

# **Rensselaer Polytechnic Institute**

**Report on Federal Awards in  
Accordance with the Uniform Guidance  
For the Year ended June 30, 2023  
EIN: 14-1340095**

# Rensselaer Polytechnic Institute

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June 30, 2023 and 2022

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**Part I**  
**Consolidated Financial Statements, Schedule of Expenditures of  
Federal Awards and Financial Responsibility Supplemental Schedule**



## Report of Independent Auditors

To the Board of Trustees of Rensselaer Polytechnic Institute

### Report on the Consolidated Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of Rensselaer Polytechnic Institute and its affiliates (“Rensselaer”), which comprise the consolidated statements of financial position as of June 30, 2023, and 2022, and the related consolidated statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Rensselaer as of June 30, 2023, and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Consolidated Financial Statements*

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

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



### ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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

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

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

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

### ***Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2023 and schedule of financial responsibility supplemental schedule as of and for the year ended June 30, 2023 are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Department of Education, respectively, and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing



procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 and financial responsibility supplemental schedule are fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2023 on our consideration of the Rensselaer'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 for the year ended June 30, 2023. 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 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 Rensselaer's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers up".

Fairport, New York  
October 24, 2023

**Rensselaer Polytechnic Institute**  
**Consolidated Statements of Financial Position**  
**June 30, 2023 and 2022**

<i>(in thousands of dollars)</i>	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 22,150	\$ 62,723
Accounts receivable, net		
Student related and other	7,514	7,247
Research, training, and other agreements	19,746	23,612
Contributions receivable, net	21,531	23,335
Contributions from external remainder trusts	13,637	16,063
Prepaid expenses and other assets	20,102	5,432
Student loans receivable, net	5,560	9,197
Investments, at market endowment, annuity and life income funds	936,196	874,278
Right of use assets	34,056	18,289
Land, buildings and equipment, net	621,549	632,190
Total assets	<u>\$ 1,702,041</u>	<u>\$ 1,672,366</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 39,326	\$ 37,588
Split interest agreement obligations	5,845	5,899
Deferred revenue	39,095	47,124
Other liabilities	42,420	38,918
Pension liability	27,275	67,163
Accrued postretirement benefits	17,151	15,719
Refundable government loan funds	6,157	16,362
Right of use liabilities	34,867	18,475
Finance leases payable	15,389	16,080
Long term debt	629,779	654,248
Total liabilities	<u>857,304</u>	<u>917,576</u>
<b>Net assets</b>		
Without donor restrictions	<u>54,395</u>	<u>13,742</u>
With donor restrictions		
Restricted by time and purpose	261,943	227,691
Restricted in perpetuity	528,399	513,357
With donor restrictions	<u>790,342</u>	<u>741,048</u>
Total net assets	<u>844,737</u>	<u>754,790</u>
Total liabilities and net assets	<u>\$ 1,702,041</u>	<u>\$ 1,672,366</u>

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

**Rensselaer Polytechnic Institute**  
**Consolidated Statements of Activities**  
**Year Ended June 30, 2023 With Summarized Comparative Totals for the Year**  
**Ended June 30, 2022**

<i>(in thousands of dollars)</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total June 30, 2023</b>	<b>Total June 30, 2022</b>
<b>Operating revenue</b>				
Student related revenue				
Tuition and fees, net	\$ 215,197	\$ -	\$ 215,197	\$ 229,324
Auxiliary services, net	66,527	-	66,527	58,533
Student related revenue	<u>281,724</u>	<u>-</u>	<u>281,724</u>	<u>287,857</u>
Gifts	<u>15,729</u>	<u>20,412</u>	<u>36,141</u>	<u>22,445</u>
Grants and contracts				
Direct				
Federal	48,395	-	48,395	55,704
State	3,935	-	3,935	4,154
Private	10,870	-	10,870	13,427
Indirect	<u>17,143</u>	<u>-</u>	<u>17,143</u>	<u>16,636</u>
Grants and contracts	<u>80,343</u>	<u>-</u>	<u>80,343</u>	<u>89,921</u>
Investment return				
Dividends, interest and other investment income	10,312	7,712	18,024	13,313
Realized accumulated gains used to meet spending policy	11,368	13,492	24,860	19,277
Investment return designated for operations	<u>21,680</u>	<u>21,204</u>	<u>42,884</u>	<u>32,590</u>
Other	6,337	-	6,337	5,552
Net assets released from restrictions	<u>41,568</u>	<u>(41,568)</u>	<u>-</u>	<u>-</u>
Total operating revenue	<u>447,381</u>	<u>48</u>	<u>447,429</u>	<u>438,365</u>
<b>Operating expense</b>				
Salaries and wages	173,763	-	173,763	162,363
Employee benefits	42,198	-	42,198	38,019
Supplies, services and other	92,940	-	92,940	77,166
Occupancy, taxes and insurance	27,131	-	27,131	23,407
Interest on debt	24,184	-	24,184	24,687
Depreciation and amortization	31,328	-	31,328	31,280
Student aid and fellowships	<u>46,605</u>	<u>-</u>	<u>46,605</u>	<u>52,042</u>
Total operating expenses	<u>438,149</u>	<u>-</u>	<u>438,149</u>	<u>408,964</u>
Change in net assets from operating activities	<u>9,232</u>	<u>48</u>	<u>9,280</u>	<u>29,401</u>
<b>Nonoperating</b>				
Realized and unrealized gains/(losses)				
net of spending policy and initiatives	8,998	35,290	44,288	(201,440)
Other components of net periodic benefit costs	(11,496)	-	(11,496)	(11,028)
Adjustments for pension and post retirement liability	32,454	-	32,454	5,855
Life income and endowment gifts	-	7,013	7,013	15,181
Change in value of life income contracts	22	7,891	7,913	(21,046)
Other, reclassifications and transfers	<u>1,443</u>	<u>(948)</u>	<u>495</u>	<u>-</u>
Change in net assets from nonoperating activities	<u>31,421</u>	<u>49,246</u>	<u>80,667</u>	<u>(212,478)</u>
Increase/(decrease) in net assets	<u>40,653</u>	<u>49,294</u>	<u>89,947</u>	<u>(183,077)</u>
<b>Net assets</b>				
Beginning of year	<u>13,742</u>	<u>741,048</u>	<u>754,790</u>	<u>937,867</u>
End of year	<u>\$ 54,395</u>	<u>\$ 790,342</u>	<u>\$ 844,737</u>	<u>\$ 754,790</u>

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



**Rensselaer Polytechnic Institute**  
**Consolidated Statements of Activities**  
**Year Ended June 30, 2022**

<i>(in thousands of dollars)</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total June 30, 2022</b>
<b>Operating revenue</b>			
Student related revenue			
Tuition and fees, net	\$ 229,324	\$ -	\$ 229,324
Auxiliary services, net	58,533	-	58,533
Student related revenue	<u>287,857</u>	<u>-</u>	<u>287,857</u>
Gifts	<u>18,527</u>	<u>3,918</u>	<u>22,445</u>
Grants and contracts			
Direct			
Federal	55,704	-	55,704
State	4,154	-	4,154
Private	13,427	-	13,427
Indirect	<u>16,636</u>	<u>-</u>	<u>16,636</u>
Grants and contracts	<u>89,921</u>	<u>-</u>	<u>89,921</u>
Investment return			
Dividends, interest and other investment income	6,842	6,471	13,313
Realized accumulated gains used to meet spending policy	<u>9,706</u>	<u>9,571</u>	<u>19,277</u>
Investment return designated for operations	<u>16,548</u>	<u>16,042</u>	<u>32,590</u>
Other	5,544	8	5,552
Net assets released from restrictions	<u>19,975</u>	<u>(19,975)</u>	<u>-</u>
Total operating revenue	<u>438,372</u>	<u>(7)</u>	<u>438,365</u>
<b>Operating expense</b>			
Salaries and wages	162,363	-	162,363
Employee benefits	38,019	-	38,019
Supplies, services and other	77,166	-	77,166
Occupancy, taxes and insurance	23,407	-	23,407
Interest on debt	24,687	-	24,687
Depreciation and amortization	31,280	-	31,280
Student aid and fellowships	<u>52,042</u>	<u>-</u>	<u>52,042</u>
Total operating expenses	<u>408,964</u>	<u>-</u>	<u>408,964</u>
Change in net assets from operating activities	<u>29,408</u>	<u>(7)</u>	<u>29,401</u>
<b>Nonoperating</b>			
Realized and unrealized (losses)			
net of spending policy and initiatives	(77,038)	(124,402)	(201,440)
Other components of net periodic benefit costs	(11,028)	-	(11,028)
Adjustments for pension and post retirement liability	5,855	-	5,855
Life income and endowment gifts	-	15,181	15,181
Change in value of life income contracts	21	(21,067)	(21,046)
Other, reclassifications and transfers	<u>1,041</u>	<u>(1,041)</u>	<u>-</u>
Change in net assets from nonoperating activities	<u>(81,149)</u>	<u>(131,329)</u>	<u>(212,478)</u>
Decrease in net assets	<u>(51,741)</u>	<u>(131,336)</u>	<u>(183,077)</u>
<b>Net assets</b>			
Beginning of year	<u>65,483</u>	<u>872,384</u>	<u>937,867</u>
End of year	<u>\$ 13,742</u>	<u>\$ 741,048</u>	<u>\$ 754,790</u>

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

**Rensselaer Polytechnic Institute**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

<i>(in thousands of dollars)</i>	<b>2023</b>	<b>2022</b>
<b>Cash flow from operating activities</b>		
Received from student-related revenues	\$ 233,986	\$ 220,596
Received from sponsored programs	79,531	99,897
Received from donors	35,701	22,947
Received from investment income	18,145	15,006
Received from Rensselaer Technology Park	1,706	3,419
Received from other	3,513	2,652
Payments to employees and fringe benefits	(216,440)	(200,429)
Payments to vendors and suppliers	(125,592)	(77,731)
Payments for scholarships and fellowships	(1,065)	(913)
Payments for Interest expense	(29,119)	(30,205)
Payments for pension and post retirement obligations	(18,194)	(10,303)
Payments for other expenses	(11,914)	(13,106)
Net cash (decrease)/increase from operating activities	<u>(29,742)</u>	<u>31,830</u>
<b>Cash flow from investing activities</b>		
Proceeds from sale of investments	391,572	315,844
Purchase of investments	(373,349)	(301,491)
Student loans paid	3,610	4,207
Proceeds from sale of land, building, and equipment	76	31
Purchase of land, building and equipment	(19,891)	(11,762)
Net cash increase from investing activities	<u>2,018</u>	<u>6,829</u>
<b>Cash flow from financing activities</b>		
Contributions restricted for long term investments	10,882	7,474
Payment of annuity obligations	(742)	(777)
Repayment of debt	(19,779)	(28,873)
Government loan funds	(3,210)	(4,699)
Net cash decrease from financing activities	<u>(12,849)</u>	<u>(26,875)</u>
Net (decrease)/increase in cash and cash equivalents	(40,573)	11,784
<b>Cash and cash equivalents</b>		
Beginning of year	<u>62,723</u>	<u>50,939</u>
End of year	<u>\$ 22,150</u>	<u>\$ 62,723</u>
<b>Non cash activities</b>		
Contributed securities	\$ 612	\$ 2,301
Gifts of equipment and other capital items	82	436

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

# Rensselaer Polytechnic Institute

## Notes to Consolidated Financial Statements

### June 30, 2023 and 2022

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(in thousands of dollars)

#### 1. Organization

Rensselaer Polytechnic Institute (Rensselaer) is a nonsectarian, coeducational institution composed of five schools: Engineering; Science; Architecture; Humanities, Arts, and Social Sciences; and the Lally School of Management; as well as an interdisciplinary degree in Information Technology. Rensselaer offers more than 140 programs at the undergraduate, graduate, and doctoral levels. Students are encouraged to work in interdisciplinary programs that allow them to combine scholarly work from several departments or schools. Rensselaer provides rigorous, engaging, interactive learning environments and campus-wide opportunities for leadership, collaboration, and creativity. Rensselaer Technology Park is a university related park for technology ventures seeking a unique environment focused on the interface between industry and education.

#### 2. Summary of Significant Accounting Policies

##### a. Basis of Presentation and Tax Status

The financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and have been prepared to focus on the Institute as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

The accompanying financial statements include the Rensselaer Hartford Graduate Center, Inc., a branch of the Institute focused on education for working professionals, which is a separate entity consolidated in the financial statements. Rensselaer and the Center are collectively referred to herein as the Institute. All significant inter-organizational accounts have been eliminated in consolidation. The Institute is a not-for-profit organization as described in section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to the Code. In accordance with accounting standards, the Institute evaluates its income tax status each year.

##### b. Net Asset Classification

The Institute is incorporated in and subject to the laws of New York, which incorporate the provisions outlined in the New York Prudent Management of Institution Funds Act (NYPMIFA). Under NYPMIFA, the assets of donor-imposed restricted funds may be appropriated by the Institute for expenditure. Net assets having similar characteristics have been classified in the following categories:

- Net assets *without donor restrictions* are not subject to donor-imposed stipulations and may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Net assets within this classification are generally related to revenues and related expenses associated with the core activities of the Institute. In addition, investment return, changes in post-retirement liabilities and certain types of philanthropic support are also included.
- Net assets *with donor restrictions* are subject to donor-imposed stipulations that they be maintained permanently or until prudently appropriated by the Board of Trustees of the Institute in accordance with New York State law. Generally, the donors of these assets permit the Institute to use all or part of the investment return on these assets to support program activities, principally financial aid and instruction. Net assets within this classification are also subject to donor-imposed or legal stipulations that can be fulfilled by actions of the Institute pursuant to those stipulations or that expire with the passage of time.

