THE NEW SCHOOL

Consolidated Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

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

Independent Auditors' Report

The Board of Trustees
The New School:

Opinion

We have audited the consolidated financial statements of The New School (the university), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years 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 2023, 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 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 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 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.

KPMG

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.

KPMG LLP

New York, New York
October 28, 2024

THE NEW SCHOOL

Consolidated Balance Sheets

June 30, 2024 and 2023

(Dollars in thousands)

Assets		**2024**	**2023**
Cash and cash equivalents	$	201	2,178
Student accounts receivable, net (note 3)		8,323	9,739
Contributions receivable, net (note 5)		19,739	20,947
Deferred charges and other assets		23,084	28,622
Investments (note 4)		493,122	464,865
Funds held by bond trustees (note 8)		32,358	56,050
Student loans receivable, net (note 3)		1,584	1,460
Operating right-of-use assets (notes 11 and 13)		304,211	318,956
Asset held for sale (notes 6 and 15)		16,980	—
Land, buildings, and equipment, net (note 6)		796,295	802,258
Total assets	$	1,695,897	1,705,075
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities (notes 7 and 12)	$	52,560	52,735
Deferred revenue and other liabilities (note 3)		9,196	10,924
Federal Perkins student loan advances		728	708
Short-term debt (note 7)		16,871	10,003
Operating lease liabilities (notes 11 and 13)		342,682	353,097
Long-term debt, net (note 7)		673,435	687,418
Total liabilities		1,095,472	1,114,885
Net assets (note 9):			
Without donor restrictions		331,191	341,341
With donor restrictions		269,234	248,849
Total net assets		600,425	590,190
Total liabilities and net assets	$	1,695,897	1,705,075

See accompanying notes to consolidated financial statements.

THE NEW SCHOOL

Consolidated Statements of Activities

Years ended June 30, 2024 and 2023

(Dollars in thousands)

		2024	2023
Change in net assets without donor restrictions:			
Operating revenues:			
Student tuition and fees (net of scholarship allowance of $164,685 and $155,521 for the years ended June 30, 2024 and 2023, respectively) (note 3)	$	328,367	346,876
Contributions		2,045	2,258
Grants and contracts		3,203	7,064
Investment return appropriated for operations (notes 4 and 9)		10,131	11,248
Auxiliary activities (note 3)		41,609	43,078
Other income		15,909	17,789
Net assets released from restrictions (note 9)		42,818	45,275
Total operating revenues		444,082	473,588
Operating expenses (note 10):			
Instruction and departmental research		179,649	175,885
Sponsored research and public services		31,023	27,191
Academic support		87,397	83,556
Student services		40,678	37,275
Auxiliary activities		52,632	52,989
Institutional support		82,944	84,186
Total operating expenses		474,323	461,082
Change in net assets from operating activities		(30,241)	12,506
Nonoperating activities:			
Investment return, net (notes 4 and 9)		30,120	25,009
Investment return appropriated for operations (notes 4 and 9)		(10,131)	(11,248)
Other, net		102	150
Change in net assets without donor restrictions		(10,150)	26,417
Change in net assets with donor restrictions:			
Contributions		33,690	21,060
Grants and contracts		8,723	11,305
Investment return, net (notes 4 and 9)		21,481	17,819
Other, net		(691)	(1,164)
Net assets released from restrictions (note 9)		(42,818)	(45,275)
Change in net assets with donor restrictions		20,385	3,745
Change in net assets		10,235	30,162
Net assets at beginning of year		590,190	560,028
Net assets at end of year	$	600,425	590,190
Certain amounts disaggregated above are presented below in the aggregate:			
Contributions	$	35,735	23,318
Investment return		53,564	46,662
Investment return appropriated for operations		17,313	19,082

See accompanying notes to consolidated financial statements.

