301,103,988
Alternative investments – private:		
Buyout funds	562,683,683	309,485,620
Venture capital funds	532,019,450	396,282,329
Real estate funds	75,611,845	58,742,972
Natural resources and other	254,996,380	233,559,071
	<u>\$ 3,011,581,099</u>	<u>2,337,747,636</u>

Investments include limited partnerships totaling approximately \$2.710 billion and \$2.047 billion at June 30, 2021 and 2020, respectively, which are presented above by the underlying investment classification.

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

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

A description of the various categories follows:

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

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

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

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

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

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

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

At June 30, 2021, the University had approximately \$429 million for which capital calls had not been exercised pertaining to Alternative investments – Private. Such commitments generally have fixed expiration dates or other termination clauses. The University maintains sufficient liquidity to cover such calls. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

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

	2021			2020 Total
	Without donor restrictions	With donor restrictions	Total	
Interest and dividends, net	\$ 286,598	(2,510,025)	(2,223,427)	272,177
Net appreciation in fair value of investments	<u>137,727,611</u>	<u>640,573,542</u>	<u>778,301,153</u>	<u>215,303,584</u>
Total	<u>\$ 138,014,209</u>	<u>638,063,517</u>	<u>776,077,726</u>	<u>215,575,761</u>

**(4) Endowment Funds**

The primary role of the endowment is to advance the research mission of the University through support of the annual operating budget. The University's endowment consists of both donor-restricted endowment funds and funds designated by the University for long-term purposes and is subject to the provision of the *New York Prudent Management of Institutional Funds Act* (NYPMIFA). The University has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary.

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

The endowment's assets are invested in marketable securities, including U.S. and global equities and fixed income securities, and partnerships, including long/short equities, absolute return, venture capital, buyout funds, real estate funds and natural resources. The assets are primarily invested by external investment managers through separate accounts or through commingled vehicles, including funds, trusts, and limited partnerships.

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

**(a) Spending Policy**

The University operates under a modified inflation-based spending formula for operations. This formula consists of 70% of the allowable spending in the prior fiscal year, increased by the rate of inflation (Higher Education Price Index (HEPI)) and 30% of the current year spend rate applied to a 12-quarter average market value. The applied spending rate was 5.5% as of June 30, 2021 and 2020, respectively. The spending rate appropriation from the portion of the endowment without donor restrictions for the year ended June 30, 2021 was \$78,897,086.

**(b) Funds with Deficiencies**

From time to time, the fair value of endowment assets may fall below the fund's original value. Deficiencies of this nature are reported in net assets with donor restrictions. Underwater endowments were \$0 and \$11,181 as of June 30, 2021 and 2020, respectively.

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

At June 30, 2021 and 2020, net assets associated with endowment funds, exclusive of pledges and nonpooled endowments principally in trusts, consisted of the following:

	<b>2021</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor restricted	\$ —	2,373,026,548	2,373,026,548
Designated for long-term purposes	443,670,329	—	443,670,329
Total	<u>\$ 443,670,329</u>	<u>2,373,026,548</u>	<u>2,816,696,877</u>

(Continued)



**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

	<b>2020</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Donor restricted	\$ —	1,805,531,133	1,805,531,133
Designated for long-term purposes	379,159,393	—	379,159,393
Total	<u>\$ 379,159,393</u>	<u>1,805,531,133</u>	<u>2,184,690,526</u>

Changes in net assets associated with endowment funds, exclusive of pledges and nonpooled endowments principally in trusts, for the years ended June 30, 2021 and 2020, were as follows:

	<b>2021</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Net assets at June 30, 2020	\$ 379,159,393	1,805,531,133	2,184,690,526
Contributions	—	16,318,325	16,318,325
Investment return, net	129,413,029	638,063,517	767,476,546
Transfers, net	(36,250,000)	(5,598,367)	(41,848,367)
Total before spending rate	<u>472,322,422</u>	<u>2,454,314,608</u>	<u>2,926,637,030</u>
Endowment spending rate:			
Without donor restrictions	(28,652,093)	(78,897,086)	(107,549,179)
With donor restrictions	—	(2,390,974)	(2,390,974)
Total endowment spending rate	<u>(28,652,093)</u>	<u>(81,288,060)</u>	<u>(109,940,153)</u>
Net assets at June 30, 2021	<u>\$ 443,670,329</u>	<u>2,373,026,548</u>	<u>2,816,696,877</u>

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

Transfers out of without donor restrictions principally consists of funding for litigation payments.

	<b>2020</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Net assets at June 30, 2019	\$ 452,273,743	1,660,038,063	2,112,311,806
Contributions	—	9,513,481	9,513,481
Investment return, net	41,596,160	165,700,961	207,297,121
Transfers, net	(93,799,999)	53,746,024	(40,053,975)
Total before spending rate	<u>400,069,904</u>	<u>1,888,998,529</u>	<u>2,289,068,433</u>
Endowment spending rate:			
Without donor restrictions	(20,910,511)	(79,764,599)	(100,675,110)
With donor restrictions	—	(3,702,797)	(3,702,797)
Total endowment spending rate	<u>(20,910,511)</u>	<u>(83,467,396)</u>	<u>(104,377,907)</u>
Net assets at June 30, 2020	<u>\$ 379,159,393</u>	<u>1,805,531,133</u>	<u>2,184,690,526</u>

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

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

On October 1, 2013, the University entered into a revolving credit agreement with a financial institution. This agreement consists of a \$150 million committed facility, expiring on March 30, 2023, to be used for general institutional purposes. The facility borrowings may occur at the London Interbank Offered Rate (LIBOR) plus 0.50%, money market rate plus 0.50%, or a Corporate Base Rate. The commitment fee on the facility is 0.10% of the undrawn balance. There was \$0 outstanding as of June 30, 2021 and 2020, respectively.

