

Rensselaer Polytechnic Institute

**Report on Federal Awards in
Accordance with the Uniform Guidance
For the Year ended June 30, 2022
EIN: 14-1340095**

Rensselaer Polytechnic Institute

Index

June 30, 2022 and 2021

	Page(s)
Part I – Consolidated Financial Statements, Schedule of Expenditures of Federal Awards and Financial Responsibility Supplemental Schedule	
Report of Independent Auditors	1–3
Consolidated Financial Statements and Footnotes	4–41
Schedule of Expenditures of Federal Awards.....	42–50
Notes to the Schedule of Expenditures of Federal Awards	51
Financial Responsibility Supplemental Schedule	52–53
Notes to the Financial Responsibility Supplemental Schedule.....	54–56
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 Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	57–58
Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	59–61
Part III – Schedule of Findings and Questioned Costs	62–65
Part IV – Summary Schedule of Prior Audit Findings	66
Part V – Management’s Views and Corrective Action Plan	67

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, 2022 and 2021, 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, 2022 and 2021, and the changes in its net assets and its 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 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 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 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 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, 2022 and the financial responsibility supplemental schedule as of and for the year ended June 30, 2022 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 the 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 11, 2022 on our consideration of 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, 2022. 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 Rensselaer’s internal control over financial reporting and compliance.

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

Fairport, New York
October 11, 2022

Rensselaer Polytechnic Institute
Consolidated Statements of Financial Position
June 30, 2022 and 2021

(in thousands of dollars)

	2022	2021
Assets		
Cash and cash equivalents	\$ 62,723	\$ 50,939
Accounts receivable, net		
Student related and other	7,247	10,565
Research, training, and other agreements	23,612	34,150
Contributions receivable, net	23,335	18,878
Contributions from external remainder trusts	16,063	22,619
Prepaid expenses and other assets	5,432	4,592
Student loans receivable, net	9,197	13,007
Investments, at market endowment, annuity and life income funds	874,278	1,085,022
Right of use assets	18,289	22,154
Land, buildings and equipment, net	632,190	657,331
Total assets	<u>\$ 1,672,366</u>	<u>\$ 1,919,257</u>
Liabilities		
Accounts payable and accrued expenses	\$ 37,588	\$ 38,599
Split interest agreement obligations	5,899	7,045
Deferred revenue	47,124	52,570
Other liabilities	38,918	46,348
Pension liability	67,163	68,719
Accrued postretirement benefits	15,719	20,016
Refundable government loan funds	16,362	21,062
Right of use liabilities	18,475	22,315
Finance leases payable	16,080	16,672
Long term debt	654,248	688,044
Total liabilities	<u>917,576</u>	<u>981,390</u>
Net assets		
Without donor restrictions	<u>13,742</u>	<u>65,483</u>
With donor restrictions		
Restricted by time and purpose	227,691	351,922
Restricted in perpetuity	513,357	520,462
With donor restrictions	<u>741,048</u>	<u>872,384</u>
Total net assets	<u>754,790</u>	<u>937,867</u>
Total liabilities and net assets	<u>\$ 1,672,366</u>	<u>\$ 1,919,257</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 with summarized comparative totals for the year ended
June 30, 2021

<i>(in thousands of dollars)</i>	Without Donor Restrictions	With Donor Restrictions	Total June 30, 2022	Total June 30, 2021
Operating revenue				
Student related revenue				
Tuition and fees, net	\$ 229,324	\$ -	\$ 229,324	\$ 250,392
Auxiliary services, net	58,533	-	58,533	29,463
Student related revenue	<u>287,857</u>	<u>-</u>	<u>287,857</u>	<u>279,855</u>
Gifts	<u>18,527</u>	<u>3,918</u>	<u>22,445</u>	<u>24,099</u>
Grants and contracts				
Direct				
Federal	55,704	-	55,704	50,722
State	4,154	-	4,154	2,868
Private	13,427	-	13,427	17,444
Indirect	<u>16,636</u>	<u>-</u>	<u>16,636</u>	<u>16,956</u>
Grants and contracts	<u>89,921</u>	<u>-</u>	<u>89,921</u>	<u>87,990</u>
Investment return				
Dividends, interest and other investment income	6,842	6,471	13,313	15,645
Realized accumulated gains used to meet spending policy	9,706	9,571	19,277	19,544
Investment return designated for operations	<u>16,548</u>	<u>16,042</u>	<u>32,590</u>	<u>35,189</u>
Other	5,544	8	5,552	7,752
Net assets released from restrictions	19,975	(19,975)	-	-
Total operating revenue	<u>438,372</u>	<u>(7)</u>	<u>438,365</u>	<u>434,885</u>
Operating expense				
Salaries and wages	162,363	-	162,363	161,360
Employee benefits	38,019	-	38,019	37,257
Supplies, services and other	77,166	-	77,166	68,124
Occupancy, taxes and insurance	23,407	-	23,407	20,866
Interest on debt	24,687	-	24,687	25,588
Depreciation and amortization	31,280	-	31,280	31,115
Student aid and fellowships	<u>52,042</u>	<u>-</u>	<u>52,042</u>	<u>50,428</u>
Total operating expenses	<u>408,964</u>	<u>-</u>	<u>408,964</u>	<u>394,738</u>
Change in net assets from operating activities	<u>29,408</u>	<u>(7)</u>	<u>29,401</u>	<u>40,147</u>
Nonoperating				
Realized and unrealized (losses)/gains				
net of spending policy and initiatives	(77,038)	(124,402)	(201,440)	288,356
Other components of net periodic benefit costs	(11,028)	-	(11,028)	(8,663)
Adjustments for pension and post retirement liability	5,855	-	5,855	55,793
Life income and endowment gifts	-	15,181	15,181	11,891
Loss on extinguishment of debt	-	-	-	(803)
Change in value of life income contracts	21	(21,067)	(21,046)	23,827
Other reclassifications and transfers	<u>1,041</u>	<u>(1,041)</u>	<u>-</u>	<u>-</u>
Change in net assets from nonoperating activities	<u>(81,149)</u>	<u>(131,329)</u>	<u>(212,478)</u>	<u>370,401</u>
(Decrease)/increase in net assets	<u>(51,741)</u>	<u>(131,336)</u>	<u>(183,077)</u>	<u>410,548</u>
Net assets, beginning of year	<u>65,483</u>	<u>872,384</u>	<u>937,867</u>	<u>527,319</u>
Net assets, end of year	<u>\$ 13,742</u>	<u>\$ 741,048</u>	<u>\$ 754,790</u>	<u>\$ 937,867</u>

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

Rensselaer Polytechnic Institute
Consolidated Statements of Activities
Year Ended June 30, 2021

<i>(in thousands of dollars)</i>	Without Donor Restrictions	With Donor Restrictions	Total June 30, 2021
Operating revenue			
Student related revenue			
Tuition and fees, net	\$ 250,392	\$ -	\$ 250,392
Auxiliary services, net	29,463	-	29,463
Student related revenue	<u>279,855</u>	<u>-</u>	<u>279,855</u>
Gifts	<u>20,279</u>	<u>3,820</u>	<u>24,099</u>
Grants and contracts			
Direct			
Federal	50,722	-	50,722
State	2,868	-	2,868
Private	17,444	-	17,444
Indirect	<u>16,956</u>	<u>-</u>	<u>16,956</u>
Grants and contracts	<u>87,990</u>	<u>-</u>	<u>87,990</u>
Investment return			
Dividends, interest and other investment income	9,996	5,649	15,645
Realized accumulated gains used to meet spending policy	9,943	9,601	19,544
Investment return designated for operations	<u>19,939</u>	<u>15,250</u>	<u>35,189</u>
Other	7,744	8	7,752
Net assets released from restrictions	<u>18,248</u>	<u>(18,248)</u>	<u>-</u>
Total operating revenue	<u>434,055</u>	<u>830</u>	<u>434,885</u>
Operating expense			
Salaries and wages	161,360	-	161,360
Employee benefits	37,257	-	37,257
Supplies, services and other	68,124	-	68,124
Occupancy, taxes and insurance	20,866	-	20,866
Interest on debt	25,588	-	25,588
Depreciation and amortization	31,115	-	31,115
Student aid and fellowships	<u>50,428</u>	<u>-</u>	<u>50,428</u>
Total operating expenses	<u>394,738</u>	<u>-</u>	<u>394,738</u>
Change in net assets from operating activities	<u>39,317</u>	<u>830</u>	<u>40,147</u>
Nonoperating			
Realized and unrealized gains			
net of spending policy and initiatives	108,827	179,529	288,356
Other components of net periodic benefit costs	(8,663)	-	(8,663)
Adjustments for pension and post retirement liability	55,793	-	55,793
Life income and endowment gifts	-	11,891	11,891
Loss on extinguishment of debt	(803)	-	(803)
Change in value of life income contracts	21	23,806	23,827
Other reclassifications and transfers	<u>564</u>	<u>(564)</u>	<u>-</u>
Change in net assets from nonoperating activities	<u>155,739</u>	<u>214,662</u>	<u>370,401</u>
Increase (decrease) in net assets	195,056	215,492	410,548
Net assets, beginning of year	<u>(129,573)</u>	<u>656,892</u>	<u>527,319</u>
Net assets, end of year	<u>\$ 65,483</u>	<u>\$ 872,384</u>	<u>\$ 937,867</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, 2022 and 2021