**Rensselaer Polytechnic Institute**  
**Notes to Consolidated Financial Statements**  
**June 30, 2023 and 2022**

(in thousands of dollars)

Net assets consisted of the following at June 30:

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Endowment funds	\$ 246,932	\$ 738,344	\$ 985,276	\$ 236,110	\$ 688,647	\$ 924,757
Pledges	-	6,234	6,234	-	6,092	6,092
Gifts	18,390	24,047	42,437	3,910	22,144	26,054
Annuities and trusts	-	19,052	19,052	-	21,500	21,500
Plant and other operations	(210,927)	2,665	(208,262)	(226,278)	2,665	(223,613)
Total net assets	\$ 54,395	\$ 790,342	\$ 844,737	\$ 13,742	\$ 741,048	\$ 754,790

**c. Consolidated Statement of Activities**

The Consolidated Statement of Activities reports changes in net assets from operating and nonoperating activities. Operating activities primarily include revenues and expense related to on-going educational and research efforts as well as gifts and net return on the Institute's endowment. Operating net assets released from restrictions include support for such program activities as financial aid and instruction. Contributions whose donor-imposed restrictions are met in the same reporting period are reported within without donor restrictions net assets. All other contributions with donor-imposed restrictions are reported as with donor restrictions revenues and are reclassified to without donor restrictions net assets when the donor-imposed restriction is satisfied. Expenses are generally reported as decreases in without donor restrictions net assets.

Nonoperating activities primarily include investment return, net of spending, changes in life income and endowment gifts, adjustments to postretirement liabilities and settlement of contingencies. Contributions restricted for the acquisition of land, buildings and equipment and specific programs are reported as with donor restrictions revenues. These contributions are reclassified to without donor restrictions net assets upon being placed in service. Contributions received of a capital nature, that is, contributions to be used for facilities and equipment or to be invested by the Institute to generate a return that will support operations, are included in nonoperating activities.

Revenues are derived from various sources as follows:

- *Student related revenue* includes tuition and fee revenue from undergraduate, graduate, and working professionals, as well as apartment and dorm revenue, meal plan revenue, medical insurance fees, and other auxiliary revenue.

The Institute recognizes student-related revenue within the fiscal year in which services are provided. Institutional aid, in the form of scholarships and grants-in-aid, include amounts funded by the Institute's operations, endowment, research funds, and gifts, reduce the published price of tuition and fees, apartment and dorms, and meal plans for students receiving such aid. As such, institutional aid is referred to as a discount and represents the difference between the stated charge for student related revenue and the amount that is billed to the student and/or third parties making payments on behalf of the student. Cash payments to students in excess of published prices, excluding compensation, are reported as *Student aid and fellowship* expense in the consolidated statements of activities.

**Rensselaer Polytechnic Institute**  
**Notes to Consolidated Financial Statements**  
**June 30, 2023 and 2022**

(in thousands of dollars)

Payments of tuition and fees, apartment and dorms, and meals for all the terms are recognized as performance obligations are met. Because the academic term for summer spans two reporting periods, a portion of this revenue is included in deferred revenue at June 30, 2023 and 2022. Deferred revenue is shown in Note 2h.

Other auxiliary services revenue includes laptop sales to students, sales within the student union, ticket sales for athletic and community events, parking services, and other miscellaneous activities. Revenue for these items is recorded when the performance obligation is satisfied.

Student related revenue by contract is as follows:

	2023	2022
<b>Tuition and fee revenue, net</b>		
Undergraduate tuition revenue	\$ 349,894	\$ 330,203
Graduate tuition revenue	57,594	61,221
Education for working professionals revenue	3,073	3,093
Fees	12,982	10,987
Total tuition and fee revenue	<u>423,543</u>	<u>405,504</u>
Institutional aid allocated to tuition and fees	<u>(208,346)</u>	<u>(176,180)</u>
Total tuition and fee revenue, net	<u>\$ 215,197</u>	<u>\$ 229,324</u>
<b>Auxiliary services, net</b>		
Apartment and dorm revenue, net		
Apartment and dorm revenue	\$ 34,187	\$ 33,140
Institutional aid allocated to apartment and dorms	<u>(2,460)</u>	<u>(3,706)</u>
Total apartment and dorm revenue, net	<u>31,727</u>	<u>29,434</u>
Meal plan revenue, net		
Meal plan revenue	25,887	21,458
Institutional aid allocated to meal plans	<u>(477)</u>	<u>(456)</u>
Total meal plan revenue, net	<u>25,410</u>	<u>21,002</u>
Medical insurance fee revenue	<u>4,385</u>	<u>3,953</u>
Other auxiliary services		
Laptop sales	493	1,166
Rensselaer Union	859	833
Other	<u>3,653</u>	<u>2,145</u>
Total other auxiliary services	<u>5,005</u>	<u>4,144</u>
Total auxiliary services revenue, net	<u>\$ 66,527</u>	<u>\$ 58,533</u>

- **Contributions** - Contributions, including unconditional promises to give (pledges), are recognized as revenue in the appropriate net asset class in the period received. A pledge is initially recorded at present value based on an appropriate market rate. Restricted contributions are released to without donor restrictions net assets when an

# Rensselaer Polytechnic Institute

## Notes to Consolidated Financial Statements

### June 30, 2023 and 2022

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(in thousands of dollars)

expense is incurred that satisfies the donor-imposed restriction. Contributions with donor restrictions that are received and expended for the restricted purpose in the same fiscal year are recorded in net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Additional information can be found in Note 3b.

- **Government grants and contracts** - The Institute receives sponsored program funding from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return or may be a nonreciprocal transaction in which the resources provided are for the benefit of the Institute, the funding organization's mission, or the public at large.

Revenues from exchange transactions are recognized as the performance obligations are met, which in some cases may be as the related costs are incurred. Revenues from nonexchange transactions (contributions) may be subject to conditions in the form of both a barrier to entitlement and right of return for amounts paid (or a release from obligation to make future payments). Revenues from conditional nonexchange transactions are recognized as the barrier is met.

The Institute has been awarded approximately \$81,806 of grants and contracts which have not been advanced or expended and are classified as conditional contributions as of June 30, 2023, and accordingly, are not recorded in the financial statements.

- **Net investment return** - Net appreciation (depreciation) in the fair value of investments, which consists of dividends and interest, realized gains and losses and the unrealized appreciation or depreciation on those investments, less investment fees, is recognized in the Consolidated Statement of Activities.

#### **d. Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid debt instruments with maturity of three months or less when purchased. They are carried at cost, which approximated fair value. It has been the Institute's policy to consider short-term highly liquid investments held within the endowment and similar investment pools as investments rather than cash equivalents and has defined restricted cash as that which is legally restricted as to withdrawal and usage.

#### **e. Accounts and Notes Receivable**

Accounts and notes receivable include amounts arising from tuition and fees, Rensselaer Technology Park activity and amounts owed on research contracts. They are carried at net realizable value.

#### **f. Investments**

The Institute's investments are recorded in the financial statements at fair value. Investment income is recorded on an accrual basis, and purchase and sale transactions are recorded on a trade-date basis. Realized gains and losses are recognized on an average cost basis when securities are sold.

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**g. Land, Buildings and Equipment**

Land, buildings and equipment are carried at cost or at fair value at the date of the gift. Depreciation is computed on a straight-line basis over the estimated useful lives of buildings, including building components, (10-50 years) and equipment (5-20 years). All gifts of land, buildings and equipment are recorded as without donor restrictions operating activity unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained; the donor restrictions are reported as being released when the donated or acquired long-lived assets are placed in service.

**h. Deferred Revenue**

Payments received for future periods are reported as deferred revenue. Deferred revenue includes amounts prepaid for student related revenue, sponsored research and other prepaid amounts. The Rensselaer Tech Park revenue stems primarily from building and land lease revenue and is recorded over the corresponding contract term. The activity and balances for deposits and deferred revenue from contracts with customers are shown in the following table.

	Student Related Revenue	Grants and Contracts	Rensselaer Tech Park	Capital Projects	Total Deferred Revenue
<b>Balances at June 30, 2021</b>	\$ 15,120	\$ 9,458	\$ 15,708	\$ 12,284	\$ 52,570
Revenue recognized	(15,120)	(1,433)	(1,027)	(1,024)	(18,604)
Payments received for future performance obligations	10,974	846	1,338	-	13,158
<b>Balances at June 30, 2022</b>	10,974	8,871	16,019	11,260	47,124
Revenue recognized	(10,974)	(5,109)	(1,229)	(1,025)	(18,337)
Payments received for future performance obligations	9,468	787	53	-	10,308
<b>Balances at June 30, 2023</b>	<u>\$ 9,468</u>	<u>\$ 4,549</u>	<u>\$ 14,843</u>	<u>\$ 10,235</u>	<u>\$ 39,095</u>

**i. Refundable Government Loan Funds**

Amounts received from the Federal government to fund a portion of the federally sponsored student loans are ultimately refundable to the Federal government and have been reported as advances from the Federal government for student loans in the consolidated statement of financial position. The recorded value of student loan instruments approximates fair value. The authority to make new Perkins Loans ended on September 30, 2017, and final disbursements were permitted through June 30, 2018. As of June 30, 2023, the Institute has collected approximately \$2,609 that is to be refunded to the Federal government.

**j. Leases**

The Institute reviews the terms and conditions of contracts at their inception to determine whether they contain or are leases. A lease is defined as a contract or part of a contract that provides the Institute a right to use property, plant, or equipment for a period of time in exchange for consideration. Operating lease right-of-use ("ROU") assets are included in "Right of use assets" and corresponding lease liabilities are included in "Right of use liabilities" on the Consolidated Statements of Financial Position. Finance lease ROU assets are included in "Land, buildings and equipment, net" and corresponding finance lease liabilities are included in "Finance leases payable" on the Consolidated Statements of Financial Position.

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Operating and Finance lease assets and liabilities are recognized for those leases whose lease term as of the contracted commencement date exceeds 12 months. The lease term is defined as the contractual right of use period and includes any extension period the Institute is reasonably certain to exercise. The ROU assets and liabilities are initially recognized at the lease commencement date at the aggregate amount of contracted lease payments, discounted utilizing the Institute's incremental borrowing rate or the lessor's implicit rate (if known). Nonlease components, such as maintenance, are accounted for separately by the Institute and are not included in the calculation of finance and operating ROU assets and liabilities. Some of the Institute's leases require variable payments that may depend on usage or output, and these variable payments are excluded in the measurement of ROU assets and liabilities.

**k. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**l. Related Parties**

Members of the Institute's Board of Trustees and employees may, from time to time, be associated, either directly or indirectly, with companies doing business with Rensselaer.

The Institute requires members of the board and employees to disclose annually any significant financial interests in, or employment or consulting relationships with, entities doing business with it. These annual disclosures cover trustees, employees and their immediate family members. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the relevant entity. No such associations are considered to be significant.

**m. Accounting Standards to be Adopted**

ASU No. 2016-13: Financial Instruments – Credit losses (Topic 326): Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU 2016-13. The standard introduces the current expected credit losses methodology (CECL) for estimating allowances for credit losses, which requires organizations to estimate credit losses immediately upon exposure. Under the CECL model, management must also consider current conditions and reasonable and supportable forecasts of future events and circumstances, in addition to experience, to estimate expected credit losses for certain financial assets, including receivables that result from revenue transactions (trade receivables). The ASU is effective for fiscal years beginning after December 15, 2022. The Institute is in the process of evaluating the impact of the ASU, which will be adopted in fiscal year 2024.



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**3. Receivables**

**a. Accounts Receivable**

The Institute's receivables are comprised of student related, research, training and other agreements and are reviewed and monitored for aging and collectability on a regular basis. Payment on any outstanding accounts receivables are generally expected to occur within the following fiscal year. There is also a corresponding allowance for uncollectible accounts at June 30, 2023 and 2022. Accounts receivable from the following sources were outstanding as of June 30:

	<b>2023</b>	<b>2022</b>
Student related receivables	\$ 4,625	\$ 5,477
Research, training and other agreements	20,800	24,289
Rensselaer technology park	219	236
Other	3,520	2,214
	<u>29,164</u>	<u>32,216</u>
Gross account receivable		
Less: Allowance for doubtful accounts	(1,904)	(1,357)
	<u>\$ 27,260</u>	<u>\$ 30,859</u>
Net accounts receivable		

**b. Contributions Receivable**

Contributions receivable are expected to be collected as follows at June 30:

	<b>2023</b>	<b>2022</b>
Less than one year	\$ 1,654	\$ 1,483
Between one and five years	16,173	15,887
More than five years	8,300	11,320
	<u>26,127</u>	<u>28,690</u>
Gross contributions receivable		
Less: Unamortized discount	(4,360)	(4,530)
Less: Allowance for uncollectible amounts	(236)	(825)
	<u>\$ 21,531</u>	<u>\$ 23,335</u>
Net contributions receivable		

Bequest expectancies as of June 30, 2023, totaling \$178,767 have been excluded from these amounts and are not recorded in the financial statements. In compliance with donor stipulations related to a \$360,000 transformational gift received in 2001, revenue is being recognized as periodic cash payments are received. Revenue of \$10,000 related to the transformational gift was recognized in 2023 and 2022, respectively.

**c. Student Loans Receivable**

Student loan programs are funded by many sources including institutional sources and governmental programs, including the Federal Perkins Loan Program. The amount received from the government's portion of the Perkins loan program is refundable to the federal government and reported as a liability on the Institute's statement of financial position. The Federal Perkins Loan Program expired on September 30, 2017, and no new disbursements are permitted after June 30, 2018. The Institute began liquidation of its revolving fund in fiscal year 2019.

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The Institute regularly assesses the adequacy of the allowance for credit losses relating to these loans by performing ongoing evaluations of the student loan portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, and the level of delinquent loans.