On December 23, 2016, the University entered into a revolving credit agreement with a financial institution. This agreement consists of a \$100 million committed facility, expiring on November 7, 2022, to be used for general institutional purposes. The facility borrowings may occur at LIBOR plus 0.45% or a prime based rate. The commitment fee on the facility is 0.10% of the undrawn balance. There was \$0 outstanding as of June 30, 2021 and 2020, respectively.

Fees relating to the obligation under the line of credit for the years ended June 30, 2021 and 2020 were approximately \$255,000 and \$175,000, respectively.

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

**(6) Long-Term Debt**

The University has financed certain plant asset acquisition and construction costs, and obtained general institutional liquidity, through revenue obligations of the Dormitory Authority of the State of New York (the Authority) and other sources.

The following obligations were outstanding at June 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Note payable, direct placement 1.25%, due serially 2026	\$ 100,000,000	—
The Rockefeller University Revenue Bonds, Series 2020A, 5.00%, due serially to 2053	40,985,000	40,985,000
The Rockefeller University Revenue Bonds, Series 2020B, 3.75%, due 2051	75,345,000	75,345,000
The Rockefeller University Revenue Bonds, Series 2019A, 5.00%, due 2035	46,770,000	46,770,000
The Rockefeller University Revenue Bonds, Series 2019B, 5.00%, due 2050	73,285,000	73,285,000
The Rockefeller University Revenue Bonds, Series 2019C, 4.00%, due 2049	89,365,000	89,365,000
The Rockefeller University Revenue Bonds, Series 2017A, variable rate, partially hedged by interest rate swap, due 2052 (effective rate 4.29% and 4.34% as of June 30, 2021 and 2020, respectively)	100,445,000	100,445,000
Note payable, direct placement 3.77%, due serially to 2045	25,000,000	25,000,000
The Rockefeller University Revenue Bonds, Series 2015A, variable rate, partially hedged by interest rate swap, due 2045 (effective rate 4.82% and 4.79% as of June 30, 2021 and 2020, respectively)	119,190,000	119,190,000
The Rockefeller University Revenue Bonds, Series 2015B, variable rate, partially hedged by interest rate swap, due 2025 (effective rate 0.90% and 0.94% as of June 30, 2021 and 2020, respectively)	44,000,000	44,000,000
The Rockefeller University Revenue Bonds, Series 2012B, 4.00% to 5.00%, due serially to 2038	51,390,000	51,390,000
The Rockefeller University Revenue Bonds, Series 2012A, 4.00% to 5.00%, due serially to 2037	26,465,000	26,465,000
The Rockefeller University Revenue Bonds, Series 2008A, variable rate, partially hedged by interest rate swap, due 2039 (effective rate 3.80% and 3.84% as of June 30, 2021 and 2020, respectively)	103,215,000	103,215,000
The Rockefeller University Revenue Bonds, Series 2002A2, variable rate, partially hedged by interest rate swap, due 2032 (effective rate 4.76% and 4.75% as of June 30, 2021 and 2020, respectively)	50,000,000	50,000,000
	945,455,000	845,455,000
Unamortized bond premium	53,007,429	55,447,327
Unamortized bond issuance costs	(4,665,951)	(4,847,729)
	\$ 993,796,478	896,054,598

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

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

As of June 30, 2021, the University's projected debt service payments on its long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
Year ending June 30:			
2022	\$ —	36,613,007	36,613,007
2023	—	36,651,197	36,651,197
2024	—	36,689,387	36,689,387
2025	—	36,700,844	36,700,844
2026	100,000,000	36,264,065	136,264,065
Thereafter	<u>845,455,000</u>	<u>630,816,883</u>	<u>1,476,271,883</u>
	<u>\$ 945,455,000</u>	<u>813,735,383</u>	<u>1,759,190,383</u>

Interest expense on long-term debt for the years ended June 30, 2021 and 2020 was approximately \$36,364,000 and \$36,167,000, respectively.

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

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

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

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

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

The Series 2002A2 bonds and the Series 2008A bonds bear interest at variable rates and are subject to optional and mandatory tender. The University has entered into agreements with remarketing agents pursuant to which the remarketing agents are obligated to use their best efforts to remarket any bonds so tendered. The University is obligated to purchase any bonds that are tendered but not remarketed. In

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

connection with the Series 2002A2 and 2008A bonds, the University arranged for a standby purchase agreement to be provided by a bank, pursuant to which the bank will purchase any bonds that are tendered and not remarketed.

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

*Interest Rate Swap Agreements*

The University has entered into five interest rate swap agreements. The following schedule presents the notional principal amounts of the swaps and other related information as of June 30, 2021:

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

The swaps are a partial hedge of the Series 2002A2, 2008A, 2015A, 2015B, and 2017A bond issues. Under the terms of the agreements, the University pays interest at predetermined fixed rates and receives variable rates. Included in obligation under derivative instruments in the balance sheet is the net cumulative loss on these derivative transactions in the amounts of \$163,663,638 and \$217,049,168 at June 30, 2021 and 2020, respectively. Additionally, the change in the cumulative loss is included in net appreciation (depreciation) in fair value of derivative instruments in the accompanying statement of activities and amounted to \$53,385,530 and \$(63,938,640) for the years ended June 30, 2021 and 2020, respectively.

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

**(7) Plant Assets**

Plant assets at June 30, 2021 and 2020 comprise the following:

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 32,553,820	32,553,820
Buildings and building improvements	1,706,481,073	1,686,357,648
Equipment	119,030,612	112,119,491
Leasehold improvements	460,112	435,112
Library books	755,237	755,237
Works of art	888,464	888,464
Total	<u>1,860,169,318</u>	<u>1,833,109,772</u>
Less accumulated depreciation and amortization	(725,749,248)	(669,056,725)
Construction in progress	<u>5,193,186</u>	<u>7,307,134</u>
	<u>\$ 1,139,613,256</u>	<u>1,171,360,181</u>

**(8) Retirement Benefits**

The University has defined contribution retirement plans covering substantially all academic and nonacademic personnel. The plans are fully funded by the purchase of annuity contracts. Pension costs amounted to approximately \$11,423,000 and \$11,803,000 for the years ended June 30, 2021 and 2020, respectively.