(in thousands of dollars)

	2022	2021
Cash flow from operating activities		
Received from student-related revenues	\$ 220,596	\$ 230,457
Received from sponsored programs	99,897	97,267
Received from donors	22,947	27,376
Received from investment income	15,006	13,168
Received from Rensselaer Technology Park	3,419	2,803
Received from other	2,652	4,110
Payments to employees and fringe benefits	(200,429)	(197,325)
Payments to vendors and suppliers	(77,731)	(78,915)
Payments for scholarships and fellowships	(913)	(2,727)
Payments for Interest expense	(30,205)	(28,916)
Payments for pension and post retirement obligations	(10,303)	(19,160)
Payments for other expenses	(13,106)	(5,248)
Net cash increase from operating activities	<u>31,830</u>	<u>42,890</u>
Cash flow from investing activities		
Proceeds from sale of investments	315,844	228,485
Purchase of investments	(301,491)	(221,280)
Student loans paid	4,207	5,513
Proceeds from sale of land, building, and equipment	31	50
Purchase of land, building and equipment	(11,762)	(11,174)
Net cash increase from investing activities	<u>6,829</u>	<u>1,594</u>
Cash flow from financing activities		
Contributions restricted for long term investments	7,474	10,246
Payment of annuity obligations	(777)	(779)
Payment of debt extinguishment costs	-	(386)
Payment of debt issuance costs	-	(311)
Proceeds from loans	-	24,020
Repayment of debt	(28,873)	(45,293)
Government loan funds	(4,699)	(4,802)
Net cash (decrease) from financing activities	<u>(26,875)</u>	<u>(17,305)</u>
Net increase in cash and cash equivalents	11,784	27,179
Cash and cash equivalents		
Beginning of year	<u>50,939</u>	<u>23,760</u>
End of year	<u>\$ 62,723</u>	<u>\$ 50,939</u>
Non cash activities		
Contributed securities	\$ 2,301	\$ 5,119
Gifts of equipment and other capital items	436	215

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

Rensselaer Polytechnic Institute

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(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.

Rensselaer Polytechnic Institute

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(in thousands of dollars)

- 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.

Net assets consisted of the following at June 30:

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Endowment						
True endowment:						
Scholarships	\$ 239	\$ 198,520	\$ 198,759	\$ 660	\$ 252,618	\$ 253,278
Fellowships	3	27,291	27,294	3	35,301	35,304
Faculty support	95	171,688	171,783	73	190,163	190,236
Program support	2,223	204,480	206,703	2,146	241,540	243,686
Awards and prizes	-	8,848	8,848	-	10,406	10,406
Institutional support	85,315	81,129	166,444	126,564	80,276	206,840
Total True endowment	87,875	691,956	779,831	129,446	810,304	939,750
Board-designated endowment:						
Scholarship and fellowships	19,103	294	19,397	23,968	373	24,341
Faculty support	14,833	-	14,833	18,156	-	18,156
Program support	72,792	294	73,086	86,768	304	87,072
Awards and prizes	1,650	2	1,652	1,959	2	1,961
Institutional support	40,679	-	40,679	51,481	-	51,481
Total Board-designated endowment	149,057	590	149,647	182,332	679	183,011
Underwater endowments	(822)	(3,899)	(4,721)	-	-	-
Total Endowment	236,110	688,647	924,757	311,778	810,983	1,122,761
Other						
Pledges	-	6,092	6,092	-	6,705	6,705
Gifts	3,910	22,144	26,054	4,222	21,994	26,216
Annuities and trusts	-	21,500	21,500	-	30,037	30,037
Plant and other operations	126,179	2,665	128,844	92,496	2,665	95,161
Defined benefit pension plan	(352,457)	-	(352,457)	(343,013)	-	(343,013)
Total Other	(222,368)	52,401	(169,967)	(246,295)	61,401	(184,894)
Total Net Assets	\$ 13,742	\$ 741,048	\$ 754,790	\$ 65,483	\$ 872,384	\$ 937,867

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 ongoing 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 and adjustments to postretirement liabilities. 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

Rensselaer Polytechnic Institute

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(in thousands of dollars)

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.

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, 2022 and 2021. 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.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

Student related revenue by contract is as follows:

	2022	2021
Tuition and fee revenue, net		
Undergraduate tuition revenue	\$ 330,203	\$ 349,261
Graduate tuition revenue	61,221	60,912
Education for working professionals revenue	3,093	3,526
Fees	10,987	11,031
Total tuition and fee revenue	<u>405,504</u>	<u>424,730</u>
Institutional aid allocated to tuition and fees	<u>(176,180)</u>	<u>(174,338)</u>
Total tuition and fee revenue, net	<u>\$ 229,324</u>	<u>\$ 250,392</u>
Auxiliary services, net		
Apartment and dorm revenue, net		
Apartment and dorm revenue	\$ 33,140	\$ 14,718
Institutional aid allocated to apartment and dorms	<u>(3,706)</u>	<u>(1,772)</u>
Total apartment and dorm revenue, net	<u>29,434</u>	<u>12,946</u>
Meal plan revenue, net		
Meal plan revenue	21,458	10,553
Institutional aid allocated to meal plans	<u>(456)</u>	<u>(419)</u>
Total meal plan revenue, net	<u>21,002</u>	<u>10,134</u>
Medical insurance fee revenue	<u>3,953</u>	<u>3,365</u>
Other auxiliary services		
Laptop sales	1,166	497
Rensselaer Union	833	358
Other	<u>2,145</u>	<u>2,163</u>
Total other auxiliary services	<u>4,144</u>	<u>3,018</u>
Total auxiliary services revenue, net	<u>\$ 58,533</u>	<u>\$ 29,463</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 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.

Rensselaer Polytechnic Institute

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(in thousands of dollars)

- **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 \$57,928 of grants and contracts which have not been advanced or expended and are classified as conditional contributions as of June 30, 2022, 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.

g. Land, Buildings and Equipment

Land, buildings and equipment are carried at cost or at the 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.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

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.

	<u>Student Related Revenue</u>	<u>Grants and Contracts</u>	<u>Rensselaer Tech Park</u>	<u>Capital Projects</u>	<u>Total Deferred Revenue</u>
Balance at June 30, 2020	\$ 15,401	\$ 11,479	\$ 16,665	\$ 13,308	\$ 56,853
Revenue recognized	(15,401)	(4,170)	(998)	(1,024)	(21,593)
Payments received for future performance obligations	15,120	2,149	41	-	17,310
Balance at June 30, 2021	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
Balance at June 30, 2022	<u>\$ 10,974</u>	<u>\$ 8,871</u>	<u>\$ 16,019</u>	<u>\$ 11,260</u>	<u>\$ 47,124</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, 2022, the Institute has collected approximately \$3,534 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.

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). Non-lease 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.

Rensselaer Polytechnic Institute

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(in thousands of dollars)

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. Recently Adopted Accounting Standards

ASU 2020-07: Presentation and Disclosure by Not-For-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07. The objective of this standard is to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets (apart from cash and other financial assets) for not-for-profits, including additional disclosure requirements for recognized contributed services. The ASU is effective for fiscal years beginning after June 15, 2021. The adoption of ASU No. 2020-07 did not have a material impact on the Institute's financial statements.

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, 2022 and 2021. Accounts receivable from the following sources were outstanding as of June 30:

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

	2022	2021
Student related receivables	\$ 5,477	\$ 8,817
Research, training and other agreements	24,289	34,834
Rensselaer technology park	236	280
Other	2,214	1,951
	<u>32,216</u>	<u>45,882</u>
Gross account receivable		
Less: Allowance for doubtful accounts	(1,357)	(1,167)
	<u>30,859</u>	<u>44,715</u>
Net accounts receivable		

b. Contributions Receivable

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

	2022	2021
Less than one year	\$ 1,483	\$ 1,495
Between one and five years	15,887	14,639
More than five years	11,320	6,165
	<u>28,690</u>	<u>22,299</u>
Gross contributions receivable		
Less: Unamortized discount	(4,530)	(3,029)
Less: Allowance for uncollectible amounts	(825)	(392)
	<u>23,335</u>	<u>18,878</u>
Net contributions receivable		

Bequest expectancies as of June 30, 2022 totaling \$167,323 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 2022 and 2021, 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 are 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.

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.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

	2022			2021		
	Receivable	Allowance	Net Receivable	Receivable	Allowance	Net Receivable
Institutional loans	\$ 380	\$ (311)	\$ 69	\$ 818	\$ (722)	\$ 96
Federal loans	10,395	(1,267)	9,128	14,210	(1,299)	12,911
Total loan receivable	<u>\$ 10,775</u>	<u>\$ (1,578)</u>	<u>\$ 9,197</u>	<u>\$ 15,028</u>	<u>\$ (2,021)</u>	<u>\$ 13,007</u>

	2022			2021		
	Institutional	Federal	Total Allowance	Institutional	Federal	Total Allowance
Allowance at beginning of year	\$ (722)	\$ (1,299)	\$ (2,021)	\$ (722)	\$ (1,299)	\$ (2,021)
Current year provisions	411	32	443	-	-	-
Allowance at end of year	<u>\$ (311)</u>	<u>\$ (1,267)</u>	<u>\$ (1,578)</u>	<u>\$ (722)</u>	<u>\$ (1,299)</u>	<u>\$ (2,021)</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, 2022 and 2021 were \$11,336 and \$14,463, 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 \$5,899 and \$7,045 at June 30, 2022 and 2021, 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, 2022 and 2021 was \$71,812 and \$89,896, 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 institutions 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.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

5. Financial Assets and Liquidity Resources

As of June 30, 2022 and 2021, 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.