The following provides enhanced disclosures about the student loan receivables and allowances associated with the institutional and federal loan programs.

	2023			2022		
	Receivable	Allowance	Net Receivable	Receivable	Allowance	Net Receivable
Institutional loans	\$ 360	\$ (311)	\$ 49	\$ 380	\$ (311)	\$ 69
Federal loans	6,776	(1,265)	5,511	10,395	(1,267)	9,128
Total loan receivable	<u>\$ 7,136</u>	<u>\$ (1,576)</u>	<u>\$ 5,560</u>	<u>\$ 10,775</u>	<u>\$ (1,578)</u>	<u>\$ 9,197</u>

	2023			2022		
	Institutional	Federal	Total Allowance	Institutional	Federal	Total Allowance
Current year provisions	\$ (311)	\$ (1,267)	\$ (1,578)	\$ (722)	\$ (1,299)	\$ (2,021)
Allowance at end of year	<u>\$ (311)</u>	<u>\$ (1,265)</u>	<u>\$ (1,576)</u>	<u>\$ (311)</u>	<u>\$ (1,267)</u>	<u>\$ (1,578)</u>

#### 4. Split Interest Agreements

Split interest gift agreements consist primarily of irrevocable charitable remainder trusts, pooled income funds and charitable gift annuities for which the Institute is the remainder beneficiary. Assets held in these trusts are included in investments and recorded at their fair value when received. The value of split interest assets included in the investments at June 30, 2023 and 2022 were \$11,260 and \$11,336, respectively. Contribution revenues are recognized at the dates the trusts are established net of the liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the agreements for changes in the value of the assets, accretion of the discount and other changes in the estimates of future benefits. Discount rates range from 0.6% to 8.6%. The liability for the present value of deferred gifts of \$5,845 and \$5,899 at June 30, 2023 and 2022, respectively, is based upon actuarial estimates and assumptions regarding the duration of the agreements and the rates to discount the liability. Circumstances affecting these assumptions can change the estimate of this liability in future periods.

Rensselaer is also beneficiary of certain perpetual trusts held and administered by others. The fair value of these trusts at June 30, 2023 and 2022 was \$78,230 and \$71,812, respectively and included in the investment balance. The present values of the estimated future cash receipts from the trusts are recognized as contributions from external trusts and contribution revenue at the date Rensselaer is notified of the establishment of the trust. Distributions from the trusts are recorded as investment income in the period they are received and the fair value of the institution's investment of those distributions are disclosed in Note 6. Changes in fair value of the trusts are recorded as gain or loss in with donor restrictions net assets.

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**5. Financial Assets and Liquidity Resources**

As of June 30, 2023 and 2022, the Institute has the following financial assets that are available within one year of the balance sheet date to meet cash needs for general expenditures. In addition to these assets, a significant portion of the Institute's annual expenditures will be funded by current year operating revenues including tuition and grant and contract income. The Institute has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

	<b>2023</b>	<b>2022</b>
Financial assets		
Cash	\$ 22,150	\$ 62,723
Accounts receivable	7,514	7,247
Loan receivable	29	218
Contributions receivable	1,654	1,483
Investments: appropriated for spending in the following year	<u>36,316</u>	<u>38,740</u>
Total financial assets available within one year	67,663	110,411
Liquidity resources		
Bank lines of credit (undrawn)	<u>55,000</u>	<u>55,000</u>
	<u>\$ 122,663</u>	<u>\$ 165,411</u>

Additionally, within the endowment the Institute has board-designated funds of \$139,484 and \$132,067 and accumulated gains from unrestricted endowments of \$86,544 and \$84,493, at June 30, 2023 and 2022. Although the Institute does not intend to spend from this endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process or as subsequently approved by the Board of Trustees, amounts from its board-designated funds and accumulated gains from unrestricted endowments could be made available if necessary.

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**6. Investments**

The Institute's investments are overseen by the Investment Committee of the Board of Trustees. The fair value and cost of investments at June 30 is as follows:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 30,762	\$ 30,678	\$ 46,111	\$ 46,111
Fixed income	113,808	113,878	100,973	104,360
Domestic equity	374,387	299,650	300,074	264,101
Global equity	993	993	29,150	19,933
Foreign equity	168,538	126,857	152,021	132,080
Real assets	13,276	48,189	15,000	49,354
Marketable alternatives	80,341	62,450	65,155	57,520
Private investments	75,861	87,098	93,982	79,810
	<u>857,966</u>	<u>769,793</u>	<u>802,466</u>	<u>753,269</u>
Perpetual trusts held by others	78,230	51,688	71,812	51,688
Total investments	<u>\$ 936,196</u>	<u>\$ 821,481</u>	<u>\$ 874,278</u>	<u>\$ 804,957</u>

At June 30, 2023, Rensselaer had committed to investing approximately an additional \$52,916 in private investments related to various equity and real asset partnerships.

**a. Investment Classification Descriptions**

***Fixed Income***

This category contains investments in public and nonpublic fixed income securities, including convertible bonds, corporate bonds, foreign sovereign bonds, high yield bonds, annuity contracts, and U.S. government and government sponsored bonds. These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are subject to a variety of liquidity restrictions that normally range from three days to three months.

***Domestic Equity***

This category includes investments in U.S. equities. These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are subject to a variety of liquidity restrictions that normally range from three days to three months.

***Global Equity***

This category contains investments in U.S. and non-U.S. developed and emerging market equities. These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are subject to a variety of liquidity restrictions that normally range from three days to three months.

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#### ***Foreign Equity***

This category contains investments in non-U.S. developed and emerging market equities. These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are subject to a variety of liquidity restrictions that normally range from three days to three months.

#### ***Real Assets***

This category contains investments in a U.S. and non-U.S. assets, including real estate, infrastructure, and commodity. - These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are long-term in nature and liquidity is asset specific.

#### ***Marketable Alternatives***

This category contains investments in a variety of partnerships and similar entities focused on primarily marketable investments in the U.S and non-U.S. markets. The individual managers utilize a variety of strategies, including distressed, event-driven, long/short, relative value, global macro, and sector specific. Most of these investments have an initial lockup period and offer liquidity, thereafter, ranging from thirty days to one year.

#### ***Private Investments***

This category contains investments in U.S. and non-U.S. partnerships and similar entities focused primarily on venture capital investments, buyouts, growth equity, real estate, infrastructure, commodity, and fixed income. The capital commitments made by the Institute are drawn down over time by the manager. As investments mature and/or are realized, distributions are made by the manager to the Institute during the life of the partnership, typically 10 years. The Institute does not have any redemption rights in these investments.

#### ***Perpetual Trusts***

This category includes certain perpetual trusts held and administered by others for which Rensselaer is the beneficiary.

#### **b. Spending From Endowment Funds**

Rensselaer has adopted a “total return” policy for endowment spending. This approach considers current yield (primarily interest and dividends) as well as the net appreciation in the market value of investments when determining a spending amount. Under this policy, the Board of Trustees establishes a spending rate which is then applied to the average market value of investments. Current yield is recorded as revenue and the difference between current yield and the spending rate produces the use of realized gains spent under the total return formula.

#### **c. Fair Value**

The Institute is permitted under US GAAP to estimate the fair value of an investment at the measurement date using the reported Net Asset Value (NAV) without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US GAAP. - The Institute’s investments in private investments, real assets and marketable alternatives are fair valued based on the most current NAV.

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The Institute performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with US GAAP. The Institute has assessed factors including, but not limited to, managers' compliance with Fair Value Measurement standard, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date.

The three levels are fair value hierarchies related to Institute valued and directly managed investments are:

- Level 1 Quoted prices in active markets for identical assets or liabilities. Market price data is generally obtained from exchange or dealer markets.
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities. Inputs are obtained from various sources including market participants, dealers, and brokers.
- Level 3 Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment.

Directly managed corporate investments which can be redeemed at net asset value (NAV) by the Institute on the measurement date or in the near future are classified as Level 2. Directly managed investments which cannot be redeemed on the measurement date or in the near term are classified as Level 3.

The following table presents the financial instruments carried at fair value as of June 30, 2023 and 2022, by caption on the consolidated statements of financial position, based on the valuation hierarchy defined above:

	2023				Total Fair Value
	Quoted Prices in Active Markets Level 1	Significant Other Observable Level 2	Significant Unobservable Level 3	NAV Investments Valued by Practical Expedient	
Cash and cash equivalents	\$ 30,274	\$ 488	\$ -	\$ -	\$ 30,762
Fixed income	65,618	-	3,233	44,957	113,808
Domestic equity	374,327	-	40	20	374,387
Global equity	993	-	-	-	993
Foreign equity	109,557	-	-	58,981	168,538
Real assets	2,205	-	-	11,071	13,276
Marketable alternatives	-	-	-	80,341	80,341
Private investments	-	-	660	75,201	75,861
	582,974	488	3,933	270,571	857,966
Perpetual trusts held by others	-	-	78,230	-	78,230
Total investments	\$ 582,974	\$ 488	\$ 82,163	\$ 270,571	\$ 936,196

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	2022				
	Quoted Prices in Active Markets Level 1	Significant Other Observable Level 2	Significant Unobservable Level 3	NAV Investments Valued by Practical Expedient	Total Fair Value
Cash and cash equivalents	\$ 45,648	\$ 463	\$ -	\$ -	\$ 46,111
Fixed income	67,558	-	3,137	30,278	100,973
Domestic equity	300,014	-	40	20	300,074
Global equity	29,150	-	-	-	29,150
Foreign equity	100,264	-	-	51,757	152,021
Real assets	2,408	-	-	12,592	15,000
Marketable alternatives	-	-	-	65,155	65,155
Private investments	-	-	660	93,322	93,982
	545,042	463	3,837	253,124	802,466
Perpetual trusts held by others	-	-	71,812	-	71,812
Total investments	\$ 545,042	\$ 463	\$ 75,649	\$ 253,124	\$ 874,278

Investments valued using the practical expedient primarily include Rensselaer's ownership in alternative investments (principally limited partnership interests in marketable alternatives, private investments, real estate, and other similar funds). The value of certain alternative investments represents the ownership interest in the NAV of the respective partnership and consists of securities that do not have readily determinable fair values. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The Institute regularly reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of these investments.

The Institute's investment holdings that are categorized as Level 3 investments primarily consist of interests in perpetual trusts of which the Institute is a named beneficiary and receives periodic cash distributions. They are classified as Level 3 due to the inability for the Institute to redeem or liquidate these interests. The interests are valued at the observable input of the corresponding trust investment value, adjusted ratably for the Institute's proportional beneficiary share. In aggregate, other investments classified as Level 3 for the years ended June 30, 2023 and 2022 were not material to the Institute's financial statements.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Institute believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

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The following table is a roll-forward of the consolidated statement of financial position amounts at June 30, 2023 and 2022 for financial instruments classified by Rensselaer within Level 3 of the fair value hierarchy defined above:

	2023					
	Fixed Income	Domestic Equity	Real Assets	Private Investments	Perpetual Trusts	Total
<b>Level 3 Investments</b>						
Fair value at beginning of year	\$ 3,137	\$ 40	\$ -	\$ 660	\$ 71,812	\$ 75,649
Purchases	-	-	-	-	-	-
Sales	-	-	-	-	-	-
Change in value	96	-	-	-	6,418	6,514
Fair value at end of year	\$ 3,233	\$ 40	\$ -	\$ 660	\$ 78,230	\$ 82,163

  

	2022					
	Fixed Income	Domestic Equity	Real Assets	Private Investments	Perpetual Trusts	Total
<b>Level 3 Investments</b>						
Fair value at beginning of year	\$ 2,895	\$ 35	\$ 1,002	\$ 896	\$ 89,896	\$ 94,724
Purchases	-	-	-	-	-	-
Sales	-	-	(1,002)	(91)	-	(1,093)
Change in value	242	5	-	(145)	(18,084)	(17,982)
Fair value at end of year	\$ 3,137	\$ 40	\$ -	\$ 660	\$ 71,812	\$ 75,649

Contributions from external remainder trusts, reported separately from investments at market, are also considered Level 3 of the fair value hierarchy defined above. The following table rolls forward the values, as of June 30:

	2023	2022
<b>Level 3 Contributions from external remainder trusts</b>		
Fair value at beginning of year	\$ 16,063	\$ 22,619
Unrealized gains (loss)	1,428	(2,020)
Purchases/gifts	-	-
Sales/settlements	(3,854)	(4,536)
Fair value at end of year	\$ 13,637	\$ 16,063

There were no material transfers or valuation changes between hierarchies Level 1 and Level 2 during fiscal year 2023.

The following table provides additional information about the Institute's investments, which are recorded at NAV as of June 30, 2023:

Asset Class	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period	Redemption Restrictions
Fixed income	\$ 44,957	\$ -	Daily	Same Day	NA*
Domestic equity	20	-	NA*	NA*	NA*
Foreign equity	58,981	-	Daily-Monthly	Same Day-10 Days	NA*
Real assets	11,071	1,393	NA*	NA*	NA*
Marketable alternatives	80,341	-	Quarterly-Annually	30-90 Days	0-1 Year lock-up provisions
Private investments	75,201	51,523	NA*	NA*	NA*
	<u>\$ 270,571</u>	<u>\$ 52,916</u>			

\* The Institute does not have redemption rights in these investments, remaining lives are up to 10 years



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**7. Endowment**

Rensselaer's endowment consists of approximately 811 individual donor restricted endowment funds and 90 board designated endowment funds for a variety of purposes plus assets that have been designated for endowment: pledges receivables, split interest agreements, and other net assets. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. The endowment does not include any term endowments. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment and similar funds are invested under the direction of the Board of Trustees to achieve maximum long-term total return with prudent concern for the preservation of investment capital. All investments of endowment and similar funds are recorded in the statements of financial position as long-term investments, including cash balances held by external investment managers. The fair value of endowment investments (separately invested and pooled) was \$909,962 and \$849,813 as of June 30, 2023 and June 30, 2022, respectively.

