

THE ROCKEFELLER UNIVERSITY

Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

(With Independent Auditors' Report Thereon)

Independent Auditors' Report

The Board of Trustees
The Rockefeller University:

Opinion

We have audited the consolidated financial statements of The Rockefeller University and its subsidiary (the University), which comprise the consolidated balance sheet as of June 30, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the University's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

 (signed) KPMG LLP

New York, New York
Date

THE ROCKEFELLER UNIVERSITY

Consolidated Balance Sheet

June 30, 2024

(With comparative financial information as of June 30, 2023)

| Assets | 2024 | 2023 |
|--|-------------------------|----------------------|
| Cash and cash equivalents | \$ 66,956,928 | 31,142,442 |
| Accounts receivable | 19,259,218 | 13,939,291 |
| Contributions receivable (note 9) | 204,769,701 | 206,516,464 |
| Loans receivable – faculty and staff | 40,689,119 | 40,414,747 |
| Other assets | 32,663,877 | 30,978,612 |
| Investments (note 3) | 2,581,830,177 | 2,525,942,577 |
| Plant assets, net (note 7) | 1,076,321,722 | 1,104,253,063 |
| Total assets | <u>\$ 4,022,490,742</u> | <u>3,953,187,196</u> |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 55,632,564 | 47,727,547 |
| Deferred revenues | 23,552,159 | 29,188,570 |
| Contingent liabilities (note 12) | 48,207,934 | 26,625,464 |
| Obligation under derivative instruments (note 6) | 51,397,387 | 67,473,916 |
| Obligation under lines of credit (note 5) | 100,000,000 | — |
| Long-term debt (note 6) | 983,676,335 | 986,014,815 |
| Conditional asset retirement obligation | 9,731,616 | 9,173,915 |
| Postretirement benefit obligation (note 8) | 60,794,000 | 58,150,000 |
| Amounts held for others (note 13) | 151,594,988 | 151,017,718 |
| Total liabilities | <u>1,484,586,983</u> | <u>1,375,371,945</u> |
| Commitments and contingencies (notes 3, 7, and 12) | | |
| Net assets (notes 4 and 10): | | |
| Without donor restrictions | 64,506,755 | 169,292,642 |
| With donor restrictions | 2,473,397,004 | 2,408,522,609 |
| Total net assets | <u>2,537,903,759</u> | <u>2,577,815,251</u> |
| Total liabilities and net assets | <u>\$ 4,022,490,742</u> | <u>3,953,187,196</u> |

See accompanying notes to consolidated financial statements.

THE ROCKEFELLER UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2024

(With summarized comparative financial information for the year ended June 30, 2023)

| | 2024 | | | 2023 |
|--|-------------------------------|----------------------------|---------------|---------------|
| | Without donor restrictions | With donor restrictions | Total | Total |
| Revenues: | | | | |
| Government grants and contracts | \$ 110,367,775 | — | 110,367,775 | 101,522,703 |
| Private gifts and grants | 15,901,296 | 147,236,532 | 163,137,828 | 164,256,077 |
| Investment income, net (note 3) | 25,911,688 | 147,989,988 | 173,901,676 | 2,335,999 |
| Net appreciation in fair value of derivative instruments (note 6) | 16,076,529 | — | 16,076,529 | 27,374,167 |
| Sales and services of auxiliary enterprises | 34,195,323 | — | 34,195,323 | 31,944,257 |
| Royalty and other income | 26,170,221 | — | 26,170,221 | 20,639,236 |
| Net assets released from restrictions (note 10) | 224,823,446 | (224,823,446) | — | — |
| Total revenues | 453,446,278 | 70,403,074 | 523,849,352 | 348,072,439 |
| Expenses and other changes: | | | | |
| Expenses (note 11): | | | | |
| Research | 305,300,377 | — | 305,300,377 | 274,782,549 |
| Graduate education | 21,531,366 | — | 21,531,366 | 19,183,852 |
| Research support | 46,346,056 | — | 46,346,056 | 46,174,255 |
| Institutional support | 61,261,511 | — | 61,261,511 | 60,517,043 |
| Auxiliary enterprises | 40,222,365 | — | 40,222,365 | 37,648,692 |
| Total expenses | 474,661,675 | — | 474,661,675 | 438,306,391 |
| Other changes: | | | | |
| Postretirement-related changes other than net periodic postretirement benefit cost (note 8) | (64,000) | — | (64,000) | (15,088,000) |
| Litigation payments (notes 11 and 12) | 83,634,490 | — | 83,634,490 | 70,064,213 |
| Provision for uncollectible contributions receivable | — | 5,528,679 | 5,528,679 | — |
| Net expenses and other changes | 558,232,165 | 5,528,679 | 563,760,844 | 493,282,604 |
| Change in net assets | (104,785,887) | 64,874,395 | (39,911,492) | (145,210,165) |
| Net assets at beginning of year | 169,292,642 | 2,408,522,609 | 2,577,815,251 | 2,723,025,416 |
| Net assets at end of year | \$ 64,506,755 | 2,473,397,004 | 2,537,903,759 | 2,577,815,251 |

See accompanying notes to consolidated financial statements.

THE ROCKEFELLER UNIVERSITY

Consolidated Statement of Cash Flows

Year ended June 30, 2024

(With comparative financial information for the year ended June 30, 2023)

| | 2024 | 2023 |
|---|-----------------|---------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (39,911,492) | (145,210,165) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Net appreciation in fair value of investments | (175,673,364) | (4,387,014) |
| Net appreciation in fair value of derivative instruments | (16,076,529) | (27,374,167) |
| Depreciation and amortization | 54,509,200 | 55,223,644 |
| Provision for uncollectible contributions receivable | 5,528,679 | — |
| Private gifts and grants restricted for long-term investment | (15,232,502) | (12,048,947) |
| Contributions for capital | (1,362,440) | (1,546,746) |
| Contingent liabilities | 21,582,470 | (45,439,643) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (5,319,927) | (48,564) |
| Contributions receivable, excluding amounts in financing activities | (8,660,253) | (18,612,490) |
| Other assets | (1,685,265) | (1,069,711) |
| Accounts payable and accrued expenses | 8,500,342 | (1,141,599) |
| Deferred revenues | (5,636,411) | (1,819,055) |
| Conditional asset retirement obligation | 557,701 | 551,813 |
| Postretirement benefit obligation | 2,644,000 | (11,928,000) |
| Amounts held for others | (10,382,777) | (8,493,935) |
| Net cash used in operating activities | (186,618,568) | (223,344,579) |
| Cash flows from investing activities: | | |
| Proceeds from sale of investments | 433,308,030 | 706,350,724 |
| Purchase of investments | (324,841,202) | (582,194,498) |
| Additions to plant assets | (28,916,339) | (52,991,863) |
| Change in accounts payable for capital expenditures | (595,325) | (1,392,798) |
| Principal collections on loans receivable – faculty and staff | 1,110,811 | 2,734,241 |
| Issuance of loans – faculty and staff | (1,385,183) | (1,113,902) |
| Net cash provided by investing activities | 78,680,792 | 71,391,904 |
| Cash flows from financing activities: | | |
| Proceeds from private gifts and grants restricted for long-term investment | 14,273,279 | 28,194,902 |
| Proceeds from private gifts restricted for capital | 7,200,000 | 9,200,000 |
| Proceeds from lines of credit | 100,000,000 | 125,000,000 |
| Repayment of lines of credit | — | (186,000,000) |
| Net cash provided by (used in) financing activities | 121,473,279 | (23,605,098) |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 13,535,503 | (175,557,773) |
| Cash, cash equivalents, and restricted cash at beginning of year (note 1 (c)) | 76,372,722 | 251,930,495 |
| Cash, cash equivalents, and restricted cash at end of year (note 1 (c)) | \$ 89,908,225 | 76,372,722 |
| Supplemental disclosures: | | |
| Interest paid | \$ 41,450,677 | 42,731,653 |
| Net appreciation (depreciation) in amounts held for others | 10,960,047 | (794,408) |