	2022	2021
Financial assets:		
Cash	\$ 62,723	\$ 50,939
Accounts receivable	7,247	10,565
Loan receivable	218	263
Contributions receivable	1,483	1,495
Investments: appropriated for spending in the following year	<u>38,740</u>	<u>30,993</u>
Total financial assets available within one year	110,411	94,255
Liquidity resources:		
Bank lines of credit (undrawn)	<u>55,000</u>	<u>75,000</u>
	<u>\$ 165,411</u>	<u>\$ 169,255</u>

Additionally, within the endowment the Institute has board-designated funds of \$132,067 and \$166,349 and accumulated gains from unrestricted endowments of \$84,493 and \$126,564, at June 30, 2022 and 2021. 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.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

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:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 46,111	\$ 46,111	\$ 24,590	\$ 24,590
Fixed income	100,973	104,360	106,780	101,359
Domestic equity	300,074	264,101	303,725	200,157
Global equity	29,150	19,933	43,811	20,229
Foreign equity	152,021	132,080	183,993	125,247
Real assets	15,000	49,354	20,072	56,889
Marketable alternatives	65,155	57,520	78,184	59,451
Private investments	93,982	79,810	233,971	79,073
	<u>802,466</u>	<u>753,269</u>	<u>995,126</u>	<u>666,995</u>
Perpetual trusts held by others	71,812	51,688	89,896	51,688
Total investments	<u>\$ 874,278</u>	<u>\$ 804,957</u>	<u>\$ 1,085,022</u>	<u>\$ 718,683</u>

At June 30, 2022, Rensselaer has committed to investing approximately an additional \$44,453 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.

Rensselaer Polytechnic Institute

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(in thousands of dollars)

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.

Rensselaer Polytechnic Institute

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(in thousands of dollars)

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.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

The following table presents the financial instruments carried at fair value as of June 30, 2022 and 2021, by caption on the consolidated statement of financial position, based on the valuation hierarchy defined above:

	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
	<u>545,042</u>	<u>463</u>	<u>3,837</u>	<u>253,124</u>	<u>802,466</u>
Perpetual trusts held by others	-	-	71,812	-	71,812
Total investments	<u>\$ 545,042</u>	<u>\$ 463</u>	<u>\$ 75,649</u>	<u>\$ 253,124</u>	<u>\$ 874,278</u>

	2021				
	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	\$ 24,153	\$ 437	\$ -	\$ -	\$ 24,590
Fixed income	76,751	-	2,895	27,134	106,780
Domestic equity	303,670	-	35	20	303,725
Global equity	43,811	-	-	-	43,811
Foreign equity	118,648	-	-	65,345	183,993
Real assets	2,510	-	1,002	16,560	20,072
Marketable alternatives	-	-	-	78,184	78,184
Private investments	-	-	896	233,075	233,971
	<u>569,543</u>	<u>437</u>	<u>4,828</u>	<u>420,318</u>	<u>995,126</u>
Perpetual trusts held by others	-	-	89,896	-	89,896
Total investments	<u>\$ 569,543</u>	<u>\$ 437</u>	<u>\$ 94,724</u>	<u>\$ 420,318</u>	<u>\$ 1,085,022</u>

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

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, 2022 and 2021 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.

The following table is a roll-forward of the consolidated statement of financial position amounts at June 30, 2022 and 2021 for financial instruments classified by Rensselaer within Level 3 of the fair value hierarchy defined above:

	2022					
	Fixed Income	Domestic Equity	Real Assets	Private Investments	Perpetual Trusts	Total
Level 3 Investments						
Fair value, 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)
Transfers in/(out)						-
Fair value, end of year	<u>\$ 3,137</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 660</u>	<u>\$ 71,812</u>	<u>\$ 75,649</u>

^(a) Transferred from Level 3 to Level 1 because observable market data became available for the securities

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

	2021					
	Fixed Income	Domestic Equity	Real Assets	Private Investments	Perpetual Trusts	Total
Level 3 Investments						
Fair value, beginning of year	\$ -	\$ 35	\$ 2,813	\$ 890	\$ 72,359	\$ 76,097
Purchases	-	-	-	-	-	-
Sales	-	-	-	(365)	-	(365)
Change in value	2,895	-	-	371	17,537	20,803
Transfers in/(out)	-	-	(1,811) ^(a)	-	-	(1,811)
Fair value, end of year	\$ 2,895	\$ 35	\$ 1,002	\$ 896	\$ 89,896	\$ 94,724

(a) Transferred from Level 3 to Level 1 because observable market data became available for the securities

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:

	2022	2021
Level 3 Contributions from external remainder trusts		
Fair value, beginning of year	\$ 22,619	\$ 19,437
Unrealized gains (loss)	(2,020)	3,965
Purchases / gifts	-	-
Sales / settlements	(4,536)	(783)
Fair value, end of year	\$ 16,063	\$ 22,619

There were no material transfers or valuation changes between hierarchies Level 1 and Level 2 during fiscal year 2022.

The following table provides additional information about the Institute's investments, which are recorded at NAV as of June 30, 2022:

Asset Class	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period	Redemption Restrictions
Fixed income	\$ 30,278	\$ -	Daily	Same Day	NA*
Domestic equity	20	-	NA*	NA*	NA*
Foreign equity	51,757	-	Daily-Monthly	Same Day-10 Days	NA*
Real assets	12,592	2,042	NA*	NA*	NA*
Marketable alternatives	65,155	-	Quarterly-Annually	30-90 Days	0-1 Year lock-up provisions
Private investments	93,322	42,411	NA*	NA*	NA*
Total	\$ 253,124	\$ 44,453			

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

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

7. Endowment

Rensselaer's endowment consists of approximately 793 individual donor restricted endowment funds and 89 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 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 statement 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 \$849,813 and \$1,055,030 as of June 30, 2022 and June 30, 2021, respectively.

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

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
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>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
True endowment funds	\$ 126,564	\$ 778,828	\$ 905,392
Board designated endowment funds	166,349	-	166,349
Total endowment net assets	<u>\$ 292,913</u>	<u>\$ 778,828</u>	<u>\$ 1,071,741</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.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

Changes in endowment net assets as of June 30:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 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
Endowment net assets, end of year	\$ 216,560	\$ 655,361	\$ 871,921
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 180,124	\$ 567,623	\$ 747,747
Net gifts	4,946	11,486	16,432
Yield (dividends and interest)	7,429	5,662	13,091
Investment return, net	117,785	206,672	324,457
Reclassifications and other changes	-	2,464	2,464
Endowment additions	130,160	226,284	356,444
Amounts appropriated for expenditure	17,371	15,079	32,450
Endowment deductions	17,371	15,079	32,450
Endowment net assets, end of year	\$ 292,913	\$ 778,828	\$ 1,071,741

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 endowment beneficiaries should receive at least the same level of economic support that the

Rensselaer Polytechnic Institute

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(in thousands of dollars)

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 \$3,899 and \$0 as of June 30, 2022 and 2021, respectively. Deficiencies reported in without donor restrictions net assets were \$822 and \$0 as of June 30, 2022 and 2021, 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.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

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 in equal quarterly installments on the first day of each quarter 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:

	2022	2021
Land and land improvements	\$ 39,950	\$ 39,876
Buildings	982,161	973,537
Equipment	208,415	207,312
Construction in progress	<u>7,163</u>	<u>12,977</u>
Gross land, building and equipment	1,237,689	1,233,702
Less: Accumulated depreciation	<u>(605,499)</u>	<u>(576,371)</u>
Net land, building and equipment	<u>\$ 632,190</u>	<u>\$ 657,331</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, 2022 and 2021. The depreciation and amortization expense related to the building, land improvements and equipment were \$31,272 and \$31,107 in the periods ended June 30, 2022 and 2021, respectively.

As of June 30, 2022, Rensselaer had \$3,540 of open commitments to contractors for construction work being performed.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

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:

	Year of Final Maturity	Average Annual Interest Rate	Outstanding	
			2022	2021
City of Troy Capital Resource Corporate Series				
Series 2010B (Note a) - Fixed	2021	4.48 %	-	2,937
Series 2015 (Note d) - Fixed	2035	3.29 %	66,776	69,084
Series 2020A (Note a) - Fixed	2040	2.44 %	296,746	304,684
Series 2021 (Note h) - Fixed	2036	1.41 %	23,307	23,709
Series 2018 Taxable Bonds (Note f) - Fixed	2048	5.25 %	134,536	134,518
Senior Notes				
Series 2011A (Note b) - Fixed	2026	4.35 %	35,925	39,907
Series 2014A (Note c) - Fixed	2029	3.99 %	39,992	39,991
Series 2018 (Note e) - Fixed	2035	4.76 %	56,966	59,963
Private Notes				
IBM Credit LLC (Note g)- Fixed	2021	3.15 %	-	13,251
Total bonds and notes payable			<u>\$ 654,248</u>	<u>\$ 688,044</u>

	2022	2021
Debt issuance costs	\$ (3,060)	\$ (3,398)
Net bond premium (discount)	<u>48,728</u>	<u>54,751</u>
Net components subject to amortization	45,668	51,353
Bond principal	<u>608,580</u>	<u>636,691</u>
Total bonds and notes payable	<u>\$ 654,248</u>	<u>\$ 688,044</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, 2022 and 2021, Rensselaer did not have assets held by trustees for construction, debt service and other project-related expenses.

