



FORDHAM UNIVERSITY

Financial Statements and Supplementary
Information on Financial Responsibility Data and Federal Awards
Programs

Year ended June 30, 2022

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

FORDHAM UNIVERSITY

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Independent Auditors' Report

The Board of Trustees
Fordham University:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fordham University (the University), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



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

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of financial responsibility data as of and for the year ended June 30, 2022, is presented for purposes of additional analysis as required by the U.S. Department of Education, and is not a required part of the 2022 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 2022 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 financial statements or to the 2022 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of financial responsibility data is fairly stated, in all material respects, in relation to the 2022 financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2022, except as to note 18, which is as of March 27, 2023 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

New York, New York
October 19, 2022, except as to note 18
and our report on the supplementary
schedule of financial responsibility data,
which are as of March 27, 2023

FORDHAM UNIVERSITY

Statements of Financial Position

June 30, 2022 and 2021

(Amounts in thousands)

Assets	2022	2021
Cash and cash equivalents (note 3)	\$ 5,799	16,197
Short-term investments (notes 3 and 4)	7,126	10,649
Accounts receivable, net (notes 3 and 6)	23,583	17,439
Deposits with bond trustees (note 10)	7,837	59,644
Student loans receivable, net (note 6)	5,900	6,318
Contributions receivable, net (note 7)	92,620	91,988
Other assets (notes 2(g) and 2(o))	29,384	30,549
Endowment investments (notes 3, 4 and 5)	972,446	1,000,216
Operating lease right-of-use assets (note 15)	82,604	86,740
Plant assets, net (note 8)	1,152,984	1,115,571
Total assets	\$ 2,380,283	2,435,311
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 93,310	87,452
Deferred revenue and deposits	36,644	29,926
Fair value of swap agreement (note 10)	3,116	8,253
Other liabilities	8,825	9,183
Postretirement benefit obligation (note 9)	53,364	73,762
Long-term debt, net (note 10)	532,072	538,955
Operating lease liabilities (note 15)	93,618	98,530
Total liabilities	820,949	846,061
Commitments and contingencies (notes 4, 8, 9, 10, 14, 15 and 16)		
Net assets (notes 5 and 13):		
Without donor restrictions:		
Undesignated	357,220	349,413
Board-designated	386,856	377,856
Total net assets without donor restrictions	744,076	727,269
With donor restrictions:		
Purpose or time	361,384	420,652
Perpetuity	453,874	441,329
Total net assets with donor restrictions	815,258	861,981
Total net assets	1,559,334	1,589,250
Total liabilities and net assets	\$ 2,380,283	2,435,311

See accompanying notes to financial statements.

FORDHAM UNIVERSITY

Statements of Activities

Years ended June 30, 2022 and 2021

(Amounts in thousands)

	2022	2021
Changes in net assets without donor restrictions:		
Operating revenues:		
Tuition and fees, net (financial aid of \$297,440 and \$264,386 in 2022 and 2021, respectively)	\$ 487,730	477,898
Government grants	44,956	31,368
Investment return, net	36,998	32,971
Contributions and private grants	34,531	38,330
Student housing	65,691	36,762
Food services	20,816	12,753
Other	17,099	9,895
Net assets released from restrictions for operations	6,556	8,107
Total operating revenues	714,377	648,084
Operating expenses:		
Program services:		
Instruction and research	317,296	296,674
Academic support	202,781	175,565
Auxiliary services	98,789	93,367
Total program services	618,866	565,606
Institutional administration	94,795	85,491
Total operating expenses	713,661	651,097
Operating results before transfers	716	(3,013)
Designated fund transfers	4,000	10,700
Operating results	4,716	7,687
Nonoperating activities:		
Investment (loss) return, net	(35,371)	55,284
Gain on refunding of debt	7,088	—
Net assets released from restrictions for capital projects	13,010	—
Changes in postretirement health benefits other than net periodic benefit cost	27,472	7,274
Net periodic benefit cost other than service cost	(1,245)	(1,804)
Provision for voluntary separation benefits	—	(3,470)
Designated fund transfers	(4,000)	(10,700)
Other	5,137	2,130
Increase in net assets without donor restrictions	16,807	56,401
Changes in net assets with donor restrictions:		
Contributions	28,481	54,625
Investment (loss) return, net	(55,848)	119,446
Change in fair value of perpetual trust	210	2,046
Net assets released from restrictions for capital projects	(13,010)	—
Net assets released from restrictions for operations	(6,556)	(8,107)
(Decrease) increase in net assets with donor restrictions	(46,723)	168,010
(Decrease) increase in net assets	(29,916)	224,411
Net assets at beginning of year	1,589,250	1,364,839
Net assets at end of year	\$ 1,559,334	1,589,250

See accompanying notes to financial statements.

FORDHAM UNIVERSITY

Statements of Cash Flows

Years ended June 30, 2022 and 2021

(Amounts in thousands)

	2022	2021
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (29,916)	224,411
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Net depreciation (appreciation) on investments	57,510	(212,251)
Provision for doubtful student accounts	2,627	5,027
Provision for uncollectible contributions receivable	319	(1,478)
Depreciation and amortization of plant assets	57,167	57,498
Gain on refunding of long-term debt	(7,088)	—
Amortization of bond issue costs and original issue discount/premium	(2,300)	(2,442)
Amortization of right-of-use assets	8,598	8,866
Postretirement related changes other than net periodic pension cost	(27,472)	(7,274)
Change in fair value of perpetual trust	(210)	(2,046)
Permanently restricted contributions and investment return	(12,919)	(42,006)
Capital contributions and grants	(10,459)	(1,036)
Change in value of interest rate swap	(5,137)	(3,450)
Changes in operating assets and liabilities:		
Accounts receivable	(8,771)	(2,412)
Contributions receivable, net of permanently restricted and capital components	(4,650)	(4,917)
Other assets	1,375	(3,424)
Accounts payable and accrued expenses	202	17,553
Deferred revenue and deposits	6,718	(22,471)
Other liabilities	(358)	1,473
Operating lease liability	(9,374)	(9,060)
Postretirement benefit obligation	7,074	8,182
Net cash provided by operating activities	22,936	8,743
Cash flows from investing activities:		
Purchases of investments	(470,341)	(400,995)
Sales of investments	444,124	418,562
Purchases of plant assets	(94,580)	(111,891)
Increase (decrease) in accounts payable for capital projects	5,656	(2,799)
Decrease in student loans receivable, net	418	1,312
Net cash used in investing activities	(114,723)	(95,811)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	71,913	—
Bond issuance costs	(1,137)	—
Repayment of long-term debt	(18,540)	(15,841)
Decrease in deposits with bond trustees	51,807	73,248
Refunding of long-term debt	(49,731)	—
Permanently restricted contributions and investment return	12,919	42,006
Capital contributions and grants	10,459	1,036
Decrease in contributions receivable for capital projects	2,373	2,324
Decrease (increase) in permanently restricted contributions receivable	1,326	(24,684)
Net cash provided by financing activities	81,389	78,089
Net decrease in cash and cash equivalents	(10,398)	(8,979)
Cash and cash equivalents at beginning of year	16,197	25,176
Cash and cash equivalents at end of year	\$ 5,799	16,197
Supplemental disclosures:		
Interest paid (includes capitalized interest of \$3,399 and \$5,807 for 2022 and 2021, respectively)	\$ 20,419	21,144
Right-of-use assets acquired under operating leases	9,331	86,740
Deferred rent liability and tenant improvement allowance included in operating lease right-of-use assets	—	11,790

See accompanying notes to financial statements.

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2022 and 2021

(Amounts in thousands)

(1) The University

Fordham University (the University) is an independent, not-for-profit, institution of higher learning, in the Jesuit tradition, within its principal campuses located in New York City. The University was founded in 1841 and was granted its charter in 1846 by the State of New York. It is exempt from federal income taxes under the provisions of the Internal Revenue Code, as an organization described in Section 501(c)(3).

The central mission of the University is the discovery of wisdom and the transmission of learning through research and through undergraduate, graduate, and professional education of the highest quality. Guided by its Catholic and Jesuit traditions, the University fosters the intellectual, moral, and religious development of its students and prepares them for leadership in a global society.