Endowment net assets, excluding unspent income funds, consist of the following at June 30:

	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
True endowment funds	\$ 86,544	\$ 703,330	\$ 789,874
Board designated endowment funds	139,484	-	139,484
Total endowment net assets	<u>\$ 226,028</u>	<u>\$ 703,330</u>	<u>\$ 929,358</u>

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
True endowment funds	\$ 84,493	\$ 655,361	\$ 739,854
Board designated endowment funds	132,067	-	132,067
Total endowment net assets	<u>\$ 216,560</u>	<u>\$ 655,361</u>	<u>\$ 871,921</u>

The unrestricted portion of true endowment funds represent amounts that have been appropriated by the Board of Trustees but not yet drawn from the endowment, net of the effect of underwater endowments.

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Changes in endowment net assets as of June 30:

	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment net assets at beginning of year</b>	\$ 216,560	\$ 655,361	\$ 871,921
Net gifts	4	6,831	6,835
Yield (dividends and interest)	8,225	7,712	15,937
Investment return, net	20,373	55,204	75,577
Reclassifications and other changes	459	(679)	(220)
Endowment additions	29,061	69,068	98,129
Amounts appropriated for expenditure	19,593	21,099	40,692
Endowment deductions	19,593	21,099	40,692
<b>Endowment net assets at end of year</b>	<b>\$ 226,028</b>	<b>\$ 703,330</b>	<b>\$ 929,358</b>

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment net assets at beginning of year</b>	\$ 292,913	\$ 778,828	\$ 1,071,741
Net gifts	231	14,777	15,008
Yield (dividends and interest)	8,143	6,471	14,614
Investment return, net	(67,265)	(132,480)	(199,745)
Reclassifications and other changes	387	2,137	2,524
Endowment additions	(58,504)	(109,095)	(167,599)
Amounts appropriated for expenditure	17,849	14,372	32,221
Endowment deductions	17,849	14,372	32,221
<b>Endowment net assets at end of year</b>	<b>\$ 216,560</b>	<b>\$ 655,361</b>	<b>\$ 871,921</b>

**a. Interpretation of Relevant Law**

The New York Prudent Management of Institutional Funds Act (“NYPMIFA”) became effective on September 17, 2010, and governs the management and investment of funds held by not-for-profit corporations and other institutions. Absent donor stipulations to the contrary, the statutory guidelines contained in NYPMIFA relate to the prudent management, investment and expenditure of donor-restricted endowment funds without regard to the original value of the gifts. However, NYPMIFA contains specific factors that must be considered prior to making investment decisions or appropriating funds for expenditure.

The Board of Trustees’ interpretation of its fiduciary responsibilities for donor-restricted endowment funds under New York State’s Not-for-Profit Corporation Law, including NYPMIFA, is to preserve intergenerational equity to the extent possible by prudently managing, investing, and spending from the endowment funds. This principle holds that future

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endowment beneficiaries should receive at least the same level of economic support that the current generation receives. As a result of this interpretation, the Institute classifies as with donor restrictions net assets the un-appropriated portion of (a) the original value of gifts donated to a true endowment fund, (b) the original value of subsequent gifts to a true endowment fund, and (c) accumulations to a true endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unspent appropriations related to donor-restricted endowment funds are classified as with donor restricted net assets until the amounts are expended by the Institute in a manner consistent with the donor's intent. The remaining portion of donor-restricted endowment funds that are not classified as with donor restricted net assets are classified as without donor restricted net assets.

The Board of Trustees determines the appropriate amount to withdraw from endowment and similar funds on an annual basis to provide support for operations with prudent concern for the long-term growth in the underlying assets as well as the specific factors detailed in NYPMIFA. The Board-approved spending policy is designed to insulate endowment support for programming from short-term fluctuations in capital markets.

#### **b. Funds With Deficiencies**

From time to time, the fair value of assets associated with individual endowment funds may fall below the value of the initial and subsequent donor gift amounts. To the extent that a donor restricted endowment fund falls below its historic value a deficit would exist, and it would be reported as a reduction of net assets with donor restrictions. Subject to the terms of the gift, spending from an endowment fund in a deficit position would continue under the spending policy so long as the fund is impaired less than ten percent relative to its historical dollar value. When deficiencies exist, they are classified in the net asset category where the original gift was classified. Deficiencies reported in with donor restrictions net assets were \$1,474 and \$3,899 as of June 30, 2023 and 2022, respectively. Deficiencies reported in without donor restrictions net assets were \$553 and \$822 as of June 30, 2023 and 2022, respectively.

#### ***Return Objectives and Risk Parameters***

Rensselaer has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. Rensselaer expects its endowment funds over time, to provide an average rate of return of approximately 7.1 percent annually. Actual returns in any given year may vary from this amount.

#### **c. Strategies Employed for Achieving Investment Objectives**

To achieve its long-term rate of return objectives, Rensselaer relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). Rensselaer targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

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**d. Endowment Spending Policy**

The Board of Trustees of Rensselaer determines the method to be used to appropriate endowment funds for expenditure. Calculations are performed for individual endowment funds at a rate of 5.0 percent of the rolling 20 quarter average market value on a unitized basis one year subsequent to the calculation. From time to time the Board of Trustees may authorize a temporary increase in the spending rate to provide additional temporary support for Institute operations while ensuring the long-term sustainability of the endowment. The corresponding calculated spending allocations are distributed on a monthly basis from the current net total or accumulated net total investment returns for individual endowment funds. In establishing this policy, the Board considered the expected long-term rate of return on its endowment.

**8. Land, Building, and Equipment**

Land, buildings, and equipment consist of the following at June 30:

	<b>2023</b>	<b>2022</b>
Land and land improvements	\$ 39,982	\$ 39,950
Buildings	991,802	982,161
Equipment	202,248	208,415
Construction in progress	15,027	7,163
Gross land, building and equipment	<u>1,249,059</u>	<u>1,237,689</u>
Less: Accumulated depreciation	<u>(627,510)</u>	<u>(605,499)</u>
Net land, building and equipment	<u>\$ 621,549</u>	<u>\$ 632,190</u>

Building assets includes the value of the Asset Retirement Obligation intangible for which amortization of \$8 was reported for the periods ended June 30, 2023 and 2022. The depreciation and amortization expense related to the building, land improvements and equipment were \$31,320 and \$31,272 in the periods ended June 30, 2023 and 2022, respectively.

As of June 30, 2023, Rensselaer had \$1,948 of open commitments to contractors for construction work being performed.

**9. Bonds and Notes Payable**

The Institute has entered into various debt obligations, all of which are repaid from the general operations of the Institute, as appropriate. Outstanding bonds and notes payable are as follows:

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	Year of Final Maturity	Average Annual Interest Rate	Outstanding	
			2023	2022
City of Troy Capital Resource Corporate Series				
Series 2015 (Note d) - Fixed	2035	3.35 %	\$ 62,574	\$ 66,776
Series 2020A (Note a) - Fixed	2040	2.47 %	284,663	296,746
Series 2021 (Note g) - Fixed	2036	1.47 %	22,085	23,307
Series 2018 Taxable Bonds (Note f) - Fixed	2048	5.25 %	134,554	134,536
Senior Notes				
Series 2011A (Note b) - Fixed	2026	4.35 %	31,942	35,925
Series 2014A (Note c) - Fixed	2029	3.99 %	39,993	39,992
Series 2018 (Note e) - Fixed	2035	4.76 %	53,968	56,966
Total bonds and notes payable			<u>\$ 629,779</u>	<u>\$ 654,248</u>

	2023	2022
Debt issuance costs	\$ (2,753)	\$ (3,060)
Net bond premium (discount)	<u>42,992</u>	<u>48,728</u>
Net components subject to amortization	40,239	45,668
Bond principal	<u>589,540</u>	<u>608,580</u>
Total bonds and notes payable	<u>\$ 629,779</u>	<u>\$ 654,248</u>

Debt outstanding is inclusive of bond premiums, discounts, and debt issuance costs and, where applicable, are being amortized on the straight-line method over an applicable term for the related indebtedness.

At June 30, 2023 and 2022, Rensselaer did not have assets held by trustees for construction, debt service and other project-related expenses.

**Notes to Debt Outstanding**

- a. On June 3, 2020, Rensselaer entered into an agreement with the City of Troy Capital Resource Corporation which provided for the issuance of \$261,165 in fixed rate revenue refunding bonds, Series 2020A. The transaction generated a \$50,467 premium. Proceeds from the issuance were used to redeem and defease Series 2010A. Interest rates on the bonds range from 4.00% to 5.00%. Maturities on the bonds range from 2021 to 2040 with a final maturity of September 1, 2040. Interest payments are due March 1 and September 1 commencing on September 1, 2020.

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- b. On September 27, 2011, Rensselaer issued Series 2011-A Senior Notes pursuant to a note purchase agreement. Proceeds from this \$40,000 issuance were applied to the defined benefit pension obligation. The interest on the notes is 4.35%. The final maturity date on the notes is September 1, 2026. Interest payments are due March 1 and September 1, commencing on March 1, 2012. The note is an unsecured obligation of the Institute.
- c. On December 15, 2014, Rensselaer issued Series 2014-A Senior Notes pursuant to a note purchase agreement. Proceeds from this \$40,000 issuance were applied to the defined benefit pension obligation. The interest on the notes is 3.99%. The final maturity date on the notes is December 14, 2029. Interest payments are due June 15 and December 15, commencing on June 15, 2015. The note is an unsecured obligation of the Institute.
- d. On December 1, 2015, Rensselaer entered into an agreement with the City of Troy Capital Resource Corporation which provided for the issuance of \$80,000 in fixed rate revenue bonds, Series 2015. The transaction generated a \$7,400 premium. Proceeds from the issuance were used to legally defease Series 1999 A&B and Series 2006 revenue bonds. Interest rates on the bonds range from 1.5% to 5.0%. Maturities on the bonds range from 2016 to 2032 with final maturity August 1, 2035.
- e. On December 17, 2018, Rensselaer issued Series 2018 Senior Notes pursuant to a note purchase agreement. Proceeds from this \$65,000 issuance were used to pay off a portion of the Series 2010 Taxable bonds. The interest rate on the notes is 4.76%. Final maturity date is December 17, 2035. Interest payments are due June 17 and December 17, commencing on June 17, 2019. The note is an unsecured obligation of the institute.
- f. On December 17, 2018, Rensselaer issued Taxable bonds for \$135,000. Proceeds from this issuance were used to pay off a portion of the Series 2010 Taxable bonds. The interest rate on the bonds is 5.246%. Maturity date on the bonds is September 1, 2048. Interest payments are due March 1 and September 1, commencing on March 1, 2019. The bonds are an unsecured general obligation of the institute.
- g. On June 15, 2021, Rensselaer entered into an agreement with the City of Troy Capital Resource Corporation which provided for the issuance of \$19,990 in fixed rate revenue bonds, Series 2021. The transaction generated a \$4,030 premium. Proceeds from the issuance were used to legally defease Series 2002E revenue bonds. Interest rates on the bonds range from 4% to 5%. Maturities on the bonds range from 2022 to 2036 with final maturity September 1, 2036.
- h. Letters of Credit.

As of June 30, 2023, Rensselaer had a standby letter of credit with Bank of America of \$600 for general liability insurance security purposes related to current construction projects on the Troy, New York campus. There were no draws against this letter of credit during the fiscal year.

The Institute has an unsecured line of credit with Bank of America valued at \$35,000. The interest rate is calculated on the outstanding balance at a daily rate of term BSBY Daily Floating Rate plus .95%. There were no outstanding balances on the line of credit at June 30, 2023 and June 30, 2022. The line of credit has a renewal date of January 31, 2024.

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The Institute has an unsecured line of credit with Key Bank valued at \$20,000. The interest rate on the line is calculated on the outstanding balance at a daily rate of term SOFR plus 1.65 bps. There were no outstanding balances on the line of credit at June 30, 2023 and June 30, 2022. The line of credit has a termination date of August 30, 2023 (see subsequent event described in Note 15).

Principal payments due on all long-term debt as of June 30, 2023 for each of the next five fiscal years are:

	<b>Amount</b>
<b>Year</b>	
2024	\$ 19,665
2025	23,395
2026	24,035
2027	29,770
2028	20,520
Principal payments thereafter	<u>472,155</u>
Total bonds and notes principal payable	589,540
Net premiums and debt issuance costs	<u>40,239</u>
Bonds and notes payable	<u><u>\$ 629,779</u></u>

**10. Retirement Plans**

**Defined Benefit Plans**

The following table sets forth Rensselaer's defined benefit and postretirement plans' change in projected benefit obligation, change in plan assets, funded status (the postretirement plans are unfunded) and amounts recognized in Rensselaer's balance sheet at June 30, 2023 and 2022. The defined benefit plan calculations were based upon data as of or projected to June 30, 2023 and 2022. Postretirement benefit plan calculations were based upon data as of July 1, 2023 and 2022. Rensselaer's funding policy is based upon and is in compliance with ERISA requirements.

The Institute's amortization period used for actuarial gains and losses utilizes the expected future lifetime of inactive participants in the plan, which is reflective of the fact that greater than 90% of the pension plan participants are now inactive. Additionally, the Institute previously amended its pension plan as of June 30, 2014 to freeze all future benefit accruals for future service of all plan participants.