In addition to providing pension benefits, the University provides certain healthcare and life insurance benefits for retired faculty and administrative employees who meet certain age and length-of-service requirements upon retirement. The University recognizes the funded status (i.e., the difference between the fair value of plan assets and projected benefit obligations) of its benefit plan as an asset or liability in its balance sheet and recognizes changes in that funded status in the year in which the changes occur through changes in net assets without donor restrictions.

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

The following table sets forth the postretirement benefit plan's funded status and amounts recognized in the University's financial statements as of and for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 113,059,000	106,274,000
Service cost	5,026,000	4,040,000
Interest cost	3,727,000	3,695,000
Plan participants' contributions	642,000	593,000
Actuarial loss	7,136,000	2,166,000
Benefits paid	<u>(4,125,000)</u>	<u>(3,709,000)</u>
Benefit obligation at end of year	<u>125,465,000</u>	<u>113,059,000</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	28,114,000	27,579,000
Actual return on plan assets	8,856,000	535,000
Employer contribution	3,483,000	3,116,000
Plan participants' contributions	642,000	593,000
Benefits paid	<u>(4,125,000)</u>	<u>(3,709,000)</u>
Fair value of plan assets at end of year (Level 1 inputs)	<u>36,970,000</u>	<u>28,114,000</u>
Accrued postretirement benefit obligation (APBO)	\$ <u>88,495,000</u>	\$ <u>84,945,000</u>

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

	<u>2021</u>	<u>2020</u>
Service cost	\$ 5,026,000	4,040,000
Interest cost	3,727,000	3,695,000
Expected return on plan assets	(1,971,000)	(1,933,000)
Amortization of net loss	<u>786,000</u>	<u>—</u>
Net periodic postretirement benefit cost	\$ <u>7,568,000</u>	\$ <u>5,802,000</u>

The amount of actuarial loss amortized into net periodic postretirement benefit cost in 2022 is estimated to be \$205,000

As of June 30, 2021, the postretirement benefit obligation includes net actuarial losses of \$15,239,000. As of June 30, 2020, the postretirement benefit obligation includes net actuarial losses of \$15,774,000.

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

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

	<u>2021</u>	<u>2020</u>
Discount rate for benefit obligation	2.880 %	3.162 %
Discount rate for net periodic postretirement cost	3.162	3.788
Expected return on plan assets	7.01	7.01

For measurement purposes, an annual increase in the per capita cost of covered healthcare and prescription drug benefits was assumed. As of June 30, 2021, the initial trend rates are assumed to be 5.20% for pre-65 medical claims, 4.10% for post-65 medical claims, 6.95% for both pre-65 and post-65 prescription drug claims and 5.83% for Medicare Advantage claims. These rates are assumed to reach an ultimate rate of 4.00% in 2045 and remain at that level thereafter. The trend rates grade to a projected long-term annual growth of inflation, real GDP growth, NHE excess trend and additional experience. Assumed healthcare cost trends have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

		<u>1-percentage- point increase</u>	<u>1-percentage- point decrease</u>
Effect on total of service and interest cost components	\$	2,471,000	(1,810,000)
Effect on year-end APBO		26,469,000	(20,415,000)

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

	<u>2021</u>	<u>2021 Target</u>	<u>2020</u>	<u>2020 Target</u>
Asset category:				
Equities	81 %	75 %	76 %	75 %
Fixed income	19	25	24	25
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The fair value of plan assets as of June 30, 2021 and 2020 includes equity mutual funds of approximately \$30.1 million and \$21.4 million, respectively, and fixed income mutual funds of approximately \$6.9 million and \$6.7 million, respectively. These instruments are considered level 1 investments in the fair value hierarchy.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 is reflected assuming that the University will continue to provide a prescription drug benefit to plan participants that is at least actuarially equivalent to Medicare Part D. The University received the federal subsidy until 2018. The

(Continued)



**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

amounts do not reflect the effects, if any, of the Patient Protection and Affordable Care Act and Health Care and Reconciliation Act that were enacted in March 2010.

The benefits expected to be paid in each fiscal year from 2022 to 2026 and the five subsequent years thereafter are as follows:

	<b>Payments not reflecting Medicare subsidy</b>	<b>Medicare subsidy</b>	<b>Benefits reflecting Medicare subsidy</b>
2022	\$ 3,508,000	194,000	3,314,000
2023	3,592,000	196,000	3,396,000
2024	3,772,000	197,000	3,575,000
2025	3,976,000	196,000	3,780,000
2026	4,182,000	197,000	3,985,000
2027–2031	24,064,000	1,005,000	23,059,000

The expected benefits to be paid are based on the same assumptions used to measure the University's benefit obligation at June 30, 2021.

Employer contributions of approximately \$3.3 million are expected to be made in 2022.

**(9) Contributions Receivable**

Contributions receivable consist of the following at June 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Amounts expected to be collected in:		
Less than one year	\$ 81,094,511	76,365,632
One year to five years	98,008,861	97,402,556
Thereafter	54,980,000	57,840,000
	234,083,372	231,608,188
Less allowance	(2,500,000)	(2,500,000)
Less discount to present value at a 5% rate at June 30, 2021 and 2020	(20,054,175)	(21,184,254)
	\$ <u>211,529,197</u>	<u>207,923,934</u>

Included in gross contributions receivable at June 30, 2021 and 2020 is approximately \$99 million and \$112 million, respectively, due from three donors.