See accompanying notes to consolidated financial statements.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

(1) Discussion of Operations and Summary of Significant Accounting Policies

The Rockefeller University (the University) is a world-renowned center for research and graduate education in the biomedical sciences, chemistry, bioinformatics, and physics. The University's 71 laboratories conduct both clinical and basic research and study a diverse range of biological and biomedical problems with the mission of improving the understanding of life for the benefit of humanity. Laboratories are loosely clustered in nine research areas covering a wide spectrum of disciplines in the life sciences, including neuroscience, immunology, genetics, structural biology, and bioinformatics. The University does not charge tuition. Its revenues are derived primarily from investment income, government grants and contracts, and private gifts and grants.

CLSI Incubator, LLC

CLSI Incubator, LLC (the Incubator) is a limited liability company. The University and the Incubator entered into the Limited Liability Company Agreement of Incubator, effective as of October 20, 2023. The Incubator, which is wholly owned by the University, is disregarded as a separate taxpayer from the University for federal income tax purposes and is organized and operated to support the exempt purposes of the University, including by promoting innovation by licensing space in premises owned by the University and leased to Incubator to early stage companies and organizations engaged in education and scientific innovation. The accompanying consolidated financial statements include the accounts of the University and its wholly owned subsidiary. All significant intercompany accounts have been eliminated in consolidation.

The significant accounting policies followed by the University are described below:

(a) Basis of Presentation

The University maintains its accounts in accordance with the principles of fund accounting. Under this method of accounting, resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund.

For financial reporting purposes, however, the University prepares its consolidated financial statements on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board (FASB) or external reporting by not-for-profit organizations. Those standards require the classification of net assets and changes therein in two classes of net assets as follows:

- *Without Donor Restrictions* – Net assets are not subject to donor-imposed restrictions but may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties. In addition, changes in this category of net assets include returns on “funds functioning as endowment” and certain types of philanthropic support.

Such philanthropic support includes gifts without restrictions, including those designated by the Board of Trustees (the Board) to function as endowment and previously restricted gifts and grants for buildings that have been placed in service.

- *With Donor Restrictions* – Net assets subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time. Items that affect this net asset category are gifts

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

with donor restrictions, including gifts for buildings not yet placed in service and unexpended investment returns on donor-imposed endowment funds that have not been appropriated for expenditure. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts for buildings when the associated long-lived assets is placed in service, are reported as net assets restricted from restrictions.

Also included in the category are net assets subject to donor-imposed restrictions to be maintained permanently by the University, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity.

Revenue is reported as increases in net assets without donor restrictions unless limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. As discussed further in note 4, the University follows the provisions of Accounting Standards Codification (ASC) Topic 958, Subtopic 205-45, *Classification of Donor-Restricted Endowment Funds Subject to the Uniform Prudent Management of Institutional Funds Act*, which impacts the reporting of investment return on endowment funds. Accordingly, dividends, interest, and net gains and losses on endowment funds are reported as increases or decreases in net assets with donor restrictions until appropriated for expenditure by the University. Other changes within the consolidated statements of activities include postretirement-related changes other than net periodic postretirement benefit cost and nonroutine, nonoperating expenses.

(b) Fair Value Measurements

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. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted or published prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices or published net asset values similar to those of a mutual fund (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted or published prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

Level 3 inputs are unobservable inputs for the assets or liabilities.

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

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)**(c) Cash Equivalents**

All highly liquid debt instruments with an original maturity of three months or less are considered to be cash equivalents, except for such assets that are part of the University's investment portfolio managed by external investment managers for long-term purposes.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheet that sum to the total of the same such amounts shown in the consolidated statement of cash flows.

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|-------------------|
| Cash and cash equivalents | \$ 66,956,928 | 31,142,442 |
| Cash in investments | <u>22,951,297</u> | <u>45,230,280</u> |
| Total cash, cash equivalents, and restricted cash shown in the statement of cash flows | <u>\$ 89,908,225</u> | <u>76,372,722</u> |

Cash included in investments is held with investment managers for liquidity and long-term investment purposes.

(d) Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received. Contributions to be received after one year are discounted to reflect the present value of future cash flows at a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

Contributions of property, plant, and equipment without donor stipulation concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire property, plant, and equipment are reported as revenues of the net assets with donor restrictions class; the restrictions are considered to be released at the time such long-lived assets are placed into service. A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional promises to give are recognized only when the barriers on which they depend are met and the promises become unconditional. Conditional contributions at June 30, 2024 and 2023 were approximately \$113,925,000 and \$88,189,000, respectively.

(e) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon quoted or published market values. Investments in partnerships, as a practical expedient, are reflected at net asset value (NAV) as reported by the general partners, and may differ from the values that would have been reported had a ready market for these securities existed. The University reviews and evaluates the values provided by the general

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

partners and agrees with the valuation methods and assumptions used in determining the fair value of the limited partnerships.

(f) Plant Assets

Plant assets are stated at cost or at fair value at date of donation in the case of gifts. Depreciation of buildings and building improvements is recorded over estimated useful lives ranging from 15 to 50 years. Equipment is depreciated over estimated useful lives ranging from 5 to 10 years. Leasehold improvements are amortized over the life of the asset or term of the lease, whichever is shorter. Library books are depreciated over estimated useful lives of 15 years.

(g) Government Grants and Contracts

Revenue from government grants and contracts is generally recognized as earned, that is, as the related costs are incurred under the grant or contract agreements. Amounts expended in excess of reimbursements are reported as accounts receivable.

(h) Deferred Revenue

Deferred revenue primarily consists of amounts received from donors that do not meet the definition of a contribution as defined by ASC Topic 958-605. Such amounts are recognized as revenue to the extent of expenditure.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

(i) Revenue Recognition

In accordance with ASC Topic 606, the University accounts for a customer contract when both parties have approved the contract and are committed to perform their respective obligations, each party's rights can be identified, payment terms can be identified, the contract has commercial substance, and it is probable the University will collect substantially all of the consideration to which it is entitled.

| Products and services | Nature, timing of satisfaction of performance obligations, and significant payment terms |
|------------------------------|--|
| Auxiliary enterprises | <p>Consists of the following:</p> <p><i>Press operations</i> – Issues four different scientific journals. Subscription sales revenue is recognized on a straight-line basis over the subscription (contract) period (one year) up front.</p> <p><i>Housing services</i> – Provides a variety of housing accommodations in support of the scientific needs of the University. Tenant's leases are for a one-year term. Revenue is recognized on a point in time basis.</p> <p><i>Food services</i> – Provides food services to the University community through a cafeteria, café, and conference dining. Food service revenue is recognized at a point in time sale.</p> |
| Royalty income | <p>Royalty income is generated from licensing agreements the University enters with a third-party patentable inventions, tangible materials, and copyrighted materials are transferred to the for-profit sector for further development into useful commercial products and services. Licensing agreements can terminate for convenience. Agreements are milestone-based and revenue is recognized upon receipt (point in time) once certain milestones are achieved.</p> |

(j) Derivative Instruments

The University accounts for derivative instruments at fair value. The fair value of the derivatives held is based upon values provided by third-party financial institutions and is assessed by management for reasonableness. The fair values of the University's interest rate swaps were calculated as of June 30, 2024 using industry-recognized methodologies. The valuations are based on the present value of the difference between the fixed rate paid by the University and the midmarket fixed rate the University would pay on a similar transaction if it were entered into on June 30, 2024.