Rensselaer Polytechnic Institute

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(in thousands of dollars)

Notes to Debt Outstanding

- a. On April 20, 2010, Rensselaer entered into an agreement with the City of Troy Capital Resource Corporation which provided for the issuance of \$358,810 in fixed rate revenue bonds, Series 2010A for \$311,630 and Series 2010B for \$47,180. Proceeds from the issuance were used to refinance Series 2002 B, C and D, Series 2007 and Series 2008 A and B bonds as well as paying 2010 termination expenses on several interest rate swap agreements. Interest rates on the bonds range from 5.00% to 5.13%. Maturities on the bonds range from 2012 to 2030 with a final maturity of September 1, 2040. Interest payments are due March 1 and September 1, commencing on September 1, 2010. 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.
- 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%. 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%. 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.

Rensselaer Polytechnic Institute

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

(in thousands of dollars)

- g. On October 15, 2019 Rensselaer entered into two financing agreements with IBM Credit LLC in the aggregate amount of \$26,137. Proceeds from these agreements were used to fund the acquisition of a high performance computing system supporting the IBM-New York State AI Testbed initiative, which is pledged as collateral. The interest rate of this financing is 3.15% with principal payments to be made on August 1, 2020 and August 1, 2021. Principal payments on these obligations are funded with the proceeds from a grant from the SUNY Research Foundation in support of the AI Testbed initiative.
- h. 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.
- i. Letters of Credit.

As of June 30, 2022, Rensselaer had a standby letter of credit with Bank of America of \$750 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, with interest calculated on the outstanding balance at a daily rate of term LIBOR plus 1.10% or at Prime Rate minus 0.50%. There were no outstanding balances on the line of credit at June 30, 2022 and June 30, 2021. The Institute has an unsecured line of credit with Key Bank valued at \$20,000, with interest calculated on the outstanding balance at a daily rate of term LIBOR plus 2.00%. There were no outstanding balances on the line of credit at June 30, 2022 and June 30, 2021. The Bank of America line has a renewal date of January 31, 2023 and the Key Bank line has a renewal date of August 19, 2022.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

Principal payments due on all long-term debt as of June 30, 2022 for each of the next five fiscal years are:

Year	Amount
2023	\$ 19,040
2024	19,665
2025	23,395
2026	24,035
2027	29,770
Principal payments thereafter	<u>492,675</u>
Total bonds and notes principal payable	608,580
Net premiums and debt issuance costs	<u>45,668</u>
Bonds and notes payable	<u>\$ 654,248</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, 2022 and 2021. The defined benefit plan calculations were based upon data as of or projected to June 30, 2022 and 2021. Postretirement benefit plan calculations were based upon data as of July 1, 2022 and 2021. 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 to freeze all future benefit accruals for future service of all plan participants. This freeze was treated as a curtailment and has been reflected as such within the footnote disclosures.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

In fiscal year 2020, the Institute updated its actuarial assumptions related to participant mortality from the white-collar mortality table RP-2014 to Pri-2012, and for fiscal 2022 scaled the table to project future mortality improvements using projection scale MP-2020.

	Defined Benefit		Post-Retirement	
	2022	2021	2022	2021
Change in benefit obligation				
Benefit obligation, beginning of year	\$ (365,921)	\$ (373,670)	\$ (20,016)	\$ (21,352)
Service cost	-	-	(697)	(827)
Interest cost	(8,820)	(9,024)	(455)	(448)
Plan participants' contribution	-	-	(440)	(900)
Amendments/Curtailments/Special	-	-	-	216
Actuarial gain (loss)	52,622	(10,825)	4,726	1,400
Benefits paid	29,514	27,598	1,163	1,895
Benefit obligation, end of year	\$ (292,605)	\$ (365,921)	\$ (15,719)	\$ (20,016)

The accumulated benefit obligation for the defined benefit pension plan was \$292,605 and \$365,921 as of June 30, 2022 and 2021, respectively.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

	Defined Benefit		Post-Retirement	
	2022	2021	2022	2021
Change in plan assets				
Fair value plan assets, beginning of year	\$ 297,202	\$ 240,825	\$ -	\$ -
Actual return on plan assets	(53,246)	65,810	-	-
Employer contribution	11,000	18,165	723	995
Plan participants' contributions	-	-	440	900
Benefits paid	(29,514)	(27,598)	(1,163)	(1,895)
Fair value plan assets, end of year	<u>\$ 225,442</u>	<u>\$ 297,202</u>	<u>\$ -</u>	<u>\$ -</u>
Funded status and amount recognized in the statement of financial position liability	<u>\$ (67,163)</u>	<u>\$ (68,719)</u>	<u>\$ (15,719)</u>	<u>\$ (20,016)</u>
Amounts recognized in without donor restriction net assets				
Net prior service cost (credit)	\$ -	\$ -	\$ 223	\$ 257
Net actuarial (gain) loss	(182,114)	(183,304)	4,093	(606)
Without donor restriction net assets	<u>\$ (182,114)</u>	<u>\$ (183,304)</u>	<u>\$ 4,316</u>	<u>\$ (349)</u>
Other changes in plan assets and benefit obligations recognized in without donor restriction net assets				
New prior service cost (credit)	\$ -	\$ -	\$ -	\$ (217)
New net actuarial (gain) loss	10,838	(42,276)	(4,726)	(1,400)
Amortization of prior service (cost) credit	-	-	34	62
Amortization of actuarial gain (loss)	(12,028)	(11,979)	27	17
	<u>(1,190)</u>	<u>(54,255)</u>	<u>(4,665)</u>	<u>(1,538)</u>
Net periodic benefit cost components:				
Service costs	-	-	697	827
Interest cost	8,820	9,024	455	448
Expected return on plan assets	(10,213)	(12,710)	-	-
Amortization of				
Prior service cost (credit)	-	-	(34)	(62)
Net actuarial (gain) loss	12,027	11,980	(27)	(17)
Net periodic benefit cost	<u>10,634</u>	<u>8,294</u>	<u>1,091</u>	<u>1,196</u>
Other changes in plan assets and benefit obligations recognized in without donor restriction net assets	<u>\$ 9,444</u>	<u>\$ (45,961)</u>	<u>\$ (3,574)</u>	<u>\$ (342)</u>
Changes recognized in net assets from operating activities	\$ -	\$ -	\$ 697	\$ 827
Changes recognized in net assets from non-operating activities	<u>9,444</u>	<u>(45,961)</u>	<u>(4,271)</u>	<u>(1,169)</u>
	<u>\$ 9,444</u>	<u>\$ (45,961)</u>	<u>\$ (3,574)</u>	<u>\$ (342)</u>

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.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

The following are expected future benefit payments:

	Defined Benefit	Post Retirement
Fiscal Year Ending		
2023	\$ 25,818	\$ 1,546
2024	25,334	1,462
2025	24,878	1,459
2026	22,225	1,465
2027	23,527	1,360
2028 - 2032	104,913	6,665

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:

	Defined Benefit		Post-Retirement	
	2022	2021	2022	2021
Benefit obligations				
Discount rate	4.50 %	2.50 %	4.50 %	2.50 %
Net periodic benefit cost				
Discount rate	2.50 %	2.50 %	2.50 %	2.25 %
Expected return on plan assets	5.25 %	6.25 %		

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 6.75 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 2022. These rates were assumed to decrease gradually to 3.784 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.

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 \$9,690 and \$7,553 in fiscal 2022 and 2021, respectively. The Institute reinstated the percent of employee salary contribution from 6% to 8% in fiscal 2022.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

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 plans 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.

		2022		2021	
		Target	Actual	Target	Actual
Return-Seeking Assets	US Equity	23.0%	11.3%	16.0%	20.3%
	Non US equity	10.0%	10.5%	10.0%	10.0%
	Hedge Funds	0.0%	0.0%	0.0%	0.2%
	Private Alternatives	6.0%	5.8%	9.0%	8.9%
	Total Return-Seeking	39.0%	27.6%	35.0%	39.4%
Liability-Hedging Assets	Equity Hedge	15.0%	15.0%	12.0%	12.0%
	Fixed Income	43.0%	53.9%	50.0%	45.1%
	Cash	3.0%	3.5%	3.0%	3.5%
	Total Liability-Hedging	61.0%	72.4%	65.0%	60.6%
	Total Assets	100%	100%	100%	100%

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.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

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

	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
Private investments	-	-	-	-
Total pension investments	<u>\$ 76,414</u>	<u>\$ 123,519</u>	<u>\$ 25,509</u>	<u>\$ 225,442</u>

	2021			
	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	\$ 5,603	\$ -	\$ -	\$ 5,603
Fixed income	5,588	126,973	-	132,561
Domestic equity	91,879	-	-	91,879
Foreign equity	16,310	-	14,303	30,613
Insurance contracts	-	9,649	-	9,649
Real assets	-	-	3,759	3,759
Marketable alternatives	-	-	669	669
Private investments	-	-	22,469	22,469
Total pension investments	<u>\$ 119,380</u>	<u>\$ 136,622</u>	<u>\$ 41,200</u>	<u>\$ 297,202</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, 2023 are \$2,365 and \$1,546 to the defined benefit pension plan and postretirement plan, respectively.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

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.