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

**(10) Net Assets**

Net assets consist of the following as of June 30, 2021 and 2020:

	2021		2021 Total	2020		2020 Total
	Without donor restrictions	With donor restrictions		Without donor restrictions	With donor restrictions	
Operations	\$ (425,259,168)	—	(425,259,168)	(369,267,814)	—	(369,267,814)
Net investment in plant	320,816,778	—	320,816,778	350,305,584	—	350,305,584
Endowment funds without donor restrictions	443,670,329	—	443,670,329	379,159,393	—	379,159,393
Underwater endowment funds	—	—	—	—	(11,181)	(11,181)
Research	—	80,187,498	80,187,498	—	84,061,246	84,061,246
Research support	—	791,436	791,436	—	303,422	303,422
Graduation education	—	715,358	715,358	—	816,042	816,042
Renovation of facilities	—	267,346	267,346	—	210,800	210,800
Subsequent years:						
Pledges – Facilities	—	70,775,767	70,775,767	—	77,224,544	77,224,544
Pledges – Program	—	107,687,831	107,687,831	—	99,805,972	99,805,972
Pledges – Endowment	—	33,065,600	33,065,600	—	30,893,418	30,893,418
Accumulated gains	—	1,968,812,224	1,968,812,224	—	1,419,646,316	1,419,646,316
Annuity trust and split interest Agreements	—	296,491	296,491	—	296,491	296,491
Permanent endowment corpus	—	404,214,324	404,214,324	—	385,895,998	385,895,998
	<u>\$ 339,227,939</u>	<u>2,666,813,875</u>	<u>3,006,041,814</u>	<u>360,197,163</u>	<u>2,099,143,068</u>	<u>2,459,340,231</u>

The endowment funds without donor restrictions consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Working capital in the endowment	\$ 49,991,415	38,355,567
Other funds designated for long-term investment	<u>393,678,914</u>	<u>340,803,826</u>
	<u>\$ 443,670,329</u>	<u>379,159,393</u>

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

Net assets released from restrictions as of June 30, 2021 consisted of the following:

Spending on restricted funds:	
Research	\$ 88,639,265
Facilities	16,672,523
Education	653,652
Research support	158,000
Endowment spending rate:	
Board appropriated spending	78,897,086
Restricted spending:	
Research	<u>2,390,974</u>
Total	<u>\$ 187,411,500</u>

**(11) Expenses by Natural Classification by Function**

Expenses are reported in the statement of activities in categories recommended by the National Association of College and University Business Officers. The University's primary program services are research and graduate education. Expenses reported as research support and auxiliary enterprises are incurred in support of these primary program services. Accordingly, total program services expenses approximated \$349,942,564 and \$356,044,000 in 2021 and 2020, respectively. Institutional support includes approximately \$9,246,000 and \$9,503,000 of fund-raising expenses in 2021 and 2020, respectively. Operations and maintenance of plant and depreciation are allocated to program and supporting activities based upon square footage. Interest is allocated to program and supporting activities based upon the usage of bond proceeds.

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

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

	2021						
	Research	Education	Research support	Operations and maintenance of plant (O&M)	Institutional support	Auxiliary enterprises	Total
Salaries and benefits	\$ 97,731,801	2,177,826	29,743,969	18,079,816	35,240,106	8,185,626	191,159,144
Supplies and other	27,929,068	6,088,716	6,693,042	6,543,737	1,516,202	9,951,966	58,722,731
Fellow ships and stipends	6,138,110	5,411,748	—	—	—	—	11,549,858
Subcontracts	12,727,388	—	—	—	—	—	12,727,388
Professional fees and service contracts	9,958,573	326,149	5,577,328	5,159,232	2,820,020	1,801,151	25,642,453
Depreciation and amortization	30,058,829	3,240,694	4,456,997	4,571,216	4,694,478	9,140,107	56,162,321
Interest and related costs	27,434,175	—	4,689,114	147,643	3,855,456	626,048	36,752,436
O&M – Utilities	28,973,959	112,146	7,006,116	(33,088,293)	2,724,016	4,482,407	10,210,351
Interdepartmental charges	18,254,721	(619,870)	(19,464,076)	(1,413,351)	2,133,840	1,108,736	—
Total functional expenses	259,206,624	16,737,409	38,702,490	—	52,984,118	35,296,041	402,926,682
Postretirement related changes other than service costs	(576,490)	(19,812)	(356,782)	—	(421,481)	(101,435)	(1,476,000)
Litigation payments	—	—	—	—	171,918,091	—	171,918,091
Total expenses and other changes	\$ 258,630,134	16,717,597	38,345,708	—	224,480,728	35,194,606	573,368,773
	2020						
	Research	Education	Research support	Operations and maintenance of plant (O&M)	Institutional support	Auxiliary enterprises	Total
Salaries and benefits	\$ 102,558,533	2,128,440	31,000,496	19,508,754	36,038,409	8,658,660	199,893,292
Supplies and other	23,970,095	5,723,753	8,403,434	6,391,334	1,447,391	11,656,694	57,592,701
Fellow ships and stipends	6,577,480	5,103,764	—	—	—	—	11,681,244
Subcontracts	10,613,311	—	—	—	—	—	10,613,311
Professional fees and service contracts	8,787,830	246,418	5,833,638	5,138,910	1,998,986	1,740,243	23,746,025
Depreciation and amortization	29,486,444	3,286,084	3,978,077	4,632,670	4,740,538	9,214,518	55,338,331
Interest and related costs	29,359,959	—	5,170,868	203,917	1,270,904	683,183	36,688,831
O&M – Utilities	30,269,583	117,157	7,319,188	(34,435,930)	2,845,740	4,400,289	10,516,027
Interdepartmental charges	21,201,304	(738,919)	(21,990,938)	(1,439,655)	1,683,299	1,284,909	—
Total functional expenses	262,824,539	15,866,697	39,714,763	—	50,025,267	37,638,496	406,069,762
Postretirement related changes other than service costs	900,663	32,330	530,139	—	593,977	152,891	2,210,000
Litigation payments	—	—	—	—	110,340,319	—	110,340,319
Total expenses and other changes	\$ 263,725,202	15,899,027	40,244,902	—	160,959,563	37,791,387	518,620,081