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	Defined Benefit		Post-Retirement	
	2023	2022	2023	2022
<b>Change in benefit obligation</b>				
<b>Benefit obligation at beginning of year</b>	\$ (292,605)	\$ (365,921)	\$ (15,720)	\$ (20,016)
Service cost	-	-	(696)	(697)
Interest cost	(12,586)	(8,820)	(822)	(455)
Plan participants' contribution	-	-	(418)	(440)
Amendments/Curtailments/Special	-	-	88	-
Actuarial gain (loss)	17,763	52,622	(806)	4,726
Benefits paid	26,795	29,514	1,223	1,163
<b>Benefit obligation at end of year</b>	<b>\$ (260,633)</b>	<b>\$ (292,605)</b>	<b>\$ (17,151)</b>	<b>\$ (15,719)</b>

The accumulated benefit obligation for the defined benefit pension plan was \$260,633 and \$292,605 as of June 30, 2023 and 2022, respectively. The change in the benefit obligation for the pension plan was primarily driven by an actuarial gain due to an increase in the discount rate between June 30, 2023 and June 30, 2022.

	Defined Benefit		Post-Retirement	
	2023	2022	2023	2022
<b>Change in plan assets</b>				
Fair value plan assets, beginning of year	\$ 225,442	\$ 297,202		\$ -
Actual return on plan assets	17,321	(53,246)		-
Employer contribution	17,390	11,000	804	723
Plan participants' contributions	-	-	418	440
Benefits paid	(26,795)	(29,514)	(1,222)	(1,163)
Fair value plan assets, end of year	<b>\$ 233,358</b>	<b>\$ 225,442</b>	<b>\$ -</b>	<b>\$ -</b>
Funded status and amount recognized in the statement of financial position liability	<b>\$ (27,275)</b>	<b>\$ (67,163)</b>	<b>\$ (17,151)</b>	<b>\$ (15,719)</b>
Amounts recognized in without donor restriction net assets				
Net prior service credit (cost)	\$ -	\$ -	\$ 274	\$ 223
Net actuarial (loss) gain	(148,801)	(182,114)	3,183	4,093
Without donor restriction net assets	<b>\$ (148,801)</b>	<b>\$ (182,114)</b>	<b>\$ 3,457</b>	<b>\$ 4,316</b>
<b>Other changes in plan assets and benefit obligations recognized in without donor restriction net assets</b>				
New prior service (credit) cost	\$ -	\$ -	\$ (88)	\$ -
New net actuarial (gain) loss	(24,560)	10,838	806	(4,726)
Amortization of prior service credit (cost)	-	-	37	34
Amortization of actuarial (loss) gain	(8,754)	(12,028)	105	27
	<b>(33,314)</b>	<b>(1,190)</b>	<b>860</b>	<b>(4,665)</b>
Net periodic benefit cost components:				
Service costs	-	-	696	697
Interest cost	12,586	8,820	823	455
Expected return on plan assets	(10,525)	(10,213)	-	-
Amortization of				
Prior service (credit) cost	-	-	(37)	(34)
Net actuarial loss (gain)	8,754	12,027	(105)	(27)
Net periodic benefit cost	<b>10,815</b>	<b>10,634</b>	<b>1,377</b>	<b>1,091</b>
Other changes in plan assets and benefit obligations recognized in without donor restriction net assets	<b>\$ (22,499)</b>	<b>\$ 9,444</b>	<b>\$ 2,237</b>	<b>\$ (3,574)</b>
Changes recognized in net assets from operating activities	\$ -	\$ -	\$ 696	\$ 697
Changes recognized in net assets from nonoperating activities	(22,499)	9,444	1,541	(4,271)
	<b>\$ (22,499)</b>	<b>\$ 9,444</b>	<b>\$ 2,237</b>	<b>\$ (3,574)</b>



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The components of net periodic benefit cost other than the service cost component are included in the line item "Other components of net periodic benefit cost". Service costs for the post-retirement plan are included in employee benefits expense. The defined benefit pension plan has no service cost related to active participants as the plan is frozen to future accruals. Administrative costs to maintain the plan are netted against expected return on plan assets and shown in other components of net periodic benefit cost on the Consolidated Statement of Activities.

The following are expected future benefit payments:

	<b>Defined Benefit</b>	<b>Post Retirement</b>
<b>Fiscal Year Ending</b>		
2024	\$ 24,940	\$ 1,503
2025	24,628	1,544
2026	24,076	1,628
2027	23,470	1,611
2028	22,728	1,701
2029 - 2033	101,483	8,589

The weighted average rates forming the basis of net periodic benefit cost and amounts recognized in Rensselaer's statement of financial position at June 30 were:

	<b>Defined Benefit</b>		<b>Post-Retirement</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Benefit obligations</b>				
Discount rate	5.25 %	4.50 %	5.25 %	4.50 %
<b>Net periodic benefit cost</b>				
Discount rate	4.50 %	2.50 %	4.50 %	2.50 %
Expected return on plan assets	5.25 %	5.25 %		

To arrive at assumptions for expected long-term rates of return on assets in the Defined Benefit Pension Plan, the Institute considered historical returns and future expectations for returns in each asset class in the asset allocation.

For measurement purposes, a 7.75 percent annual rate of increase in the per capita cost of covered pre-65 medical, post- 65 medical benefits and prescription drug benefits was assumed for fiscal year 2023. These rates were assumed to decrease gradually to 4.037 percent for fiscal year 2075 and remain at that level thereafter. A plan amendment established a maximum of \$75 per month for retired employees who retire after normal retirement age. Once Rensselaer's share of medical premiums for Medicare eligible retirees reaches the \$75 per month maximum, the health care cost trend rate will no longer have any effect except for grandfathered participants not subject to the cap and pre-65 coverage.

**Defined Benefit Plan**

In the aggregate, Rensselaer's Defined Benefit Plan will be invested to ensure solvency of the plan over its remaining life and to meet pension obligations as required. A secondary goal is to earn the highest net rate of return within prudent risk limits to ensure the achievement of the primary goal.

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**Defined Contribution Plan**

Rensselaer and the Center also have noncontributory Defined Contribution Plans open to full-time employees who have met minimum service requirements. Contributions to these plans were \$10,915 and \$9,690 in fiscal 2023 and 2022, respectively.

**Plan Investments**

The Institute's Investment Committee maintains responsibility for the oversight and decision-making processes regarding fiduciary responsibilities associated with the investments that fund the Institute's defined benefit retirement plan. The Investment Committee weighs the risk factors associated with the investment of plan assets, seeking to invest assets in a manner that supports the plan's long-term horizon. A diversified mix of return-seeking and liability-hedging assets are utilized with the objective of achieving asset growth while providing sufficient liquidity to meet the plan's associated benefit payments and expenses.

		2023		2022	
		Target	Actual	Target	Actual
Return-seeking assets	US equity	24.0 %	24.0 %	23.0 %	11.3 %
	Non US equity	10.0	10.9	10.0	10.5
	Hedge funds	0.0	0.0	0.0	0.0
	Private alternatives	4.0	4.0	6.0	5.8
	Total return-seeking	38.0	38.9	39.0	27.6
Liability-hedging assets	Equity hedge	21.0	19.7	15.0	15.0
	Fixed income	38.0	38.7	43.0	53.9
	Cash	3.0	2.7	3.0	3.5
	Total liability-hedging	62.0	61.1	61.0	72.4
Total assets		100.0 %	100.0 %	100.0 %	100.0 %

The Plan investments have been accounted for in accordance with the fair value measurement standard as described in Note 6. Full disclosures surrounding the descriptions of major investment categories and fair value requirements can also be found in Note 6.

The fair values of Rensselaer's pension plan assets at June 30 by asset category are as follows:

	2023			
	Quoted Prices in Active Markets Level 1	Significant Other Observable Level 2	NAV Investments Valued by Practical Expedient	Total Fair Value
Cash and cash equivalents	\$ 3,687	\$ -	\$ -	\$ 3,687
Fixed income	5,671	82,261	-	87,932
Domestic equity	99,356	-	14,688	114,044
Foreign equity	11,700	-	2,877	14,577
Insurance contracts	-	6,929	26	6,955
Real assets	-	-	6,163	6,163
Marketable alternatives	-	-	-	-
Total pension investments	\$ 120,414	\$ 89,190	\$ 23,754	\$ 233,358

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	2022			
	Quoted Prices in Active Markets Level 1	Significant Other Observable Level 2	NAV Investments Valued by Practical Expedient	Total Fair Value
Cash and cash equivalents	\$ 3,374	\$ -	\$ -	\$ 3,374
Fixed income	4,582	115,588	-	120,170
Domestic equity	56,496	-	12,555	69,051
Foreign equity	11,962	-	3,086	15,048
Insurance contracts	-	7,931	-	7,931
Real assets	-	-	8	8
Marketable alternatives	-	-	9,860	9,860
Total pension investments	<u>\$ 76,414</u>	<u>\$ 123,519</u>	<u>\$ 25,509</u>	<u>\$ 225,442</u>

The Plan contains features that allow participants to have a percentage of their benefits fluctuate based on the return of an S&P 500 index account. Rensselaer maintains assets in that index fund to hedge those liabilities that are not part of the above asset allocation.

Rensselaer's expected contributions for fiscal year ending June 30, 2024 are \$1,795 and \$1,503 to the defined benefit pension plan and postretirement plan, respectively.

**11. Functional Expense Classification**

Expenses are presented by functional classification in alignment with the overall mission of academic instruction and research of the Institute. Functional expenses are categorized as academic and research, student services and support, and general and administrative. Student services and support include various student-supporting functions such as admissions, health and career services, and athletics, as well as auxiliary services, including room and board and related student aid.

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

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The following table compares expenses by type for the years ended June 30, 2023 and 2022, respectively:

Natural Classification	2023			
	Instruction and Research	Student Services and Support	General Administration and Operations	Total
Salaries and wages	\$ 121,472	\$ 26,153	\$ 26,138	\$ 173,763
Employee benefits	30,403	7,304	4,491	42,198
Supplies, services and other	39,047	37,378	16,515	92,940
Occupancy, taxes and insurance	8,130	10,796	8,205	27,131
Interest on debt	19,337	2,476	2,371	24,184
Depreciation and amortization	21,912	6,725	2,691	31,328
Student aid and fellowships	40,648	5,900	57	46,605
Total operating expenses	280,949	96,732	60,468	438,149
Net periodic benefit cost other than service cost			11,496	11,496
Total expenses	\$ 280,949	\$ 96,732	\$ 71,964	\$ 449,645

  

Natural Classification	2022			
	Instruction and Research	Student Services and Support	General Administration and Operations	Total
Salaries and wages	\$ 115,785	\$ 22,944	\$ 23,634	\$ 162,363
Employee benefits	29,145	6,466	2,408	38,019
Supplies, services and other	29,440	30,230	17,496	77,166
Occupancy, taxes and insurance	6,566	9,035	7,806	23,407
Interest on debt	19,719	2,528	2,440	24,687
Depreciation and amortization	21,787	6,725	2,768	31,280
Student aid and fellowships	48,177	3,658	207	52,042
Total operating expenses	270,619	81,586	56,759	408,964
Net periodic benefit cost other than service cost	-	-	11,028	11,028
Total expenses	\$ 270,619	\$ 81,586	\$ 67,787	\$ 419,992

**12. Commitments and Contingencies**

In the normal course of business, the Institute receives various claims and has been named as a defendant in various litigation proceedings. These include but are not limited to a putative class action lawsuit filed by students seeking refunds of a portion of tuition and certain other fees after Rensselaer was forced to move to online instruction because of the COVID-19 pandemic.

**13. Leases**

The Institute's operating and finance leases consist of contractual arrangements for the use of real estate, vehicles, and lab and information technology equipment. Gross assets for finance leases included under "Land, buildings and equipment, net" were \$20,853 and \$21,217 as of June 30, 2023 and 2022. Accumulated amortization for finance leases included under "Land, buildings and equipment, net" was \$5,891 and \$5,747 as of June 30, 2023 and 2022.

**Rensselaer Polytechnic Institute**  
**Notes to Consolidated Financial Statements**  
**June 30, 2023 and 2022**

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(in thousands of dollars)

Total lease cost as recognized in the Institute's Consolidated Statements of Activities are as follows:

	<b>2023</b>	<b>2022</b>
Amortization of ROU asset	\$ 558	\$ 613
Interest on lease liabilities	908	940
Total finance lease cost	<u>1,466</u>	<u>1,553</u>
Total operating lease cost	<u>5,936</u>	<u>5,568</u>
Total lease cost	<u>\$ 7,402</u>	<u>\$ 7,121</u>

Supplemental cash flow information related to leases was as follows:

	<b>2023</b>	<b>2022</b>
Operating cash outflows from finance leases	\$ 908	\$ 940
Operating cash outflows from operating leases	5,311	5,544
Financing cash outflows from finance leases	<u>741</u>	<u>761</u>
Total cash paid for amounts included in measurement of lease liabilities	<u>\$ 6,960</u>	<u>\$ 7,245</u>

The Institute recognizes ROU assets and liabilities for operating and finance leases at the commencement date of the lease at the present value of lease payments over the lease term. Generally, the Institute utilizes its incremental borrowing rate that most closely approximates the lease term as lessors do not typically disclose implicit rates. The following summarizes information concerning lease amounts recognized in our consolidated financial statements:

	<b>2023</b>	<b>2022</b>
Weighted average remaining lease term (yrs)		
Finance Leases	15.25	16.15
Operating Leases	8.75	7.97
Weighted average discount rate		
Finance Leases	5.88 %	5.58 %
Operating Leases	5.50 %	4.09 %

**Rensselaer Polytechnic Institute**  
**Notes to Consolidated Financial Statements**  
**June 30, 2023 and 2022**

(in thousands of dollars)

Remaining maturities of lease liabilities were as follows:

<b>Minimum Lease Commitments at June 30, 2023</b>	<b>Operating Leases</b>	<b>Finance Leases</b>
2024	\$ 5,407	\$ 1,608
2025	5,876	1,597
2026	5,498	1,528
2027	4,060	1,514
2028	3,825	1,500
2028 and thereafter	19,902	15,515
Total lease payments	44,568	23,262
Less: Interest	(9,701)	(7,873)
Present value of lease liabilities	<u>\$ 34,867</u>	<u>\$ 15,389</u>

<b>Minimum Lease Commitments at June 30, 2022</b>	<b>Operating Leases</b>	<b>Finance Leases</b>
2023	\$ 3,616	\$ 1,641
2024	3,328	1,590
2025	3,130	1,579
2026	3,000	1,517
2027	1,516	1,515
2028 and thereafter	7,120	17,016
Total lease payments	21,710	24,858
Less: Interest	(3,235)	(8,778)
Present value of lease liabilities	<u>\$ 18,475</u>	<u>\$ 16,080</u>

**14. Asset Retirement Obligations**

The following is a summary of the asset retirement obligation which is included in other liabilities and supplies expense:

	<b>2023</b>	<b>2022</b>
<b>Change in asset retirement obligation</b>		
<b>Asset retirement obligation, beginning of year</b>	\$ 13,107	\$ 12,473
Additions	6,405	-
Accretion expense	705	634
Disposals	-	-
<b>Asset retirement obligation, end of year</b>	<u>\$ 20,217</u>	<u>\$ 13,107</u>

**Rensselaer Polytechnic Institute**  
**Notes to Consolidated Financial Statements**  
**June 30, 2023 and 2022**

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*(in thousands of dollars)*

**15. Subsequent Events**

The Institute did not renew its existing Revolving Credit Agreement with KeyBank National Association after August 30, 2023. Instead, on August 31, 2023, the Institute entered into a line of credit agreement with Northern Trust Bank. The line is valued at \$20,000. The interest rate on the line is calculated on the outstanding balance at a daily rate of term SORF plus 1.75 bps. The line of credit has a termination date of August 29, 2024.