(k) Conditional Asset Retirement Obligation

Upon acquisition, and when reasonably estimable, the University recognizes the fair value of the liability related to the legal obligation to perform asset retirement activity on tangible long-lived assets.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

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 recorded.

(l) Income Taxes

The University is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The University follows the guidance of ASC Subtopic 740-10, *Income Taxes – Overall*, which addresses accounting for uncertainties in income taxes recognized in an enterprise's consolidated financial statements. The University utilizes a threshold of more-likely than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The University evaluates on an annual basis, the effect of any uncertain tax position on its consolidated financial statements. As of June 30, 2024, the University has not identified or provided for any such positions.

(m) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates made in the preparation of these consolidated financial statements include the valuation of investments, estimated net realizable value of receivables, the obligation under derivative instruments, and the postretirement benefit obligation. Actual results could differ from those estimates.

(n) Comparative Financial Information

The consolidated statement of activities is presented with prior year financial information in total, which does not include net asset class detail. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the University's 2023 consolidated financial statements, from which the summarized information was derived.

(o) Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU), which requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The ASU is intended to improve financial reporting by requiring earlier recognition of credit losses on certain financial assets. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The University adopted the provisions of the ASU in fiscal year 2024. The University adopted the provisions of the ASU using a prospective transition approach. As such, the University is not required to adjust comparative periods or provide comparative period disclosures. The adoption did not have a material impact on the University's consolidated financial statements at June 30, 2024.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

(p) Reclassifications

Certain amounts in the 2023 consolidated financial statements have been reclassified to conform to the 2024 presentation.

(2) Liquidity and Availability of Financial Assets

As of June 30, 2024 and 2023, financial assets and liquidity resources available within one year of the consolidated balance sheet date for general expenditure, such as operating expenses, scheduled debt service payments, and capital construction costs not financed with debt, were as follows:

| | <u>2024</u> | <u>2023</u> |
|---|-----------------------|--------------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 66,956,928 | 31,142,442 |
| Accounts receivable | 19,259,218 | 14,356,721 |
| Contribution receivable due in one year, excluding endowment | 60,625,879 | 58,089,313 |
| Endowment spending in subsequent year | <u>154,662,612</u> | <u>135,878,237</u> |
| Total financial assets available within one year | 301,504,637 | 239,466,713 |
| Liquidity resources: | | |
| Quasi-endowment funds without donor restrictions subject to board resolutions | 266,172,344 | 262,228,220 |
| Revolving credit agreement | 100,000,000 | 100,000,000 |
| Revolving credit agreement (expires January 2025) | 15,000,000 | 25,000,000 |
| Revolving credit agreement | — | 100,000,000 |
| Revolving credit agreement | <u>50,000,000</u> | <u>50,000,000</u> |
| Total financial assets available within one year and liquidity resources | \$ <u>732,676,981</u> | <u>776,694,933</u> |

The University manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. In addition, the University invests cash in excess of daily requirements in short-term investments or fixed-income securities. To manage additional liquidity, the University maintains lines of credit with several banks that are drawn upon as needed during the year to manage cash flows primarily for general corporate purposes. Amounts from the board-designated quasi-endowment funds could be made available if necessary through a board resolution.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)**(3) Investments and Fair Value**

The University's investments consist of the following at June 30, 2024 and 2023:

| | 2024 | 2023 |
|--|-------------------------|----------------------|
| Investments reported at fair value: | | |
| Cash and cash equivalents (Level 1) | \$ 88,741,293 | 64,180,814 |
| U.S. long equities (Level 1) | 9,557,508 | 8,540,710 |
| International/ global equities (Level 1) | 24,921,882 | 5,842,891 |
| Other equities (Level 1) | 34,971,487 | 28,969,097 |
| Natural resources and other (Level 3) | 3,187,500 | — |
| | <u>161,379,670</u> | <u>107,533,512</u> |
| Investments reported at net asset value: | | |
| Public: | | |
| U.S. long equities | 216,417,901 | 204,895,833 |
| International/global equities | 170,599,084 | 202,382,936 |
| Long/short equities | 343,204,787 | 333,532,013 |
| Absolute return | 450,867,836 | 442,051,166 |
| Total public at net asset value | <u>1,181,089,608</u> | <u>1,182,861,948</u> |
| Private: | | |
| Buyout funds | 413,332,854 | 375,980,032 |
| Venture capital funds | 518,962,804 | 557,317,726 |
| Real estate funds | 76,468,186 | 97,582,576 |
| Natural resources and other | 230,597,055 | 204,666,783 |
| Total private at net asset value | <u>1,239,360,899</u> | <u>1,235,547,117</u> |
| Total investments | <u>\$ 2,581,830,177</u> | <u>2,525,942,577</u> |

Investments include limited partnerships totaling approximately \$2.420 billion and \$2.415 billion at June 30, 2024 and 2023, respectively, which are presented above by the underlying investment classification.

Alternative investments – Public investments include interests in limited partnerships that invest principally in public equities and corporate bonds and may employ both long and short strategies.

Alternative investments – Private investments include interests in limited partnerships that invest principally in buyout funds, venture capital, real estate funds, and natural resources. These interests generally have very limited liquidity.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

A description of the various categories follows:

Long/short equities represent investments in funds that invest predominantly in liquid publicly traded marketable securities, primarily equities. These funds are able to hold both long and short positions and utilize leverage. These funds attempt to generate higher returns with lower volatility than their long-only counterparts and demonstrate moderate equity market correlation.

Absolute return represents investments in funds that pursue strategies that do not demonstrate a sustained correlation to public equity markets, such as distressed debt and credit strategies, market neutral strategies, macro strategies, event driven and merger arbitrage strategies, and deep value investing.

Buyout funds represent investments in funds that take negotiated, frequently controlling ownership stakes in companies in the United States and internationally.

Venture capital funds represent investments in companies that are newly formed and which require substantial initial capital.

Real estate funds represent investments in a broad range of commercial and residential real estate properties.

Natural resources and other represent investments in partnerships that invest in a broad range of natural resources, including oil and gas, timber, metals and mining, and power. The other category generally represents private partnerships in credit, royalty, or other nonequity investments.

At June 30, 2024, the University had approximately \$466.7 million for which capital calls had not been exercised pertaining to alternative investments – private. Such commitments generally have fixed expiration dates or other termination clauses. The University maintains sufficient liquidity to cover such calls. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. 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 consolidated balance sheet.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

Equities and alternative investments – public contain various monthly, quarterly, semiannual, and annual redemption restrictions with required written notice ranging up to 180 days. In addition, certain of these investments are restricted by initial lockup periods.