(Continued)

## THE ROCKEFELLER UNIVERSITY

### Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

#### (12) Contingent Liabilities

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

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

The New York Child Victims Act (CVA), which was passed in February 2019, modifies the statute of limitations for civil claims relating to certain childhood abuse claims and created a window, beginning August 14, 2019, for persons to initiate civil lawsuits and closed August 14, 2021. For the year ended June 30, 2021, approximately \$172 million has been recorded in the financial statements for CVA settlements, legal fees, investigation costs, and other expenses through October 15, 2021. Such future costs and other expenses relating to this matter cannot be reasonably estimated at this time. The University expects that a number of these claims will be covered by existing insurance coverage and has filed a lawsuit against its insurers to recover proceeds in connection with these claims.

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

#### (13) Affiliated Entities

##### *The Rockefeller Archive Center*

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

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

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

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

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

The collaboration agreement among TDI and the Tri-Institutional members states that each Tri-Institutional member will provide pro rata funding annually (calendar year basis) determined by TDI's Board of Directors in support of TDI's activity. In 2021 and 2020, the University provided funding of \$1,000,000 and \$3,218,000, respectively, to TDI.

**(14) Fair Value**

The University's assets and liabilities at June 30, 2021 that are reported at fair value are summarized within the fair value hierarchy as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Investments reported at fair value:				
Cash equivalents	\$ 208,075,120	208,075,120	—	—
U.S. government and agency obligations	71,861,101	71,861,101	—	—
U.S. long equities	<u>21,267,310</u>	<u>21,267,310</u>	<u>—</u>	<u>—</u>
	<u>301,203,531</u>	<u>\$ 301,203,531</u>	<u>—</u>	<u>—</u>
Investments reported at net asset value:				
Public:				
U.S. long equities	287,081,665			
International/global equities	308,442,260			
Long/short equities	346,027,509			
Absolute return	<u>343,514,776</u>			
Total public at net asset value	<u>1,285,066,210</u>			
Private:				
Buyout funds	562,683,683			
Venture capital funds	532,019,450			
Real estate funds	75,611,845			
Natural resources and other	<u>254,996,380</u>			
Total private at net asset value	<u>1,425,311,358</u>			
Total investments	<u>\$ 3,011,581,099</u>			
Liabilities:				
Interest rate swap agreements	\$ 163,663,638	—	163,663,638	—
Amounts held for others	173,072,819	—	—	173,072,819

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

Equities and alternative investments – public contain various monthly, quarterly, semiannual, and annual redemption restrictions with required written notice ranging up to 180 days. In addition, certain of these investments are restricted by initial lock-up periods. As of June 30, 2021, the following table summarizes at fair value the composition of various redemption provisions and lock-up periods in the investment portfolio:

Redemption period	Long equities	Public investments reported at net asset value		Total
		Long/short equities	Absolute return	
Monthly	\$ 141,369,705	—	—	141,369,705
Quarterly	235,970,174	115,213,835	59,902,565	411,086,574
Semiannual	—	—	178,677,872	178,677,872
Annual	—	—	77,485,980	77,485,980
In liquidation	9,406,422	2,439,170	9,474,548	21,320,140
Lock-up (a)	<u>208,777,624</u>	<u>228,374,504</u>	<u>17,973,811</u>	<u>455,125,939</u>
Total	\$ <u>595,523,925</u>	<u>346,027,509</u>	<u>343,514,776</u>	<u>1,285,066,210</u>

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

	Amount
Fiscal year:	
2022	\$ 177,731,750
2023	55,947,256
Thereafter	<u>221,446,933</u>
	\$ <u>455,125,939</u>

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

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

The University's assets and liabilities at June 30, 2020 that are reported at fair value are summarized within the fair value hierarchy as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Investments reported at fair value:				
Cash equivalents	\$ 197,618,993	197,618,993	—	—
U.S. government and agency obligations	72,420,164	72,420,164	—	—
U.S. long equities	<u>20,235,557</u>	<u>20,235,557</u>	—	—
	<u>290,274,714</u>	\$ <u>290,274,714</u>	<u>—</u>	<u>—</u>
Investments reported at net asset value:				
Public:				
U.S. long equities	299,147,499			
International/global equities	228,089,532			
Long/short equities	221,061,911			
Absolute return	<u>301,103,988</u>			
Total public at net asset value	<u>1,049,402,930</u>			
Private:				
Buyout funds	309,485,620			
Venture capital funds	396,282,329			
Real estate funds	58,742,972			
Natural resources and other	<u>233,559,071</u>			
Total private at net asset value	<u>998,069,992</u>			
Total investments	\$ <u>2,337,747,636</u>			
Liabilities:				
Interest rate swap agreements	\$ 217,049,168	—	217,049,168	—
Amounts held for others	132,277,506	—	—	132,277,506

(Continued)



**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

Equities and alternative investments – public contain various monthly, quarterly, semiannual, and annual redemption restrictions with required written notice ranging up to 180 days. In addition, certain of these investments are restricted by initial lock-up periods. As of June 30, 2020, the following table summarizes at fair value the composition of various redemption provisions and lock-up periods in the investment portfolio:

Redemption period	Long equities	Public investments reported at net asset value		Total
		Long/short equities	Absolute return	
Monthly	\$ 103,973,462	—	—	103,973,462
Quarterly	194,888,228	97,817,461	70,995,427	363,701,116
Semiannual	—	—	155,414,214	155,414,214
Annual	—	1,129,931	59,698,829	60,828,760
In liquidation	2,054,939	80,273	1,914,401	4,049,613
Lock-up (a)	226,320,402	122,034,246	13,081,117	361,435,765
Total	\$ 527,237,031	221,061,911	301,103,988	1,049,402,930