The University awards baccalaureate, graduate, and professional degrees to students from Fordham College at Rose Hill, Fordham College at Lincoln Center, the Gabelli School of Business through both undergraduate and graduate programs, the School of Professional and Continuing Studies, the Graduate Schools of Arts and Sciences, Education, Religion and Religious Education, Social Service, and the School of Law. The University's principal locations include residential campuses in the Bronx and Manhattan, a campus in West Harrison, New York, the Louis Calder Center Biological Field Station in Armonk, New York, and the London Centre in the United Kingdom. In addition to these locations, the University holds a number of affiliations with higher education institutions across the globe and offers online classes and online degree programs.

The University is accredited by the Middle States Commission on Higher Education and presently serves approximately 9,500 undergraduate students and 6,600 graduate and professional students.

The University's primary source of revenue is tuition and fees from undergraduate, graduate, and professional and continuing education. Other sources of revenue include student housing and food services, contributions, grants and contracts, return on investments, and other services.

(2) Summary of Significant Accounting Policies

The significant accounting policies followed by the University are as follows:

(a) *Basis of Presentation*

The University prepares its financial statements on the accrual basis in conformity with U.S. generally accepted accounting principles (GAAP) and classifies its activities into one of two classes of net assets, based on either the existence, or absence, of donor-imposed restrictions.

The two classes of net assets used in the preparation of the financial statements are as follows:

- Without donor restrictions: Net assets that are not subject to donor-imposed restrictions and are available to support the general operations of the University. Net assets without donor restrictions may be designated for specific uses by action of the Board of Trustees of the University (the Board); and

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Notes to Financial Statements

June 30, 2022 and 2021

(Amounts in thousands)

- With donor restrictions: Net assets subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time, or that must be maintained in perpetuity (i.e. endowed) if so stipulated by the donor. A donor-imposed restriction arises when a donor makes a contribution and, in doing so, specifies its use for a specific activity within the University's overall mission. In the case of net assets that must be held in perpetuity, donors generally permit the use of all or part of the investment earnings for operations or specific purposes.

Expirations of restrictions on net assets with donor restrictions, including reclassifications of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions on the statement of activities. Donor-imposed restrictions that are met in the same reporting period that the contribution is received are reported as increases in net assets without donor restrictions.

(b) Operating and Non-Operating Activities

Operating activities include student-sourced revenues, such as tuition and fees, student housing, and food services. They also include grants and contracts, donations for general operations, the allocation of endowment spending for current operations, other revenues that are ordinary and routine in nature, and all operating expenses.

Non-operating activities tend to vary from year to year and include changes in market values of investments and other financial instruments beyond the amount which has been appropriated for spending in the current year, certain actuarially-determined transactions relating to the University's postretirement plan, and other non-recurring transactions. Accordingly, they are excluded from operating activities in order to preserve the comparability of the University's operating results from year to year.

(c) Tuition and Fee Revenue

The University recognizes revenue from student tuition and fees within the fiscal year in which the respective educational services are delivered. Campus-based programs are generally delivered from August through December (the Fall Term) and January through May (the Spring Term), as well as during three terms that span the summer months. Online courses are delivered on a rolling basis over the course of the fiscal year, with instruction periods of various lengths. Payments for the Fall Term are typically due in July and recorded as deferred revenue until the performance obligations are met.

Institutional aid (scholarships) reduces the published price of tuition for students and is funded by a number of sources, including the endowment, certain research funds, and gifts.

(d) Student Housing and Food Services

The University generates revenue from student housing and food services, which are offered for the benefit of the University community. Accordingly, fees for these services are set to recover the associated costs of providing them. Amounts billed for housing and food services are owed prior to the start of the academic term to which the services benefit, and are provided over the course of that academic term. Revenues associated with these services are earned and recognized over the course of each academic term as such services are provided.

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Notes to Financial Statements

June 30, 2022 and 2021

(Amounts in thousands)

(e) Fair Value Measurements

The University measures the fair value of relevant financial assets and liabilities using a three-tiered fair value hierarchy, which prioritizes the inputs to valuation techniques used to make fair value measurements. The three levels of the fair value hierarchy and associated inputs are as follows:

- Level 1 inputs, which are quoted or published prices in active markets for identical assets or liabilities that the University has the ability to access at the measurement date;
- Level 2 inputs, which are directly or indirectly attributable to the assets or liabilities being valued, but cannot be considered Level 1 inputs; and
- Level 3 inputs, which are unobservable and derived from valuation methodologies, including pricing models, discounted cash flow models, and similar techniques, and are not based on market, exchange, dealer, or broker traded transactions.

A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to its fair value measurement.

Investments reported using a practical expedient, known as net asset value (NAV), to estimate fair value are not classified in the fair value hierarchy, except for those with a readily-determinable fair value based on a published price that serves as the basis for current transactions and, therefore, classified as Level 1 in the fair value hierarchy.

(f) Investments

Investments are reported at fair value. Investments in publicly traded securities are reported at fair value based upon quoted market prices. Investments in investment companies (consisting of investments in hedge funds and private capital funds) are estimated using values reported by those investment companies, which are based upon the underlying NAV of the investment. These estimated values are reviewed and evaluated by the University.

Investment income is reported as increases in net assets with donor restrictions if the terms of the underlying gift restrict the use of any income to specific activities or require it be added to the principal of the gift, or if the income is not yet available for expenditure based on the University's spending policy. Absent those conditions, investment income is recognized as increases in net assets without donor restrictions.

(g) Contributions and Grants

Contributions (including pledges and assets other than cash) are initially reported at fair value as revenue in the period received, net of an allowance for uncollectible amounts. Contributions to be received after one year (i.e., pledges) are recorded at their discounted present value using a risk-adjusted rate. Discounts on contributions are amortized to contribution revenue over the life of the pledge.

Contributions of property and equipment are reported as increases in net assets without donor restrictions unless the donor imposes restrictions on their use. Contributions made toward long-lived assets are held as net assets with donor restrictions until the asset is placed in service, at which time

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Notes to Financial Statements

June 30, 2022 and 2021

(Amounts in thousands)

the contributions are released from restriction. Contributions with donor-imposed restrictions are reported as changes in net assets without donor restrictions if the restriction is satisfied in the same fiscal year in which the contribution was received by the University.

Revenue from grants is recognized as performance obligations are satisfied which, in some cases, are as related costs are incurred. In other cases, a grant may represent a non-reciprocal transaction in which the benefits afforded to the University and sponsor are not of equal value, or the benefit of such an arrangement may accrue only to the public at large. In situations such as these, revenues may be subject to conditions, in the form of both a barrier to entitlement (e.g. a specific service level must be maintained to remain eligible for grant funding, or discretion as to the University's use of the grant is limited), or an explicit or implicit proviso that the University may not ultimately be entitled to the full amount of the grant (e.g. the sponsor may be released from its obligation to make future payments at some point during the arrangement), or both.

Revenues from conditional, non-exchange transactions are recognized when the barrier or financial limitation is overcome or satisfied. Similarly, conditional promises to give are not recognized until they become unconditional (i.e. at which time the conditions on which they depend are met).

The University holds split-interest agreements, which consist of irrevocable charitable remainder trusts and a perpetual trust, and are reported in other assets on the statements of financial position. These assets total \$18,889 and \$20,252 at June 30, 2022 and 2021, respectively, are categorized as Level 3 in the fair value hierarchy.

(h) Cash Equivalents

Cash equivalents include investments with maturities of three months or less at the time of purchase, except for such investments purchased by the University's investment managers as part of their ongoing investment strategies and those held to finance long-term capital projects.

(i) Plant Assets

Plant assets are recorded at cost or, in the case of donated assets, at fair value on the date of donation. Interest expense for construction financing, net of income earned on unspent proceeds is capitalized as a cost of construction. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets.

The useful lives used in calculating depreciation are as follows:

Land improvements	20 years
Buildings	50 years
Building improvements	20 years
Furnishings and equipment	3–10 years
Library collections	30 years

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Notes to Financial Statements

June 30, 2022 and 2021

(Amounts in thousands)

(j) *Deferred Revenue and Deposits*

Deferred revenue and deposits include tuition and other student deposits related to programs applicable to the next fiscal year, as well as grants and other payments received in advance of incurring related expenses. Deferred revenue is recognized ratably as revenue in the fiscal year that it is earned. Deferred revenue at year end is typically recognized as revenue in the subsequent fiscal year.

(k) *Derivative Instrument*

The University maintains an interest rate swap agreement to mitigate interest rate risk associated with its variable rate debt, and reports it at fair value. The fair value of the swap is based upon third-party valuations, which involve the use of pricing models that calculate and compare the present value of both the fixed and variable rate components of the swap.