There were no additional subsequent events through October 24, 2023, the date on which the consolidated financial statements were issued.

**16. Financial Responsibility**

On September 23, 2019, the Department of Education modified the calculation of the financial responsibility ratio that is required to be computed by all schools that receive Title IV funding. This modification requires schools to disclosure certain pre and post amounts relating to long-term debt, property plant and equipment and right of use leases as of June 30, 2023.

**Long-term debt, for long-term purposes**

Long-term debt, for long-term purposes	\$ 629,779
Long-term debt, for long-term purposes, pre-implementation	629,779
Long-term debt, for long-term purposes, post-implementation	-

**Property, plant and equipment**

Property, plant and equipment, including CIP	621,549
Property, plant and equipment, pre-implementation	560,579
Property, plant and equipment, post-implementation, with debt for purchase	8,905
Property, plant and equipment, post-implementation, without debt for purchase	39,313
Constuction in progress, acquired post-implementation	12,752

**Lease right-of-use asset**

Lease right-of-use asset	34,056
Lease right-of-use asset, pre-implementation	14,379
Lease right-of-use asset, post-implementation	19,677

**Lease right-of-use asset liability**

Lease right-of-use asset liability	34,867
Right of use leases, pre-implementation	14,582
Right of use leases, post-implementation	20,285

Unsecured related party receivables	16,919
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Non-operating and net investment losses	17,996
Non-operating revenue and other gains	71,097
Loss on settlement	6,500

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
<b>Research and Development Cluster</b>				
Department of Commerce				
Direct Awards				
Congressionally-Identified Projects (B)	11.617		\$ 147,600	\$ -
Pass-through Awards				
University of Delaware	11.619	PC1.0-012	15,824	-
University of Delaware	11.619	PC1.0-035	5,166	-
University of Delaware	11.619	PC2.2-109	12,639	-
University of Delaware	11.619	PC3.1-225	(12,962)	-
University of Delaware	11.619	PC3.1-119	5,985	-
University of Delaware	11.619	ARP-10	386,289	-
University of Delaware	11.619	PC4.1-105/PO#UDR0000048	206,859	-
University of Delaware	11.619	NMBL 1007/UDR0000123	147,052	-
Johns Hopkins University	11.619	A22-2080-5002	43,737	-
		PO# UDR0000294/PROJ# PC5.2-		
University of Delaware	11.619	133	(43,642)	-
University of Delaware	11.619	ARP-8 UDR0000096	520,342	-
Subtotal Pass-through			<u>1,287,289</u>	<u>-</u>
Department of Commerce Total			1,434,889	-
Department of Defense				
Direct Awards				
Department of Defense	12.RD		370,254	111,537
Basic and Applied Scientific Research	12.300		4,263,357	1,760,200
Science, Technology, Engineering & Mathematics (STEM) Education, Outreach and Workforce Program	12.330		60,352	-
Military Medical Research and Development	12.420		172,738	6,081
Basic Scientific Research	12.431		1,329,850	185,004
Basic, Applied, and Advanced Research in Science and Engineering	12.630		132,450	-
Air Force Defense Research Sciences Program	12.800		1,023,924	204,768
Subtotal Direct			<u>7,352,925</u>	<u>2,267,590</u>
Pass-through Awards				
Advanced Technology International	12.RD	MTEC-20-05-IMPROVE-004	324,056	166,413
Boston Fusion Corp	12.RD	BF-5078 -SK00	10,725	-
Botanisol Analytics, Inc.	12.RD	100807696.4	6	-
Charles River Analytics Inc.	12.RD	SC2205803	83,150	-

The accompanying notes are an integral part of the schedule of expenditures of federal awards.



**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
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Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Helden Aerospace Corporation	12.RD	SUBAWARD WITH RPI A21-0154	24,581	-
IBM Corporation	12.RD	CW3016789/PO 4700212100	253,667	-
Leidos, Inc.	12.RD	P010281334	225,039	-
Psquared, LLC	12.RD	21-C-0147	4,060	-
Research Foundation of SUNY	12.RD	#2022-11/NO. 92558	79,550	-
Simmetrix Inc.	12.RD	SUBCONTRACT #NAV2HEX21	181,847	-
Smart Information Flow Technologies	12.RD	RADII-RPI-MOD4	328,808	-
University of Maryland	12.RD	60582-Z8068201	80,646	54,904
Tufts University	12.300	ONR278/PO#EP0109898	(1,080)	-
Carnegie Mellon University	12.351	1190061-433407	348,671	-
Advanced Robotics for Manufacturing	12.630	ARM-TEC-20-01-F14	(486)	-
Advanced Robotics for Manufacturing	12.630	ARM-TEC-21-02-F19	245,423	84,121
Advanced Robotics for Manufacturing	12.630	ARM-TEC-21-02-F36	270,302	141,329
Advanced Robotics for Manufacturing	12.630	ARM-TEC-22-01-F-30	105,048	-
Advanced Robotics for Manufacturing	12.630	ARM-TEC-22-01-F-07	241,566	17,016
BBN Technologies Corporation	12.630	LBN9509867	(12)	-
Northeastern University	12.630	504149-78050	125,258	-
Brown University	12.800	00001435	48,514	-
Massachusetts Institute of Technolo	12.800	S5604-PO719406	54,514	-
The Regents of the University of Mi	12.800	3004338542	5,949	-
University of Missouri Columbia	12.800	C00064537-4	162,318	-
The Board of Trustees of the Univer	12.910	088984-16643	(983)	-
University of Southern California	12.910	125046020	178,923	-
Subtotal Pass-through			<u>3,380,060</u>	<u>463,783</u>
Department of Defense Total			<u>10,732,985</u>	<u>2,731,373</u>
Department of the Interior				
Direct Awards				
Department of the Interior	15.RD		5,981	-
U.S. Geological Survey Research and Data Acquisition	15.808		594,900	-
Subtotal Direct			<u>600,881</u>	<u>-</u>
Department of the Interior Total			<u>600,881</u>	<u>-</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Department of Justice				
Direct Awards				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		7,292	-
Subtotal Direct			<u>7,292</u>	<u>-</u>
Department of Justice Total			<u>7,292</u>	<u>-</u>
Department of Transportation				
Direct Awards				
Aviation Research Grants	20.108		165,667	-
Subtotal Direct			<u>165,667</u>	<u>-</u>
Department of Transportation Total			<u>165,667</u>	<u>-</u>
National Aeronautics & Space Administration				
Direct Awards				
Science	43.001		1,331,149	493,778
Space Operations	43.007		185,998	2,359
Office of Stem Engagement (OSTEM)	43.008		60,374	-
Space Technology	43.012		482,343	27,048
Subtotal Direct			<u>2,059,864</u>	<u>523,185</u>
Pass-through Awards				
Alcyon Technical Services	43.RD	ATSJV-D-38008-019	138,991	-
American GNC Corporation	43.RD	RPI070220	76,263	-
American GNC Corporation	43.RD	RPI092321	91,534	-
Euclid Beamlabs, LLC	43.RD	80NSSC22PB016	29,658	-
Southwest Research Institute	43.001	Q99010EH	60,461	-
University of Wisconsin - Madison	43.001	775K773	7,212	-
The Board of Trustees of the Univer	43.002	097265-17590	3,786	-
Southern Methodist University	43.007	G001698-7500	(1,438)	-
Cornell University	43.008	90830-20370	13,556	-
Subtotal Pass-through			<u>420,023</u>	<u>-</u>
National Aeronautics & Space Administration Total			<u>2,479,887</u>	<u>523,185</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
National Science Foundation				
Direct Awards				
Intergovernmental Personnel Act (IPA) Agreement	47.RD		220,790	-
Engineering	47.041		4,312,533	79,270
Mathematical and Physical Sciences	47.049		3,231,905	13,341
Geosciences	47.050		595,429	-
Computer and Information Science and Engineering	47.070		1,769,093	75,325
Biological Sciences	47.074		1,322,613	-
Social Behavioral and Economic Sciences	47.075		228,774	7,414
Education and Human Resources	47.076		423,312	34,106
Polar Programs	47.078		5,358	-
Office of International Science and Engineering	47.079		(7,790)	-
Integrative Activities	47.083		357,098	-
NSF Technology, Innovation, and Partnerships	47.084		234,974	-
Subtotal Direct			<u>12,694,089</u>	<u>209,456</u>
Pass-through Awards				
Rutgers University	47.041	RSA#5803 PO#740137	(2,810)	-
University of Oregon	47.041	2008W0A	60,421	-
University of California	47.049	A21-0064-S001	126,140	-
Virginia Polytechnic Institute & St	47.049	480504-19229	226,700	-
Ohio State University	47.070	SPC-1000005793 / GR125473	146,456	-
Ohio State University	47.070	SPC-1000007102 / GR129216	40,546	-
Stevens Institute of Technology	47.070	A22-0102-001	99,998	-
Stevens Institute of Technology	47.070	A22-0103-001	99,983	-
Stevens Institute of Technology	47.070	A22-0104-001	100,000	-
Stevens Institute of Technology	47.070	A22-0110-001	83,034	-
Stevens Institute of Technology	47.070	A22-0111-FEA	17,626	-
Syracuse University	47.076	29514-04742-S01	51,376	-
University of Nevada	47.079	GR06612	7,240	-
Morgan State University	47.083	MSU-RPI-200506	24,867	-
The City University of NY (CUNY)	47.084	CM00009146-00	20,408	-
Subtotal Pass-through			<u>1,101,985</u>	<u>-</u>
National Science Foundation Total			<u>13,796,074</u>	<u>209,456</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Department of Veteran's Affairs				
Direct Awards				
Department Of Veterans Affairs	64.RD		303,273	-
Subtotal Direct			<u>303,273</u>	<u>-</u>
Department of Veteran's Affairs Total			<u>303,273</u>	<u>-</u>
Nuclear Regulatory Commission				
Direct Awards				
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008		346,513	-
Subtotal Direct			<u>346,513</u>	<u>-</u>
Pass-through Awards				
Virginia Polytechnic Institute & St	77.008	451798-19229	63,425	-
Subtotal Pass-through			<u>63,425</u>	<u>-</u>
Nuclear Regulatory Commission Total			<u>409,938</u>	<u>-</u>
Department of Energy				
Direct Awards				
Office of Science Financial Assistance Program	81.049		2,506,010	348,150
Conservation Research and Development	81.086		1,156,734	540,853
Renewable Energy Research and Development	81.087		166,740	42,138
Fossil Energy Research and Development	81.089		146,304	141,202
Nuclear Energy Research, Development and Demonstration	81.121		986,631	192,318
Advanced Research And Projects Agency - Energy Financial Assistance Program	81.135		1,155,801	222,534
Subtotal Direct			<u>6,118,220</u>	<u>1,487,195</u>
Pass-through Awards				
Argonne National Laboratory	81.RD	SUBCONTRACT NO. 3F-60015	53,466	-
Battelle Energy Alliance LLC	81.RD	243837	44,310	-
Battelle Energy Alliance LLC	81.RD	CONTRACT #251550	(142)	-
Battelle Energy Alliance LLC	81.RD	258533	56,892	-
Fluor Marine Propulsion, LLC	81.RD	PO103971	(111,487)	-
Fluor Marine Propulsion, LLC	81.RD	PO 134918	35,905	-
Fluor Marine Propulsion, LLC	81.RD	PO 138044	2,062,556	-
Fluor Marine Propulsion, LLC	81.RD	P.O.# 136986	542,475	-
Lawrence Berkeley National Laborato	81.RD	B657996	14,997	-
Lawrence Livermore National Laborat	81.RD	B643225	31,921	-
Lawrence Livermore National Laborat	81.RD	B650378	81,174	-

