KPMG

UNION COLLEGE

Financial Statements

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

UNION COLLEGE

Financial Statements

June 30, 2022 and 2021

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KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Trustees
Union College:

Opinion

We have audited the financial statements of Union College (the College), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 College 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). 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 College 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 College's ability to continue as a going concern for one year after the date that the financial statements are 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 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, 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 College'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 College'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.

KPMG LLP

Albany, New York
October 25, 2022

UNION COLLEGE

Statements of Financial Position

June 30, 2022 and 2021

Assets		**2022**	**2021**
Cash and cash equivalents	$	35,824,463	50,382,235
Deposits with bond trustees		23,275,301	5,071,549
Pledges receivable, net		67,523,062	62,890,238
Notes and accounts receivable, net		9,853,238	9,373,109
Other assets		4,480,485	4,522,451
Investments		504,349,134	604,375,845
Receivable for investments sold		7,019,968	418,267
Beneficial interest in irrevocable trusts		2,168,716	2,788,255
Land, buildings, and equipment, net		265,030,728	271,038,875
Total assets	$	919,525,095	1,010,860,824
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	18,142,671	25,088,227
Construction costs payable		544,917	371,579
Deposits and advances		3,031,412	3,777,130
Pooled life income and charitable gift annuities payable		3,973,034	4,024,078
Refundable federal student loan funds		983,989	1,188,707
Accrued postretirement benefits		7,955,370	9,193,065
Other liabilities		716,999	849,233
Long-term debt, net		173,077,900	159,716,148
Total liabilities		208,426,292	204,208,167
Net assets:			
Without donor restrictions		275,936,004	320,040,710
With donor restrictions		435,162,799	486,611,947
Total net assets		711,098,803	806,652,657
Total liabilities and net assets	$	919,525,095	1,010,860,824

See accompanying notes to financial statements.

UNION COLLEGE

Statement of Activities

Year ended June 30, 2022
(with summarized information for the year ended June 30, 2021)

	2022			2021
	Without donor restrictions	With donor restrictions	Total	Total
Operating activities:				
Revenue:				
Tuition, fees, room and board, net of financial aid	$ 89,881,976	—	89,881,976	86,248,321
Endowment return utilized for operations	26,645,491	—	26,645,491	25,283,702
Other investment and interest income	198,660	—	198,660	178,494
Government grants	4,836,751	4,653	4,841,404	4,081,201
Private gifts and grants	3,187,742	4,495,950	7,683,692	10,355,600
Intercollegiate athletics and other sources	3,654,985	—	3,654,985	929,516
Auxiliaries enterprises	2,423,277	—	2,423,277	1,938,042
Net assets released from restrictions	2,598,039	(2,598,039)	—	—
Total revenue	133,426,921	1,902,564	135,329,485	129,014,876
Expenses:				
Instructional and departmental research	54,723,087	—	54,723,087	48,356,263
Sponsored research programs	979,134	—	979,134	1,038,778
Academic support	13,512,890	—	13,512,890	12,171,326
Student services	10,125,976	—	10,125,976	9,760,437
Institutional support	30,464,809	—	30,464,809	30,239,504
Auxiliaries operations	24,445,236	—	24,445,236	22,978,548
Intercollegiate athletics and other	10,726,381	—	10,726,381	8,567,730
Total expenses	144,977,513	—	144,977,513	133,112,586
(Decrease) increase in net assets from operating activities	(11,550,592)	1,902,564	(9,648,028)	(4,097,710)
Nonoperating activities:				
Investment return, net of amounts utilized for operations	(36,075,577)	(76,651,742)	(112,727,319)	104,499,994
Private gifts and grants	1,010,178	25,296,849	26,307,027	12,023,652
Change in value of split-interest agreements	(1,963,286)	—	(1,963,286)	(646,880)
Postretirement benefits	739,918	—	739,918	(415,874)
Gain on defeasance of debt	1,119,045	—	1,119,045	—
Other	618,789	—	618,789	696,948
Net assets released from restrictions	1,996,819	(1,996,819)	—	—
(Decrease) increase in net assets from nonoperating activities	(32,554,114)	(53,351,712)	(85,905,826)	116,157,840
(Decrease) increase in net assets	(44,104,706)	(51,449,148)	(95,553,854)	112,060,130
Net assets at beginning of year	320,040,710	486,611,947	806,652,657	694,592,527
Net assets at end of year	$ 275,936,004	435,162,799	711,098,803	806,652,657

See accompanying notes to financial statements.

UNION COLLEGE

Statement of Activities

Year ended June 30, 2021

	2021		
	Without donor restrictions	With donor restrictions	Total
Operating activities:			
Revenue:			
Tuition, fees, room and board, net of financial aid	$ 86,248,321	—	86,248,321
Endowment return utilized for operations	25,283,702	—	25,283,702
Other investment and interest income	178,494	—	178,494
Government grants	4,080,122	1,079	4,081,201
Private gifts and grants	5,152,202	5,203,398	10,355,600
Intercollegiate athletics and other sources	929,516	—	929,516
Auxiliaries enterprises	1,938,042	—	1,938,042
Net assets released from restrictions	2,733,180	(2,733,180)	—
Total revenue	126,543,579	2,471,297	129,014,876
Expenses:			
Instructional and departmental research	48,356,263	—	48,356,263
Sponsored research programs	1,038,778	—	1,038,778
Academic support	12,171,326	—	12,171,326
Student services	9,760,437	—	9,760,437
Institutional support	30,239,504	—	30,239,504
Auxiliaries operations	22,978,548	—	22,978,548
Intercollegiate athletics and other	8,567,730	—	8,567,730
Total expenses	133,112,586	—	133,112,586
(Decrease) increase in net assets from operating activities	(6,569,007)	2,471,297	(4,097,710)
Nonoperating activities:			
Investment return, net of amounts utilized for operations	34,105,195	70,394,799	104,499,994
Private gifts and grants	840,021	11,183,631	12,023,652
Change in value of split-interest agreements	(646,880)	—	(646,880)
Postretirement benefits	(415,874)	—	(415,874)
Other	696,948	—	696,948
Net assets released from restrictions	40,270,825	(40,270,825)	—
Increase in net assets from nonoperating activities	74,850,235	41,307,605	116,157,840
Increase in net assets	68,281,228	43,778,902	112,060,130
Net assets at beginning of year	251,759,482	442,833,045	694,592,527
Net assets at end of year	$ 320,040,710	486,611,947	806,652,657

See accompanying notes to financial statements.