(l) *Accounting Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates in the financial statements include valuations of investments, and the postretirement benefit obligation; the net realizable value of receivables; and the allocation of expenses to programs and supporting services (operation and maintenance, depreciation, and interest). Actual results could differ from those estimates.

(m) *Risks and Uncertainties*

The University invests in various investment securities. Investment securities are exposed to various risks and other factors such as interest rate changes, market fluctuations, and credit risks. Due to the level of fluctuation in values associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur and that such changes could materially affect the amounts reported in the statements of financial position in future periods.

(n) *Leases*

The University classifies leases as either operating or financing depending on the terms and conditions set forth in the contract, and amortizes a lease's cost in the statement of activities on a straight-line basis over its term. On the statement of financial position, right-of-use assets represent the University's right to use the underlying assets for the lease term and lease liabilities represents its obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at lease inception based on the present value of lease payments over the lease term. Right-of-use assets are reduced each period by an amount equal to the difference between the operating lease expense and the amount of interest expense on the lease liability utilizing the straight line method.

(o) *Income Taxes*

The University evaluates uncertainties in income taxes and accounts for them in its financial statements if they exceed a threshold of more-likely-than-not of being sustained. The University has no material uncertain tax positions.

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Notes to Financial Statements

June 30, 2022 and 2021

(Amounts in thousands)

Income generated from activities that support the University's mission but may not directly relate to its exempt purpose (i.e. unrelated business activities), is subject to tax. In connection with the University's routine evaluation of unrelated business activities, it recorded a deferred tax asset totaling \$1,152 at June 30, 2022 and 2021, which is included in other assets on the accompanying statement of financial position, to reflect the fact that net operating loss carryforwards will likely be deductible against future taxable income.

(p) Reclassifications

Certain reclassifications of prior year amounts have been made to conform to the current year presentation.

(3) Operational Liquidity

To manage liquidity, the University has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The University also invests cash in excess of daily requirements in short-term investments, and has a committed line of credit, which it could draw upon to manage liquidity needs.

Liquidity levels vary over the course of the year, driven principally by tuition billing cycles, with significant concentrations of cash inflows occurring in August and January for the Fall and Spring terms, respectively.

At June 30, the University's financial assets available within one year of the statements of financial position for expenditure are as follows:

	2022	2021
Cash and cash equivalents	\$ 5,799	16,197
Accounts receivable, net	23,583	17,439
Investments available for general expenditure	55,016	90,580
Estimated endowment appropriations	41,087	36,897
	125,485	161,113
Transfer to board approved quasi-endowment (note 5)	(47,890)	(77,110)
Total financial assets available within one year	77,595	84,003
Line of credit (liquidity resource) (Note 10)	50,000	50,000
Total financial assets and liquidity resource available within one year	\$ 127,595	134,003

In addition to these resources, the University's liquidity strategy includes board-designated and quasi-endowed funds, valued at \$386,856 and \$377,856 on June 30, 2022 and 2021, respectively.

Spending from the funds, although not currently contemplated, is possible with authorization from the Board.

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Notes to Financial Statements
June 30, 2022 and 2021
(Amounts in thousands)

(4) Investments

Investments at June 30, including asset class and liquidity information are as follows:

	<u>2022</u>	<u>2021</u>	<u>Redemption frequency</u>	<u>Days notice</u>
Short-term:				
Cash and cash equivalents	\$ 7,126	10,649	Daily	Not applicable
Total short-term	<u>7,126</u>	<u>10,649</u>		
Endowment and other investments:				
Cash and cash equivalents	44,910	40,486	Daily	Not applicable
U.S. public equities	91,628	61,627	Daily	Not applicable
U.S. government obligations	1,617	1,850	Daily	Not applicable
Global equities	46,093	—	Daily	Not applicable
Equity mutual funds	5,561	10,056	Daily	Not applicable
Fixed income securities	14,434	17,587	Daily	Not applicable
Non-public equity funds (i)	154,936	290,503	Daily–annual	5–45
Absolute return hedge funds (ii)	204,893	221,351	Quarterly–annual	5–90
Private capital funds:				
Private equity (iii)	228,575	170,719	Illiquid	Not applicable
Private debt (iv)	62,931	71,169	Illiquid	Not applicable
Private real assets (v)	<u>116,868</u>	<u>114,868</u>	Illiquid	Not applicable
Total endowment and other investments	<u>972,446</u>	<u>1,000,216</u>		
Total investments	<u>\$ 979,572</u>	<u>1,010,865</u>		

- i) Non-public equity funds invest in long-only equity in the United States, international developed markets, and emerging markets. Over the long term, these investments are expected to reflect a return commensurate with the overall economic and capital market climate in which the University operates.
- ii) Absolute return hedge funds generally have the flexibility to invest in a wide array of security types (e.g., equities, bonds, currencies and derivatives) as deemed appropriate by the fund manager to carry out the fund's objective. The goal of absolute return strategies is to provide, in aggregate, a return that is consistently positive and uncorrelated with other asset classes.

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- iii) Private equity funds invest in securities from private or closely held companies that may either go public or be acquired by other companies, or from public companies that may go private. The market for these securities is illiquid and comprises a variety of strategies such as venture capital, growth equity, and leverage buyouts. The investment horizon is typically more than ten years.
- iv) Private debt funds invest in illiquid debt obligations or debt-related financial instruments. The category is comprised of a variety of strategies such as mezzanine financing, direct lending, and distressed debt investing. The investment horizon is typically five to ten years.
- v) Private real asset funds are primarily held in private equity-type structures that invest in tangible assets that include real estate, farmland, timber, oil and gas. The investment horizon is typically 7 to 10 years.

Total unfunded commitments for private capital funds total \$330,608 and \$239,981 at June 30, 2022 and 2021, respectively.

Investments are classified in the fair value hierarchy at June 30 as follows:

		2022			
		NAV	Level 1	Level 2	Total
Cash and cash equivalents	\$	—	52,036	—	52,036
U.S. public equities		—	91,628	—	91,628
U.S. government obligations		—	1,617	—	1,617
Global equities		—	46,093	—	46,093
Equity mutual funds		—	5,561	—	5,561
Fixed income securities		—	14,434	—	14,434
Equity funds		—	154,936	—	154,936
Hedge funds		204,893	—	—	204,893
Private capital funds		408,374	—	—	408,374
Total	\$	<u>613,267</u>	<u>366,305</u>	<u>—</u>	<u>979,572</u>

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		2021			
		NAV	Level 1	Level 2	Total
Cash and cash equivalents	\$	—	51,135	—	51,135
U.S. public equities		—	61,627	—	61,627
U.S. government obligations		—	1,850	—	1,850
Equity mutual funds		—	10,056	—	10,056
Fixed income securities		—	17,587	—	17,587
Equity funds		—	290,503	—	290,503
Hedge funds		221,351	—	—	221,351
Private capital funds		356,756	—	—	356,756
Total	\$	578,107	432,758	—	1,010,865

The following tables summarize the University's total investment return and its classification in the financial statements for the years ended June 30:

		2022	2021
Without donor restrictions:			
Operating	\$	36,998	32,971
Non-operating		(35,371)	55,284
With donor restrictions		(55,848)	119,446
Total investment (loss) return, net	\$	(54,221)	207,701

(5) Endowment

At June 30, 2022, the University's endowment consists of 1,161 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the University's Board to function as endowments (i.e. quasi endowments). At June 30, 2022, the fair value of 67 endowment funds were less than their original fair values (underwater) by \$3,891.

Pursuant to the investment policy statement approved by its Board of Trustees, the University interprets the New York Prudent Management of Institutional Funds Act (NYPMIFA) as allowing the appropriation or accumulation of a donor-restricted endowment fund as is deemed prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the provisions of the applicable gift instrument.

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Endowment activities, excluding endowed contributions receivable, during the years ended June 30, 2022 and 2021 are as follows:

	<u>Quasi endowment</u>		<u>Donor-restricted endowment</u>	<u>Total</u>
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>		
Net assets at June 30, 2020	\$ 232,668	16,358	463,749	712,775
Investment return, net	65,669	4,661	131,648	201,978
Contributions and other additions	77,110	26,382	14,577	118,069
Appropriation for expenditure	<u>(10,883)</u>	<u>(776)</u>	<u>(20,947)</u>	<u>(32,606)</u>
Net assets at June 30, 2021	364,564	46,625	589,027	1,000,216
Investment loss, net	(20,666)	(1,984)	(31,407)	(54,057)
Contributions and other additions	47,890	64	15,095	63,049
Appropriation for expenditure	<u>(14,705)</u>	<u>(822)</u>	<u>(21,235)</u>	<u>(36,762)</u>
Net assets at June 30, 2022	<u>\$ 377,083</u>	<u>43,883</u>	<u>551,480</u>	<u>972,446</u>

In 2022 and 2021, the University's Board of Trustees designated certain of the University's long-term investments totaling \$47,954 (\$47,890 without donor restriction and \$64 with donor restriction) and \$104,908 (\$77,110 without donor restrictions and \$24,977 with donor restrictions), respectively, to become part of the endowment.