The following table compares expenses by type for the years ended June 30, 2022 and 2021, respectively:

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

Natural Classification	2021			
	Instruction and Research	Student Services and Support	General Administration and Operations	Total
Salaries and wages	\$ 117,025	\$ 19,885	\$ 24,450	\$ 161,360
Employee benefits	28,926	5,790	2,541	37,257
Supplies, services and other	29,392	22,261	16,471	68,124
Occupancy, taxes and insurance	5,959	7,920	6,987	20,866
Interest on debt	20,443	2,620	2,525	25,588
Depreciation and amortization	21,707	6,621	2,787	31,115
Student aid and fellowships	43,910	6,408	110	50,428
Total operating expenses	267,362	71,505	55,871	394,738
Net periodic benefit cost other than service cost	-	-	8,663	8,663
Total expenses	\$ 267,362	\$ 71,505	\$ 64,534	\$ 403,401

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

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.

Although there can be no assurance as to the eventual outcome of claims and litigation in which Rensselaer has been named, in the opinion of management such claims and litigation will not, in the aggregate, have a material adverse effect on Rensselaer's financial position.

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 \$21,217 and \$21,174 as of June 30, 2022 and 2021. Accumulated amortization for finance leases included under "Land, buildings and equipment, net" was \$5,747 and \$5,261 as of June 30, 2022 and 2021.

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

	2022	2021
Amortization of ROU asset	\$ 613	\$ 613
Interest on lease liabilities	940	976
Total finance lease cost	<u>1,553</u>	<u>1,589</u>
Total operating lease cost	<u>5,568</u>	<u>5,837</u>
Total lease cost	<u>\$ 7,121</u>	<u>\$ 7,426</u>

Supplemental cash flow information related to leases was as follows:

	2022	2021
Operating cash outflows from finance leases	\$ 940	\$ 976
Operating cash outflows from operating leases	5,544	5,764
Financing cash outflows from finance leases	<u>761</u>	<u>723</u>
Total cash paid for amounts included in measurement of lease liabilities	<u>\$ 7,245</u>	<u>\$ 7,463</u>

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

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:

	2022	2021
Weighted average remaining lease term (yrs) - Finance Leases	16.15	17.08
Weighted average remaining lease term (yrs) - Operating Leases	7.97	8.18
Weighted average discount rate - Finance Leases	5.87%	5.86%
Weighted average discount rate - Operating Leases	4.09%	4.08%

Remaining maturities of lease liabilities were as follows:

Minimum Lease Commitments at June 30, 2022	Operating Leases	Finance Leases
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	<u>21,710</u>	<u>24,858</u>
Less: Interest	<u>(3,235)</u>	<u>(8,778)</u>
Present Value of lease liabilities	<u>\$ 18,475</u>	<u>\$ 16,080</u>

Minimum Lease Commitments at June 30, 2021	Operating Leases	Finance Leases
2022	\$ 4,962	\$ 1,695
2023	3,518	1,592
2024	3,245	1,540
2025	3,066	1,532
2025	2,941	1,502
2027 and thereafter	8,607	18,516
Total lease payments	<u>26,339</u>	<u>26,377</u>
Less: Interest	<u>(4,024)</u>	<u>(9,705)</u>
Present Value of lease liabilities	<u>\$ 22,315</u>	<u>\$ 16,672</u>

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

14. Asset Retirement Obligations

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

	2022	2021
Change in asset retirement obligation		
Asset retirement obligation, beginning of year	\$ 12,473	\$ 11,971
Accretion expense	634	512
Disposals	<u>-</u>	<u>(10)</u>
Asset retirement obligation, end of year	<u>\$ 13,107</u>	<u>\$ 12,473</u>

15. Subsequent Events

On July 13, 2022, the letter of credit with Bank of America, N.A was renewed for \$600.

On August 30, 2022, the Institute renewed its existing Revolving Credit Agreement with KeyBank National Association extending the maturity date from August 31, 2022 to August 30, 2023. 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 additional subsequent events through October 11, 2022, the date on which the consolidated financial statements were issued.

Rensselaer Polytechnic Institute
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

(in thousands of dollars)

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.

Long-term debt, for long-term purposes

Long-term debt, for long-term purposes	\$ 654,248
Long-term debt, for long-term purposes, pre-implementation	654,248
Long-term debt, for long-term purposes, post-implementation	(0)

Property, plant and equipment

Property, plant and equipment, including CIP	632,190
Property, plant and equipment, pre-implementation	584,027
Property, plant and equipment, post-implementation, with debt for purchase	14,598
Property, plant and equipment, post-implementation, without debt for purchase	27,328
Constuction in progress, acquired post-implementation	6,237

Lease right-of-use asset

Lease right-of-use asset	18,289
Lease right-of-use asset, pre-implementation	16,902
Lease right-of-use asset, post-implementation	1,387

Lease right-of-use asset liability

Lease right-of-use asset liability	18,475
Right of use leases, pre-implementation	17,081
Right of use leases, post-implementation	1,394

Unsecured related party receivables	18,996
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Rensselaer Polytechnic Institute
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Research & Development Cluster				
Department of Commerce				
Pass-through Awards				
University of Delaware	11.619	ARP-10	\$ 202,744	\$ -
University of Delaware	11.619	ARP-8 UDR0000096	196,125	-
University of Delaware	11.619	COVID19-1.05 PAA	12,804	-
University of Delaware	11.619	NMBL 1007/UDR0000123	4,356	-
University of Delaware	11.619	PC1.0-035	(7,946)	-
University of Delaware	11.619	PC2.1-110	648	-
University of Delaware	11.619	PC2.2-105	6,404	-
University of Delaware	11.619	PC2.2-109	12,645	-
University of Delaware	11.619	PC3.1-119	119,404	-
University of Delaware	11.619	PC3.1-127	32,849	-
University of Delaware	11.619	PC3.1-225	184,534	-
University of Delaware	11.619	PC4.1-105/PO#UDR0000048	100,303	-
Subtotal Pass-through			<u>864,870</u>	<u>-</u>
Department of Commerce Total			<u>864,870</u>	<u>-</u>
Department of Defense				
Direct Awards				
Department Of Defense	12.RD		285,771	40,000
Basic and Applied Scientific Research	12.300		3,165,818	1,507,446
Military Medical Research and Development	12.420		190,735	32,449
Basic Scientific Research	12.431		1,266,426	107,899
Basic, Applied, and Advanced Research in Science and Engineering	12.630		166,296	-
Air Force Defense Research Sciences Program	12.800		1,265,227	154,410
Subtotal Direct			<u>6,340,273</u>	<u>1,842,204</u>
Pass-through Awards				
Advanced Technology International	12.RD	MTEC-20-05-IMPROVE-004	1,012,977	515,867
Aria Acoustics	12.RD	A21-0025	2,601	-
Botanisol Analytics, Inc.	12.RD	100807696.4	2,145	-
Holden Aerospace Corporation	12.RD	SUBAWARD WITH RPI A21-0154	22,683	-

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, 2022

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
IBM Corporation	12.RD	CW3016789/PO 4700212100	263,612	-
Psquared, LLC	12.RD	21-C-0147	109,390	-
Simmetrix Inc.	12.RD	AR2SBAL19RPI	107,894	-
Simmetrix Inc.	12.RD	NAV1HEX20	14,341	-
Simmetrix Inc.	12.RD	SUBCONTRACT #NAV2HEX21	11,348	-
Smart Information Flow Technologies	12.RD	RADII-RPI-01	161,014	-
The Board of Trustees of the Univer	12.RD	088984-16643	282,568	-
University of Maryland	12.RD	60582-Z8068201	375,995	-
University of Maryland	12.RD	SUBCONTRACT 97922-Z9683202	400,000	-
University of Utah	12.300	10028801-RPI-APP	105,127	-
Florida State University	12.300	R02049	(1)	-
Carnegie Mellon University	12.351	1190061-433407	356,061	-
Advanced Robotics for Manufacturing	12.630	ARM-TEC-19-01-F-24	1,363	1,363
Advanced Robotics for Manufacturing	12.630	ARM-TEC-20-01-F14	370,157	225,630
Advanced Robotics for Manufacturing	12.630	ARM-TEC-20-02-F15	247,185	62,100
Advanced Robotics for Manufacturing	12.630	ARM-TEC-21-02-F19	154,332	36,379
Advanced Robotics for Manufacturing	12.630	ARM-TEC-21-02-F36	126,990	26,358
Raytheon Company	12.630	1244559/PO2606265	11,172	-
Northeastern University	12.630	504149-78050	107,679	-
Brown University	12.800	00001435	202,496	-
The Regents of the University of Mi	12.800	3004338542	87,341	-
University of Missouri Columbia	12.800	C00064537-4	197,233	-
Massachusetts Institute of Technolo	12.800	S5604-PO719406	2,178	-
University of Southern California	12.910	125046020	196,743	-
Pennsylvania State University	12.910	5622-RPI-DARPA-0032	32,197	-
Subtotal Pass-through			<u>4,964,821</u>	<u>867,697</u>
Department of Defense Total			<u>11,305,094</u>	<u>2,709,901</u>
Department of the Interior				
Direct Awards				
Department of the Interior	15.RD		7,281	-
U.S. Geological Survey Research and Data Acquisition	15.808		592,200	-
Subtotal Direct			<u>599,481</u>	<u>-</u>
Department of the Interior Total			<u>599,481</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, 2022