UNION COLLEGE

Statements of Cash Flows

Years ended June 30, 2022 and 2021

		2022	2021
Cash flows from operating activities:			
(Decrease) increase in net assets	$	(95,553,854)	112,060,130
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:			
Depreciation, amortization of right-of-use assets and change in asset retirement obligations		12,777,280	11,376,924
Realized and unrealized losses (gains) from investments, net		89,744,031	(126,842,509)
Change in gifts of securities		814	(2,673,947)
Change in present value of pooled life income annuities payable		132,232	(194,978)
Contributions for endowment or long-lived assets		(20,983,699)	(20,962,162)
Amortization of deferred issuance costs and discount/premium of long-term debt, net		(248,829)	(313,515)
Gain on sale of equipment		(12,733)	—
Gain on extinguishment of debt		(1,119,045)	—
Changes in assets and liabilities:			
Accounts receivable		(679,713)	452,996
Pledges receivable, net		(4,632,824)	8,975,750
Irrevocable trusts		619,539	1,534,299
Other assets		(70,554)	(220,657)
Accounts payable and accrued expenses		(6,945,556)	9,852,195
Deposits and advances		(745,718)	259,872
Accrued postretirement benefits		(1,237,695)	(81,320)
Other liabilities		(132,234)	(169,935)
Net cash used in operating activities		(29,088,558)	(6,946,857)
Cash flows from investing activities:			
Purchases of investments		(145,690,583)	(407,627,957)
Proceeds from the sales and maturities of investments		149,370,748	418,630,039
Change in deposits with bond trustees		(18,203,752)	27,989
Purchases of land, buildings, and equipment		(6,483,275)	(12,260,376)
Proceeds from the sale of equipment		12,733	—
Student loans issued		(789,589)	(978,156)
Proceeds from collections of student loans		989,173	923,866
Net cash used in investing activities		(20,794,545)	(1,284,595)
Cash flows from financing activities:			
Decrease in federal student loan funds		(204,718)	(275,640)
Payments of long-term debt		(5,525,000)	(5,430,000)
Proceeds from issuance of long-term debt		36,139,936	—
Extinguishment of long-term debt		(15,200,000)	—
Debt issuance costs		(685,310)	—
Contributions for:			
Investment in endowment		17,669,536	14,867,683
Investment in long-lived assets		3,285,441	5,860,391
Investment in life income and charitable gift annuity agreements		28,722	234,088
Change in charitable gift annuities payable		(183,276)	111,359
Net cash provided by financing activities		35,325,331	15,367,881
Net (decrease) increase in cash and cash equivalents		(14,557,772)	7,136,429
Cash and cash equivalents, beginning of year		50,382,235	43,245,806
Cash and cash equivalents, end of year	$	35,824,463	50,382,235
Supplemental data:			
Interest paid	$	7,785,016	7,665,116
Noncash investing and financing activities:			
Change in construction costs payable	$	173,338	(374,860)
Change in receivable for investments sold		6,601,701	418,267
Right-of-use assets obtained in exchange for operating lease obligations		—	499,628

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

Union College (the College) was founded in 1795 and is a coeducational, independent, liberal arts and engineering college located in Schenectady, New York. The College is a scholarly community dedicated to shaping the future and to understanding the past. Faculty, staff and administrators welcome diverse and talented students into the community, work closely with them to provide a broad and deep education, and guide them in finding and cultivating their passions. The College does this with a wide range of disciplines and interdisciplinary programs in Liberal Arts and Engineering, as well as academic, athletic, cultural, and social activities, including opportunities to study abroad and to participate in undergraduate research and community service. The College develops in its students the analytic and reflective abilities needed to become engaged, innovative, and ethical contributors to an increasingly diverse, global and technologically complex society.

(b) Basis of Presentation

The financial statements of the College have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets having similar characteristics have been classified into the following categories:

- With donor restrictions – Net assets whose use by the College is subject to donor-imposed or legal stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire with the passage of time and those required to be maintained in perpetuity or until prudently appropriated by the Board of Trustees of the College in accordance with New York State law. Generally, the donors of these assets permit the College to use all or part of the investment return on these assets to support program activities, principally financial aid and instruction.
- Without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the College's Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Unconditional contributions are recognized as contributions receivable at their estimated net present value when pledged. Contributions and investment return with donor-imposed restrictions are reported as revenues and net assets with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the College satisfies the donor-imposed restriction. Contributions with donor restrictions and investment return received and expended for the restricted purpose in the same fiscal year are recorded in net assets without donor restrictions.

The statement of activities reflects a subtotal for the change in net assets from operations. This subtotal reflects revenues the College received for operating purposes, including investment return used for operations, and all expenses. Nonoperating activity reflects all other activity, including, but not limited to, the investment return in excess of the amount appropriated under the Board of Trustees' approved spending formula and contributions for endowment and plant purposes. Amounts also include pension adjustments other than service costs and miscellaneous items not related to the College's academic or research activities.

(Continued)

(c) Risks and Uncertainties – COVID-19 Pandemic

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic.

Students and employees returned to campus beginning in the fall of 2020 and both the 2020-2021 and 2021-2022 academic years were completed without a need to return to a fully remote learning and work environment. However, COVID-19 has and may continue to impact various parts of the College's operations and financial results, including, but not limited to, fluctuations in enrollment, loss of auxiliary revenues, negative impacts to international and other programs that require travel, and cost increases related to technology and health and safety services and supplies. Other adverse consequences of COVID-19 may include impacts to financial markets and philanthropic donations. Management believes the College is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

(d) Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the fair value of investments, valuation allowances for receivables and the accrual for postretirement benefits. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

(e) Cash and Cash Equivalents

Cash and cash equivalents, representing operating funds, include investments with an original maturity of three months or less, unless they are part of deposits with bond trustees or the endowment.

(f) Investments

Investments are reported in the financial statements at fair value. Investment return includes interest income and dividends and net realized and unrealized gains (losses). The fair value of fixed income and publicly traded equity securities is based upon quoted market prices obtained from active markets, or observable prices that are based on inputs not in quoted markets, but corroborated by market data, as applicable. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year. Limited partnership interests, private equity and venture capital, as well as other nonmarketable investments, including hedge funds, for which a readily determinable fair value does not exist, are carried at net asset value or its equivalent (NAV) provided by the investment managers. Such alternative investment funds may hold securities or other financial instruments for which an active market exists and are priced accordingly. In addition, such funds may hold assets that require the estimation of fair values in the absence of readily determinable market values. Such valuations are determined by fund managers and consider variables such as financial performance of investments, including comparison of comparable companies' earnings multiples, cash flows analysis, recent sales prices of investments, and other pertinent information and may reflect discounts for the illiquid nature of certain investments held. Because of the inherent uncertainty of valuation for these investments, the investment manager's estimate may differ from the values that would have been used had an active market existed.