The pool is managed to achieve the maximum prudent long-term total return while providing a predictable stream of funding to programs supported by the endowment. The Board has authorized spending and investment policies designed to support these goals. Under the investment policy, endowment assets are invested in a manner that is intended to earn, over the long term, a compound annual rate of return in excess of inflation plus the spending rate. The University seeks to achieve competitive returns when compared with the University's peer group and measured against the appropriate benchmark for each asset class in the University's portfolio.

The University considers the duration and preservation of the investment pool, the donor restrictions governing use of individual endowment funds, general economic conditions, the possible effect of inflation and deflation, the expected total return, the change in fair value of investments, the University's investment policy, and certain other factors in making a determination to appropriate or accumulate endowment funds. In 2022 and 2021, the spending policy permits the use of total return at a rate of appropriation (spending rate) of 4.5% of the average quarterly fair value during the three preceding calendar years, unless otherwise specified by donor.

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(6) Accounts and Loans Receivable

Accounts receivable, net consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Students	\$ 30,599	26,028
Grants	5,722	5,142
Other	<u>7,336</u>	<u>3,716</u>
	43,657	34,886
Allowance for doubtful accounts	<u>(20,074)</u>	<u>(17,447)</u>
Accounts receivable, net	<u>\$ 23,583</u>	<u>17,439</u>

Student loans receivable are net of an allowance for uncollectable accounts, totaling \$2,087 and \$2,649 at June 30, 2022 and 2021, respectively.

(7) Contributions Receivable

Contributions receivable, net consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Amounts expected to be collected in:		
Less than one year	\$ 28,681	22,525
One to five years	38,591	45,838
More than five years	<u>44,187</u>	<u>39,787</u>
	111,459	108,150
Less:		
Allowance for uncollectible amounts	(11,515)	(11,834)
Discount to net present value (ranging from 0.3% to 3.3%)	<u>(7,324)</u>	<u>(4,328)</u>
	<u>\$ 92,620</u>	<u>91,988</u>

Receivables from nine donors account for 61% and 65% of the gross contributions receivable balance at June 30, 2022 and 2021, respectively.

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(8) Plant Assets

Plant assets, net of accumulated depreciation, consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 41,688	42,009
Buildings and building improvements	1,459,987	1,300,771
Furnishings, equipment, and library collections	348,688	339,035
Construction in progress	<u>54,911</u>	<u>135,064</u>
Total	1,905,274	1,816,879
Less accumulated depreciation	<u>(752,290)</u>	<u>(701,308)</u>
	<u>\$ 1,152,984</u>	<u>1,115,571</u>

In fiscal 2022, the University completed and placed in service, the first of three phases in the expansion and refurbishment of the University's campus center.

The University has commitments under contracts for construction projects, which total \$50,564 and \$52,499 as of June 30, 2022 and 2021, respectively.

(9) Pension and Other Postretirement Benefits

Certain eligible employees of the University receive retirement income benefits under defined-contribution plans. Contributions by the University range from 5% to 11% of an employee's earnings and are determined by the employee's classification, level of earnings, and length of service. The University's contributions for retirement benefits for its employees totaled \$20,914 and \$20,297 during the years ended June 30, 2022 and 2021, respectively.

In addition to providing retirement income benefits, the University sponsors a postretirement plan, which funds certain healthcare and life insurance benefits for certain retired employees who meet minimum age and length-of-service requirements. The following tables summarize changes in the plan's benefit obligation and components of net periodic benefit cost for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Change in postretirement benefit obligation:		
Benefit obligation at beginning of year	\$ 73,762	72,854
Service cost	5,829	6,378
Interest cost	1,948	1,804
Plan participants' contributions	1,109	956

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	<u>2022</u>	<u>2021</u>
Actuarial net gain	\$ (26,040)	(5,349)
Benefits paid	<u>(3,244)</u>	<u>(2,881)</u>
Postretirement benefit obligation at end of year	\$ <u>53,364</u>	<u>73,762</u>
Components of net periodic benefit cost:		
Service cost	\$ 5,829	6,378
Interest cost	1,948	1,804
Amortization of net (gain)/loss	<u>(703)</u>	<u>—</u>
Net periodic benefit cost	\$ <u>7,074</u>	<u>8,182</u>

At June 30, 2022, the gain not yet recognized as a component of net periodic benefit cost totals \$37,459.

Information with respect to plan assumptions and estimated future benefit payments is as follows:

	<u>2022</u>	<u>2021</u>
Benefit obligation weighted average assumptions as of June 30:		
Discount rate	4.88 %	2.68 %
Rate of compensation increase	3.50	3.50
Benefit cost weighted average discount rate assumption for the year ended June 30		
	2.68 %	2.51 %
Healthcare cost trend:		
Ultimate rate	4.50 %	4.50 %
Year that the ultimate rate is reached	2035	2035

The healthcare cost trend rate assumption has a significant effect on the amounts reported. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects as of and for the year ended June 30, 2022:

	<u>One- percentage- point increase</u>	<u>One- percentage- point decrease</u>
Effect on total of service and interest cost components	\$ 1,441	(1,496)
Effect on postretirement benefit obligation	6,773	(5,670)

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Estimated future annual benefit payments consist of the following:

2023	\$	2,205
2024		2,319
2025		2,446
2026		2,706
2027		2,934
2028–2032		17,951

(10) Long-Term and Other Debt Obligations

The University's long-term and other debt obligations consist of the following outstanding amounts at June 30:

Description	Maturity year	Interest rate	2022	2021
Bonds payable:				
Revenue bonds:				
Series 2021A (i)	2044	3.00%–4.00%	\$ 28,395	—
Series 2021B (i)	2038	3.00 %	39,475	—
Series 2020 (ii)	2050	4.00 %	145,190	145,190
Series 2017 (iii)	2036	4.00%–5.00%	75,160	78,050
Series 2016 (iv)	2041	4.00%–5.00%	96,515	131,700
Series 2014 (v)	2044	4.00%–5.00%	45,355	47,530
Series 2012 (vi)	2032	3.00%–5.00%	—	20,145
Series 2008A (vii)	2032	Variable	57,955	63,905
Note payable to U.S.				
Department of Education	2022	3.00 %	—	343
Note payable for Loyola Hall	2022	None	—	2,750
Financing lease obligations (viii)	2024	2.00%–7.79%	321	528
Total principal debt			488,366	490,141
Net unamortized premium			48,378	53,305
			536,744	543,446
Unamortized bond issuance costs			(4,672)	(4,491)
Total long-term and other debt obligations			\$ 532,072	538,955
Line of credit outstanding (ix)			\$ —	—

i) In November 2021, the Dormitory Authority of the State of New York (DASNY) issued Fordham University Revenue Bonds Series 2021A (Series 2021A Bonds) and Federally Taxable Series 2021B, (Series 2021B Bonds) totaling of \$67,870 (\$28,395 and \$39,475 for the Series 2021A Bonds and

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Series 2021B Bonds, respectively). The proceeds of the Series 2021A Bonds and Series 2021B Bonds were used in connection with refunding tranches of the Series 2016 Bonds (Series 2016) and Series 2012 Bonds (Series 2012), respectively, and to cover related issuance costs. Proceeds totaling \$51,205 (\$32,000 and \$19,205 from the Series 2021A Bonds and Series 2021B Bonds, respectively) were deposited in separate irrevocable trusts with an escrow agent in order to provide future debt service payments on the refunded bonds. In conjunction with the creation of the trusts and satisfaction of certain other conditions, the refunded bonds are deemed paid and are no longer outstanding. The sum of these transactions resulted in a gain totaling \$7,088 (\$5,955 and \$1,133 for the Series 2021A and Series 2021B Bonds, respectively), which reflects the write-off of associated unamortized premium and bond issue costs, and is reflected as a non-operating gain in the 2022 statement of activities. Proceeds from the Series 2021B Bonds were also used to pay costs associated with the renovation and expansion of the University's campus center on its Bronx campus. Premiums paid at the time of issuance of the Series 2021A Bonds \$4,042 (\$3,901 unamortized at June 30, 2022).