THE NEW SCHOOL

Consolidated Statements of Cash Flows

Years ended June 30, 2024 and 2023

(Dollars in thousands)

		2024	2023
Cash flows from operating activities:			
Change in net assets	$	10,235	30,162
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation		28,351	28,796
Provision for uncollectible student receivables		3,903	5,817
Amortization of net bond premiums and deferred charges		(1,898)	(2,015)
Net realized and unrealized gains on investments		(51,242)	(44,417)
Reduction in carrying amount of operating right-of-use-assets, net of interest expense		33,130	26,758
Contributions and grants restricted for:			
Investment in endowment		(2,908)	(4,235)
Changes in operating assets and liabilities:			
Student accounts receivable		(2,487)	(3,810)
Contributions receivable		2,961	3,515
Deferred charges and other assets		5,538	(8,796)
Operating right-of-use-assets and operating lease liabilities, net		(28,800)	(24,455)
Accounts payable and accrued expenses		(2,441)	(16,815)
Deferred revenue and other liabilities		(1,728)	(482)
Net cash used in operating activities		(7,386)	(9,977)
Cash flows from investing activities:			
Purchase of investments		(141,047)	(63,483)
Proceeds from sales of investments		158,242	82,431
Purchase of fixed assets		(37,102)	(23,035)
Change in student loans collected, net		(124)	333
Net cash used in investing activities		(20,031)	(3,754)
Cash flows from financing activities:			
Proceeds from short-term debt		61,868	33,003
Payments on short-term debt		(55,000)	(23,000)
Payments on long-term debt		(12,085)	(8,909)
Change in funds held by bond trustee, net		565	(6,209)
Change in contributions receivable restricted for endowment		(1,753)	3,335
Contributions restricted for endowment		2,908	4,235
Change in Federal Perkins student loan advances, net		20	(163)
Net cash (used in) provided by financing activities		(3,477)	2,292
Net change in cash, cash equivalents, and restricted cash		(30,894)	(11,439)
Cash, cash equivalents, and restricted cash – beginning of year		40,903	52,342
Cash, cash equivalents, and restricted cash – end of year	$	10,009	40,903
Reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown above:			
Cash and cash equivalents	$	201	2,178
Restricted cash and cash pending investment included in investments		6,020	11,810
Restricted cash included in bonds held by trustees		3,788	26,915
Total cash, cash equivalents, and restricted cash shown above	$	10,009	40,903
Supplemental information:			
Interest paid	$	25,604	24,344
Right-of-use assets obtained in exchange for operating lease liabilities		1,783	—
Fixed assets purchased through accounts payable		2,266	—

See accompanying notes to consolidated financial statements.

(1) The University

The New School was founded in 1919 by a group of scholars, journalists, and civic leaders who imagined an educational venue where they could freely discuss their ideas and where dialogue could take place between intellectuals and the public. Originally devoted to exploring the pressing social, political, and economic problems of the day, The New School has since expanded its focus to embrace the arts and culture. Today, The New School offers bachelors and masters programs in the visual and performing arts in addition to bachelors, masters, doctorate, and certificate programs in the liberal arts, social sciences, and management and urban policy.

The New School comprises five colleges. They are Parsons School of Design, Eugene Lang College of Liberal Arts, College of Performing Arts, The New School for Social Research, and Schools of Public Engagement.

During 2014, The New School formed an entity, TNS Parsons, for its campus in Paris, France. The consolidated financial statements of The New School include the accounts of this affiliate (collectively referred to as the university).

The university is accredited by the Middle States Association of Colleges and Schools.

(2) Summary of Significant Accounting Policies

(a) Net Asset Classifications

The university's consolidated financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). All material intercompany transactions and balances have been eliminated. While the underlying accounts of the university are maintained in accordance with the principles of fund accounting to facilitate observance of specific restrictions placed on the resources available to the university and to reflect how the university manages resources, the accompanying consolidated financial statements present the financial position, activities, and cash flows of the university as a whole. The university's resources are classified and reported in the accompanying consolidated financial statements within separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net assets with donor-restrictions contain donor-imposed restrictions that stipulate the resources be maintained permanently but permit the university to use the income from the resources for either specified or unspecified purposes. Also included in this category are net assets that permit the university to use or expend the assets as specified by the donor. The restrictions are satisfied either by the passage of time or by action of the university.