The College utilizes the NAV reported by the managers of each of the alternative investment funds as a practical expedient for estimating the fair value of each investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the College's interests in the funds. Changes to the liquidity provisions of the funds may also significantly impact the fair value of the College's interest in the funds. Additionally, although certain investments may be sold in a secondary market transaction, subject to meeting certain requirements of the governing documents of the funds, the secondary market is not active and individual transactions are not necessarily observable. It is therefore reasonably possible that if the College were to sell a fund in the secondary market, the sale could occur at an amount different from the reported value, and the difference could be material.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. The Investment Committee of the College's Board of Trustees continually monitors investment market conditions and the impact on the College's investment portfolio. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

(g) Irrevocable Trusts

Several donors have established irrevocable trusts whereby the College is a beneficiary, but not the trustee. The present value of the portion of the trusts estimated to be distributable to the College upon the termination of the trusts is recorded as an asset of the College.

(h) Land, Buildings, and Equipment, Net

Land, buildings, and equipment are recorded at cost, including interest on funds borrowed to finance construction, at the date of acquisition or estimated fair value at the date of donation. Depreciation is recorded using the straight-line method with estimated useful lives used in the calculation of depreciation by major category of assets are as follows:

Buildings	40 years
Building and other improvements	10-40 years
Equiment and furniture:	
Equipment (non-computer) and furniture	10 years
Vehicles	7 years
Computer equipment	3 years
Library books	10 years

(i) Deposits and Advances

Deposits and advances include student fees related to the College's summer session and other unearned revenue. These amounts are recognized as revenue as the services are provided to the students, generally in the following fiscal year.

At June 30, 2022 and 2021, other unearned revenue includes $390,000 and $1,520,000 of amounts drawn as part of a government grant that will be recognized as revenue once the College meets the conditions associated with the grant.

(j) Federal Student Loan Funds

This liability represents Perkins Loan funds provided to students by the federal government through the College. The College is required to collect the loans on behalf of the federal government. The amount due from the students is reported in the College's financial statements as a component of notes receivable.

(k) Pooled Life Income and Charitable Gift Annuities Payable

The liability for the present value of the deferred gifts is based upon estimates of the life expectancy of donors and beneficiaries and discount rates. Circumstances affecting these estimates can change the estimate of the liability in future periods. The total amount representing Charitable Gift Annuity Payable at June 30, 2022 and 2021 was $3,589,750 and $3,849,074, respectively.

(l) Revenue Recognition

Tuition, fees, room and board revenue is recognized as services are provided over the academic term to which it relates. These amounts are presented net of financial aid. Revenue from other exchange transactions, generally presented as auxiliaries enterprises on the accompanying statements of activities, is recognized as revenue when goods or services are provided to customers, includes dining services that are not part of student contracts with the College, bookstore, and ice hockey rink.

Revenue from tuition, fees, student housing, and student meal plans is determined based on published rates, and is billed and reported in the statement of activities net of institutional aid. The components of tuition, fees, room and board, net of financial aid include:

		2022	2021
Tuition and fees	$	124,128,760	118,545,415
Room and board		26,997,034	21,255,991
Gross student charges		151,125,794	139,801,406
Less scholarships		(61,243,818)	(53,553,085)
Net student charges	$	89,881,976	86,248,321

Unconditional contributions, including unconditional promises to give, are recognized at fair value as revenue within the appropriate net asset category when the donors' commitments are received. Conditional contributions or promises are recorded when donor-imposed stipulations have been substantially met. Conversely, unconditional contributions made by the College, including unconditional promises to give, are recognized as expenses in the period in which the commitments are made.

Sponsored activities include various research and instructional programs funded by external parties including the federal government, state governments, and private foundations. Sponsored activities revenue related to exchange contracts is recognized as the College fulfills the terms of the agreements, which generally span less than five years, and sponsored activities revenue related to nonexchange contracts is recognized as the related costs are incurred.

During the years ended June 30, 2022 and 2021, the College received funds under the Higher Education Emergency Relief Fund (HEERF), which was established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020, and received additional funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) in December 2020 and the American Rescue Plan Act (ARPA) in March 2021. The HEERF grant program provides financial aid to students and higher education institutions to offset the loss of revenue and increased expenses as a result of the COVID-19 pandemic. All HEERF allocations have a student aid portion and an institutional portion and contain minimum student aid spending requirements. The grants are considered conditional contributions with a right of return and barriers to entitlement. The College provided emergency financial aid grants to students of approximately $1,130,000 and $590,000 for the years ended June 30, 2022 and 2021, respectively. In addition, approximately $1,130,000 and $1,120,000 of institutional HEERF funds, which were drawn down in fiscal year 2021 to offset campus safety and operations costs and the loss of auxiliary revenues, were recognized as revenue for the years ended June 30, 2022 and 2021, respectively. The total of these student aid and institutional funds are recognized as revenue under Government grants on the statements of activities.

(Continued)

(m) Leases

The College is committed to minimum annual rent payments under several long term non cancellable operating leases for laundry, vehicles, and other equipment through fiscal year 2024, with a weighted average remaining lease term of 2.0 and 2.8 years as of June 30, 2022 and 2021, respectively.

Right-of-use assets represent the College's right to use an underlying asset for the lease term. Lease obligations represent the College's liability to make lease payments arising from the lease. Operating lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate (weighted average discount rate of 4.50% for the years ended June 30, 2022 and 2021). The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

As of June 30, 2022, right of use assets and operating lease obligations of approximately $209,000 and $197,000 are included in Other assets and Other liabilities, respectively, in the statement of financial position (right of use assets and operating lease obligations of approximately $322,000 and $330,000, respectively, as of June 30, 2021).

In addition, the College entered into an office equipment lease agreement for a 60 month term which commences in August 2022 with monthly payments of approximately $12,900.

(n) Tax Status

The College is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income tax on related income. The College recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the relevant tax authority. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The College believes it has taken no significant uncertain tax positions.