- ii) In January 2020, the Dormitory Authority of the State of New York (DASNY) issued Fordham University Revenue Bonds, Series 2020 (Series 2020 Bonds) for \$145,190, the proceeds from which are used for the expansion and refurbishment of the University's campus center, payments of capitalized interest, and to cover costs of issuance. Premiums paid at the time of issuance of the Series 2020 Bonds totaled \$19,980 (\$18,389 and \$19,046 unamortized at June 30, 2022 and 2021, respectively).
- iii) In December 2017, DASNY issued Fordham University Revenue Bonds, Series 2017 (Series 2017 Bonds) for \$78,050. The proceeds were used in connection with refunding tranches of the Series 2011 Bonds and to cover costs of issuance. Proceeds totaling \$90,385 plus \$3,730 of other University funds, were deposited in an irrevocable trust with an escrow agent in order to provide future debt service payments on the advance refunded bonds. In conjunction with the creation of the trust and satisfaction of certain other conditions, the refunded bonds are deemed paid and no longer outstanding. Premiums paid at the time of issuance of the Series 2017 Bonds totaled \$13,161 (\$9,960 and \$10,671 unamortized at June 30, 2022 and 2021, respectively).
- iv) In May 2016, DASNY issued Fordham University Revenue Bonds, Series 2016 for \$146,465, the proceeds of which were used in connection with refunding tranches of the Series 2011 Bonds, the defeasance and advance refunding of the Series 2008B Bonds, to refurbish an academic building and to cover costs of issuance.

In connection with the issuance of the Series 2021A Bonds, \$32,000 of the Series 2016 Bonds were advance refunded. At the time of the refunding, the unamortized bond issuance costs and the original issue premium associated with this portion of the Series 2016 Bonds were fully amortized. The unamortized premium on the outstanding portion of the Series 2016 bonds totaled \$13,291 and \$18,481 at June 30, 2022 and 2021, respectively.

- v) In April 2014, DASNY issued Fordham University Revenue Bonds, Series 2014 (Series 2014 Bonds) for \$61,815, the proceeds of which were used to acquire a facility, refund a prior bond issue and to cover costs of issuance. Premiums paid at the time of issuance totaled \$4,367 (\$2,735 and \$2,933 unamortized at June 30, 2022 and 2021, respectively).

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In November 2021, the University executed a forward delivery bond purchase agreement with Morgan Stanley and DASNY, whereby Morgan Stanley agreed to purchase DASNY issued Fordham University Revenue Bonds, Series 2024 (Series 2024 Forward Bonds) for \$42,287, to be delivered in April 2024. The proceeds from the Series 2024 Forward Bonds will be applied to refund the Series 2014 Bonds. Pursuant to the arrangement, the University expects to realize \$10,734 of interest savings which is reflected in the combined aggregate payments on outstanding debt obligations table.

- vi) In October 2012, DASNY issued Fordham University Revenue Bonds, Series 2012 for \$42,320, the proceeds of which were used to refund prior bond issues and to cover costs of issuance. Premiums paid at the time of issuance totaled \$3,887 (\$102 and \$2,174 unamortized at June 30, 2022 and 2021, respectively).

In connection with the issuance of the Series 2021B Bonds, \$19,105 of the Series 2012 Bonds were advance refunded. At the time of the refunding, the unamortized bond issuance costs and the original issue premium associated with this portion of the Series 2012 Bonds were fully amortized.

- vii) In May 2008, DASNY issued Fordham University Revenue Bonds, Series 2008A (Series 2008A Bonds) for \$96,895, the proceeds of which were used to refund a previous bond issue and to cover costs of issuance. The Series 2008A Bonds are secured by an irrevocable letter of credit, which expires in 2024.

In connection with a prior bond issue in 2005, and as amended with the issuance of the Series 2008A Bonds, the University entered into an interest rate swap agreement with a notional amount of \$95,750. Under the terms of the agreement, the University pays a fixed rate of 3.24%, and receives 67.00% of the one-month LIBOR on the notional principal amount (\$57,955 and \$63,905 at June 30, 2022 and 2021, respectively).

The liability of the swap agreement, reported at fair value and categorized as Level 2 in the fair value hierarchy, is \$3,116 and \$8,253 at June 30, 2022 and 2021, respectively. The University was not obligated under the swap agreement to post any collateral at June 30, 2022 or 2021.

- viii) The University has executed certain financing lease agreements relating to computer equipment, which bear interest at rates ranging from 2% to 7.79% per annum.
- ix) The University maintains an unsecured line of credit that provides up to \$50,000 of short-term financing, which was not borrowed against in 2022 and 2021, and expires in April 2023.

Bonds payable are secured by mortgages on certain of the University's properties and, in certain cases, by pledges of dormitory and tuition revenue equal to the annual debt service requirements on the bonds.

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The combined aggregate payments on outstanding debt obligations, after consideration of the effect of the Series 2024 forward bonds, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year:			
2023	\$ 17,096	20,541	37,637
2024	18,215	19,693	37,908
2025	19,060	18,661	37,721
2026	19,680	17,862	37,542
2027	20,525	17,031	37,556
Thereafter	<u>391,325</u>	<u>191,312</u>	<u>582,637</u>
Subtotal	485,901	285,100	771,001
Net unamortized premium	50,843	—	50,843
Unamortized bond issuance costs	<u>(4,672)</u>	<u>—</u>	<u>(4,672)</u>
	<u>\$ 532,072</u>	<u>285,100</u>	<u>817,172</u>

Total interest expense on long-term debt totals \$17,021 and \$15,337 for the years ended June 30, 2022 and 2021, respectively.

The University is required to establish and deposit with bond trustees certain funds for the benefit of bondholders, and to fulfill construction commitments. The funds are invested in U.S. government obligations at June 30, 2022. Deposits held by bond trustees, which are reported at fair value and categorized as Level 1 in the fair value hierarchy, consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Construction funds	\$ 4,901	53,353
Capitalized interest funds	298	6,101
Debt service funds	<u>2,638</u>	<u>190</u>
	<u>\$ 7,837</u>	<u>59,644</u>

(11) COVID-19 Pandemic

In March 2020, the World Health Organization declared the COVID-19 outbreak a public health emergency. In response, various governmental agencies mandated stringent regulations and guidelines to help organizations promote the health and safety of their communities.

The United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020. The University recognized a CARES Act grant of \$23,203 and \$12,986 for the years ended June 30, 2022 and 2021, respectively. Of that grant, \$14,075 and \$5,060 was used as grants for

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COVID-19 assistance to students (and is included in academic support on the accompanying statements of activities), and the balance was used to mitigate a portion of the financial losses incurred by the University for the numerous health and safety measures taken, for the years ended June 30, 2022 and 2021, respectively.

(12) Functional Classification of Expenses

The University's primary program activities are instruction and research, academic support and auxiliary services. Institutional support includes \$14,474 and \$14,009 of fund-raising expenses in 2022 and 2021, respectively. For purposes of reporting fund-raising expenses, the University includes only those fund-raising costs incurred by its development office.

Natural expenses attributable to the operation and maintenance of the physical plant, or more than one functional expense category, are allocated using a variety of cost allocation methods including usable square footage, and time and effort. Interest expense is allocated to program and supporting activities based on the use of loan or bond proceeds.