Net assets without donor-restrictions are not restricted by donors, or the donor-imposed restrictions have been satisfied or expired. The university's Board of Trustees has designated a portion of the net assets without donor restrictions for long-term investment (quasi-endowment) and other purposes. In addition, from time to time, the Board of Trustees may designate a portion of net assets without donor restrictions for a specified use.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions are reported as net assets released from restrictions.

Net assets released from restrictions include support for program activities such as sponsored research, instruction and financial aid. Contributions with donor-imposed restrictions are reported as donor restricted revenues and are released to net assets without donor restrictions upon the passage of time or by incurring costs which satisfy the restricted purposes specified by the donors.

(b) Cash Equivalents

Cash equivalents consist of money market funds and highly liquid financial instruments with an initial maturity of three months or less, except for those held by the university's investment managers as part of their long-term investment strategies.

(c) Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost or, if donated, at fair value on the date of donation.

Depreciation is calculated on the straight-line basis over the estimated useful lives of the related assets as follows:

	Estimated useful life
Buildings	40–75 years
Building improvements	15–30 years
Leasehold improvements	Lease term
Furniture and equipment	5 years
Computer equipment	3 years

(d) Art Collection

The university's art collection consists of works of art, including prints, paintings, photographs, and sculptures that are held for the purposes of public exhibition, education, and research. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed by the university's curators.

The art collection, which is made up of purchases and donations since the university's inception, is not recognized as an asset in the consolidated balance sheets. Purchases of collection items are recorded as expenses and donated collection items are not reported as contributions. Proceeds from sales are reflected as increases in net assets without donor restrictions.

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(e) Contributions and Contributions Receivable

Contributions, including grants, and unconditional promises to give (pledges), are recognized as revenues in the period received. Contributions with purpose or time restrictions are reported as increases in net assets with donor restrictions and are released to net assets without donor restrictions when the purpose or time restrictions are met. Contributions subject to donor-imposed stipulations that the corpus be maintained permanently are also recognized as increases in net assets with donor restrictions. Unconditional promises to give are recognized initially at fair value as contributions revenue in the period such promises are made by donors. Fair value is estimated considering anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted if necessary. Amortization of the discount is recorded as additional contribution revenue.

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 the transferred assets. Conditional promises to give are not recognized until they become unconditional, that is, when the barriers on which they depend are met. At June 30, 2024 and 2023, the university had received conditional promises to give of approximately $32,000 and $31,600, respectively, in the form of measurable performance, related or other barriers, and a right of return that have not been reflected in the accompanying consolidated financial statements because the barriers on which they depend have not been met.

(f) Split Interest Agreements

The university is the beneficiary of several split interest arrangements that require the instruments be recorded as revenue and net assets at the present value of the university's interest.

At June 30, 2024 and 2023, assets associated with split interest gifts approximate $435 and $414, respectively.

(g) Fair Value of Financial Instruments

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

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

Level 1 – Valuation inputs include published net asset value (NAV) or quoted prices (unadjusted) in active markets for identical assets or liabilities that the university has the ability to access at measurement date.

Level 2 – Valuation inputs other than published NAV or quoted prices (unadjusted) included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

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

Assets, which the university reports at fair value on a recurring basis, are investments and funds held by bond trustees.

(h) Advertising Costs

Advertising expenses reflected in the consolidated statements of activities totaled $3,843 and $4,678 for fiscal years 2024 and 2023, respectively.

(i) Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates such as the valuation of investments and funds held by bond trustees, the net realizable value of receivables, and the operating lease liabilities using the incremental borrowing rate are included in the consolidated financial statements. Actual results could differ from those estimates.

(j) Income Taxes

The university is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, except for any unrelated business income activities. The university recognizes the effects of income tax positions only if those positions are more likely than not to be sustained. The university evaluates, on an annual basis, the effects of any uncertain tax positions on its consolidated financial statements. The university has not identified or provided for any such positions as of June 30, 2024 and 2023.