(o) Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, and other sources are recorded when it is possible that a liability has been incurred and the amount can be reasonably estimated. Legal costs associated with loss contingencies are expensed as incurred.

The College is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of any ultimate liability with respect to those actions will not materially affect the College's financial statements.

The College recognizes a liability for the fair value of conditional asset retirement obligations if their fair values can be reasonably estimated. This liability is initially recorded as an increase to the associated asset and depreciated over the remaining useful life of the asset. The College has identified asbestos abatement as a conditional asset retirement obligation. Asbestos abatement costs are estimated using a per square foot estimate for each impacted location. As of both June 30, 2022 and 2021, the College has recorded a liability of approximately $520,000, representing the estimated present value of these conditional asset retirement obligations, which is included in Other liabilities in the Statements of Financial Position.

Other conditional asset retirement obligations may exist that are not estimable until a triggering event occurs (e.g., building sold) due to the absence of a range of potential settlement dates. Presently, the College does not have sufficient information to estimate the fair value of these obligations but does not believe these items are material to the College’s financial statements.

(p) Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit entities as well as the amount of those contributions used in programs and other activities. The College recognizes contributed nonfinancial assets within private gifts and grants revenue. Contributed nonfinancial assets are generally not material and primarily include items donated for fundraising and similar activities. The fair value of these contributed nonfinancial assets is estimated based on the current selling price for identical or similar items. From time to time, the College may also receive contributions of real property or tangible personal property. It is generally the College’s policy to liquidate contributions of tangible personal property immediately upon receipt unless the asset is restricted for use in a specific program by the donor. Tangible personal property is valued based on a recent appraisal or according to the actual cash proceeds on their disposition. Contributions of real property are assessed to determine whether the item will be held for use or sold and are valued based on a recent appraisal.

(q) Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

The 2021 financial statements as previously presented included contributions for plant purposes and net assets released from restriction for capital projects placed in service in operating activities. During fiscal year 2022, the College elected to change the financial statement presentation of such activity, which is now included in nonoperating activities (refer to (1) Significant Accounting Policies, (b) Basis of Presentation). The 2021 Statement of Activities has been reclassified to conform to the 2022 presentation.

(Continued)

(2) Financial Assets and Liquidity Resources

As of June 30, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditures, including operating expenses, scheduled principal payments on debt, and capital construction expenditures not financed with debt, include the below:

		2022	2021
Financial assets:			
Cash and cash equivalents	$	35,824,463	50,382,235
Notes and accounts receivable, net		4,435,904	4,001,924
Pledges receivable, net, undesignated and collectible within one year		339,806	1,492,019
Subsequent year board approved endowment appropriation		28,706,000	27,027,000
Total financial assets available within one year	$	69,306,173	82,903,178

The College's working capital and cash flows have seasonal variations due to the timing of student billing as well as a concentration of contributions received at calendar and fiscal year end. To manage liquidity, the College operates with a balanced budget on a cash flow basis in accordance with policies approved by the Board of Trustees. In addition to the liquidity resources stated in the above table, the College also has a revolving line of credit of $30 million for working capital needs.

Additionally, as of June 30, 2022, the College has $143,282,246 in quasi endowment which can be made available for general expenditure with approval from the Board of Trustees, subject to investment liquidity provisions. The College also anticipates collection of approximately $19,400,000 of amounts currently included in pledges receivable within the next year, which are restricted by the donors for specific designated purposes, construction projects and endowment.

(3) Pledges Receivable, Net

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

		2022	2021
Within one year	$	20,202,569	18,076,912
Between one year and five years		35,669,044	30,521,416
Greater than five years		13,400,503	16,798,766
		69,272,116	65,397,094
Less:			
Present value discount (0.29%–4.92%)		1,215,410	1,420,336
Allowance for doubtful pledges		533,644	1,086,520
	$	67,523,062	62,890,238

(4) Notes and Accounts Receivable, Net

The College extends credit, primarily to students, in the form of notes and accounts receivable for educational expenses. Notes receivable for student loans are expected to be collected within 10 years and interest rates average approximately 6%.

Notes receivable are recorded at their current unpaid principal balance and associated interest income is accrued based on the principal amount outstanding and applicable interest rates. An allowance for doubtful accounts is recorded, which represents the amount which, in the opinion of management of the College, is necessary to account for probable losses related to current notes receivable. This allowance is determined based upon numerous considerations, including economic conditions, the specific composition of the notes receivable balance, as well as trends of delinquencies and write-offs. On a periodic basis, these factors are considered and the allowance for doubtful accounts is adjusted accordingly with a corresponding adjustment to the provision for allowance for doubtful notes and accounts receivable.

Notes and accounts receivable consist of the following at June 30:

		2022	2021
Notes receivable	$	7,751,629	7,979,203
Accounts receivable		3,904,525	3,297,984
		11,656,154	11,277,187
Less allowance for doubtful accounts		1,802,916	1,904,078
	$	9,853,238	9,373,109

(5) Investments and Fair Value

(a) Basis of Reporting

Investments include endowment, charitable gift annuities, pooled life income funds, and unrestricted operating investments. Investments are reported at estimated fair value.

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Except for investments reported at NAV as a practical expedient to estimate fair value, the College uses a three-tiered hierarchy to categorize those assets and liabilities carried at fair value based on the valuation methodologies employed. Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.
- Level 2 inputs are observable prices that are based on inputs not quoted in active markets, but corroborated by market data.
- Level 3 inputs are unobservable inputs that are used when little or no market data is available.

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

Receivable for investments sold represents amounts receivable from unsettled sales and is classified as Level 1 in the fair value hierarchy.