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		50,637	-
Subtotal Direct			<u>50,637</u>	<u>-</u>
Department of Justice Total			<u>50,637</u>	<u>-</u>
Department of Transportation				
Direct Awards				
Aviation Research Grants	20.108		147,292	-
Subtotal Direct			<u>147,292</u>	<u>-</u>
Department of Transportation Total			<u>147,292</u>	<u>-</u>
National Aeronautics & Space Administration				
Direct Awards				
Science	43.001		958,610	334,881
Space Operations	43.007		475,316	26,408
Office of Stem Engagement (OSTEM)	43.008		90,327	-
Space Technology	43.012		414,069	3,418
Subtotal Direct			<u>1,938,322</u>	<u>364,707</u>
Pass-through Awards				
American GNC Corporation	43.RD	RPI070220	82,301	-
American GNC Corporation	43.RD	RPI081919	3,116	-
American GNC Corporation	43.RD	RPI092321	2,704	-
KBRWyle	43.RD	PO# SMS0003478	6,916	-
Southwest Research Institute	43.001	Q99010EH	13,303	-
University of Wisconsin - Madison	43.001	775K773	115,277	-
The Board of Trustees of the Univer	43.002	097265-17590	87,642	-
Baylor College of Medicine	43.003	T0404 PO#7000001133	4,642	-
Southern Methodist University	43.007	G001698-7500	2,877	-
Cornell University	43.008	90830-20370	15,575	-
University of Alabama in Huntsville	43.008	2020-1274	89,293	-
Subtotal Pass-through			<u>423,646</u>	<u>-</u>
National Aeronautics & Space Administration Total			<u>2,361,968</u>	<u>364,707</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, 2022

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				
Engineering Grants	47.041		3,235,721	106,508
Mathematical and Physical Sciences	47.049		3,549,128	17,129
Geosciences	47.050		666,663	89,117
Computer and Information Science and Engineering	47.070		1,888,313	179,440
Biological Sciences	47.074		1,201,451	-
Social Behavioral and Economic Sciences	47.075		396,660	44,988
Education and Human Resources	47.076		734,442	10,514
Subtotal Direct			<u>11,672,378</u>	<u>447,696</u>
Pass-through Awards				
Adnoviv, Inc	47.041	SPONSORED RESEARCH AGREEMENT	64,012	-
Clemson University	47.041	2261-206-2014385	6,226	-
Cornell University	47.041	83032-10985	76,868	-
Heliponix, LLC	47.041	SRA	4,967	-
University of Oregon	47.041	2008W0A	8,983	-
University of Tennessee	47.041	A12-0044-S002	57,840	-
University of California	47.049	A21-0064-S001	94,795	-
Virginia Polytechnic Institute & St	47.049	480504-19229	40,213	-
Ohio State University	47.070	SPC-1000005793 / GR125473	88,336	-
Washington State University	47.070	136757 SPC001472	23,121	-
Yale University	47.070	GR109670(CON-80002386)	247	-
Bucknell University	47.076	128146-01	3,702	-
Syracuse University	47.076	29514-04742-S01	56,279	-
The Regents of the University of Mi	47.076	SUBK00010246 PO# 3005553099	46,997	-
University of Nevada	47.079	GR06612	57,720	-
Subtotal Pass-through			<u>630,306</u>	<u>-</u>
National Science Foundation Total			<u>12,302,684</u>	<u>447,696</u>
Department of Veteran's Affairs				
Direct Awards				
Department Of Veterans Affairs	64.RD		282,962	-
Subtotal Direct			<u>282,962</u>	<u>-</u>
Department of Veteran's Affairs Total			<u>282,962</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, 2022

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Nuclear Regulatory Commission				
Direct Awards				
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008		683,223	-
Subtotal Direct			<u>683,223</u>	<u>-</u>
Nuclear Regulatory Commission Total			<u>683,223</u>	<u>-</u>
Department of Energy				
Direct Awards				
Basic Energy Sciences University and Science Education	81.049		1,851,140	4,006
Conservation Research and Development	81.086		994,866	381,723
Renewable Energy Research and Development	81.087		574,895	152,901
US Dept of Energy	81.089		286,750	259,833
Nuclear Energy Research, Development and Demonstration (B)	81.121		1,553,814	42,104
Advanced Research And Projects Agency - Energy Financial Assistance Program	81.135		1,536,869	709,883
Subtotal Direct			<u>6,798,334</u>	<u>1,550,450</u>
Pass-through Awards				
Argonne National Laboratory	81.RD	1F-60277	109,263	-
Battelle Energy Alliance LLC	81.RD	213476	(99)	-
Battelle Energy Alliance LLC	81.RD	238468	52,372	-
Battelle Energy Alliance LLC	81.RD	243837	86,608	-
Battelle Energy Alliance LLC	81.RD	246663	12,542	-
Battelle Energy Alliance LLC	81.RD	258533	48,580	-
Battelle Energy Alliance LLC	81.RD	CONTRACT #251550	5,142	-
Fluor Marine Propulsion, LLC	81.RD	P.O. #126010	1,453	-
Fluor Marine Propulsion, LLC	81.RD	P.O.# 136986	236,948	-
Fluor Marine Propulsion, LLC	81.RD	P0105095	75,000	-
Fluor Marine Propulsion, LLC	81.RD	PO 134918	34,276	-
Fluor Marine Propulsion, LLC	81.RD	PO 138044	1,399,781	-
Idaho National Laboratory	81.RD	CONTRACT 251552	41,546	-
Lawrence Livermore National Laborat	81.RD	B625999	461	-
Lawrence Livermore National Laborat	81.RD	B643225	146,022	-
Leidos, Inc.	81.RD	P010232497	158,363	-
National Renewable Energy Laborator	81.RD	SUB-2021-10655	12,000	-
Princeton Plasma Physics Laboratory	81.RD	S016752-Y	57,354	-
Princeton Plasma Physics Laboratory	81.RD	S210909	133,886	-

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, 2022

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Sandia National Laboratories	81.RD	2218888	142,831	-
Sandia National Laboratories	81.RD	PO 2168299	8,769	-
Sandia National Laboratories	81.RD	PO 2173213	56,356	-
Sandia National Laboratories	81.RD	PO# 2222895	8,591	-
Carmel Software Corporation	81.049	SRA PROJECT #A21-0026	9,781	-
Ohio State University	81.049	60057539 / PO#RF01464097	103,911	-
Eaton Corporation	81.086	PO0011-43896	12,003	-
Regents of the University of Colora	81.086	1560005	203,905	-
Texas A&M Engineering Experiment St	81.087	M1903906	(88)	-
University of California	81.087	4550 G WA130	399,570	-
University of California	81.087	4550 G YA101	106,929	-
University of California Los Angele	81.087	4550 G YA220	57,892	-
University of California Los Angele	81.087	4550 G ZA025	134,795	25,000
University at Buffalo	81.089	R1198147	7,764	-
Massachusetts Institute of Technolo	81.121	S4892 PO#383742	77,762	-
Oregon State University	81.121	G0201A-A	9,579	-
University of Pittsburgh	81.121	AWD00004869 (418255-1)	892	-
WestingHouse Electric Company LLC	81.121	PO #4500777225	839	-
General Electric Company	81.135	PO# 401136034	103,911	-
University of California San Diego	81.135	704015	160,942	-
Yale University	81.135	GR106207 (CON-80001762)	27,075	-
Subtotal Pass-through			<u>4,245,507</u>	<u>25,000</u>
Department of Energy Total			<u>11,043,841</u>	<u>1,575,450</u>
Department of Education				
Direct Awards				
Graduate Assistance in Areas of National Need	84.200		<u>217,427</u>	<u>-</u>
Subtotal Direct			<u>217,427</u>	<u>-</u>
Department of Education Total			<u>217,427</u>	<u>-</u>
Department of Health & Human Services				
Direct Awards				
Department of Health & Human Services	93.RD		87,212	-
Drug Abuse and Addiction Research Programs	93.279		274	-
Discovery and Applied Research for Technological Innovations to Improve Human H	93.286		1,428,457	446,078