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

	Amount
Fiscal year:	
2021	\$ 146,498,693
2022	84,330,096
Thereafter	130,606,976
	\$ 361,435,765

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

The following table presents the University's activity for the fiscal years ended June 30, 2021 and 2020 for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair value at June 30, 2020	Acquisitions	Dispositions	Realized gains	Unrealized gains	Fair value at June 30, 2021
Amounts held for others	\$ 132,277,506	1,038,569	(7,305,835)	14,371,896	32,690,683	173,072,819

(Continued)

**THE ROCKEFELLER UNIVERSITY**

Notes to Financial Statements

June 30, 2021

(With comparative financial information as of and  
for the year ended June 30, 2020)

	<u>Fair value at June 30, 2019</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Realized gains</u>	<u>Unrealized gains</u>	<u>Fair value at June 30, 2020</u>
Amounts held for others \$	126,856,510	155,515	(7,001,934)	10,742,624	1,524,791	132,277,506

**(15) Subsequent Events**

The University evaluated events subsequent to June 30, 2021 through November 10, 2021, the date on which the financial statements were issued and concluded that no additional disclosures are required, except as referred to above in note 12 and the below item.

The spread of coronavirus (COVID-19) around the world continues to have significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the University is unable to determine if it will have a material impact to its operations.

**THE ROCKEFELLER UNIVERSITY**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2021

Federal grants/program title or cluster	Federal Assistance Listing number	Pass-through entity identifying number	Amount provided to subrecipients	Expenditures
Research and Development Cluster:				
U.S. Department of Health and Human Services (DHHS):				
National Institute of Health:				
National Cancer Institute:				
Trans-NIH Research Support	93.310		\$ —	853,896
21st Century Cures Act – Beau Biden Cancer Moonshot	93.353		165,413	1,106,355
Cancer Cause and Prevention Research	93.393		1,271,794	4,546,664
Cancer Treatment Research	93.395		—	1,581,697
Cancer Biology Research	93.396		111,621	3,546,354
Cancer Research Manpower	93.398		158,008	579,467
Pass-through programs from:				
Columbia University	93.393	1(GG016311-01)	—	50,520
Sloan–Kettering Institute for Cancer Research	93.395	BD518561D	—	60,099
Weill Cornell Medical College of Cornell University	93.396	191450	—	26,564
Weill Cornell Medical College of Cornell University	93.396	204029	—	215,662
Sloan–Kettering Institute for Cancer Research	93.397	BD525321A	—	45,375
Mayo Clinic	93.397	RFU-245908-02	—	321,306
Mayo Clinic	93.397	ROC-245908-02	—	66,135
Mayo Clinic	93.397	ROC-245908	—	19,174
Total National Cancer Institute			1,706,836	13,019,268
National Eye Institute:				
Vision Research	93.867		—	574,306
Pass-through programs from:				
University of California, San Francisco	93.867	12115SC	—	366,381
Total National Eye Institute			—	940,687
National Heart, Lung, and Blood Institute:				
Blood Diseases and Resources Research	93.839		322,493	983,509
Total National Heart, Lung, and Blood Institute			322,493	983,509
National Institute of Allergy and Infectious Diseases:				
Trans-NIH Research Support	93.310		—	1,507,819
Allergy and Infectious Diseases Research	93.855		3,222,565	19,116,929
Allergy and Infectious Diseases Research	93.855		—	4,388,105
Pass-through programs from:				
Albert Einstein College of Medicine	93.855	31004A	—	(3,873)
Albert Einstein College of Medicine	93.855	31142A	—	936
Albert Einstein College of Medicine	93.855	31152A	—	22,230
Albert Einstein College of Medicine	93.855	31167A	—	132,828
California Institute of Technology	93.855	S413690	—	788,143
California Institute of Technology	93.855	S486239	—	159,843
The Wistar Institute	93.855	25285-11-324	—	113,403
The Wistar Institute	93.855	25860-01-324	—	86,860
Fred Hutchinson Cancer Research Center	93.855	0001017679	—	271,602
Fred Hutchinson Cancer Research Center	93.855	0001050541	—	283,468
Weill Cornell Medical College of Cornell University	93.855	13121690-R1	—	374,156
Weill Cornell Medical College of Cornell University	93.855	1612195	—	78,297
Weill Cornell Medical College of Cornell University	93.855	200543-1	—	165,264
Hackensack Meridian Health	93.855	G20077-19013	—	604,816
Hackensack Meridian Health	93.855	U19A1142731-03	—	100,660
University of California, Los Angeles	93.855	1560 G XC466	—	25,933
University of California, Los Angeles	93.855	1560 G XC477	—	33,783
University of California, Los Angeles	93.855	1560 G YB449	—	11,136
University of California, Los Angeles	93.855	1560 G YB557	—	13,229
Dana-Farber Cancer Institute	93.855	1282105	—	126,565
Mount Sinai School of Medicine	93.855	0254-4123-4609	—	453,068
Mount Sinai School of Medicine	93.855	0254-4122-4609	—	26,510
Benaroya Research Institute	93.855	FY19ITN017	—	1,668
Northwestern University	93.855	60055769 RU	—	242,081
The Scripps Research Institute	93.855	5-54281	—	719,128
McGill University	93.855	N/A	—	373,695
University of Alabama at Birmingham	93.855	000520244-SP008-SC007	—	97,153
University of Alabama at Birmingham	93.855	000520244-SP008-SC008	—	99,570
Massachusetts General Hospital	93.855	NULL	—	426,065
Total National Institute of Allergy and Infectious Diseases			3,222,565	30,841,070
National Institute of Alcohol Abuse and Alcoholism:				
Alcohol Research Programs	93.273		—	759,692
National Institute of Human Genome:				
Human Genome Research	93.172		—	69,654
Trans-NIH Research Support	93.310		—	464,574
Pass-through program from:				
University of California, Santa Cruz	93.172	A20-0450-S004 P0727664	—	224,416
Total National Institute of Human Genome			—	758,644
National Institute of Arthritis and Musculoskeletal and Skin Diseases:				
Arthritis and Musculoskeletal and Skin Diseases Research	93.846		—	2,265,003
Pass-through programs from:				
NYU School of Medicine	93.846	19-A0-S2-003268	—	183,158
NYU School of Medicine	93.846	20-A0-S1-003268	—	17,470
Total National Institute of Arthritis and Musculoskeletal and Skin Diseases			—	2,465,631
National Institute of Child Health and Human Development:				
Child Health and Human Development Extramural Research	93.865		—	320,061
Pass-through program from:				
Columbia University	93.865	GG012223-01	—	20,965
Columbia University	93.865	GG014695-01	—	41,993
Columbia University	93.865	GG014695-01 SAPO G14033	—	253,980
Total National Institute of Child Health and Human Development			—	636,999