The College's investments as of June 30, 2022, are summarized in the following table:

	Total	Level 1	Level 2	Level 3	Redemption frequency	Days' notice
Investments measured at fair value:						
Short-term investments	$ 46,691,274	46,691,274	—	—	Daily	1
Common stocks and mutual funds	46,343,312	46,343,312	—	—	Daily	4
Fixed income – bonds	8,673,558	8,673,558	—	—	Daily	1
Mortgages and other	56,912	—	56,912	—	Daily	1
Real assets	15,862,099	12,247,536	—	3,614,563	Daily	1
Assets held in beneficial trusts	4,121,181	3,760,869	360,312	—	Illiquid	N/A
Total investments at fair value	121,748,336	$ 117,716,549	417,224	3,614,563		
Investments measured at NAV:						
Commingled funds:						
International equities	44,687,907				Monthly – Quarterly	10–60
Global equities	69,662,100				Monthly – Rolling 3 years	7–60
Private equity and venture capital	88,010,144				Illiquid	N/A
Multistrategy funds	44,398,479				Annual – Illiquid	45–N/A
Hedged equity funds	71,894,657				Monthly – Illiquid	60–N/A
Emerging markets funds	32,013,502				Monthly – Quarterly	60
Real assets	31,934,009				Illiquid	N/A
Total investments measured at NAV	382,600,798					
Total investments	$ 504,349,134					

The College's investments as of June 30, 2021, are summarized in the following table:

	Total	Level 1	Level 2	Redemption frequency	Days' notice
Investments measured at fair value:					
Short-term investments	$ 41,632,542	41,632,542	—	Daily	1
Common stocks and mutual funds	51,565,324	51,565,324	—	Daily	4
Fixed income – bonds	9,694,757	9,694,757	—	Daily	1
Mortgages and other	92,387	—	92,387	Daily	1
Real assets	11,027,938	11,027,938	—	Daily	1
Assets held in beneficial trusts	4,946,017	4,542,138	403,879	Illiquid	N/A
Total investments at fair value	118,958,965	$ 118,462,699	496,266		
Investments measured at NAV:					
Commingled funds:					
International equities	55,043,212			Monthly – Quarterly	10–60
Global equities	100,543,175			Monthly – Rolling 3 Years	7–60
Private equity and venture capital	96,208,258			Illiquid	N/A
Multistrategy funds	50,538,894			Annual – Illiquid	45–N/A
Hedged equity funds	105,366,544			Monthly – Illiquid	60–N/A
Emerging markets funds	44,242,963			Monthly – Quarterly	60
Real assets	33,473,834			Illiquid	N/A
Total investments measured at NAV	485,416,880				
Total investments	$ 604,375,845				

There were no changes in methodologies used at June 30, 2022 and 2021. Level 3 investments at June 30, 2022, represent fund holdings with underlying investments in income producing real estate. Significant unobservable inputs related to these investments include capitalization rates applied to trailing net operating income, which are determined by comparing to similar properties and transactions based on factors such as market, age, and quality, and third-party brokers' opinions of value.

(b) Liquidity and Commitments

The limitations and restrictions on the College's ability to redeem or sell these investments vary by investment and range from required notice periods (generally 30 to 180 days after initial lock-up periods) for certain limited partnership and hedge funds, to specified terms at inception (generally 10 years) associated with private equity and venture capital interests.

Based upon the terms and conditions in effect at June 30, 2022, the College's investment funds can be redeemed or sold as follows:

Investments redemption period:		
Daily	$	113,962,595
Monthly		61,617,687
Quarterly		100,180,281
Semi-annual		30,743,119
Annual		2,745,882
1 year		55,910,775
3 years		7,695,323
Locked-up until liquidated		131,493,472
Total	$	504,349,134

Investment funds that are in the locked-up until liquidated category are primarily related to private equity and venture capital investments. The period of time until liquidation is not necessarily determinable by management, as liquidation terms are at the discretion of the applicable fund's investment manager subject to market conditions and the underlying complexities of the individual investments. These liquidity restrictions have been in effect since the initial purchase of the applicable funds.

Under the terms of certain limited partnership agreements, the College is obligated periodically to advance additional funding for certain funds that the College is invested in. At June 30, 2022, the College had commitments of approximately $48,500,000, due through 2034, for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses. The College maintains sufficient liquidity in its investment portfolio to cover such calls.

(c) Investment Return

The College utilizes an endowment spending policy that emphasizes total return. Total return consists of current yield (primarily interest and dividends) as well as the realized and unrealized gains and losses of pooled investments. The College's Board of Trustees designates a portion of the College's total investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The pooled endowment total return for the years ended June 30, 2022 and 2021, was approximately (14.7%) and 29.0%, respectively.

The following schedule summarizes the investment return and its classification in the statements of activities:

		2022	2021
Interest income and dividends, net of fees	$	3,860,863	3,119,681
Net realized and unrealized (losses) gains		(89,744,031)	126,842,509
Total return on investments		(85,883,168)	129,962,190
Investment return designated for current operations		(26,645,491)	(25,283,702)
Other operating interest and investment income		(198,660)	(178,494)
Investment return net of amounts designated for current operations	$	(112,727,319)	104,499,994

(6) Endowment

The College's endowment and similar funds consist of gifts restricted by donors, net assets without donor restrictions designated by management and the Board of Trustees for long-term support of the College's activities, and the accumulated investment return on these gifts and designated assets. Accumulated investment return consists of total endowment net investment return that has not been appropriated by the Board of Trustees for expenditure to support the operating activities of the College. Generally, only a portion of accumulated net investment return is made available for spending each year in accordance with an endowment utilization policy approved by the Board of Trustees and in accordance with the laws of the State of New York.

College designated endowment funds are net assets without donor restrictions that may be re-designated for authorized expenditures. At June 30, 2022 and 2021, endowment and similar funds balances are approximately $501,800,000 and $598,700,000, respectively, which includes pooled endowment net assets of approximately $476,300,000 and $568,200,000, respectively.

The College follows the New York Uniform Prudent Management of Institutional Funds Act (NYPMIFA) in the management of its endowment. The College has interpreted NYPMIFA as allowing the College to spend or accumulate the amount of an endowment fund that the College determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The College classifies as net assets with donor restrictions (a) the original values of gifts donated to permanent endowments, (b) the original values of subsequent gifts to permanent endowments, (c) accumulations to permanent endowments made in accordance with the directions of the applicable donors' gift instruments at the times the accumulations are added to the funds, and (d) unspent endowment earnings until those amounts are appropriated for spending by the College's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Investment Committee of the College's Board of Trustees considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the College and the endowment fund
- General economic conditions
- The expected total return from income and the appreciation of investments
- Other resources of the College
- Where appropriate and where circumstances would otherwise warrant, alternatives to expenditure of and endowment fund, giving due consideration to the effect that such alternatives may have on the College
- The investment policies of the College

Total endowment net assets are classified as follows at June 30:

		2022		
		Without donor restrictions	**With donor restrictions**	**Total**
Donor restricted	$	—	358,513,967	358,513,967
Board designated		143,282,246	—	143,282,246
Total	$	143,282,246	358,513,967	501,796,213

