

Yeshiva University
Consolidated Financial Statements
June 30, 2020 and 2019

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

(in thousands of dollars)	2020	2019
Assets		
Cash and cash equivalents	\$ 26,702	\$ 14,498
Student receivables, net (Note 6)	38,018	36,256
Contribution receivables, net (Note 6)	52,295	60,449
Other assets and receivables (Note 6)	61,121	58,882
Investments, at fair value (Note 4)	498,769	539,345
Investments held for AECOM (Notes 4 and 11)	35,972	39,962
Investments held for unconsolidated organizations (Note 4)	131,307	132,409
Trusts and split-interest agreements held by others	11,241	11,644
Land, buildings and equipment, net (Note 7)	181,478	186,205
Total assets	\$ 1,036,903	\$ 1,079,650
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 31,086	\$ 30,685
Deferred revenue	5,074	3,010
Other liabilities	13,500	13,487
Refundable advances from the U.S. Government	4,598	4,967
Bonds payable and other debt (Note 9)	279,153	285,620
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The accompanying notes are an integral part of these consolidated financial statements.

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

(in thousands of dollars)	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues						
Tuition and fees, net of scholarships of \$95,143 in 2020 and \$91,449 in 2019 (Note 13)	\$ 118,948	\$ -	\$ 118,948	\$ 107,559	\$ -	\$ 107,559
Contributions	9,520	-	9,520	7,740	-	7,740
Investment support utilized	25,814	-	25,814	27,908	-	27,908
Auxiliary enterprises	16,456	-	16,456	18,942	-	18,942
Other revenue	17,189	-	17,189	17,716	-	17,716
Net assets released from restrictions (Note 14)	30,283	-	30,283	25,111	-	25,111
Total operating revenues	218,210	-	218,210	204,976	-	204,976
Operating expenses						
Instruction	99,381	-	99,381	92,269	-	92,269
Academic support	44,058	-	44,058	43,210	-	43,210
Student services	24,313	-	24,313	25,521	-	25,521
Institutional support	58,735	-	58,735	54,411	-	54,411
Auxiliary enterprises	13,085	-	13,085	13,466	-	13,466
Total operating expenses (Note 12)	239,572	-	239,572	228,877	-	228,877
Change in operating activities	(21,362)	-	(21,362)	(23,901)	-	(23,901)
Nonoperating activities						
Contributions, net	-	28,957	28,957	-	43,690	43,690
Provision for uncollectible contribution receivables	-	(10,583)	(10,583)	-	(10,255)	(10,255)
Net assets released from restrictions and redesignations (Note 14)	31,804	(62,087)	(30,283)	12	(25,123)	(25,111)
Net investment return (Note 4)	2,262	23,827	26,089	1,467	11,514	12,981
Investment support utilized	(2,579)	(23,235)	(25,814)	(4,622)	(23,286)	(27,908)
Other revenue and transfers	-	(221)	(221)	-	(74)	(74)
Subsidy of unconsolidated organization (Note 6)	-	-	-	(2,200)	-	(2,200)
Change in net assets from nonoperating activi						

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

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Consolidated Statements of Cash Flows

Years Ended June 30, 2020 and 2019

(in thousands of dollars)

	2020		2019
Cash flows from operating activities			
Change in net assets	\$ (33,217)	\$	(32,778)
Adjustments to reconcile change in net assets to net cash used in operating activities			
Realized and unrealized gain on investments	(23,062)		(6,441)
Unrealized gain in irrevocable c			

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

Yeshiva University

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(in thousands of dollars)

1. The University and its Operations

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

The University is comprised of several colleges and schools providing undergraduate, graduate, professional, and post-doctoral education and training. The University's undergraduate education includes Jewish Studies (the Robert M. Beren Department of Jewish Studie

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

Unconsolidated Organizations

RIETS and Yeshiva University High Schools (the “High Schools”), an education corporation that maintains separate secondary school programs for boys and girls, are independently incorporated not-for-profit institutions separately chartered by the Board of Regents of the State of New York in 1960.

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(in thousands of dollars)

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

Tax Matters

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

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

Y Properties is a single member limited liability company that is classified as a disregarded entity for federal and state income tax purposes. For tax purposes, all of Y Properties' income and

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(in thousands of dollars)

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

Net Assets Classification

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

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

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

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

Operating and Nonoperating Activities

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

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

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

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

Tuition and Fees

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

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

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

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

Contributions

Contributions, including unconditional promises to

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

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

Other Revenue

Other revenue consists of government awarded grants and contracts, income from the Jack D.

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Cash and Cash Equivalents

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

Student Receivables and Allowance for Doubtful Accounts

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

Institutional Student Loans

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

Split-Interest Agreements and Perpetual Trusts

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

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

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

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

Refundable Advances From the U.S. Government

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

Fair Value

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

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

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

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

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

New Authoritative Pronouncements Not Yet Adopted by the University

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

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

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(in thousands of dollars)

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

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

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(in thousands of dollars)

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(in thousands of dollars)

Fixed Income

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

Equities

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

Marketable Alternatives

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

Real Assets and Real Estate

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

Investment Receivables - \$29.5928 million and directly-held cash and equivalents - \$1.1923 million

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

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

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

Net Investment Return

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

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

Investment Support Appropriated From LTPool

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

5. Endowment

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

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

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(in thousands of dollars)

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

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

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

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

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

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

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

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

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

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

The University utilizes a spending rate in allocating appreciation earned on assets invested in the LTPool. For fiscal year 2020 the spending rate policy consisted of appropriating 5% of the fair value per unit in the LTPool, based on a twelve-quarter average value through December 31 of the

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

Contribution Receivables, Net

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

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

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

Multi-Employer Benefit Plan

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

The University makes cash contributions to the plan under the terms of collective-bargaining

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9. Bonds Payable and Other Debt

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

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

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

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

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

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

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

10. Asset Retirement Obligations

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

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

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

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

	Instruction	Academic	Student	Institutional	Auxiliary	Total
Direct expenses:						
Compensation and benefits	\$ 57,009	\$ 26,770	\$ 13,174	\$ 24,202	\$ 2,823	\$ 123,978
Fees for services	1,011	1,967	574	12,001	40	15,593
Study abroad expenses	13,116	21	-	-	-	13,137
Other than personnel services	8,537	6,368	5,636	10,184	2,064	32,789
Total direct expenses	79,673	35,126	19,384	46,387	4,927	185,497
Allocated expenses:						
Operations and maintenance	9,909	4,491	2,478	6,208	5,887	28,973
Depreciation	4,718	2,138	1,180	2,956	1,247	12,239
Interest	5,081	2,303	1,271	3,184	1,024	12,863
Total allocated expenses	19,708	8,932				

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

14. Net Assets Released From Restrictions

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

	2020	2019
Academic chairs and support	\$ 1,176	\$ 1,492
Facility maintenance	1,020	359
Fellowships	1,658	1,628
Instruction, training and lectureships	7,437	4,168
Other	7,834	9,694

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

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