(Continued)

**THE ROCKEFELLER UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2021

Federal grants/program title or cluster	Federal Assistance Listing number	Pass-through entity identifying number	Amount provided to subrecipients	Expenditures
DHHS, continued:				
National Institute of Deafness and Other Communication Disorders:				
Research Related to Deafness and Communication Disorders	93.173		\$ —	595,057
Pass-through program from:				
University of Florida	93.173	SUB00002360	—	61,144
Total National Institute of Deafness and Other Communication Disorders			—	656,201
National Institute of Diabetes and Digestive and Kidney Diseases:				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		—	3,410,660
Pass-through program from:				
Mount Sinai School of Medicine	93.847	0255-2621-4609	—	84,337
Celdara Medical	93.847	N/A	—	66,870
Total National Institute of Diabetes and Digestive and Kidney Diseases			—	3,563,867
National Institute on Drug Abuse:				
Drug Abuse and Addiction Research Programs	93.279		—	82,322
Pass-through programs from:				
University of Kentucky Research Foundation	93.279	3200002798-20-052	—	128,236
Mount Sinai School of Medicine	93.279	0255-B353-4609	—	325,883
Mount Sinai School of Medicine	93.279	0255-B352-4609	—	48,897
NYU School of Medicine	93.279	15-A0-003671-01	—	30,776
Yale University	93.279	GR111904 (CON-80002886)	—	5,443
Weill Cornell Medical College of Cornell University	93.279	15050676-01	—	9,567
Total National Institute on Drug Abuse			—	631,124
National Institute of General Medical Sciences:				
Trans-NIH Research Support	93.310		—	696,820
Biomedical Research and Research Training	93.859		917,302	11,720,871
Pass-through programs from:				
Albert Einstein College of Medicine	93.859	310989	—	13,369
Albert Einstein College of Medicine	93.859	311797	—	59,607
NYU School of Medicine	93.859	17-A0-00-007952	—	55,572
NYU School of Medicine	93.859	17-A0-00-007952-01	—	6,153
University of Michigan	93.859	3004261218	—	38,977
University of Michigan	93.859	3004739341	—	254,660
University of Michigan	93.859	SUBK00009605	—	140,623
Cornell University	93.859	83016-11172	—	49,015
Stanford University	93.859	61923756-135242	—	23,561
Total National Institute of General Medical Sciences			917,302	13,059,228
National Institute of Mental Health:				
Mental Health Research Grants	93.242		—	1,298,825
Pass-through programs from:				
Mount Sinai School of Medicine	93.242	0254-3160-4609	—	147,880
Mount Sinai School of Medicine	93.242	0254-4711-4609	—	31,320
NYU School of Medicine	93.242	19-A0-00-1003478	—	88,876
Total National Institute of Mental Health			—	1,566,901
National Institute of Neurological Disorders and Stroke:				
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		1,470,603	10,115,295
Pass-through program from:				
The Children's Hospital of Philadelphia	93.853	3201870620	—	52,492
Rutgers, The State University of New Jersey	93.853	1098	—	23,839
Mount Sinai School of Medicine	93.853	0255-D181-4609	—	184,600
Total National Institute of Neurological Disorders and Stroke			1,470,603	10,376,226
National Institute on Aging:				
Aging Research	93.866		45,880	2,917,268
Pass-through programs from:				
Brown University	93.866	0001778	—	1,063
Sloan-Kettering Institute for Cancer Research	93.866	BD525461A	—	136,948
Sloan-Kettering Institute for Cancer Research	93.866	BD525461B	—	209,317
Mount Sinai School of Medicine	93.866	0255-D081-4609	—	26,187
Mount Sinai School of Medicine	93.866	0255-E221-4609	—	264,919
University of California, Los Angeles	93.866	NULL	—	(54,685)
Total National Institute on Aging			45,880	3,501,017
National Center for Advancing Translational Sciences:				
National Center for Advancing Translational Sciences	93.350		348,851	4,961,811
Pass-through programs from:				
University of Alabama at Birmingham	93.350	UC 217834	—	30,322
Vanderbilt University	93.350	VUMC 59241	—	54,613
Total National Center for Advancing Translational Sciences			348,851	5,046,746
National Center for Complementary and Integrative Health:				
Research and Training in Complementary and Alternative Medicine	93.213		—	628,797
DHHS Programs	93.UNK		—	467,493
Trans-NIH Research Support	93.310		—	153,642
Pass-through program from:				
University of Southern California	93.310	68029876	—	80,605
Total National Center for Complementary and Integrative Health			—	1,330,537
Administration for Community Living:				
Pass-through programs from:				
Carter Burden Network	93.048	90INNU0007-01-00	—	55,720
Total DHHS			8,034,530	90,193,067