		2021		
		Without donor restrictions	**With donor restrictions**	**Total**
Donor restricted	$	—	417,670,041	417,670,041
Board designated		181,076,251	—	181,076,251
Total	$	181,076,251	417,670,041	598,746,292

The following is a summary of the changes in endowment net assets for the year ended June 30, 2022:

	Without donor restrictions	With donor restrictions	Total
Pooled endowment net assets, June 30, 2021	$ 167,682,227	400,512,673	568,194,900
Investment return, net of fees	(23,741,891)	(57,418,018)	(81,159,909)
Contributions (excluding pledges)	874,092	16,795,444	17,669,536
Amounts appropriated for expenditure	(8,331,993)	(17,597,724)	(25,929,717)
Other changes and reclassifications	(786,497)	(1,681,206)	(2,467,703)
Pooled endowment net assets, June 30, 2022	135,695,938	340,611,169	476,307,107
Other endowment and similar net assets, June 30, 2021	13,394,024	17,157,368	30,551,392
Investment return, net of fees	(3,285,919)	(1,636,000)	(4,921,919)
Contributions (excluding pledges)	—	28,722	28,722
Amounts appropriated for expenditure	(715,774)	—	(715,774)
Actuarial adjustments	(1,221,927)	—	(1,221,927)
Expired contracts	—	(161,292)	(161,292)
Other changes and reclassifications	(584,096)	2,514,000	1,929,904
Other endowment and similar net assets, June 30, 2022	7,586,308	17,902,798	25,489,106
Total endowment and similar net assets, June 30, 2022	$ 143,282,246	358,513,967	501,796,213

The following is a summary of the changes in endowment net assets for the year ended June 30, 2021:

	Without donor restrictions	With donor restrictions	Total
Pooled endowment net assets, June 30, 2020	$ 135,018,339	315,926,774	450,945,113
Investment return, net of fees	37,013,687	87,178,887	124,192,574
Contributions (excluding pledges)	703,846	14,163,837	14,867,683
Amounts appropriated for expenditure	(7,723,743)	(16,784,088)	(24,507,831)
Other changes and reclassifications	2,670,098	27,263	2,697,361
Pooled endowment net assets, June 30, 2021	167,682,227	400,512,673	568,194,900
Other endowment and similar net assets, June 30, 2020	9,113,211	17,961,402	27,074,613
Investment return, net of fees	5,591,122	—	5,591,122
Contributions (excluding pledges)	—	234,088	234,088
Amounts appropriated for expenditure	(775,871)	—	(775,871)
Actuarial adjustments	(260,275)	—	(260,275)
Expired contracts	—	(1,038,122)	(1,038,122)
Other changes and reclassifications	(274,163)	—	(274,163)
Other endowment and similar net assets, June 30, 2021	13,394,024	17,157,368	30,551,392
Total endowment and similar net assets, June 30, 2021	$ 181,076,251	417,670,041	598,746,292

(a) Spending Policy

The College has a policy of appropriating for distribution to the budget each year a percentage of its pooled endowment based on the three-year average market value as of June 30, with a one-year lag. For the year ended June 30, 2022, the three fiscal years used in the calculation are the fiscal years ended June 30, 2018, 2019, and 2020. For the year ended June 30, 2021, the three fiscal years used in the calculation are the fiscal years ended June 30, 2017, 2018, and 2019.

The total pooled endowment spending was 5.9% and 5.8% for the fiscal years ended June 30, 2022 and 2021, respectively.

(b) Return Objectives and Risk Parameters

Investment objectives focus on generating a return sufficient to cover the spending rate, inflation, and the preservation of the purchasing power of the endowment while minimizing investment risk in the portfolio. The College is committed to a long-term investment policy that is based on balancing principles of strong growth over time, diversity of the portfolio, liquidity for the annual draw, and benchmarking against market indices and appropriate peer schools. Growth in the endowment depends on contributions to the endowment from capital campaigns, the success of investment management, and the rate at which income is withdrawn from the endowment in support of the College's operating budget. The Investment Committee of the College's Board of Trustees meets quarterly to discuss various issues such as investment performance, market outlook, and liquidity needs.

(c) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (underwater). When underwater endowment funds exist, they are classified as a reduction of net assets with donor restrictions. Deficiencies of this nature exist in 103 donor-restricted endowment funds, which together have an original gift value of approximately $32,582,000, a current fair value of $28,936,000 and a deficiency of $3,646,000 as of June 30, 2022. As of June 30, 2021, deficiencies of this nature existed in nine donor restricted endowment funds, which together have an original gift value of approximately $2,828,000, a current fair value of $2,586,000, and a deficiency of $242,000. These deficiencies generally resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs for which donor permission was received as required by NYPMIFA and as was deemed prudent by the Board of Trustees.

For funds that are underwater, the gap between the current income and the spending formula is covered through appropriations from other board designated endowments and accumulated realized gains on these board designated endowments or other funds without donor restrictions.

(Continued)

(7) Land, Buildings, and Equipment

The following is a summary of land, buildings, and equipment at June 30:

		2022	2021
Land	$	101	101
Buildings		167,912,643	167,912,643
Building and other improvements		240,152,392	236,188,248
Equipment and furniture		111,591,738	107,708,633
Library books		41,786,246	41,720,040
Construction in progress		1,421,777	2,715,065
		562,864,897	556,244,730
Less accumulated depreciation		(297,834,169)	(285,205,855)
	$	265,030,728	271,038,875

Capitalized interest was $45,337 and $2,092,833 during the years ended June 30, 2022 and 2021, respectively. Depreciation expense was $12,664,760 and $11,206,979 for the years ended June 30, 2022 and 2021, respectively. For the years ended June 30, 2022 and 2021, fixed assets (original cost) disposed were $36,446 and $273,762, respectively, resulting in gains (losses) on disposal of $12,733 and $0, respectively.

At June 30, 2022, the College has outstanding contracts totaling approximately $4,200,000 related to several projects expected to be completed within the next year.