As of June 30, 2024, the following table summarizes at fair value the composition of various redemption provisions and lockup periods in the investment portfolio:

| Redemption period | Long equities | Public investments reported at net asset value | | Total |
|-------------------|------------------|---|--------------------|---------------|
| | | Long/short equities | Absolute return | |
| Monthly | \$ — | 129,875,315 | 26,806,304 | 156,681,619 |
| Quarterly | 182,713,125 | 85,790,037 | 299,444,496 | 567,947,658 |
| Annual | 55,476,758 | — | — | 55,476,758 |
| In liquidation | 1,840,694 | 3,994,420 | 80,972,484 | 86,807,598 |
| Lockup (a) | 146,986,408 | 123,545,015 | 43,644,552 | 314,175,975 |
| Total | \$ 387,016,985 | 343,204,787 | 450,867,836 | 1,181,089,608 |

(a) The amount subject to redemption lockup is set to expire as follows:

| | Amount |
|--------------|----------------|
| Fiscal year: | |
| 2025 | \$ 125,020,021 |
| 2026 | 109,273,469 |
| Thereafter | 79,882,485 |
| | \$ 314,175,975 |

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

As of June 30, 2023, the following table summarizes at fair value the composition of various redemption provisions and lockup periods in the investment portfolio:

| Redemption period | Long equities | Public investments reported at net asset value | | Total |
|-------------------|------------------|---|--------------------|---------------|
| | | Long/short equities | Absolute return | |
| Monthly | \$ — | 105,248,416 | 51,220,681 | 156,469,097 |
| Quarterly | 147,377,215 | 90,232,351 | 131,994,666 | 369,604,232 |
| Semiannual | 13,589,000 | — | 118,938,700 | 132,527,700 |
| Annual | 46,661,548 | — | 27,431,849 | 74,093,397 |
| In liquidation | 31,301,816 | 24,521,565 | 41,894,309 | 97,717,690 |
| Lockup (a) | 146,597,801 | 113,529,681 | 70,570,961 | 330,698,443 |
| Total | \$ 385,527,380 | 333,532,013 | 442,051,166 | 1,161,110,559 |

(a) The amount subject to redemption lockup is set to expire as follows:

| | Amount |
|--------------|-----------------------|
| Fiscal year: | |
| 2024 | \$ 223,468,489 |
| 2025 | 102,223,021 |
| Thereafter | 5,006,933 |
| | <u>\$ 330,698,443</u> |

Private partnerships are invested through drawdown vehicles such that capital is drawn and repaid over time. On average, private partnerships have a cash flow weighted duration that ranges from three to five years.

Investment income, net consists of the following as of June 30:

| | 2024 | | | 2023 |
|--|-------------------------------|----------------------------|-------------|-------------|
| | Without donor restrictions | With donor restrictions | Total | Total |
| Interest and dividends, net | \$ 1,577,044 | (3,348,732) | (1,771,688) | (2,051,015) |
| Net appreciation in fair value of investments | 24,334,644 | 151,338,720 | 175,673,364 | 4,387,014 |
| Total | \$ 25,911,688 | 147,989,988 | 173,901,676 | 2,335,999 |

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

(4) Endowment Funds

The primary role of the endowment is to advance the research mission of the University through support of the annual operating budget. The University's endowment consists of both donor-restricted endowment funds and funds designated by the University for long-term purposes and is subject to the provision of the *New York Prudent Management of Institutional Funds Act* (NYPMIFA). The University has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as 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 absent explicit donor stipulations to the contrary.

The endowment's assets are invested in marketable securities, including U.S. and global equities and fixed income securities, and partnerships, including long/short equities, absolute return, venture capital, buyout funds, real estate funds, and natural resources. The assets are primarily invested by external investment managers through separate accounts or through commingled vehicles, including funds, trusts, and limited partnerships.

The Investment Committee of the University's Board of Trustees (the Committee) is responsible for overseeing the endowment. With the support of the Office of Investments, the Committee establishes the endowment's investment policy and asset allocation, retains and oversees external investment managers, and monitors the implementation and performance of the investment program. The Committee has established a long-term asset allocation policy, which is designed to earn superior investment returns while reducing the risk of permanent impairment of capital. The policy emphasizes (1) a substantial allocation to equity investments; (2) broad diversification of asset class, style, and manager; (3) low correlation to traditional equity market indices; (4) low volatility strategies; and (5) less efficient asset classes. The asset allocation policy is reviewed annually by the Committee. Actual asset allocation is reviewed quarterly by the Committee, which may tactically overweight or underweight a particular asset class.

(a) Spending Policy

The University operates under a modified inflation-based spending formula for operations. This formula consists of 70% of the allowable spending in the prior fiscal year, increased by the rate of inflation (Higher Education Price Index (HEPI)) and 30% of the current year spend rate applied to a 12-quarter average market value. The applied spending rate was 5.5% as of June 30, 2024 and 2023, respectively. The spending rate appropriation from the portion of the endowment without donor restrictions for the years ended June 30, 2024 and 2023 was \$98,184,329 and \$91,216,841, respectively.

(b) Funds with Deficiencies

From time to time, the fair value of endowment assets may fall below the fund's original value. Deficiencies of this nature are reported in net assets with donor restrictions. Underwater endowments were \$1,770,712 and \$2,250,640 as of June 30, 2024 and 2023, respectively. As of June 30, 2024, the historical gift value of the 12 underwater endowments was \$29,948,649 and the fair market value was \$28,177,937. As of June 30, 2023, the historical gift value of the 12 underwater endowments was \$26,364,210 and the fair market value was \$24,113,570.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

The University applies the aforementioned spending policy to its endowment accounts with deficiencies by utilizing the accumulated gains on the board-designated endowment without donor restrictions.

At June 30, 2024 and 2023, net assets associated with endowment funds, exclusive of pledges and nonpooled endowments principally in trusts, consisted of the following:

| 2024 | | | |
|-----------------------------------|---------------------------------------|------------------------------------|----------------------|
| | Without donor restrictions | With donor restrictions | Total |
| Donor restricted | \$ — | 2,153,928,602 | 2,153,928,602 |
| Designated for long-term purposes | 266,172,344 | — | 266,172,344 |
| Total | \$ 266,172,344 | 2,153,928,602 | 2,420,100,946 |

| 2023 | | | |
|-----------------------------------|---------------------------------------|------------------------------------|----------------------|
| | Without donor restrictions | With donor restrictions | Total |
| Donor restricted | \$ — | 2,103,191,261 | 2,103,191,261 |
| Designated for long-term purposes | 262,228,220 | — | 262,228,220 |
| Total | \$ 262,228,220 | 2,103,191,261 | 2,365,419,481 |

Changes in net assets associated with endowment funds, exclusive of pledges and nonpooled endowments principally in trusts, for the years ended June 30, 2024 and 2023, were as follows:

| 2024 | | | |
|--------------------------------------|---------------------------------------|------------------------------------|----------------------|
| | Without donor restrictions | With donor restrictions | Total |
| Net assets at June 30, 2023 | \$ 262,228,220 | 2,103,191,261 | 2,365,419,481 |
| Contributions | — | 14,273,279 | 14,273,279 |
| Investment gain, net | 31,177,963 | 147,989,988 | 179,167,951 |
| Transfers, net | 7,150,000 | (5,226,346) | 1,923,654 |
| Total before spending rate | 300,556,183 | 2,260,228,182 | 2,560,784,365 |
| Endowment spending rate: | | | |
| Without donor restrictions | (34,383,839) | (98,184,329) | (132,568,168) |
| With donor restrictions | — | (8,115,251) | (8,115,251) |
| Total endowment spending rate | (34,383,839) | (106,299,580) | (140,683,419) |
| Net assets at June 30, 2024 | \$ 266,172,344 | 2,153,928,602 | 2,420,100,946 |