Operating expenses are allocated to program and supporting activities:

	2022							
	Program activities				Supporting activities			Total operating expenses
	Instruction and research	Academic support	Auxiliary services	Total	Institutional administration	Operations and maintenance	Total	
Salaries and wages	\$ 163,903	75,876	4,592	244,371	34,783	22,406	57,189	301,560
Fringe benefits	53,273	30,587	2,136	85,996	16,959	9,168	26,127	112,123
Professional fees	10,664	10,524	1,549	22,737	8,533	2,881	11,414	34,151
Depreciation	16,393	14,838	21,532	52,763	4,405	—	4,405	57,168
Interest and other financing costs	1,720	4,016	9,116	14,852	291	—	291	15,143
Other	56,138	50,310	33,191	139,639	24,922	28,955	53,877	193,516
Total before allocation	302,091	186,151	72,116	560,358	89,893	63,410	153,303	713,661
Allocation of operations and maintenance of plant	15,205	16,630	26,673	58,508	4,902	(63,410)	(58,508)	—
Total operating expenses	\$ 317,296	202,781	98,789	618,866	94,795	—	94,795	713,661

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	2021							
	Program activities				Supporting activities			Total operating expenses
	Instruction and research	Academic support	Auxiliary services	Total	Institutional administration	Operations and maintenance	Total	
Salaries and wages	\$ 156,754	73,657	4,848	235,259	35,516	20,861	56,377	291,636
Fringe benefits	52,532	30,185	2,367	85,084	16,130	8,884	25,014	110,098
Professional fees	9,579	10,121	2,140	21,840	5,761	9,061	14,822	36,662
Depreciation	16,514	14,526	21,589	52,629	4,869	—	4,869	57,498
Interest and other financing costs	1,445	2,582	8,707	12,734	311	—	311	13,045
Other	47,026	32,113	24,625	103,764	18,689	19,705	38,394	142,158
Total before allocation	283,850	163,184	64,276	511,310	81,276	58,511	139,787	651,097
Allocation of operations and maintenance of plant	12,824	12,381	29,091	54,296	4,215	(58,511)	(54,296)	—
Total operating expenses	\$ 296,674	175,565	93,367	565,606	85,491	—	85,491	651,097

(13) Net Assets

At June 30, net assets comprised of the following:

	2022		
	Without donor restrictions	With donor restrictions	Total
Limited use as to purpose or time:			
Board-designated endowment	\$ 377,083	43,883	420,966
Board-designated non-endowed funds	9,773	—	9,773
Accumulated endowment earnings pending appropriation for:			
Scholarships and fellowships	—	95,134	95,134
Academic support	—	57,304	57,304
General	—	36,026	36,026
Donations and endowment appropriations pending expenditure	—	81,364	81,364
Contributions receivable	—	32,930	32,930
Other	—	14,743	14,743
	386,856	361,384	748,240

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	2021		
	Without donor restrictions	With donor restrictions	Total
Restricted in perpetuity:			
Historical gift values restricted for:			
Scholarships and fellowships	\$ —	218,251	218,251
Academic support	—	84,254	84,254
General	—	45,177	45,177
Contributions receivable	—	58,101	58,101
Annuity and life income funds	—	14,039	14,039
Other	—	21,507	21,507
	—	441,329	441,329
Undesignated	357,220	—	357,220
	\$ 735,076	861,981	1,597,057

(14) Commitments and Contingencies

The University is a defendant in various lawsuits arising in the normal course of business. Management of the University does not expect the ultimate resolution of these actions to have a material adverse effect on the University's financial position.

(15) Leases

The University has entered into operating leases of certain facilities, which expire at various dates through 2043. Operating leases with lease terms greater than one year are reported as operating lease right-of-use assets and operating lease liabilities in the financial statements.

The University has also entered into finance leases for certain office equipment. Finance lease right-of-use assets and finance lease liabilities are included in plant assets, net and long-term debt, net, respectively.

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Operating lease installments are due in future years as follows:

Year ending June 30:		
2023	\$	10,418
2024		9,580
2025		9,452
2026		9,278
2027		5,216
2028 and thereafter		<u>54,726</u>
		98,670
Less discount to net present value		<u>(5,052)</u>
Total operating lease liabilities	\$	<u><u>93,618</u></u>

Lease costs and other related information for during the year ended June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Lease cost:		
Operating lease cost	\$ 8,598	8,866
Short-term lease cost	<u>131</u>	<u>482</u>
Total lease cost	<u><u>\$ 8,729</u></u>	<u><u>9,348</u></u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 9,374	9,060
Weighted-average remaining lease term	14.12 years	15.19 years
Weighted-average discount rate	0.97 %	1.01 %

(16) Related-Party Transactions

The University has a written conflict of interest policy that requires, among other things, that no member of the Board can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each trustee is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the University does business with an entity in which a trustee has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and in the best interest of the University, and in accordance with relevant conflict of interest laws.

FORDHAM UNIVERSITY

Notes to Financial Statements

June 30, 2022 and 2021

(Amounts in thousands)

A former member of the Board is also an owner of a corporation from which the University leases facilities. Rent expense associated with these facilities totaled \$2,188 for both the years ended June 30, 2022 and 2021. There are rental commitments to the corporation through December 2038 totaling \$39,393 at June 30, 2022.

(17) Subsequent Events

In connection with the preparation of the financial statements, the University evaluated subsequent events through October 19, 2022, which was the date the financial statements were issued.

Financial Responsibility Standards

The University participates in federal Title IV student financial assistance programs, which require it to meet standards of financial responsibility based on criteria determined by the U.S. Department of Education (ED), as set forth in 34 CFR Subpart 668.171. The criteria for private institutions include the annual calculation by ED of a financial responsibility composite score, as further outlined in 34 CFR Subpart 668.172, using audited financial statements submitted through ED's eZ-Audit system. The composite score has been and will continue to be based on three ratios: Primary Reserve, Equity, and Net Income. These ratios utilize the following financial data of the University, which are not otherwise presented in the financial statements or other notes to the financial statements, as of and for the year ended June 30, 2022.

Data element	Direct input to ratio	Amount
<i>Composition of long-term debt:</i>		
Pre-implementation long-term debt, net	Primary reserve	\$ 298,842
Post-implementation long-term debt, net:		
Debt financed plant assets and construction in progress	Primary reserve	228,329
Proceeds from long-term debt in an escrow account	NA	<u>4,901</u>
Total long-term debt, net (statement of financial position)	NA	<u>\$ 532,072</u>
<i>Composition of plant assets:</i>		
Pre-implementation plant assets, net	Primary reserve	\$ 859,634
Post-implementation plant assets, net	Primary reserve	238,439
Construction in progress	Primary reserve	<u>54,911</u>
Total plant assets, net (statement of financial position)	NA	<u>\$ 1,152,984</u>

Pre-implementation long-term debt and plant assets were acquired prior to July 1, 2019. Post-implementation long-term debt and plant assets were acquired subsequent to June 30, 2019.

Plant assets and construction in progress includes \$228,329 which was funded with proceeds from post-implementation debt. The remaining portion of construction in progress was primarily funded using other available resources, such as operating funds and donor restricted contributions.

FORDHAM UNIVERSITY
Notes to Financial Statements
June 30, 2022 and 2021
(Amounts in thousands)

Data element	Direct input to ratio	Amount
<i>Composition of investment return without donor restrictions</i>		
<i>(statement of activities):</i>		
Operating investment return, net	NA	\$ 36,998
Nonoperating investment return, net	NA	<u>(35,371)</u>
Total investment return (loss) without donor restrictions	Primary reserve	<u>\$ 1,627</u>
<i>Composition of total expenses and losses without donor restrictions</i>		
<i>(statement of activities):</i>		
Total expenses and losses without donor restrictions	NA	\$ 713,661
Net periodic benefit cost other service cost	NA	<u>1,245</u>
Total expenses and losses without donor restrictions	Primary reserve	<u>\$ 714,906</u>
<i>Composition of total revenues and gains without donor restrictions</i>		
<i>(statement of activities):</i>		
Total operating revenues	NA	\$ 714,377
Operating investment return, net	NA	(36,998)
Total investment return (loss) without donor restrictions	NA	1,627
Changes in postretirement health benefits other than net periodic benefit cost	NA	27,472
Net assets released from restrictions for capital projects	NA	13,010
Gain on refunding of debt	NA	7,088
Other nonoperating activities	NA	<u>5,137</u>
Total revenues and gains without donor restrictions	Net income ratio	<u>\$ 731,713</u>
Annuity and life income funds included in net assets with donor restrictions – other		\$ 4,621

FORDHAM UNIVERSITY

Supplementary Schedule of Financial Responsibility Data

Year ended June 30, 2022

(In thousands of dollars)

Data element	Source of data element in the financial statements or related notes	Amount
Primary Reserve Ratio:		
Numerator: Expendable net assets:		
Total net assets without donor restrictions	Statement of financial position	\$ 744,076
Total net assets with donor restrictions	Statement of financial position	815,258
Net assets with donor restrictions: restricted in perpetuity portion	Statement of financial position	453,874
Annuity and life Income funds with donor restrictions	Note 18	4,621
Pre-implementation long-term debt	Note 18	298,842
Post-implementation long-term debt for long term purposes	Note 18	228,329
Operating lease liabilities	Statement of financial position	93,618
Postretirement benefit obligation	Statement of financial position	53,364
Plant Assets:		
Pre-implementation plant assets, net	Note 18	859,634
Post-implementation plant assets, net	Note 18	238,439
Construction in progress	Note 18	54,911
Operating lease right-of-use assets	Statement of financial position	82,604
Denominator: Total expenses and losses without donor restrictions	Note 18	714,906
Equity Ratio:		
Numerator: Modified net assets:		
Net assets without donor restrictions	Statement of financial position	\$ 744,076
Net assets with donor restrictions	Statement of financial position	815,258
Denominator: Modified assets: Total assets	Statement of financial position	2,380,283
Net Income Ratio:		
Numerator: Change in net assets without donor restrictions:		
Increase in net assets without donor restrictions	Statement of activities	\$ 16,807
Denominator: Total revenues and gains without donor restrictions	Note 18	731,713

See accompanying independent auditors' report.