(Continued)

(8) Long-Term Debt

The following is a summary of long-term debt, including associated premiums, discounts, and deferred costs of issuance:

	Maturity date	Interest rate	Outstanding at June 30 2022	2021
2012A Issue – Refunding Revenue Bond	July 1, 2033	3.63% – 5.00%	$ —	16,495,000
2013 Taxable Bonds – M&T Trust Company	November 15, 2043	5.45%	40,410,000	40,410,000
2015 Taxable Bonds – M&T Trust Company	July 1, 2036	4.88%	10,215,000	10,215,000
2015A Taxable Bonds – M&T Trust Company	July 1, 2031	3.05% – 4.38%	22,945,000	24,075,000
2017 Tax-exempt Bond – M&T Trust Company	January 1, 2047	5.00%	58,135,000	61,235,000
2022 Tax-exempt Bonds – M&T Trust Company	July 1, 2052	5.00% – 5.25%	32,485,000	—
Total long-term debt – principal			164,190,000	152,430,000
Add unamortized bond premiums			12,206,747	10,356,488
Less unamortized bond discounts			(957,910)	(1,034,606)
Less deferred cost of issuance			(2,360,937)	(2,035,734)
Total long-term debt, net			$ 173,077,900	159,716,148

Interest expense on long-term debt was $7,658,087 and $5,509,820 for 2022 and 2021.

Proceeds of long-term debt have been used by the College to primarily finance building and construction programs. The College is required to maintain various reserve accounts in conjunction with the debt agreements that are reported as deposits with bond trustees on the statements of financial position. Deposits with bond trustees are classified as Level 1 in the fair value hierarchy.

In April 2012, the College borrowed $21,640,000 through the Schenectady County Capital Resource Corporation, utilizing a tax-exempt revenue bond. The debt was used to refinance amounts outstanding on prior debt issues. The final maturity of the bond was July 1, 2032, subject to the College’s optional redemption on June 1, 2022. This debt was refunded in June 2022 in connection with the $32,485,000 bond issuance described below. There was no balance outstanding at June 30, 2022.

In November 2013, the College borrowed $40,410,000 through taxable financing, with JPMorgan acting as the underwriter. The debt was used for the project costs of various building renovation/construction projects. The final maturity of the bond will be November 15, 2043 with a balloon payment due.

In June 2015, the College borrowed $10,215,000 through taxable financing, with JPMorgan acting as the underwriter. The debt was used for the project costs of various building renovation/construction projects. The final maturity of the bond will be July 1, 2035 with a balloon payment due.

In October 2015, the College borrowed $28,325,000 through taxable financing, with JP Morgan Chase acting as the underwriter. The debt was used to refinance amounts outstanding on prior debt issue. The final maturity of the bond will be July 1, 2031.

In April 2017, the College borrowed $74,702,514 through the Schenectady County Capital Resource Corporation, utilizing a tax-exempt revenue bond. $50,000,000 of the debt will be used toward the financing of the renovation/construction of the Science and Engineering Center. $15,300,000 was used to refund Series 2010 bonds. The remaining amount of the debt proceeds was used to fund the Capitalized Interest Fund in the amount of $7,900,000, as well as costs of issuance. The final maturity of the bond will be January 1, 2047. The bonds were issued at a premium of approximately $10,000,000.

In June 2022, the College borrowed $32,485,000 through the Schenectady County Capital Resource Corporation, utilizing a tax-exempt revenue bond. $19,921,000 of the debt will be used for the project costs of various building renovation and deferred maintenance. Approximately $15,558,000 was used to refund the Series 2012 bonds, which included the outstanding principal balance and accrued interest. The remaining amount of the debt proceeds was used for costs of issuance. The final maturity of the bond will be July 1, 2052. The bonds were issued at a premium of approximately $3,655,000.

Principal payments and maturities of long-term debt at June 30, 2022 are summarized as follows:

2023	$	4,265,000
2024		7,920,000
2025		7,300,000
2026		5,875,000
2027		2,465,000
Thereafter		136,365,000
Principal maturities	$	164,190,000

Lines of Credit

In June 2022, the College entered into a revolving line of credit in the amount of $30,000,000 with NBT Bank, which expires on September 30, 2023. Each outstanding advance under the line of credit will accrue interest at a variable rate equal to the 1 month term secured overnight financing rate plus 1.25% (2.33% at June 30, 2022). Under the terms of the agreement, the College shall also maintain a balance of $15,000,000 with NBT Bank or affiliates.

The College had an unsecured line of credit in the amount of $25,000,000 with Bank of America, which expired June 17, 2022. The College did not renew this line of credit.

For the years ended June 30, 2022 and 2021, there were no outstanding balances on these lines.

(9) Benefit Plans

(a) Retirement Plan

The College has a defined contribution retirement plan under arrangements with Teachers' Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) and Fidelity, which provide for purchases of annuities and investments for all of its faculty members and nonacademic employees. The College traditionally contributes a specified percentage of each employee's salary to the plan. In response to COVID-19, the College initially suspended these contributions for the fiscal year ended June 30, 2021. However, the College decided to restore the fiscal year 2021 retirement contributions in full for impacted employees. As of June 30, 2021, approximately $4,791,000 related to these restored fiscal year 2021 retirement contributions, which were remitted to the plan during fiscal year 2022, were included in Accounts payable and accrued expenses in the fiscal year 2021 statement of financial position. Contributions have been reinstated for fiscal year 2022.

The College's contribution expense under this plan was approximately $5,476,000 and $5,937,000 for the years ended June 30, 2022 and 2021, respectively.

(b) Postretirement Healthcare Plan

The College has also elected to pay for a portion of healthcare benefits for retired employees based upon years of service at retirement date. The College recognizes the cost of healthcare benefits on an accrual basis over the working lifetime of employees.

The College provides health insurance benefits for eligible employees upon retirement and recognizes the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability and recognizes changes in that funded status in the year they occur. The College uses a June 30 measurement date for its postretirement healthcare plan (the Plan).

The Plan's funded status, amounts recognized, significant assumptions used, contributions made, and benefits paid as of and for the years ended June 30, 2022 and 2021 are as follows:

		2022	2021
Change in benefit obligations:			
Benefit obligation at beginning of year	$	9,193,065	9,274,385
Service cost		388,546	384,077
Interest cost		171,307	151,630
Actuarial (gain) loss		(911,225)	264,244
Benefits paid		(886,323)	(881,271)
Benefit obligation at end of year	$	7,955,370	9,193,065

There are no plan assets as of June 30, 2022 and 2021. All assets contributed to the plan were used to pay for benefits.

		2022	2021
Accrued benefit cost:			
Funded status	$	(7,955,370)	(9,193,065)
Weighted average assumptions as of June 30:			
Discount rate – benefit obligation		4.03 %	1.92 %
Discount rate – periodic postretirement benefit cost		1.92	1.63

For measurement purposes, a 5.8% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2022. The rate was assumed to decrease to 5.5% for 2023, and then decrease gradually from 5.2% to 3.7% for 2024 and thereafter.