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, 2022

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Research Infrastructure Programs	93.351		201,122	-
Cancer Detection and Diagnosis Research	93.394		1,336,225	496,610
Cancer Treatment Research	93.395		88,045	11,091
Cancer Biology Research	93.396		282,475	129,579
Cardiovascular Diseases Research	93.837		305,871	23,502
Arthritis Musculoskeletal and Skin Diseases Research	93.846		30,077	-
Clinical Research Related to Neurological Disorders	93.853		154,268	-
Allergy and Infectious Diseases Research	93.855		240,665	157,763
Pharmacology Physiology and Biological Chemistry	93.859		2,863,953	190,424
Aging Research	93.866		1,437,461	166,146
Subtotal Direct			<u>8,456,105</u>	<u>1,621,193</u>
Pass-through Awards				
Northeastern University	93.RD	505163-78851	104,249	-
Massachusetts Institute of Technology	93.103	SUBAWARD #S5501, PO#692078	228,738	-
Icahn School of Medicine at Mount S	93.113	0255-C753-4909	228,505	-
Houston Methodist Research Institut	93.121	AGMT00005790	167,298	-
Univ of Minnesota	93.213	SA15-17-RPI	219,092	-
Colorado State University	93.286	G-87951-01	10,502	-
Colorado State University	93.286	G-87952-05	63,364	-
Kitware, Inc.	93.286	K00688-00-S08	21,198	-
University of California	93.286	SA29066	98,081	-
UT Southwestern Medical Center	93.286	GMO 190503	57,674	-
University of Georgia	93.310	SUB00001749	16,957	-
Memorial Sloan-Kettering Cancer Cen	93.394	BD525483	40,120	-
Curebiotech, Inc	93.395	A19-0119	12,077	-
Albany Medical College	93.396	1R01CA233188-01A1 (309324)	197,962	-
General Electric Company	93.837	PO 401147770	266,710	-
Nextrast, Inc	93.837	A21-0066	309,409	-
Tufts University	93.838	102680-00001 PO#EP0181996	103,233	-
Icahn School of Medicine at Mount S	93.846	0255-1191-4609	(58)	-
Indiana University	93.846	5R01AR073739-04/P0#0464358	5,810	-
Creighton University	93.847	R01DK122558 270756	47,661	-
Louisiana State University	93.847	18-09-001	74,983	-
National Institute of Neurological	93.853	1R01NS092754	10,141	-

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, 2022

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Rockefeller Univ	93.853	1R01NS097184-02 REV	14,892	-
Icahn School of Medicine at Mount S	93.855	0255-B003-4609	138,498	-
Arizona State University	93.859	17-135	9,247	-
College of the Holy Cross	93.859	MILLS NIH 00	34,112	-
Glycan Therapeutics LLC	93.859	1R43GM142304-01	4,602	-
Glycan Therapeutics LLC	93.859	A18-0130	18,236	-
San Diego State University	93.859	SA000634	130,280	-
Sigray, Inc.	93.859	RPI 002	26,000	-
SUNY Binghamton	93.859	93818-RPI	8,645	-
Cornell University	93.866	SUBAWARD 136639-21364	64,233	-
Subtotal Pass-through			<u>2,732,451</u>	<u>-</u>
Department of Health & Human Services Total			<u>11,188,556</u>	<u>1,621,193</u>
Department of Homeland Security				
Pass-through Awards				
George Mason University	97.061	E2051856	(3,301)	-
Northeastern University	97.061	SUBAWARD #505245-78052	8,153	-
Subtotal Pass-through			<u>4,852</u>	<u>-</u>
Department of Homeland Security Total			<u>4,852</u>	<u>-</u>
USAID Foreign Assistance for Programs Overseas				
Pass-through Awards				
Duquesne University	98.001	G1900079	76,350	-
Subtotal Pass-through			<u>76,350</u>	<u>-</u>
USAID Foreign Assistance for Programs Overseas Total			<u>76,350</u>	<u>-</u>
Total Research & Development Cluster			<u>51,129,237</u>	<u>6,718,947</u>
Student Financial Assistance Cluster				
Department of Education				
Direct Awards				
Federal Supplemental Educational Opportunity Grants	84.007		1,467,841	-
Federal Work-Study Program	84.033		469,677	-

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, 2022

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Federal Pell Grant Program	84.063		5,507,792	-
Federal Direct Student Loans	84.268		27,748,996	-
Federal Perkins Loan Program, Outstanding Loans as of July 1, 2021	84.038		14,063,518	-
Department of Education Total			<u>49,257,824</u>	<u>-</u>
Total Student Financial Assistance Cluster			<u>49,257,824</u>	<u>-</u>
Highway Planning and Construction Cluster				
Department of Transportation				
Pass-through Awards				
NYS Dept of Economic Development	20.205	C038062	69,662	-
Research Foundation of CUNY	20.205	SUBAWARD #CM00006805	10,712	-
Department of Transportation Total			<u>80,374</u>	<u>-</u>
Total Highway Planning and Construction Cluster			<u>80,374</u>	<u>-</u>
Other Sponsored Programs				
National Endowment for the Humanities				
Direct Awards				
Promotion of the Arts Grants to Organizations and Individuals	45.024		1,425	-
Subtotal Direct			<u>1,425</u>	<u>-</u>
National Endowment for the Humanities Total			<u>1,425</u>	<u>-</u>
Department of Education				
Direct Awards				
COVID-19 Education Stabilization Fund-Higher Education Emergency Relief Fund- Student Portion	84.425E		6,821,083	-
COVID-19 Education Stabilization Fund-Higher Education Emergency Relief Fund- Institutional Portion	84.425F		6,821,082	-
Subtotal Direct			<u>13,642,165</u>	<u>-</u>
Department of Education Total			<u>13,642,165</u>	<u>-</u>
Total Other Sponsored Programs			<u>13,643,590</u>	<u>-</u>
Total Expenditures Of Federal Awards			<u>\$ 114,111,025</u>	<u>\$ 6,718,947</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, 2022

(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, 2022 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 Loan Program (Assistance Listing 84.268)

Rensselaer is a full participant in the Federal Direct Loan Program (DL), 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 \$10,390 at June 30, 2022.

4. 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, 2022

(in thousands of dollars)

Primary Reserve Ratio:		
	<u>Expendable Net Assets:</u>	
Statement of Financial Position	Net asset without donor restriction	\$ 13,742
Statement of Financial Position	Net asset with donor restriction	741,048
Statement of Financial Position	Total Net assets	754,790
Statement of Financial Position	Net asset with donor restriction, restricted in perpetuity	513,357
FS Footnote 4 - asset minus liability value	Annuities with donor restrictions	5,437
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)	632,190
FS Footnote 16	Property, plant and equipment, pre-implementation	584,027
FS Footnote 16	Property, plant and equipment, post-implementation, with debt for purchase	14,598
FS Footnote 16	Property, plant and equipment, post-implementation, without debt for purchase	27,328
FS Footnote 16	Construction in progress, acquired post-implementation	6,237
Statement of Financial Position	Lease right-of-use asset	18,289
FS Footnote 16	Lease right-of-use asset, pre-implementation	16,902
FS Footnote 16	Lease right-of-use asset, post-implementation	1,387
Statement of Financial Position	Post-employment and pension liabilities	82,882
Statement of Financial Position	Long-term debt, for long-term purposes	654,248
FS Footnote 16	Long-term debt, for long-term purposes, pre-implementation	654,248
FS Footnote 16	Long-term debt, for long-term purposes, post-implementation	(0)
NA	Line of credit - for CIP	-
Statement of Financial Position	Lease right-of-use asset liability	18,475
FS Footnote 16	Lease right of use liability, pre-implementation	17,081
FS Footnote 16	Lease right of use liability, post-implementation	1,394
FS Footnote 16	Unsecured related party receivables	18,996
	<u>Total Expenses and Losses:</u>	
Statement of Activities	Total expenses without donor restrictions	\$ 408,964
Statement of Activities - Non-operating realized and unrealized losses, net of investment return designated for operations, plus Other components of net periodic benefit costs	Non-operating and net investment losses	\$ 71,518
Statement of Activities	Net investment (losses) - results in gain	-
Statement of Activities	Other components of net periodic benefit cost	11,028
Statement of Activities	Adjustments for pension and post-retirement liability	-
Statement of Activities	Loss on extinguishment of debt	-
Equity Ratio:		
	<u>Modified Net Assets:</u>	
Statement of Financial Position	Net assets without donor restrictions	\$ 13,742
Statement of Financial Position	Net assets with donor restrictions	741,048
NA	Intangible assets	-
FS Footnote 16	Unsecured related party receivables	18,996
	<u>Modified Assets:</u>	
Statement of Financial Position	Total assets	\$ 1,672,366
FS Footnote 16	Lease right of use asset, pre-implementation (exclude from total assets)	16,902
NA	Intangible assets	-
FS Footnote 16	Unsecured related party receivables	18,996

Rensselaer Polytechnic Institute
Financial Responsibility Supplemental Schedule
June 30, 2022

(in thousands of dollars)

Net Income Ratio:		
Statement of Activities - Change in Net Assets Without Donor Restrictions	<u>Change in Net Assets Without Donor Restrictions</u>	\$ (51,741)
Statement of Activities - Total operating revenue without donor restrictions, less Investment return appropriated for spending plus Non-operating revenue and other gains (see below)	<u>Total Revenues and Gains</u>	\$ 428,741
Statement of Activities	Total operating revenue without donor restrictions	438,372
Statement of Activities	Investment return appropriated for spending	16,548
Statement of Activities - Adjustments for pension and postretirement liability, Change in value of life income contracts, and Other reclassifications and transfers	Non-operating revenue and other gains	6,917

Rensselaer Polytechnic Institute
Notes to the Financial Responsibility Supplemental Schedule
June 30, 2022