(k) Operations

The consolidated statements of activities present the changes in net assets, distinguishing between operating and nonoperating activities. Operating activities principally include all revenue and expenses that relate to the university's educational programs, research, training, and supporting activities.

Operating revenues include the investment return pursuant to the university's spending policy and earned on working capital funds. Operating revenues also include all contributions, except those that contain donor-imposed restrictions.

The university has defined nonoperating activities principally to include endowment investment return (loss) net of amounts distributed to support operations in accordance with the endowment spending policy (note 9), contributions subject to donor-imposed restrictions, and activity related to annuity and unitrust agreements. Certain other gains, losses, or transactions considered to be of a more unusual or nonrecurring nature are also included as part of nonoperating activities.

(Continued)

(l) Leases

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases*, the university determines if an arrangement is a lease at inception and classifies leases as either operating or financing depending on the terms and conditions set forth in the contract. The university uses a risk-free rate to determine the present value of lease payments.

The university amortizes a lease's cost in the consolidated statements of activities on a straight-line basis over its term. On the consolidated balance sheets, operating lease right-of-use assets (ROU) represent the university's right to use the underlying assets for the lease term and lease liabilities represents the university's obligation to make lease payments arising from the leases. Operating ROU assets and liabilities are recognized at lease commencement based on the present value of lease payments over the lease term. Operating lease ROU assets are reduced each period by an amount equal to the difference between the operating lease expense and the amount of interest expense on the lease liabilities utilizing the effective interest method.

(m) Reclassification

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

(3) Student Services

(a) Tuition and Auxiliary Activities

Tuition and fees and room and board revenues are recognized in the fiscal year in which the academic programs and residential services are delivered. Institutional scholarships awarded to students reduce the amount of tuition and fees revenue recognized. Room and board revenues are reported in auxiliary activities in the accompanying consolidated statements of activities. Payments for tuition and fees and residential services are generally due prior to the start of the academic term in accordance with the university's due dates. Generally, students who adjust their course load or withdraw completely within one to four weeks of the academic term receive a full or partial refund in accordance with the university's refund policy. Refunds issued reduce the amount of revenue recognized.

In addition, the university records an allowance for uncollectible student accounts and loans. The allowance is a valuation account that is deducted from the gross receivable balance to present the net carrying value of the receivable at the amount expected to be collected. The measurement of the allowance is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amount.

(Dollars in thousands)

(b) Scholarship Allowance

Student tuition and fees are presented net of amounts awarded to students to defray their costs of attending the university as follows:

		2024	2023
University support	$	157,168	148,927
Sponsored support		7,517	6,594
	$	164,685	155,521

University support includes tuition discounts, financial aid, and merit scholarships awarded to students from operating resources with no donor restrictions. Sponsored support includes financial aid and scholarships funded from restricted and external sources.

(c) Student Accounts and Loans Receivable

Student accounts and loans receivables consisted of the following at June 30, 2024 and 2023:

		2024	2023
Student accounts receivable:			
Student accounts receivable	$	16,259	27,256
Less allowance for uncollectible accounts		(7,936)	(17,517)
	$	8,323	9,739
Student loans receivable (Perkins):			
Student loans	$	1,584	1,574
Less allowance for uncollectible loans		—	(114)
	$	1,584	1,460

(d) Deferred Revenue and Other Liabilities

The university recognizes revenue from student tuition and fees within the fiscal year in which the academic term is conducted as performance obligations are satisfied. Amounts collected in advance of such revenue recognition are deferred. Deferred revenues are typically recognized as revenue in the subsequent fiscal year.

Other liabilities primarily include amounts received in advance for services, which are recognized as performance obligations are satisfied.