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

| | 2023 | | |
|----------------------------------|-------------------------------|----------------------------|---------------|
| | Without donor restrictions | With donor restrictions | Total |
| Net assets at June 30, 2022 | \$ 415,974,863 | 2,192,241,394 | 2,608,216,257 |
| Contributions | — | 28,194,902 | 28,194,902 |
| Investment gain (loss), net | 3,865,433 | (13,680,707) | (9,815,274) |
| Transfers, net | 9,150,000 | (6,375,851) | 2,774,149 |
| Total before spending rate | 428,990,296 | 2,200,379,738 | 2,629,370,034 |
| Endowment spending rate: | | | |
| Without donor restrictions | (26,762,076) | (91,216,841) | (117,978,917) |
| With donor restrictions | — | (5,971,636) | (5,971,636) |
| Total endowment spending rate | (26,762,076) | (97,188,477) | (123,950,553) |
| Total before draw for operations | 402,228,220 | 2,103,191,261 | 2,505,419,481 |
| Draw for operations | (140,000,000) | — | (140,000,000) |
| Net assets at June 30, 2023 | \$ 262,228,220 | 2,103,191,261 | 2,365,419,481 |

During fiscal year 2023, the University withdrew \$140,000,000 from the endowment primarily to temporarily fund settlements, legal fees, and other expenses (see note 12). The University plans on repaying the endowment.

(5) Obligation under Lines of Credit

On November 1, 2022, the University entered into a revolving credit agreement with a financial institution. This agreement consists of a \$100 million committed facility, expiring on November 1, 2025, to be used for general institutional purposes. The facility borrowings may occur at the Secured Overnight Financing Rate (SOFR) + 0.10% plus 0.50%. The commitment fee on the facility is 0.45% of the undrawn balance. There was \$0 outstanding as of June 30, 2024 and 2023, respectively.

On January 4, 2024, the University entered into a revolving credit agreement with a financial institution. This agreement consists of a \$15 million committed facility, expiring on January 4, 2025, to be used for general institutional purposes. The previous agreement, which expired on January 4, 2024, consisted of a \$25 million committed facility. The facility borrowings may occur at the SOFR plus 0.55%. The commitment fee on the facility is 0.10% of the undrawn balance. There was \$0 outstanding as of June 30, 2024 and 2023, respectively.

On May 4, 2022, the University entered into a revolving credit agreement with a financial institution. The agreement consists of a \$100 million committed facility, expiring on May 3, 2027, to be used for general institutional purposes. The facility borrowings may occur at the SOFR plus 0.43%. The commitment fee on the facility is 0.10% of the undrawn balance. There was \$100,000,000 outstanding as of June 30, 2024 and \$0 as of June 20, 2023.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

On March 23, 2023, the University entered into a revolving credit agreement with a financial institution. The agreement will consist of a three-year \$50 million committed facility to be used for general corporate purposes. The facility borrowings may occur at the Bloomberg Short-Term Bank Yield (BSBY) plus 1.35%. The commitment fee on the facility will be 0.20% of the undrawn balance. There was \$0 outstanding as of June 30, 2024 and 2023, respectively.

Fees relating to the obligation under the lines of credit for the years ended June 30, 2024 and 2023 were approximately \$696,000 and \$420,000, respectively. Interest expense on the lines of credit was \$3,747,000 and \$4,590,000 as of June 30, 2024 and 2023, respectively.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

(6) Long-Term Debt

The University has financed certain plant asset acquisition and construction costs, and obtained general institutional liquidity, through revenue obligations of the Dormitory Authority of the State of New York (the Authority) and other sources.

The following obligations were outstanding at June 30, 2024 and 2023:

| | 2024 | 2023 |
|--|----------------|-------------|
| The Rockefeller University Revenue Bonds, Series 2022A, 4% to 5%, due serially to 2042 | \$ 70,400,000 | 70,400,000 |
| Note payable, direct placement 1.25%, due serially 2026 | 100,000,000 | 100,000,000 |
| The Rockefeller University Revenue Bonds, Series 2020A, 5.00%, due serially to 2053 | 40,985,000 | 40,985,000 |
| The Rockefeller University Revenue Bonds, Series 2020B, 3.75%, due 2051 | 75,345,000 | 75,345,000 |
| The Rockefeller University Revenue Bonds, Series 2019A, 5.00%, due 2035 | 46,770,000 | 46,770,000 |
| The Rockefeller University Revenue Bonds, Series 2019B, 5.00%, due 2050 | 73,285,000 | 73,285,000 |
| The Rockefeller University Revenue Bonds, Series 2019C, 4.00%, due 2049 | 89,365,000 | 89,365,000 |
| The Rockefeller University Revenue Bonds, Series 2017A, variable rate, partially hedged by interest rate swap, due 2052 (effective rate 2.66% and 2.81% as of June 30, 2024 and 2023, respectively) | 100,445,000 | 100,445,000 |
| Note payable, direct placement 3.77%, due serially to 2045 | 25,000,000 | 25,000,000 |
| The Rockefeller University Revenue Bonds, Series 2015A, variable rate, partially hedged by interest rate swap, due 2045 (effective rate 4.14% and 4.24% as of June 30, 2024 and 2023, respectively) | 119,190,000 | 119,190,000 |
| The Rockefeller University Revenue Bonds, Series 2015B, variable rate, partially hedged by interest rate swap, due 2045 (effective rate 4.01% and 3.92% as of June 30, 2024 and 2023, respectively) | 44,000,000 | 44,000,000 |
| The Rockefeller University Revenue Bonds, Series 2008A, variable rate, partially hedged by interest rate swap, due 2039 (effective rate 5.28% and 5.51% as of June 30, 2024 and 2023, respectively) | 103,215,000 | 103,215,000 |
| The Rockefeller University Revenue Bonds, Series 2002A2, variable rate, partially hedged by interest rate swap, due 2032 (effective rate 4.46% and 4.89% as of June 30, 2024 and 2023, respectively) | 50,000,000 | 50,000,000 |
| | 938,000,000 | 938,000,000 |
| Unamortized bond premium | \$ 49,491,077 | 52,074,817 |
| Unamortized bond issuance costs | (3,814,742) | (4,060,002) |
| | \$ 983,676,335 | 986,014,815 |

The Series 2012A, 2012B, 2019A, 2019B, 2019C, 2020A, and the 2022A bonds were issued at a premium, which are being amortized over the lives of the bonds.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

As of June 30, 2024, the University's projected debt service payments on its long-term debt are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total debt service</u> |
|----------------------|-----------------------|--------------------|---------------------------|
| Year ending June 30: | | | |
| 2025 | \$ — | 37,315,592 | 37,315,592 |
| 2026 | 100,000,000 | 36,863,537 | 136,863,537 |
| 2027 | — | 36,065,592 | 36,065,592 |
| 2028 | — | 36,065,592 | 36,065,592 |
| 2029 | 2,000,000 | 36,065,592 | 38,065,592 |
| Thereafter | 836,000,000 | 576,089,290 | 1,412,089,290 |
| | <u>\$ 938,000,000</u> | <u>758,465,195</u> | <u>1,696,465,195</u> |

Interest expense on long-term debt for the years ended June 30, 2024 and 2023 was approximately \$37,812,000 and \$37,271,000, respectively.

In April 2022, the University entered into a bond refinancing transaction. The Series 2022A bonds refunded the 2012A and the 2012B bonds and bears interest at a fixed rate. The refunding of the 2012A and 2012B bonds resulted in a gain of approximately \$3,231,0003.