(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, 2022 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	\$ 674,793
Less: Activity on existing debt - principal payments and amortization	(20,545)
Less: Net effect of new refinancing on existing debt	-
Long-term debt, pre-implementation	<u>654,248</u>
Long-term debt, post-implementation for PPE	13,251
New financing for PPE	-
Less: Activity on new debt - principal payments and amortization	(13,251)
Long-term debt, post-implementation for PPE	<u>(0)</u>
Line of credit for CIP	-
Long-term debt, for long term purposes	<u>\$ 654,248</u>

Rensselaer Polytechnic Institute
Notes to the Financial Responsibility Supplemental Schedule
June 30, 2022

(in thousands of dollars)

	<u>6/30/2021</u>	<u>Amortization</u>	<u>Repayment</u>	<u>New Debt</u>	<u>6/30/2022</u>
<i>Pre-implementation debt</i>					
Series 2002E	\$ -	\$ -	\$ -	\$ -	\$ -
Series 2010B	2,936	(257)	(2,680)	-	(1)
Series 2011A	39,907	18	(4,000)	-	35,925
Series 2014A	39,991	1	-	-	39,992
Series 2015	69,083	(318)	(1,990)	-	66,775
Series 2018 Taxable Bonds	134,519	18	-	-	134,537
Series 2018	59,963	2	(3,000)	-	56,965
Series 2020A	304,685	(4,747)	(3,190)	-	296,748
Series 2021	23,709	(402)	-	-	23,307
Pre-implementation debt	<u>674,793</u>	<u>(5,685)</u>	<u>(14,860)</u>	-	<u>654,248</u>
<i>Post-implementation debt</i>					
IBM Credit LLC 2019	<u>13,251</u>	-	<u>(13,251)</u>	-	<u>(0)</u>
Long-term debt, for long term purposes					
	<u>\$ 688,044</u>	<u>\$ (5,685)</u>	<u>\$ (28,111)</u>	<u>\$ -</u>	<u>\$ 654,248</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)	\$ 609,265
Less: subsequent depreciation and amortization	(24,686)
Less: subsequent disposals	<u>(552)</u>
Property, plant and equipment, pre-implementation (includes CIP and capital lease assets)	584,027
Property, plant and equipment, post-implementation, with debt for purchase	14,598
Property, plant and equipment, post-implementation, without debt for purchase	27,328
Construction in Progress, post-implementation	6,237
Property, plant and equipment, per financial statements	<u>\$ 632,190</u>

4. Unsecured Related Party Receivables

Unsecured related party receivables from members of the Board of Trustees and management of Rensselaer totaled \$18,996 at June 30, 2022.

Rensselaer Polytechnic Institute
Notes to the Financial Responsibility Supplemental Schedule
June 30, 2022

(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	\$ 19,643
Amortization, disposals, adjustments	<u>(2,741)</u>
Lease Asset, pre-implementation for leases	<u><u>16,902</u></u>
Lease Asset, post-implementation for leases	2,511
Amortization	(1,983)
New Lease assets	<u>860</u>
Lease Asset, post-implementation for leases	<u><u>1,387</u></u>
Lease right of use asset, per financial statements	<u><u>\$ 18,289</u></u>
Lease Liability, pre-implementation for leases	\$ 19,773
Amortization, disposals, adjustments	<u>(2,692)</u>
Lease Liability, post-implementation for leases	<u><u>17,081</u></u>
Lease Liability, post-implementation for leases	2,542
Amortization	(2,008)
New Lease liability	<u>860</u>
Lease Liability, post-implementation for leases	<u><u>1,394</u></u>
Lease right of use liability, per financial statements	<u><u>\$ 18,475</u></u>

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, 2022, 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 11, 2022.

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 11, 2022



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's ("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, 2022. Rensselaer's major federal programs are identified in the summary of auditors' 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, 2022.

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

As indicated in Part I to the accompanying Schedule of Findings and Questioned Costs, we have audited the Student Financial Assistance cluster as a major program. Also, as indicated in the first paragraph of this report, we performed our audit of compliance using the compliance requirements contained in the OMB *Compliance Supplement*, including those contained in Part V 5.3, Compliance Requirement N, Special Tests and Provisions, Section 13 "Gramm-Leach-Bliley Act-Student Information Security." This section includes three suggested audit procedures with respect to verification that the institution (1) designated an employee or employees to coordinate the information security program, (2) performed a risk assessment that addresses the three required areas in 16 CFR 314.4(b), and (3) documented a safeguard for each risk identified. Our procedures in relation to these three items were limited to inquiry of and obtaining written representation from management and obtaining and reading management's documentation related to these three items. Our procedures did not include an analysis of the adequacy or completeness of the risk assessment performed or the safeguards for each risk identified by management.



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 2022-001. 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". The signature is written in a cursive, flowing style.

Fairport, New York
January 20, 2023

Part III
Schedule of Findings and Questioned Costs

Rensselaer Polytechnic Institute
Schedule of Findings and Questioned Costs
June 30, 2022

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	Student Financial Assistance Cluster
84.425E	COVID-19 Education Stabilization Fund – Higher Education Emergency Relief Fund (HEERF) – Student Portion
84.425F	COVID-19 Education Stabilization Fund – HEERF – Institutional Portion
Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000
Auditee qualified as low-risk auditee?	<u> X </u> Yes _____ No

Rensselaer Polytechnic Institute
Schedule of Findings and Questioned Costs
June 30, 2022

Section II – Financial Statement Findings

None noted.

Rensselaer Polytechnic Institute

Schedule of Findings and Questioned Costs

June 30, 2022

Section III – Federal Award Findings and Questioned Costs

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:

We 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.

Questioned Costs:

None

Cause:

Rensselaer utilizes the National Student Clearinghouse (“NSC”) to submit enrollment information to NSLDS. Rensselaer reported the status change for these two students to NSC, however, due to enrollment data errors, these changes were not submitted successfully. Due to staffing constraints in the Registrar’s Office, when the enrollment data errors were corrected and resubmitted to NSC, the students’ status was reported inaccurately as full time.

Effect:

A student’s enrollment status determines eligibility for in-school status, deferment, and grace periods, as well as for the payment of interest subsidies all of which are impacted by inaccurate and late reporting.

Recommendation:

We recommend Rensselaer validate enrollment reporting parameters to ensure enrollment information pulled from Rensselaer’s student information system is submitted to NSC accurately and timely. We also recommend Rensselaer update its processes to effectively and timely record student status changes within its student information system and ensure all individuals involved in administering student status changes abide by Rensselaer’s policies and procedures.

Rensselaer Polytechnic Institute
Schedule of Findings and Questioned Costs
June 30, 2022

Management's Response:

Management's Views and Corrective Action Plan is included at the end of this report after the summary schedule of prior audit findings and status.

Part IV
Summary Schedule of Prior Audit Findings

Rensselaer Polytechnic Institute
Summary Schedule of Prior Audit Findings
June 30, 2022

Finding 2021-001 – Cash Management

Grantor: National Institutes of Health and National Science Foundation
Program: Research and Development Cluster
Assistance Listing #: 93.394 and 47.049
Title: Discovery and Applied Research for Technological Innovations to Improve Human Health and Mathematical and Physical Sciences
Award Year: 07/01/2020 – 06/30/2021
Award Number: 5R01CA237267-02 and DMS-1344962

Criteria:

In accordance with 2 CFR 200.305 (b)(3), reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per 2 CFR 200.208, or when the non-Federal entity requests payment by reimbursement.

Per the OMB Compliance Supplement, the non-Federal entity must disburse funds for program purposes before requesting payment from the Federal awarding agency or pass-through entity.

Condition:

Rensselaer follows the reimbursement method for cash management. For 2 out of 25 cash management selections tested, PwC noted reimbursement was requested from the sponsor before the vendor was paid.

Status:

During fiscal 2022 management has adjusted the billing program to bill sponsors based upon payment date as opposed to transaction date. This change in the program doesn't allow a bill to be generated to the sponsor before the payment has been made to the vendor.

Part V
Management's Views and Corrective Action Plan



Rensselaer

Management's Views and Corrective Action Plan

Finding 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

Rensselaer agrees with the finding and in concurrence with the recommendations has developed and is implementing the following corrective action plans:

Rensselaer's Registrar's Office is working with Rensselaer's IT Department ("EIS") to validate the logic of the data parameters included within every enrollment file. Validation will include ensuring all student status changes are reported in the enrollment file, including retroactive changes even if the student is not enrolled in the current semester. Rajni Soharu, the Institute's Registrar, is responsible for implementing this corrective action plan by March 31, 2023. As of the date of this report, the Registrar's Office is now fully staffed and employees are trained on the student status change requirements and system usage.

Additionally, Rensselaer's Student Success Office will now communicate changes in student enrollment information to the Registrar's Office in real-time through a shared file. The shared file will be updated by the Student Success Office as soon as they receive any new approved leave of absence or withdrawal information from Student Health Services or other departments. The Registrar's Office will update the student's enrollment information within the student information system within three business days of the change reported and ensure the student's status change is timely and accurately submitted to the National Student Clearinghouse. Rajni Soharu, the Institute's Registrar, in collaboration with members of the Student Success Office are responsible for implementing this corrective action plan by January 31, 2023.

A handwritten signature in cursive script that reads "Eileen McLoughlin".

Eileen McLoughlin
Vice President for Finance and CFO