(Continued)

**THE ROCKEFELLER UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2021

Federal grants/program title or cluster	Federal Assistance Listing number	Pass-through entity identifying number	Amount provided to subrecipients	Expenditures
Research and Development Cluster, continued:				
U.S. Department of Defense:				
Intelligence Advanced Research Projects Activity	12.UNK		\$ —	372,789
Basic and Applied Scientific Research	12.300		—	653,323
Military Medical Research and Development	12.420		14,204	1,751,031
Pass-through program from:				
Icahn School of Medicine at Mount Sinai	12.420	0258-A371-4609	—	42,587
Total Military Medical Research and Development			<u>14,204</u>	<u>1,793,618</u>
Research and Technology Development:				
Pass-through programs from:				
Georgia Tech	12.910	AWD102840-G2	—	365,766
Total U.S. Department of Defense			<u>14,204</u>	<u>3,185,496</u>
National Science Foundation:				
Education and Human Resources	47.076		—	417,342
Social, Behavioral, and Economic Sciences	47.075		12,711	49,523
Biological Sciences:				
Biological Sciences	47.074		—	327,074
Pass-through programs from:				
Oregon Health and Science University	47.074	1009951_ROCKEFELLER	—	39,393
University of California, Los Angeles	47.074	1580 G VC929	—	152,969
Total Biological Sciences			<u>—</u>	<u>519,436</u>
Computer and Information Science and Engineering:				
Pass-through programs from:				
Massachusetts Institute of Technology	47.070	S3377; PO 508269	—	125,244
Massachusetts Institute of Technology	47.070	S3377 / PO 242378	—	24,139
Total Computer and Information Science and Engineering			<u>—</u>	<u>149,383</u>
Mathematical and Physical Sciences	47.049		—	222,061
Total National Science Foundation			<u>12,711</u>	<u>1,357,745</u>
U.S. Department of Commerce:				
National Oceanic and Atmospheric Administration:				
Ocean Exploration	11.011		—	5,665
National Aeronautics and Space Administration:				
Exploration	43.003		—	18,183
Research Training Programs:				
U.S. Department of Health and Human Services:				
National Institute of Health:				
National Institute of General Medical Sciences	93.859		—	419,414
National Institute of Allergy and Infectious Diseases	93.855		—	191,422
Total Research Training Programs			<u>—</u>	<u>610,836</u>
Fellowships Programs:				
U.S. Department of Health and Human Services:				
National Institute of Health:				
National Institute of Allergy and Infectious Diseases	93.855		—	113,750
National Institute of Cancer	93.393		—	87,166
National Institute of Cancer	93.398		—	237,035
National Institute on Deafness and Other Communication Disorders	93.173		—	45,520
National Center for Complementary and Integrative Health	93.213		—	65,142
National Institute of Mental Health	93.242		—	48,578
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846		—	75,753
National Institute of Alcohol Abuse and Alcoholism	93.273		—	64,275
National Institute of General Medical Sciences	93.859		—	183,588
National Science Foundation	47.074		—	659
Total Fellowships Programs			<u>—</u>	<u>921,466</u>
Total Expenditures of Federal Awards – Research and Development Cluster			<u>\$ 8,061,445</u>	<u>96,292,458</u>

See accompanying notes to schedule of expenditures of federal awards.

**THE ROCKEFELLER UNIVERSITY**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards for the year ended June 30, 2021 (the Schedule) presents expenditures of The Rockefeller University (the University) charged to federal awards programs. The information in this schedule is presented on the accrual basis of accounting and is in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the University.

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

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

Expenditures include indirect costs, relating primarily to facilities operation and maintenance, and general and departmental administration services, which are allocated to direct cost objectives (including federal awards) based on negotiated formulas commonly referred to as indirect cost rates. Indirect costs allocated to such awards for the year ended June 30, 2021 were based on fixed rates negotiated with the cognizant federal agency, the Department of Health and Human Services. The University has not elected to use the 10-percent de minimis cost rate allowed under the Uniform Guidance.

**(3) Summary of Indirect Costs**

Indirect cost recoveries of the University for the year ended June 30, 2021 are summarized as follows:

Research and development	\$	34,147,468
Research training and fellowships		<u>19,173</u>
	\$	<u><u>34,166,641</u></u>



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

II-1

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

The Board of Trustees  
The Rockefeller University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Rockefeller University (the University), which comprise the balance sheet as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2021.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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



**Purpose of this Report**

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

KPMG LLP

November 10, 2021





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

II-3

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

The Board of Trustees  
The Rockefeller University:

### **Report on Compliance for the Major Federal Program**

We have audited The Rockefeller University's (the University) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the University's major federal program for the year ended June 30, 2021. The University's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for the University's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the University's compliance.

#### *Opinion on the Major Federal Program*

In our opinion, The Rockefeller University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major



federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We have audited the financial statements of the University as of and for the year ended June 30, 2021, and have issued our report thereon dated November 10, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*KPMG LLP*

January 12, 2022

**THE ROCKEFELLER UNIVERSITY**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2021

**(1) Summary of Auditors' Results**

- (a) The type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
  - Material weaknesses: **No**
  - Significant deficiencies: **None reported**
- (c) Noncompliance which is material to the financial statements: **No**
- (d) Internal control deficiencies over the major program disclosed by the audit:
  - Material weaknesses: **No**
  - Significant deficiencies: **None reported**
- (e) Type of report issued on compliance for the major program: **Unmodified**
- (f) Any audit findings that are required to be reported under 2 CFR 200.516(a): **No**
- (g) Major program: **Research and Development Cluster (various Federal Assistance Listing numbers)**
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$2,888,774**
- (i) Auditee qualified as a low-risk auditee: **Yes**

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

None

**(3) Findings and Questioned Costs Relating to Federal Awards**

None