In February 2021, the University entered into a note purchase agreement with a major insurance company for \$100,000,000, with principal due February 18, 2026.

In May 2020, the University entered into two bond transactions. The Series 2020A bonds refunded the Series 2010A bonds and bear interest at a fixed rate. The Series 2020B bonds bear interest at a fixed rate and were issued for general institutional liquidity.

In December 2019, the University entered into two bond transactions. The 2019A bonds refunded the 2009A bonds and bear interest at a fixed rate. The 2019B and 2019C bonds were issued jointly and bear interest at a fixed rate. The 2019B bonds issued for additional financing for a construction project. The 2019C bonds refunded the 2009C bonds.

On April 10, 2015, the University entered into a note purchase agreement with a major insurance company for \$25 million, with principal due April 10, 2045.

The Series 2015A bonds bear interest at a variable rate and were directly placed with a financial institution for an initial 10-year period through a bond purchase and placement agreement. The 2015B bonds bear interest at a variable rate and were directly placed with a financial institution through a bond purchase and placement agreement.

The Series 2002A2 bonds and the Series 2008A bonds bear interest at variable rates and are subject to optional and mandatory tender. The University has entered into agreements with remarketing agents

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

pursuant to which the remarketing agents are obligated to use their best efforts to remarket any bonds so tendered. The University is obligated to purchase any bonds that are tendered but not remarketed. In connection with the Series 2002A2 and 2008A bonds, the University arranged for a standby purchase agreement to be provided by a bank, pursuant to which the bank will purchase any bonds that are tendered and not remarketed.

On August 3, 2017, the Series 2009B bonds were refunded through proceeds from the 2017A bonds. The 2017A bonds were issued in the amount of \$100,445,000. The 2017A bonds bear interest at a variable rate and were directly placed with a financial institution for an initial 10-year period through a bond purchase and placement agreement.

On June 1, 2022, the University changed from the London Interbank Offered Rate (LIBOR) to the Secured Overnight Financing Rate (SOFR) for interest on its variable rate bond issues, 2002A2, 2008A, 2015A, 2015B, and 2017A.

Interest Rate Swap Agreements

The University has entered into five interest rate swap agreements. The following schedule presents the notional principal amounts of the swaps and other related information as of June 30, 2024:

| Effective date | Notional amount | Termination date |
|-----------------------|------------------------|-------------------------|
| January 31, 2002 | \$ 50,000,000 | 2032 |
| May 2, 2005 | 50,000,000 | 2032 |
| July 1, 2008 | 100,000,000 | 2039 |
| July 1, 2009 | 100,000,000 | 2040 |
| July 1, 2010 | 75,000,000 | 2040 |

The swaps are a partial hedge of the Series 2002A2, 2008A, 2015A, 2015B, and 2017A bond issues. Under the terms of the agreements, the University pays interest at predetermined fixed rates and receives variable rates. Included in obligation under derivative instruments in the consolidated balance sheet is the net cumulative loss on these derivative transactions in the amounts of \$51,397,387 and \$67,473,916 (Level 2 in the fair value hierarchy) at June 30, 2024 and 2023, respectively. Additionally, the change in the cumulative loss is included in net appreciation in fair value of derivative instruments in the accompanying consolidated statement of activities and amounted to \$16,076,529 and \$27,374,167 for the years ended June 30, 2024 and 2023, respectively.

In June 2023, the University converted the underlying interest rate on its swaps from LIBOR to SOFR under the International Swaps and Derivatives Association (ISDA) protocols.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)**(7) Plant Assets**

Plant assets at June 30, 2024 and 2023 comprise the following:

| | 2024 | 2023 |
|--|-------------------------|----------------------|
| Land and land improvements | \$ 32,979,028 | 32,974,959 |
| Buildings and building improvements | 1,760,900,048 | 1,746,583,135 |
| Equipment | 129,315,261 | 128,595,808 |
| Leasehold improvements | 460,112 | 460,112 |
| Library books | 755,237 | 755,237 |
| Works of art | 890,664 | 890,664 |
| Total | 1,925,300,350 | 1,910,259,915 |
| Less accumulated depreciation and amortization | (884,300,012) | (834,327,731) |
| Construction in progress | 35,321,384 | 28,320,879 |
| | <u>\$ 1,076,321,722</u> | <u>1,104,253,063</u> |

(8) Retirement Benefits

The University has defined-contribution retirement plans covering substantially all academic and nonacademic personnel. The plans are fully funded by the purchase of annuity contracts. Pension costs amounted to approximately \$12,824,000 and \$12,067,000 for the years ended June 30, 2024 and 2023, respectively.

In addition to providing pension benefits, the University provides certain healthcare and life insurance benefits for retired faculty and administrative employees who meet certain age and length-of-service requirements upon retirement. The University recognizes the funded status (i.e., the difference between the fair value of plan assets and projected benefit obligations) of its benefit plan as an asset or liability in its consolidated balance sheet and recognizes changes in that funded status in the year in which the changes occur through changes in net assets without donor restrictions.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

The following table sets forth the postretirement benefit plan's funded status and amounts recognized in the University's consolidated financial statements as of and for the years ended June 30, 2024 and 2023:

| | 2024 | 2023 |
|---|----------------------|-------------------|
| Change in benefit obligation: | | |
| Benefit obligation at beginning of year | \$ 94,472,000 | 101,990,000 |
| Service cost | 2,708,000 | 3,160,000 |
| Interest cost | 4,864,000 | 4,765,000 |
| Plan participants' contributions | 783,000 | 642,000 |
| Actuarial gain | 4,784,000 | (11,129,000) |
| Benefits paid | (5,267,000) | (4,956,000) |
| Benefit obligation at end of year | <u>102,344,000</u> | <u>94,472,000</u> |
| Change in plan assets: | | |
| Fair value of plan assets at beginning of year | 36,322,000 | 31,912,000 |
| Actual return on plan assets | 5,228,000 | 4,410,000 |
| Employer contribution | 4,484,000 | 4,314,000 |
| Plan participants' contributions | 783,000 | 642,000 |
| Benefits paid | (5,267,000) | (4,956,000) |
| Fair value of plan assets at end of year (Level 1 inputs) | <u>41,550,000</u> | <u>36,322,000</u> |
| Accrued postretirement benefit obligation (APBO) | <u>\$ 60,794,000</u> | <u>58,150,000</u> |

The components of net periodic postretirement benefit cost for the years ended June 30 are as follows:

| | 2024 | 2023 |
|--|---------------------|------------------|
| Service cost | \$ 2,708,000 | 3,160,000 |
| Interest cost | 4,864,000 | 4,765,000 |
| Expected return on plan assets | (2,503,000) | (2,199,000) |
| Amortization of net gain | (861,000) | — |
| Net periodic postretirement benefit cost | <u>\$ 4,208,000</u> | <u>5,726,000</u> |

The amount of actuarial gain amortized into net periodic postretirement benefit cost in 2025 is estimated to be \$(565,000).