		2022	2021
Components of net periodic benefit cost:			
Service cost	$	388,546	384,077
Interest cost		171,307	151,630
Amortization of actuarial loss		184,731	210,816
Amortization of prior service credit		(344,975)	(344,973)
Net periodic postretirement benefit cost	$	399,609	401,550

Amounts recorded in net assets without donor restrictions as of June 30, 2022 and 2021, but not yet amortized as components of net periodic benefit costs are as follows:

		2022	2021
Unamortized prior service credit	$	755,490	1,100,465
Unamortized actuarial loss		(1,136,913)	(2,232,869)
Amount recognized as a decrease in net assets without donor restrictions	$	(381,423)	(1,132,404)

The amortization of the above items expected to be recognized in net periodic costs for the year ending June 30, 2023 is ($302,000).

The following benefit payments, which reflect expected future service and the impact of the Medicare Part D subsidy, as appropriate, are expected to be paid:

	Postretirement benefit payments
2023	$ 931,835
2024	974,609
2025	926,773
2026	942,852
2027	907,236
2028–2032	3,602,942
Total	$ 8,286,247

(10) Net Assets

Net assets consist of the following at June 30:

	2022	2021
With donor restrictions:		
Pledges for instruction, scholarship, facilities, and other departmental support	$ 67,523,062	62,890,238
Capital projects	350,000	—
Pooled endowments	340,611,169	400,512,673
Life income and annuity agreements	2,636,700	2,769,270
Funds in trust and other nonpooled endowments	15,266,098	14,388,098
Annual restricted scholarships and other funds	8,775,770	6,051,668
Total	$ 435,162,799	486,611,947
Without donor restrictions:		
Operating, plant and other	$ 132,653,758	138,964,459
Quasi endowments	143,282,246	181,076,251
Total	$ 275,936,004	320,040,710

(11) Natural Expenses

Operating expenses presented by natural and functional classification are as follows for the fiscal years ended June 30:

2022	Salaries and wages	Benefits	Supplies and services	Depreciation and amortization	Interest	Utilities, maintenance and other	Total
Instructional and departmental research	$ 27,532,561	10,121,676	6,715,401	5,016,401	3,103,735	2,233,313	54,723,087
Sponsored research programs	313,800	115,361	549,973	—	—	—	979,134
Academic support	4,691,092	1,724,566	3,784,530	581,713	694,167	2,036,822	13,512,890
Student services	4,931,772	1,813,046	2,058,522	631,878	325,723	365,035	10,125,976
Institutional support	14,120,350	5,191,003	8,496,151	1,483,368	478,872	695,065	30,464,809
Auxiliaries operations	4,969,312	1,826,847	8,348,118	3,948,971	2,716,971	2,635,017	24,445,236
Intercollegiate athletics and other	4,345,214	1,597,412	2,563,548	1,114,949	350,790	754,468	10,726,381
Total expenses	$ 60,904,101	22,389,911	32,516,243	12,777,280	7,670,258	8,719,720	144,977,513

2021	Salaries and wages	Benefits	Supplies and services	Depreciation and amortization	Interest	Utilities, maintenance and other	Total
Instructional and departmental research	$ 27,104,455	10,284,808	4,739,056	2,851,632	1,330,142	2,046,170	48,356,263
Sponsored research programs	230,960	87,638	720,180	—	—	—	1,038,778
Academic support	4,222,098	1,602,079	3,011,204	628,880	658,879	2,048,186	12,171,326
Student services	4,588,510	1,741,114	2,067,323	731,935	308,417	323,138	9,760,437
Institutional support	12,391,419	4,701,934	9,607,950	1,603,646	392,298	1,542,257	30,239,504
Auxiliaries operations	4,801,525	1,821,943	7,475,955	4,355,476	2,538,614	1,985,035	22,978,548
Intercollegiate athletics and other	3,545,037	1,345,167	1,287,653	1,205,355	289,117	895,401	8,567,730
Total expenses	$ 56,884,004	21,584,683	28,909,321	11,376,924	5,517,467	8,840,187	133,112,586

Depreciation, operations and maintenance costs, interest expense, and employee benefits are allocated to the functional expense categories reported within the operating section of the statements of activities. Depreciation and operations and maintenance costs are allocated based upon the estimated use of facilities and equipment. Interest expense is allocated based on specific identification of the use of debt proceeds. Employee benefits are allocated in relation to salary expense.

Expenses associated with fundraising activities of the College were approximately $4,030,000 and $3,566,000 in 2022 and 2021, respectively, and are included in institutional support. Costs incurred include expenses related to solicitation activities to obtain gifts and bequests, as well as special cultivation events that may result in contributions that will be received in future periods.

(12) Collections (unaudited)

The College's collections are made up of approximately 36,000 objects and their estimated fair value is approximately $23,000,000 (unaudited). The College's policy is not to capitalize its collections. The College's collections comprise paintings and portraits, furniture, works on paper, scientific instrumentation, and other objects.

The College's collections are held for educational, research, scientific, and curatorial purposes. Each of the items is catalogued, preserved, and cared for, and activities verifying their existence and assessing their condition are performed periodically. All proceeds resulting from the deaccession of objects from the permanent collection are allocated for the benefit of the collections. During the years ended June 30, 2022 and 2021, no objects were deaccessioned.

(13) Related Parties

The Alumni Council of Union College, Inc. (the Alumni Council) was formed to provide structure for the alumni of the College to participate in and advance the interest of the College. The Alumni Council is classified as a tax-exempt organization under Internal Revenue Code (Code) Section 501(c)(3) and as a supporting organization under Code Section 509(a)(3). During the year ended June 30, 2022, the College provided approximately $61,500 in support to the Alumni Council for various events and expenses (none during the year ended June 30, 2021). The Alumni Council similarly supports College-sponsored alumni events and outreach. The College received $59,000 and $52,900 from the Alumni Council during the years ended June 30, 2022 and 2021, respectively.

From time to time, within the normal course of operations, the College receives contributions, both in the form of cash and promises to gives (pledges), from members of the College's Board of Trustees. Such trustees are not part of the College's management team and do not have a significant business relationship with the College.

(14) Subsequent Events

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2022 and through October 25, 2022, the date on which the financial statements were issued.