FORDHAM UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

Federal grantor/pass-through grantor/program or cluster	Award listing number (ALN)	Project number/pass-through identification number	Passed-through to subrecipients	Total expenditures
Federal student assistance cluster:				
U.S. Department of Education:				
Direct:				
Federal Supplemental Educational Opportunity Program	84.007	P007A212797	\$ —	2,157,530
Federal Work-Study Program	84.033	P033A212797	—	2,578,354
Federal Perkins Loan Program (note 5)	84.038	None	—	4,219,128
Federal Pell Grant Program	84.063	P063P211837	—	11,615,838
Teacher Education Assistance for College and Higher Education Grants	84.379	P379T221847	—	15,038
Federal Direct Student Loan Program (note 4)	84.268	P0268K21847	—	174,088,808
Total federal student assistance cluster			—	194,674,696
Research and development cluster:				
U.S. Department of Agriculture:				
Pass-through:				
The Pennsylvania State University – Alternative Economic Platforms	10.310	S000276-USA	—	6,554
University of Nebraska-Lincoln – The impacts of Conservation Auction Design	10.310	25-6224-0157-002	—	37,167
Total U.S Department of Agriculture			—	43,721
Intelligence Advanced Research Projects Activity (IARPA):				
Pass-through: Haverford College – Synergistic Discover and Design (SD2) Program	12.UNKNOWN	HR001118C0036	—	232,847
U.S.Army Medical Research Acquisition Activity:				
Pass-through: University of Georgia – Optimizing Concussion Care Seeking (OCCS) In Military Service	12.420	SUB00002484	—	77,711
U.S. Department of Defense – National Security Agency:				
Direct:				
Information Assurance Scholarship Program	12.902	H98230-19-1-0289	—	40,847
Information Assurance Scholarship Program	12.902	H98230-20-1-0045	—	42,309
Information Assurance Scholarship Program	12.902	H98230-20-1-0302	—	5,000
Information Assurance Scholarship Program	12.902	H98230-20-1-0387	532,992	786,254
Total U.S. Department of Defense – National Security Agency			532,992	874,410
U.S. Department of Defense – Armed Forces Pest Management Board:				
Pass-through: Cornell University – Pest Management and Vector Control Research	12.355	89560-11266	—	3,973
National Endowment for the Humanities:				
Direct: Promotion of the Humanities Fellowship Grants	45.160	FEL-267928-20	—	1,635
Institute for Museum and Library Services:				
Direct: National Leadership Grants	45.312	ARPML-250851-OMLS-22	—	29,804
National Science Foundation:				
Direct:				
Engineering Research	47.041	2138956	—	2,255
Mathematical and Physical Science	47.049	2,042,654	—	32,080
Mathematical and Physical Science	47.049	1,750,254	—	2,000
Mathematical and Physical Science	47.049	1,928,882	22,478	239,172
			22,478	273,252
Computer and Information Science and Engineering	47.070	1,914,446	—	30,378
Computer and Information Science and Engineering	47.070	CNS-1737453	—	27,000
			—	57,378
Biological Sciences	47.074	2117625	—	152,850
Social, Behavioral, and Economic Sciences	47.075	BCS-1756662	—	1,113
Social, Behavioral, and Economic Sciences	47.075	BCS-1354134	—	2,520
Social, Behavioral, and Economic Sciences	47.075	2,130,598	—	3,599
Social, Behavioral, and Economic Sciences	47.075	1,917,704	—	38,923
			—	46,155
Education and Human Resources	47.076	DGE-2142229	—	25,865
Education and Human Resources	47.076	1833931	—	254,103
Education and Human Resources	47.076	DGE-1839284	—	43,167
			—	323,135
Total National Science Foundation – direct awards			22,478	855,025
Pass-through:				
New York University – Biological Sciences	47.074	F8681-01	—	1,900
The Regents of the University of California, Davis – Biological Sciences	47.074	A20-0700-S001	—	7,768
Total National Science Foundation – pass-through awards			—	9,668
Total National Science Foundation			22,478	864,693
U.S. Department of Energy:				
Pass-through:				
Argonne National Laboratory – Epiphytic and Macrophyte Interactions in Glen Canyon	81.UNKNOWN	0F-60006	—	26,127
Geometric Data Analytics, Inc.	81.049	DE-SC0022399	—	39,999
Total U.S. Department of Energy			—	66,126
National Institute of Dental & Craniofacial Research:				
Pass-through: Albert Einstein College of Medicine – Oral Diseases and Disorders Research	93.121	312,041	—	18,614
U.S. Department of Health and Human Services (DHHS):				
Direct:				
Mental Health Research Grants	93.242	1R03MH129937-01	—	70,705
Mental Health Research Grants	93.242	1R21MH124902-01	—	166,462
Mental Health Research Grants	93.242	1R01MH123523-01A1	35,952	305,809
Mental Health Research Grants	93.242	1R15MH115356-01	—	10,655
			35,952	553,631

FORDHAM UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

<u>Federal grantor/pass-through grantor/program or cluster</u>	<u>Award listing number (ALN)</u>	<u>Project number/pass-through identification number</u>	<u>Passed-through to subrecipients</u>	<u>Total expenditures</u>
Drug Abuse and Addiction Research Programs	93.279	2R25DA031608-08	\$ 59,413	255,554
Minority Health and Health Disparities Research	93.307	1R01MD015715-01A1	23,771	274,407
Mental and Behavioral Health Education and Training Grants	94.732	1-M01HP41967-01-00	—	410,086
Child Health and Human Development Extramural Research	94.866	1R56AG065110-01	295,873	554,988
Vision Research	94.867	1R21EY033188-01	—	66,546
Vision Research	94.867	5R01EY026215-04	—	125,675
			<u>—</u>	<u>192,221</u>
Total DHHS – direct awards			<u>415,009</u>	<u>2,240,887</u>
Pass-through:				
Cornell University – Prevention of Disease, Disability, and Death by Infectious Diseases	93.084	1U01CK000509	—	12,683
University of California, Irvine – Mental Health Research Grants	93.242	2022-1658	—	34,300
University of Connecticut – Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	UCHC7-111857281-A2	—	44,938
Wheeler Clinic – Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79T081263-01	—	30,792
Albert Einstein College of Medicine – Drug Abuse and Addiction Research Programs	93.279	311147-1	—	8,608
Albert Einstein College of Medicine – Drug Abuse and Addiction Research Programs	93.279	310236-1	—	7,966
Massachusetts General Hospital – Minority Health and Health Disparities Research	93.307	237174	—	15,370
Massachusetts General Hospital – Arthritis, Musculoskeletal and Skin Diseases Research	93.846	238585	—	17,591
Michigan State University – Discrimination and Adolescent Substance Abuse	93.307	RC113130A	—	29,860
The University of Massachusetts – Nursing Research	93.361	19-010468 A00	—	775
The Institute Of Cancer Research – Cancer Centers Support Grants	93.397	12305-57	—	5,000
Mercer University – Allergy and Infectious Diseases Research	93.855	420673-FordhamU	—	22,130
Columbia University – Child Health and Human Development Extramural Research	93.865	1(GC014007)	—	24,098
University of Southern California – Alzheimer’s Disease Neuroimaging Initiative (ADNI3)	93.866	135791999	—	145,164
Icahn School of Medicine at Mount Sinai – Aging Research	93.866	0255-D461-4609	—	13,640
Total DHHS – pass-through awards			<u>—</u>	<u>412,915</u>
Total DHHS			<u>415,009</u>	<u>2,653,802</u>
Total research and development cluster			<u>970,479</u>	<u>4,867,336</u>
TRIO cluster:				
U.S. Department of Education:				
Direct:				
TRIO Talent Search	84.044	P044A160247-17	—	114,097
TRIO Talent Search	84.044	P044A210451	—	325,522
Total TRIO cluster			<u>—</u>	<u>439,619</u>
Other federal programs:				
U.S. Department of Justice:				
Direct: Stop School Violence	16.839	2020-YS-BX-0072	—	149,672
U.S. Department of State:				
Direct: Stop School Violence	19.345	S-LMAQM-15-GR-2400	235,809	310,093
Pass-through:				
International Programs to Support Democracy, Human Rights and Labor	19.345	2020-0778	—	11,881
International Programs to Support Democracy, Human Rights and Labor	19.345	2020-1203	—	62,148
Total U.S Department of State – pass-through awards			<u>—</u>	<u>74,029</u>
Total U.S. Department of State			<u>235,809</u>	<u>384,122</u>
U.S. Department of Treasury:				
Direct: Low Income Taxpayer Clinics	21.008	20-LITC0408-02-00	—	100,000
U.S. Department of Education:				
Direct:				
Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	84.325	H325K210003	—	37,009
Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	84.325	H325K170022	—	316,103
Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	84.325	H325K170031	—	283,104
			<u>—</u>	<u>636,216</u>
COVID-19 Education Stabilization Funds: Higher Education Emergency Relief Fund Student Portion	84.425E	P425E201625	—	11,074,507
COVID-19 Education Stabilization Funds: Higher Education Emergency Relief Fund Institutional Portion	84.425F	P425F200825	—	10,643,312
Total Education Stabilization Funds Cluster			<u>—</u>	<u>21,717,819</u>
Total U.S Department of Education			<u>—</u>	<u>22,354,035</u>
U.S. Department of Health and Human Services:				
Pass-through: Stony Brook University – Foster Care Title IV – E	93.658	CC06	—	236,015
Total other federal programs			<u>235,809</u>	<u>23,223,844</u>
Total expenditures of federal awards			<u>\$ 1,206,288</u>	<u>223,205,495</u>