As of June 30, 2024 and 2023, the postretirement benefit obligation includes net actuarial gains of \$17,721,000 and \$20,641,000, respectively.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

Weighted average assumptions used to calculate the benefits obligation and to determine net periodic pension cost as of and for the years ended June 30 are as follows:

| | <u>2024</u> | <u>2023</u> |
|--|-------------|-------------|
| Discount rate for benefit obligation | 5.670 % | 5.270 % |
| Discount rate for net periodic postretirement cost | 5.270 | 4.700 |
| Expected return on plan assets | 6.89 | 6.89 |

For measurement purposes, an annual increase in the per capita cost of covered healthcare and prescription drug benefits was assumed. As of June 30, 2024, the initial trend rates are assumed to be 6.25% for pre-65 medical claims, 5.75% for post-65 medical claims, 10.25% for both pre-65 and post-65 prescription drug claims, and 7.96% for Medicare Advantage claims. These rates are assumed to reach an ultimate rate of 4.00% in 2045 and remain at that level thereafter. The trend rates grade to a projected long-term annual growth of inflation, real GDP growth, NHE excess trend, and additional experience. Assumed healthcare cost trends have a significant effect on the amounts reported for the healthcare plans.

The asset allocation of the postretirement benefit plan as of June 30 was:

| | <u>2024</u> | <u>2024 Target</u> | <u>2023</u> | <u>2023 Target</u> |
|-----------------|--------------|--------------------|--------------|--------------------|
| Asset category: | | | | |
| Equities | 85 % | 75 % | 83 % | 75 % |
| Fixed income | 15 | 25 | 17 | 25 |
| | <u>100 %</u> | <u>100 %</u> | <u>100 %</u> | <u>100 %</u> |

The fair value of plan assets as of June 30, 2024 and 2023 includes equity mutual funds of approximately \$35.2 million and \$30.1 million, respectively, and fixed income mutual funds of approximately \$6.4 million and \$6.2 million, respectively. These instruments are considered level 1 investments in the fair value hierarchy.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 is reflected assuming that the University will continue to provide a prescription drug benefit to plan participants that is at least actuarially equivalent to Medicare Part D. The University received the federal subsidy until 2018. The amounts do not reflect the effects, if any, of the Patient Protection and Affordable Care Act and Health Care and Reconciliation Act that were enacted in March 2010.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

The benefits expected to be paid in each fiscal year from 2025 to 2029 and the five subsequent years thereafter are as follows:

| | Payments not reflecting Medicare subsidy | Medicare subsidy | Benefits reflecting Medicare subsidy |
|-----------|---|-----------------------------|---|
| 2025 | \$ 4,533,000 | 222,000 | 4,311,000 |
| 2026 | 4,812,000 | 227,000 | 4,585,000 |
| 2027 | 5,067,000 | 234,000 | 4,833,000 |
| 2028 | 5,323,000 | 241,000 | 5,082,000 |
| 2029 | 5,617,000 | 245,000 | 5,372,000 |
| 2030–2034 | 32,194,000 | 1,322,000 | 30,872,000 |

The expected benefits to be paid are based on the same assumptions used to measure the University's benefit obligation at June 30, 2024.

Employer contributions of approximately \$4.3 million are expected to be made in 2025.

(9) Contributions Receivable

Contributions receivable consist of the following at June 30, 2024 and 2023:

| | 2024 | 2023 |
|--|-----------------------|--------------------|
| Amounts expected to be collected in: | | |
| Less than one year | \$ 70,440,020 | 66,455,593 |
| One year to five years | 127,303,628 | 124,574,200 |
| Thereafter | 28,632,000 | 39,630,000 |
| | 226,375,648 | 230,659,793 |
| Less allowance | (2,500,000) | (2,500,000) |
| Less discount to present value at a 5% rate at June 30, 2024 and 2023 | (19,105,947) | (21,643,329) |
| | <u>\$ 204,769,701</u> | <u>206,516,464</u> |

Included in gross contributions receivable at June 30, 2024 and 2023 is approximately \$83 million and \$98 million, respectively, due from three donors.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

(10) Net Assets

Net assets consist of the following as of June 30, 2024 and 2023:

| | 2024 | | | 2023 | | |
|--|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|----------------------|
| | Without donor restrictions | With donor restrictions | 2024 Total | Without donor restrictions | With donor restrictions | 2023 Total |
| Operations | \$ (469,655,976) | — | (469,655,976) | (386,518,825) | — | (386,518,825) |
| Net investment in plant | 267,990,387 | — | 267,990,387 | 293,583,247 | — | 293,583,247 |
| Endowment funds without donor restrictions | 266,172,344 | — | 266,172,344 | 262,228,220 | — | 262,228,220 |
| Underwater endowment funds | — | (1,770,712) | (1,770,712) | — | (2,250,640) | (2,250,640) |
| Research | — | 120,954,763 | 120,954,763 | — | 95,368,023 | 95,368,023 |
| Research support | — | 784,527 | 784,527 | — | 303,421 | 303,421 |
| Graduation education | — | 679,450 | 679,450 | — | 679,650 | 679,650 |
| Renovation of facilities | — | 510,384 | 510,384 | — | 2,167,299 | 2,167,299 |
| Subsequent years: | | | | | | |
| Pledges – Facilities | — | 48,197,627 | 48,197,627 | — | 54,985,189 | 54,985,189 |
| Pledges – Program | — | 125,395,253 | 125,395,253 | — | 129,840,592 | 129,840,592 |
| Pledges – Endowment | — | 22,649,907 | 22,649,907 | — | 21,690,683 | 21,690,683 |
| Accumulated gains | — | 1,676,480,484 | 1,676,480,484 | — | 1,640,496,350 | 1,640,496,350 |
| Annuity trust and split interest agreements | — | 296,491 | 296,491 | — | 296,491 | 296,491 |
| Permanent endowment corpus | — | 479,218,830 | 479,218,830 | — | 464,945,551 | 464,945,551 |
| | <u>\$ 64,506,755</u> | <u>2,473,397,004</u> | <u>2,537,903,759</u> | <u>169,292,642</u> | <u>2,408,522,609</u> | <u>2,577,815,251</u> |

The endowment funds without donor restrictions consisted of the following at June 30, 2024 and 2023:

| | 2024 | 2023 |
|---|-----------------------|--------------------|
| Working capital in the endowment | \$ 44,783,439 | 44,026,633 |
| Other funds designated for long-term investment | 221,388,905 | 218,201,587 |
| | <u>\$ 266,172,344</u> | <u>262,228,220</u> |

Net assets released from restrictions as of June 30, 2024 consisted of the following:

| | |
|-------------------------------|-----------------------|
| Spending on restricted funds: | |
| Research | \$ 107,341,652 |
| Facilities | 10,686,156 |
| Education | 496,058 |
| Endowment spending rate: | |
| Board appropriated spending | 98,184,329 |
| Restricted spending: | |
| Research | 8,111,751 |
| Education | 3,500 |
| Total | <u>\$ 224,823,446</u> |

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

(11) Expenses by Natural Classification by Function

Expenses are reported in the consolidated statement of activities in categories recommended by the National Association of College and University Business Officers. The University's primary program services are research and graduate education. Expenses reported as research support and auxiliary enterprises are incurred in support of these primary program services. Accordingly, total program services expenses approximated \$413,400,000 and \$372,494,000 in 2024 and 2023, respectively. Institutional support includes approximately \$10,888,000 and \$10,182,000 of fundraising expenses in 2024 and 2023, respectively. Operations and maintenance of plant and depreciation are allocated to program and supporting activities based upon square footage. Interest is allocated to program and supporting activities based upon the usage of bond proceeds.