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Lawrence Livermore National Laborat	81.RD	B652780	48,400	-
Lawrence Livermore National Laborat	81.RD	B653800	88,760	-
Leidos, Inc.	81.RD	P010232497	34,604	-
Los Alamos National Laboratory	81.RD	619855/PO#EP82663/EP90677	88,741	-
Los Alamos National Laboratory	81.RD	CW30750/C3553/PO#EP144135	782	-
National Technology & Engineering S	81.RD	P.O.#1875657	(3,922)	-
National Technology & Engineering S	81.RD	PO 2173213	10,924	-
National Technology & Engineering S	81.RD	2218888	150,135	-
National Technology & Engineering S	81.RD	PO#2423955	45,369	-
Princeton Plasma Physics Laboratory	81.RD	S210909	125,827	-
Ohio State University	81.049	60057539 / PO#RF01464097	2,346	-
Regents of the University of New Me	81.049	DE-SC0023366/ 869447-8764	98,589	-
Univeristy of California, Santa Cru	81.049	A23-0302-S001	87,548	-
University of Arkansas, Fayettevill	81.049	UA2023-348/SPC-006428	72,633	-
Eaton Corporation	81.086	PO#0011-45467 BP2	365,473	-
North Carolina State University	81.086	2014-0654-20	571	-
PowerAmerica Institute	81.086	2014-0654-94	4,000	-
Regents of the University of Colora	81.086	1560005	160,734	-
General Electric Company	81.087	258776/PO#401180552	24,979	-
University of California	81.087	4550 G WA130	380,667	-
University of California	81.087	4550 G YA101	16,195	-
University of California Los Angele	81.087	4550 G ZA025	(34,796)	-
University of California Los Angele	81.087	4550 G LA047	81,063	56,000
Volvo Group	81.087	SUB-GRANTEE AGREEMENT	85,720	-
University at Buffalo	81.089	R1198147	117,834	-
Massachusetts Institute of Technolo	81.121	S4892 PO#383742	50,700	-
Oregon State University	81.121	G0201A-A	62,521	-
University of Pittsburgh	81.121	AWD00004869 (418255-1)	114,020	-
WestingHouse Electric Company LLC	81.121	PO #4500777225	(839)	-
General Electric Company	81.135	PO# 401136034	34,086	-
Stanford University	81.135	SUBAWARD 62746392-212486	494,806	-
University of California San Diego	81.135	704015- AR0000781	121,223	-
University of Delaware	81.135	46012	(362)	-
Subtotal Pass-through			<u>5,741,398</u>	<u>56,000</u>
Department of Energy Total			<u>11,859,618</u>	<u>1,543,195</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Department of Education				
Direct Awards				
Graduate Assistance in Areas of National Need	84.200		60,259	-
Subtotal Direct			<u>60,259</u>	<u>-</u>
Department of Education Total			<u>60,259</u>	<u>-</u>
Department of Health & Human Services				
Direct Awards				
Department of Health & Human Services	93.RD		32,366	-
Drug Abuse and Addiction Research Programs	93.279		450,794	158,866
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		2,258,953	1,141,437
Research Infrastructure Programs	93.351		460,309	-
Cancer Detection and Diagnosis Research	93.394		1,722,547	765,174
Cancer Treatment Research	93.395		54,454	43,224
Cancer Biology Research	93.396		33,126	24,346
Cardiovascular Diseases Research	93.837		563,711	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		(19,622)	-
Allergy and Infectious Diseases Research	93.855		172,318	3,733
Biomedical Research and Research Training	93.859		2,811,209	65,367
Child Health and Human Development Extramural Research	93.865		4,538	-
Aging Research	93.866		1,871,559	253,368
Subtotal Direct			<u>10,416,262</u>	<u>2,455,515</u>
Pass-through Awards				
Massachusetts Institute of Technolo	93.RD	S5880- PO# 825747	143,577	-
University of California Los Angele	93.RD	SUBCONTRACT#0875SLB76300	112,845	-
Massachusetts Institute of Technolo	93.103	SUBAWARD #S5501, PO#692078	535,720	-
Icahn School of Medicine at Mount S	93.113	0255-C754-4909	126,417	-
Icahn School of Medicine at Mount S	93.113	CONSORTIUM AGMT00007681	37,952	-
Houston Methodist Research Institut	93.121	AGMT00005790	223,317	-
Univ of Minnesota	93.213	A0006743901	98,423	-
Oregon Health & Science University	93.273	1017159_RPI	39,586	-
Colorado State University	93.286	G-87951-01	69,526	-
Colorado State University	93.286	G-87952-05	10,890	-
Kitware, Inc.	93.286	K00688-00-S08	14,685	-
University of California	93.286	SA29066	71,773	-

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
University of Nebraska	93.286	24-1123-0009-003	21,502	-
UT Southwestern Medical Center	93.286	GMO 190503- PO#0000001743B	157,201	-
Icahn School of Medicine at Mount S	93.310	0255-0251-4609	3	-
University of Georgia	93.310	Trans-NIH Research Support	15,177	-
Memorial Sloan-Kettering Cancer Cen	93.394	BD525483	97,302	-
University of Massachusetts Lowell	93.394	S51110000048324	72,877	-
Curebiotech, Inc	93.395	A19-0119	34	-
AMC Cancer Research Center	93.396	309347-6604	57,231	-
Albany Medical College	93.396	1R01CA233188-01A1 (309324)	163,687	-
General Electric Company	93.837	PO 401147770	194,509	-
Nextrast, Inc	93.837	A21-0066	292,392	-
Tufts University	93.838	102680-00001 PO#EP0181996	(7,989)	-
Texas Biomedical Research Insitute	93.838	23-05002.201	124,698	-
Indiana University	93.846	5R01AR073739-04/P0#0464358	40,194	-
Creighton University	93.847	R01DK122558 270756	(19,366)	-
Louisiana State University	93.847	18-09-001	46,337	-
National Institute of Neurological	93.853	1R01NS092754	(1,205)	-
Cedar Sinai Medical Center	93.855	0002134650	67,713	-
Icahn School of Medicine at Mount S	93.855	0255-B003-4609	(1,253)	-
Icahn School of Medicine at Mount S	93.855	SUBAWARD 0255-B004-4609	(2,178)	-
The Scripps Research Institute	93.855	SUBAWARD #5-54825	685,216	-
College of the Holy Cross	93.859	MILLS NIH 00	(179)	-
Glycan Therapeutics LLC	93.859	1R43GM142304-01	35,240	-
San Diego State University	93.859	SA000634	(38,465)	-
San Diego State University	93.859	5A745A 7802/ E0220932	136,122	-
Sigray, Inc.	93.859	RPI 002	29,619	-
SUNY Binghamton	93.859	93818-RPI	62,733	-
Cornell University	93.866	SUBAWARD 136639-21364	111,962	-
Columbia University	93.867	1(GC018802-01)	23,047	-
Columbia University	93.867	1(GG011307-01)	16,710	-
Subtotal Pass-through			<u>3,865,582</u>	<u>-</u>
Department of Health & Human Services Total			<u>14,281,844</u>	<u>2,455,515</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Department of Homeland Security				
Pass-through Awards				
Northeastern University	97.061	SUBAWARD #505245-78052	174,722	-
Subtotal Pass-through			<u>174,722</u>	<u>-</u>
Department of Homeland Security Total			174,722	-
USAID Foreign Assistance for Programs Overseas				
Pass-through Awards				
Duquesne University	98.001	G1900079	36,359	-
Subtotal Pass-through			<u>36,359</u>	<u>-</u>
USAID Foreign Assistance for Programs Overseas Total			<u>36,359</u>	<u>-</u>
<b>Total Research &amp; Development Cluster</b>			<u>56,343,688</u>	<u>7,462,724</u>
<b>Student Financial Assistance Cluster</b>				
Department of Education				
Direct Awards				
Federal Supplemental Educational Opportunity Grants	84.007		899,683	-
Federal Work-Study Program	84.033		880,161	-
Federal Pell Grant Program	84.063		6,201,825	-
Federal Direct Student Loans	84.268		29,496,326	-
Federal Perkins Loan Program, Outstanding Loans as of July 1, 2022	84.038		10,353,940	-
Department of Education Total			<u>47,831,935</u>	<u>-</u>
<b>Total Student Financial Assistance Cluster</b>			<u>47,831,935</u>	<u>-</u>
<b>Highway Planning and Construction Cluster</b>				
Department of Transportation				
Pass-through Awards				
Research Foundation of CUNY	20.205	55513-03-27	324	-
Research Foundation of CUNY	20.205	SUBAWARD #CM00006805	24,138	-
New York State Department of Transp	20.205	C038062	69,394	-
Department of Transportation Total			<u>93,856</u>	<u>-</u>
<b>Total Highway Planning and Construction Cluster</b>			<u>93,856</u>	<u>-</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.



**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
<b>Other Sponsored Programs</b>				
National Endowment for the Humanities				
Direct Awards				
Promotion of the Arts Grants to Organizations and Individuals	45.024		28,575	-
Subtotal Direct			<u>28,575</u>	<u>-</u>
Pass-through Awards				
Mid Atlantic Arts Foundation	45.025	34373	7,560	-
Subtotal Pass-through			<u>7,560</u>	<u>-</u>
National Endowment for the Humanities Total			<u>36,135</u>	<u>-</u>
Department of Homeland Security				
Pass-through Awards				
COVID-19 Disaster Grants-Public Assistance (Presidentially Declared Disasters)				
New York Office of Emergency Management	97.036	PA-02-NY-4480-PW-00788	619,653	-
New York Office of Emergency Management	97.036	PA-02-NY-4480-PW-00951	583,697	-
New York Office of Emergency Management	97.036	PA-02-NY-4480-PW-01299	915,439	-
New York Office of Emergency Management	97.036	PA-02-NY-4480-PW-01509	651,679	-
Subtotal Pass-through			<u>2,770,468</u>	<u>-</u>
Department of Homeland Security Total			<u>2,770,468</u>	<u>-</u>
<b>Total Other Sponsored Programs</b>			<u>2,806,603</u>	<u>-</u>
<b>Total Expenditures Of Federal Awards</b>			<u>107,076,082</u>	<u>7,462,724</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

# **Rensselaer Polytechnic Institute**

## **Notes to the Schedule of Expenditures of Federal Awards**

### **June 30, 2023**

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*(in thousands of dollars)*

#### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Rensselaer Polytechnic Institute and its affiliates ("Rensselaer") for the year ended June 30, 2023 and is presented on the accrual basis of accounting. The information in this schedule is presented 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* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic consolidated financial statements. Negative amounts represent adjustments to amounts reported in prior years in the normal course of business. Assistance listing and pass-through identifying numbers are presented where available.

#### **2. Federal Direct Student Loans Program (Assistance Listing 84.268)**

Rensselaer is a full participant in the Federal Direct Student Loans Program, processing student loan applications, including subsidized/unsubsidized Direct loans, undergraduate/graduate PLUS loans, via the U.S. Department of Education. The lender for these federally guaranteed loans is the U.S. Department of Education. The current year disbursements under the program are included in the Schedule.

#### **3. Federal Perkins Loan Program (Assistance Listing 84.038)**

The outstanding balance of loans under the Federal Perkins Loan Program was \$6,747 at June 30, 2023.

#### **4. Federal Emergency Management Agency ("FEMA") Public Assistance (Assistance Listing 97.036)**

Rensselaer applied for reimbursement of certain expenses related to the COVID-19 pandemic and other weather-related incidents under Assistance Listing #97.036, FEMA Public Assistance through New York State. Expenditures under this program are reflected in the Schedule in the year in which a project application is obligated. The Schedule includes \$2,771 of expenditures incurred in fiscal years 2021 and 2022. \$620 of these expenditures were obligated in fiscal year 2022 and, therefore, should have been included in the 2022 Schedule. The total expenditures included in the 2023 Schedule represent a reconciling item between the federal expenses in Rensselaer's financial statements and the amount included on the Schedule.

#### **5. Facilities and Administrative Costs**

Facilities and administrative costs are charged to federal grants and contracts at predetermined federally approved rates. Rensselaer has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

# Rensselaer Polytechnic Institute

## Financial Responsibility Supplemental Schedule

### June 30, 2023

(in thousands of dollars)

<b>Primary Reserve Ratio:</b>	
	<b>Expendable Net Assets:</b>
Statement of Financial Position	Net asset without donor restriction \$ 54,395
Statement of Financial Position	Net asset with donor restriction 790,342
Statement of Financial Position	Total Net assets 844,737
Statement of Financial Position	Net asset with donor restriction, restricted in perpetuity 528,399
FS Footnote 4 - asset minus liability value	Annuities with donor restrictions 5,415
FS Footnote 7	Term endowments with donor restrictions -
NA	Life income funds with donor restrictions -
NA	Intangible assets -
Statement of Financial Position	Property, plant and equipment, net (includes CIP) 621,549
FS Footnote 16	Property, plant and equipment, pre-implementation 560,579
FS Footnote 16	Property, plant and equipment, post-implementation, with debt for purchase 8,905
FS Footnote 16	Property, plant and equipment, post-implementation, without debt for purchase 39,313
FS Footnote 16	Construction in progress, acquired post-implementation 12,752
Statement of Financial Position	Lease right-of-use asset 34,056
FS Footnote 16	Lease right-of-use asset, pre-implementation 14,379
FS Footnote 16	Lease right-of-use asset, post-implementation 19,677
Statement of Financial Position	Post-employment and pension liabilities 44,426
Statement of Financial Position	Long-term debt, for long-term purposes 629,779
FS Footnote 16	Long-term debt, for long-term purposes, pre-implementation 629,779
FS Footnote 16	Long-term debt, for long-term purposes, post-implementation -
NA	Line of credit - for CIP -
Statement of Financial Position	Lease right-of-use asset liability 34,867
FS Footnote 16	Lease right of use liability, pre-implementation 14,582
FS Footnote 16	Lease right of use liability, post-implementation 20,285
FS Footnote 16	Unsecured related party receivables 16,919
	<b>Total Expenses and Losses:</b>
Statement of Activities	Total expenses without donor restrictions \$ 438,149
FS Footnote 16	Non-operating and net investment losses 17,996
Statement of Activities	Net investment (losses) - results in gain -
Statement of Activities	Other components of net periodic benefit cost 11,496
Statement of Activities	Adjustments for pension and post-retirement liability -
FS Footnote 16	Loss on settlement 6,500
<b>Equity Ratio:</b>	
	<b>Modified Net Assets:</b>
Statement of Financial Position	Net assets without donor restrictions \$ 54,395
Statement of Financial Position	Net assets with donor restrictions 790,342
NA	Intangible assets -
FS Footnote 16	Unsecured related party receivables 16,919
	<b>Modified Assets:</b>
Statement of Financial Position	Total assets \$ 1,702,041
FS Footnote 16	Lease right of use asset, pre-implementation (exclude from total assets) 14,379
NA	Intangible assets -
FS Footnote 16	Unsecured related party receivables 16,919

The accompanying notes are an integral part of the financial responsibility supplemental schedule.