See accompanying independent auditors’ report.

FORDHAM UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

June 30, 2022 and 2021

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Fordham University (the University) under programs of the federal government for the year ended June 30, 2022. The information in the 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).

Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting and recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost Rate

The University has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Federal Direct Student Loan Program (ALN 84.268)

The University is only responsible for the performance of certain administrative duties in connection with the Federal Direct Student Loan Program. Accordingly, the University's financial statements do not include the lending and collection activities associated with this program. The Schedule includes the amounts awarded to students during the year ended June 30, 2022. It is not practical to determine the balances of loans outstanding to students of the University under this program.

(5) Federal Perkins Loan Program (ALN 84.038)

The University extended loans through a revolving federal loan program which ended in fiscal year 2018. The expenditures on the Schedule related to the Federal Perkins Loan Program represent the beginning of year (July 1, 2021) balance of \$4,219,128. Perkins loans outstanding at June 30, 2022 were \$3,558,732.

The University returned \$758,820 to the U.S. Department of Education in fiscal 2022.



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

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

The Board of Trustees
Fordham University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Fordham University (the University), which comprise the University's statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2022, except as to note 18, which is as of March 27, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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



Purpose of this Report

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

KPMG LLP

New York, New York
October 19, 2022, except as to note 18,
which is as of March 27, 2023



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

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

The Board of Trustees
Fordham University:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fordham University's (the University) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2022. The University'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, the University 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal 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 the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS,



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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 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 the University's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's response and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

Report on Internal Control Over Compliance

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



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

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

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

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

We have audited the financial statements of the University as of and for the years ended June 30, 2022 and 2021, and have issued our report thereon dated October 19, 2022, except as to note 18, which is as of March 27, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2022 is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 2022 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 2022 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 financial statements or to the 2022 financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the 2022 financial statements as a whole.

KPMG LLP

New York, New York
March 27, 2023

FORDHAM UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

(1) Summary of Auditors' Results

- (a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None Reported**
- (c) Noncompliance material to the financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by the audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- (e) Type of report issued on compliance for major programs: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **Yes. 2022-001**
- (g) Major programs:
 - Student Federal Assistance Cluster (various ALN)
 - Higher Education Emergency Relief Fund – ALN 84.425E and 84.425F
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$855,924**
- (i) Auditee qualified as a low-risk auditee: **Yes**

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

None

(3) Findings and Questioned Costs Relating to Federal Awards
Finding No. 2022-001 – Enrollment Reporting

U.S. Department of Education:

Student Financial Assistance Cluster:

Federal Pell Grant Program (ALN 84.063)

Federal Direct Student Loan Program (ALN 84.268)

FORDHAM UNIVERSITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Federal Grant Numbers: P063P181847 and P0268K19847

Statistically Valid Sample: No and it was not intended to be.

Prior Year Finding: None. This is not a repeat finding.

Finding Type: Other noncompliance

Criteria:

Institutions are required to report enrollment information under the Pell grant and the Direct and FFEL loan programs via the National Student Loan Data System (NSLDS). The administration of the Title IV programs depends heavily on the accuracy and timeliness of the enrollment information reported by institutions. Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website. The data on the institution's Enrollment Reporting Roster, or Enrollment Maintenance page, is what NSLDS has as the most recently certified enrollment information. There are two categories of enrollment information, "Campus Level" and "Program Level," both of which need to be reported accurately and have separate record types.

The University is responsible for accurately reporting the following significant data elements under the Campus-Level Record that ED considers high risk: OPEID Number, Enrollment Effective Date, Enrollment Status, and Certification Date. Institutions are also responsible for accurately reporting the following significant data elements under the Program-Level Record that ED considers high risk: OPEID Number, CIP Code, CIP Year, Credential Level, Published Program Length Measurement, Published Program Length, Program Begin Date, Program Enrollment Status, Program Enrollment Status, Program Enrollment Effective Date.

Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. Institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway (SAIG) (OMB No. 1845-0002) mailboxes sent by ED via NSLDS. An institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in the data elements for the Campus Record and the Program Record identified above, and submit the changes electronically through the batch method, spreadsheet submittal, or the NSLDS website (Pell, 34 CFR 690.83(b)(2); FFEL, 34 CFR 682.610; Direct Loan, 34 CFR 685.309).

Condition and Context:

Out of a sample of 40 students tested, we noted 4 students where the Campus-Level OPEID number (campus location) did not agree between the NSLDS and the University. All other Campus-Level and Program-Level information were submitted accurately and timely. The University utilizes a third-party servicer to report information to the NSLDS. The third-party servicer receives the information necessary to be reported from the University, as well as from other sources, such as the Common Originations and Disbursement (COD) system. The third-party servicer acknowledged an error in their process to transmit the information that was reported correctly by the University.

FORDHAM UNIVERSITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Cause and Effect:

The third-party servicer, utilized by the University to report the information to the NSLDS, acknowledged to the University that they failed to null the "Move-To Field" for certain students who graduated or withdrew from the University's Lincoln Center campus while compiling the data file to be sent to NSLDS. This resulted in the student's NSLDS Campus-Level OPEID number not matching the University's records. However, all other Campus-Level and Program-Level information was accurate.

Questioned Costs:

None

Recommendation:

We recommend that the University review its third-party servicer's procedures and performance to ensure compliance with submitting Campus-Level information to the NSLDS.

Views of Management

The accurate reporting of campus-level OPEID is required by federal regulation for Title IV students and although the reporting provides data on Title IV programs but does not prompt repayment on loans or have any impact on a student's federal aid eligibility.

Pursuant to a root-cause analysis conducted by the University, it was determined (and ultimately acknowledged) by the servicer that it had failed to follow established protocols prior to transmitting this information to NSLDS, which led to this finding. The information provided by the University was accurate and consistent with the methodology we use regularly to transmit information to this servicer.

The U.S. Department of Education requires independent compliance audits for third-party servicers that help colleges and universities administer Title IV programs and, as part of our on-going due diligence, we reviewed the attestation opinion issued by the independent auditor, who noted no issues with respect to this particular compliance requirement or the servicer's ability to comply with it.

The University has discussed with the third-party servicer its process for submitting Campus-Level information to the NSLDS, and changes are being made by the servicer to ensure its own compliance with the methodology for transmitting data to the NSLDS. The University is also undertaking a detailed review of this servicer's performance to mitigate the risk of recurrence.