Expenses are reported in the consolidated statement of activities in functional categories. Natural expenses were categorized as follows:

| | 2024 | | | | | | |
|---|----------------|------------|------------------|---|-----------------------|-----------------------|-------------|
| | Research | Education | Research support | Operations and maintenance of plant (O&M) | Institutional support | Auxiliary enterprises | Total |
| Salaries and benefits | \$ 109,640,098 | 2,567,826 | 37,265,694 | 19,912,741 | 36,599,182 | 8,702,729 | 214,688,270 |
| Supplies and other | 37,045,834 | 8,546,320 | 6,230,681 | 8,614,974 | 2,049,208 | 13,695,217 | 76,182,234 |
| Fellowships and stipends | 6,462,875 | 7,086,105 | — | — | — | — | 13,548,980 |
| Subcontracts | 16,928,460 | — | — | — | — | — | 16,928,460 |
| Professional fees and service contracts | 19,805,829 | 364,855 | 7,409,536 | 8,589,429 | 4,123,312 | 2,246,799 | 42,539,760 |
| Depreciation and amortization | 30,380,010 | 3,064,730 | 2,908,037 | 4,326,804 | 4,898,052 | 8,931,567 | 54,509,200 |
| Interest and related costs | 27,516,476 | — | 5,058,348 | 211,926 | 8,724,397 | 605,217 | 42,116,364 |
| O&M – Utilities | 36,228,265 | 187,866 | 9,828,896 | (39,886,386) | 2,923,740 | 4,866,026 | 14,148,407 |
| Interdepartmental charges | 21,292,530 | (286,336) | (22,355,136) | (1,769,488) | 1,943,620 | 1,174,810 | — |
| Total functional expenses | 305,300,377 | 21,531,366 | 46,346,056 | — | 61,261,511 | 40,222,365 | 474,661,675 |
| Postretirement-related changes other than service costs | (23,842) | (1,224) | (15,282) | — | (19,566) | (4,086) | (64,000) |
| Litigation payments | — | — | — | — | 83,634,490 | — | 83,634,490 |
| Total expenses and other changes | \$ 305,276,535 | 21,530,142 | 46,330,774 | — | 144,876,435 | 40,218,279 | 558,232,165 |

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

| | 2023 | | | | | | |
|--|----------------|------------|---------------------|--|--------------------------|--------------------------|--------------|
| | | | | Operations and maintenance of plant (O&M) | Institutional support | Auxiliary enterprises | Total |
| | Research | Education | Research support | | | | |
| Salaries and benefits | \$ 97,439,105 | 2,473,057 | 33,937,690 | 18,414,137 | 33,725,199 | 8,237,585 | 194,226,773 |
| Supplies and other | 31,418,268 | 6,825,948 | 9,293,872 | 9,028,592 | 3,700,835 | 12,658,515 | 72,926,030 |
| Fellow ships and stipends | 5,693,082 | 6,614,001 | — | — | — | — | 12,307,083 |
| Subcontracts | 16,999,838 | — | — | — | — | — | 16,999,838 |
| Professional fees and service contracts | 10,601,833 | 375,851 | 7,840,654 | 7,627,287 | 4,001,525 | 1,583,344 | 32,030,494 |
| Depreciation and amortization | 30,599,993 | 3,155,799 | 3,000,887 | 4,447,626 | 4,987,475 | 9,031,864 | 55,223,644 |
| Interest and related costs | 27,265,917 | — | 4,877,130 | 209,689 | 9,454,847 | 605,519 | 42,413,102 |
| O&M— Utilities | 33,775,106 | 174,532 | 9,160,458 | (38,052,023) | 2,724,869 | 4,396,485 | 12,179,427 |
| Interdepartmental charges | 20,989,407 | (435,336) | (21,936,436) | (1,675,308) | 1,922,293 | 1,135,380 | — |
| Total functional expenses | 274,782,549 | 19,183,852 | 46,174,255 | — | 60,517,043 | 37,648,692 | 438,306,391 |
| Postretirement-related changes other than service costs | (5,572,343) | (262,126) | (3,810,903) | — | (4,430,067) | (1,012,561) | (15,088,000) |
| Litigation payments | — | — | — | — | 70,064,213 | — | 70,064,213 |
| Total expenses and other changes | \$ 269,210,206 | 18,921,726 | 42,363,352 | — | 126,151,189 | 36,636,131 | 493,282,604 |

(12) Contingent Liabilities

Amounts expended by the University under various government grants and contracts are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the University's financial position.

During 2018, the University retained external legal counsel to investigate a report by a former patient of inappropriate conduct by a former physician at the Rockefeller University Hospital. The University made publicly available the external counsel's report on its investigation. The University also established the Rockefeller Hospital Therapy Fund to provide financial assistance for therapy costs.

The NYS Child Victims Act (CVA), which was passed in February 2019, modified the statute of limitations for civil claims relating to certain childhood abuse claims and created a one-year window, which was subsequently extended for an additional year, from August 14, 2019, until mid-August 2021, during which persons could initiate civil lawsuits. On March 1, 2023, an amendment to the NYC Gender Motivated Violence Protection Act (GMVPA), which created a two-year window during which persons may bring civil lawsuits for gender-based crimes, became effective. For the year ended June 30, 2024, approximately \$83.6 million has been recorded in the consolidated financial statements for CVA and GMVPA settlements, legal fees, investigation costs, and other expenses through November __, 2024. Future costs and other expenses relating to this matter cannot be reasonably estimated at this time. The University expects that a number of these claims will be covered by existing insurance coverage and has filed a lawsuit against its insurers to recover proceeds in connection with these claims.

The University is a defendant in various other lawsuits. Management of the University does not expect the ultimate resolution of these actions to have a significant effect on the University's financial position.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

(13) Affiliated Entities

The Rockefeller Archive Center

The Rockefeller Archive Center (RAC) was a division of the University. On June 20, 2006, RAC was formed as a separate legal entity with a board of trustees separate and distinct from the University's board of trustees. The University's president participates in RAC's board of trustees.

The University has entered into an agreement whereby it is providing investment services to RAC. Amounts held for others in the amount of \$151,594,988 and \$151,017,718 as of June 30, 2024 and 2023, respectively, represent the fair value (Level 3 in the fair value hierarchy) of RAC's units in the University's endowment pool. RAC, upon written notice to the University, may submit a request to redeem all or a portion of the units held by RAC. Each redemption request shall be no less than \$2 million. After receiving the redemption request, the University shall notify RAC of the portion, if any, of the redemption request that is accepted and the manner and timing of payment of the redemption amounts. The dispositions, which include redemptions and appropriations for spending, are \$10,198,407 and \$8,324,354 for the years ended June 30, 2024 and 2023, respectively, and total appreciation (depreciation) on the amounts are \$10,960,048 and \$(794,408) for the years ended June 30, 2024 and 2023, respectively. Pursuant to the terms of the investment services agreement, RAC has no beneficial interest or rights with respect to the University's underlying investments.

Tri-Institutional Therapeutics Discovery Institute

Tri-Institutional Therapeutics Discovery Institute (TDI) is a nonprofit corporation formed in 2013 to further and improve health and the diagnosis, prevention, and treatment of disease through furthering and improving translational research. TDI is controlled and governed by the University and two other leading not-for-profit academic, medical, and research institutions. The University's president and two additional University faculty members participate on TDI's board of directors. The University provides accounting and tax services to TDI on a pro bono basis.

The collaboration agreement among TDI and the Tri-Institutional members states that each Tri-Institutional member will provide pro rata funding annually (calendar year basis) determined by TDI's board of directors in support of TDI's activity. In 2024 and 2023, the University provided funding of \$2,000,000, respectively, to TDI.

(14) Subsequent Events

The University evaluated events subsequent to June 30, 2024 through November 13, 2024, the date on which the consolidated financial statements were issued and concluded that no additional disclosures are required, except as referred to above in note 12.