**Rensselaer Polytechnic Institute**  
**Financial Responsibility Supplemental Schedule**  
**June 30, 2023**

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*(in thousands of dollars)*

**Net Income Ratio:**

Statement of Activities - Change in Net Assets Without Donor Restrictions	<b><u>Change in Net Assets Without Donor Restrictions</u></b>	\$ 40,653
Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	<b><u>Total Revenues and Gains</u></b>	\$ 496,798
Statement of Activities	Total operating revenue without donor restrictions	447,381
Statement of Activities	Investment return appropriated for spending	21,680
FS Footnote 16	Non-operating revenue and other gains	71,097

The accompanying notes are an integral part of the financial responsibility supplemental schedule.

**Rensselaer Polytechnic Institute**  
**Notes to the Financial Responsibility Supplemental Schedule**  
**June 30, 2023**

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(in thousands of dollars)

**1. Basis of Presentation**

The accompanying Financial Responsibility Supplemental Schedule (the "Schedule") includes the information necessary to calculate the financial responsibility score required by the Department of Education for Rensselaer Polytechnic Institute ("Rensselaer") for the year ended June 30, 2023 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *34 CFR 668.172(d) and Appendix B to Subpart L of Part 668 – Ratio Methodology for Private Non-Profit Institutions*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic consolidated financial statements.

On September 23, 2019, the Department of Education modified the calculation of the financial responsibility ratio that is required to be computed by all schools that receive Title IV funding. This modification requires schools to disclose certain pre and post amounts relating to long-term debt, property plant and equipment and right of use leases.

**2. Long-term Debt, for Long-term Purposes**

Long-term debt, for long-term purposes consists of the following at June 30:

Long-term debt, pre-implementation	\$ 654,248
Less: Activity on existing debt - principal payments and amortization	(24,469)
Less: Net effect of new refinancing on existing debt	-
Long-term debt, pre-implementation	<u>629,779</u>
Long-term debt, post-implementation for PPE	-
New financing for PPE	-
Less: Activity on new debt - principal payments and amortization	-
Long-term debt, post-implementation for PPE	<u>-</u>
Line of credit for CIP	-
<b>Long-term debt, for long term purposes</b>	<b><u>\$ 629,779</u></b>

**Rensselaer Polytechnic Institute**  
**Notes to the Financial Responsibility Supplemental Schedule**  
**June 30, 2023**

(in thousands of dollars)

	<b>6/30/2022</b>	<b>Amortization</b>	<b>Repayment</b>	<b>Debt Defeasance</b>	<b>New Debt</b>	<b>6/30/2023</b>
<i>Pre-implementation debt</i>						
Series 2011A	\$ 35,925	\$ 18	\$ (4,000)	\$ -	\$ -	\$ 31,942
Series 2014A	39,992	1	-	-	-	39,993
Series 2015	66,776	(318)	(3,885)	-	-	62,574
Series 2018 Taxable Bonds	134,536	18	-	-	-	134,554
Series 2018	56,965	2	(3,000)	-	-	53,968
Series 2020A	296,746	(4,747)	(7,335)	-	-	284,664
Series 2021	23,307	(402)	(820)	-	-	22,085
Pre-implementation debt	<u>654,248</u>	<u>(5,429)</u>	<u>(19,040)</u>	-	-	<u>629,779</u>
<i>Post-implementation debt</i>						
IBM Credit LLC 2019	-	-	-	-	-	-
<b>Long-term debt, for long term purposes</b>						
	<u>\$ 654,248</u>	<u>\$ (5,429)</u>	<u>\$ (19,040)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 629,779</u>

**3. Property, Plant and Equipment**

Property, plant and equipment pre-implementation and post-implementation, with and without debt for purchase consist of the following at June 30:

Property, plant and equipment, pre-implementation (includes CIP and capital lease assets)	\$ 584,027
Less: subsequent depreciation and amortization	(22,978)
Less: subsequent disposals	(470)
Property, plant and equipment, pre-implementation (includes CIP and capital lease assets)	<u>560,579</u>
Property, plant and equipment, post-implementation, with debt for purchase	8,905
Property, plant and equipment, post-implementation, without debt for purchase	39,313
Construction in Progress, post-implementation	12,752
Property, plant and equipment, per financial statements	<u><u>\$ 621,549</u></u>

**4. Unsecured Related Party Receivables**

Unsecured related party receivables from members of the Board of Trustees and management of Rensselaer totaled \$16,919 at June 30, 2023.

**Rensselaer Polytechnic Institute**  
**Notes to the Financial Responsibility Supplemental Schedule**  
**June 30, 2023**

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(in thousands of dollars)

**5. Lease Right-of-Use Asset and Right-of-Use Liability**

Rensselaer elected to grandfather leases entered into prior to December 15, 2018 (pre-implementation leases) and apply *ASU 2016-02, Leases* to only leases entered into on or after that date (post-implementation leases.)

Lease right of use asset and liability consist of the following at June 30:

Lease Asset, pre-implementation for leases	\$ 16,902
Amortization, disposals, adjustments	<u>(2,523)</u>
Lease Asset, pre-implementation for leases	<u><u>14,379</u></u>
Lease Asset, post-implementation for leases	1,387
Amortization	(2,992)
New Lease assets	<u>21,282</u>
Lease Asset, post-implementation for leases	<u><u>19,677</u></u>
<b>Lease right of use asset, per financial statements</b>	<b><u><u>\$ 34,057</u></u></b>
Lease Liability, pre-implementation for leases	\$ 17,081
Amortization, disposals, adjustments	<u>(2,499)</u>
Lease Liability, post-implementation for leases	<u><u>14,582</u></u>
Lease Liability, post-implementation for leases	1,394
Amortization	(2,288)
New Lease liability	<u>21,179</u>
Lease Liability, post-implementation for leases	<u><u>20,285</u></u>
<b>Lease right of use liability, per financial statements</b>	<b><u><u>\$ 34,867</u></u></b>

**Part II**  
**Reports on Internal Control**  
**and Compliance**





**Report of Independent Auditors 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***

To the Board of Trustees of Rensselaer Polytechnic Institute

We have audited, 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, the consolidated financial statements of Rensselaer Polytechnic Institute and its affiliates (“Rensselaer”), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, and of cash flows for the year then ended, including the related notes (collectively referred to as the “consolidated financial statements”), and have issued our report thereon dated October 24, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Rensselaer’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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rensselaer’s internal control. Accordingly, we do not express an opinion on the effectiveness of Rensselaer’s internal control.

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

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



### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rensselaer's consolidated 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 Rensselaer's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rensselaer's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Pricewaterhousecoopers up". The signature is written in a cursive, flowing style.

Fairport, New York  
October 24, 2023



## **Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance**

To the Board of Trustees of Rensselaer Polytechnic Institute

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

#### ***Opinion on Each Major Federal Program***

We have audited Rensselaer Polytechnic Institute and its affiliates' ("Rensselaer") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Rensselaer's major federal programs for the year ended June 30, 2023. Rensselaer's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

#### ***Basis for Opinion on Each Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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



### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Rensselaer's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Rensselaer's compliance with the requirements of each major federal program as a whole.

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on Rensselaer's response to the noncompliance finding identified in our audit described in the accompanying management's views and corrective action plan. Rensselaer's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



## Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP".

Fairport, New York  
December 11, 2023

**Part III**  
**Schedule of Findings and Questioned Costs**

**Rensselaer Polytechnic Institute**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2023**

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**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes     X     No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes     X     None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes     X     No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes     X     No
- Significant deficiency identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes     X     None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?     X     Yes \_\_\_\_\_ No

**Identification of Major Programs**

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
Various	Research and Development Cluster
97.036	COVID-19 Disaster Grants – Public Assistance (Presidentially Declared Disasters) – Department of Homeland Security

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee?     X     Yes \_\_\_\_\_ No

**Rensselaer Polytechnic Institute**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2023**

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**Section II – Financial Statement Findings**

None noted.



**Rensselaer Polytechnic Institute**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2023**

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**Section III – Federal Award Findings and Questioned Costs**

**2023-001 – Reporting**

**Grantor:** Department of Homeland Security  
**Pass-through Entity:** New York State Office of Emergency Management  
**Program Name:** COVID-19 Disaster Grants – Public Assistance (Presidentially Declared Disasters)  
**Award Year:** 07/2022 - 06/2023  
**Award Number:** PA-02-NY-4480-PW-00788  
**Assistance Listing Number:** 97.036

**Criteria:**

Per the Federal Emergency Management Agency's ("FEMA") Public Assistance Program, nonfederal entities must record expenditures on the Schedule of Expenditures of Federal Awards ("SEFA") when (1) FEMA has approved the nonfederal entity's project worksheet, and (2) the nonfederal entity has incurred the eligible expenditures.

**Condition:**

Through testing of the FEMA program in the 2023 Uniform Guidance audit, we noted \$619,653 of funds from this program, that were obligated in fiscal 2022 and included in the 2023 SEFA that should have been included in the 2022 SEFA. On the 2022 SEFA, management did not record any reimbursement for awards approved by FEMA.

**Cause:**

The cause of this finding was due to incorrect understanding of the reporting requirements related to this program which are unlike other federal programs.

**Effect:**

FEMA funding of \$619,653 was incorrectly excluded from the 2022 SEFA and included in the 2023 SEFA. This did not impact the prior year or current year major program determinations.

**Questioned Costs:**

None.

**Recommendation:**

Management should enhance controls in place to review reporting requirements related to the federal programs to ensure expenditures are recorded in the appropriate period's SEFA.

**Management's Views and Corrective Action Plan:**

Management's response is included in "Management's Views and Corrective Action Plan" included on the report.

**Part IV**  
**Summary Schedule of Prior Audit Findings**

# Rensselaer Polytechnic Institute

## Summary Schedule of Prior Audit Findings

### June 30, 2023

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#### 2022-001 – Non-Compliance with Timely and Accurate Student Enrollment Change Submissions to the National Student Loan Data System (NSLDS)

**Grantor:** U.S. Department of Education  
**Program Name:** Student Financial Assistance Cluster  
**Award Names:** Federal Pell Grant Program and Federal Direct Loan Program  
**Award Year:** 7/1/2021 - 6/30/2022  
**Award Number:** Not applicable  
**Assistance Listing Numbers:** 84.063 and 84.268

**Criteria:**

In accordance with 34 CFR 690.83(b)(2) and 685.309, institutions are required to report enrollment information under the Federal Pell Grant (“Pell”) and Federal Direct Loan (“Direct Loan”) programs through the National Student Loan Data System (“NSLDS”). The enrollment information, including Campus Level and Program Level data, must be reviewed, updated, and validated by the institution promptly.

Furthermore, specific to the Direct Loan program, for a student that received a Direct Loan and was enrolled or accepted for enrollment at the institution, and the student had ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended, the institution must report the change within 60 days from which the change was identified.

**Condition:**

PwC reviewed a sample of twenty-five students enrolled at Rensselaer who received either Pell and/or Direct Loans and had a change of enrollment status during the fiscal year. Of the twenty-five students tested, two students were reported to NSLDS with an inaccurate enrollment status. Both students were on a leave of absence effective during the spring semester, however, the change in enrollment status was not reported to NSLDS and both students were reported as full time during the spring semester.

**Status:**

During fiscal 2023 management implemented a change with Rensselaer’s IT department to validate the logic of data parameters included in each student enrollment file. This validation ensures all student status changes are reported in the enrollment file, including retroactive changes even if the student is not enrolled in the current semester. During fiscal 2023 the Registrar’s office was also fully staffed and trained on the student status change requirements. Furthermore, Rensselaer’s Student Success office communicates changes in student enrollment information to the Registrar’s office in real-time. The Registrar’s office updates any change in status within three days of the reported change.

**Part V**  
**Management's Views and Corrective Action Plan**



# Rensselaer

## Management View and Corrective Action Plan

Finding Number: 2023-001  
Grantor: Department of Homeland Security (DHS)  
Program Name: COVID-19 Disaster Grants – Public Assistance (Presidentially Declared Disasters)  
Award Year: 7/1/2022 - 6/30/2023  
Award Number: PA-02-NY-4480-PW-00788  
Assistance Listing Numbers: 97.036

Management concurs that it omitted \$620K of FEMA reimbursement from the Schedule of Expenditures of Federal Awards (SEFA) in fiscal 2022. The reimbursement was obligated in in fiscal 2022 but paid in fiscal 2023. The 2023 compliance supplement clarified the appropriate reporting of these funds. Management has implemented a review process to determine the appropriate reporting period going forward.

A handwritten signature in cursive script that reads "Kelli Perry".

Kelli Perry  
Associate Vice President for Finance and Controller