(Continued)

(Dollars in thousands)

As of June 30, deferred revenues and other liabilities consisted of the following:

		2024	2023
Deferred student tuition and fees	$	7,603	7,733
Other liabilities		1,593	3,191
	$	9,196	10,924

(4) Investments

Investments at fair value consisted of the following at June 30, 2024 and 2023:

		2024	2023
Endowment investments:			
Cash and cash equivalents	$	25,008	15,604
Cash pending investment		2,005	4,006
Public equity		121,577	79,800
Fixed income		66,613	49,807
Hedge funds		103,446	141,148
Private equity		104,184	94,646
Real assets		63,644	63,500
		486,477	448,511
Operating and other investments:			
Cash and cash equivalents		6,019	15,952
Public equity		568	305
Fixed income		57	97
Hedge funds		1	—
		6,645	16,354
	$	493,122	464,865

Investments in debt and equity securities with readily determinable fair values are reported at fair value based upon quoted market prices or published NAV for investments in funds with characteristics similar to a mutual fund.

In addition to traditional equities and fixed income securities, the university holds shares or units in alternative investment funds including fixed income, hedged equity, private equity, public equity, and real asset strategies. The estimated fair values of these investments are, as a practical expedient, based on NAV provided by the fund managers. These values are reviewed and evaluated by the university's management. The reported value may differ significantly from the values that would have been reported had a ready market for these investments existed. Information with respect to investment strategies, redemption terms, and funding commitments for these investments is as follows:

Public Equity – Public equity funds include domestic, global, and emerging market strategies. The redemption periods range from monthly to semiannual. There are no remaining commitments to funds in this category total as of June 30, 2024.

Fixed Income – Fixed income funds include limited liability partnerships that invest primarily in domestic middle market companies, shorter-duration U.S. government, agencies, and instrumentality obligations and U.S. treasuries. The redemption periods for these fixed income funds range from daily to no redemption. Remaining commitments to funds in this category total $6,964 as of June 30, 2024.

Hedge Funds – Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, which are valued accordingly. Hedged strategies generally seek to benefit from opportunities as they occur in the markets due to temporary dislocations or structural inefficiencies. The university's hedge funds are mostly long/short but also include diversifying and equity oriented instruments. The redemption periods for these hedge funds range from monthly to no redemption. Remaining commitments to funds in this category total $4,756 as of June 30, 2024.

Private Equity – Private equity funds encompass buyout and venture capital strategies and may focus on investments in turnaround situations. Positions focus on the purchase, development, improvement, and management of companies that are not publicly traded on a stock exchange. These investments are made through limited partnerships that have a limited existence, generally 10 years. Under the terms of the agreements, the university is obligated to remit additional funding periodically as capital calls are exercised by the manager. Distributions are made to investors through the liquidation of the underlying assets. There are no redemptions for private equity funds. Remaining commitments to funds in this category total $37,489 as of June 30, 2024.

Real Assets – The university's real assets are comprised of real estate investments. The real estate investment strategies include the purchase and management of global residential, commercial, and industrial real estate with value attempted to be realized through both improved operations and gains on eventual sale. The redemption periods for real assets range from annual to no redemption. Remaining commitments in this category total $11,504 as of June 30, 2024.

(Continued)

(Dollars in thousands)

Investment return on endowment, operating, and other investments; funds held by bond trustees; and cash equivalents, and its classification in the consolidated statements of activities, is as follows:

		2024		
		Without donor restrictions	**With donor restrictions**	**Total**
Investment return has been allocated as follows:				
Operating, pursuant to the university's endowment spending policy	$	10,131	7,182	17,313
Other income		1,951	12	1,963
Nonoperating investment activity		19,989	14,299	34,288
Total investment return, net	$	32,071	21,493	53,564

		2023		
		Without donor restrictions	**With donor restrictions**	**Total**
Investment return has been allocated as follows:				
Operating, pursuant to the university's endowment spending policy	$	11,248	7,834	19,082
Other income		3,804	30	3,834
Nonoperating investment activity		13,761	9,985	23,746
Total investment return, net	$	28,813	17,849	46,662

The following tables summarize investments at June 30. Certain investments that are reported using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy.

(Dollars in thousands)

The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets:

		2024	2023
Investments at Level 1:			
Cash and cash equivalents	$	31,027	31,556
Cash pending investment		2,005	4,006
Equity securities:			
Domestic		14,556	500
Fixed income:			
U.S. government-backed		53,903	35,210
Real assets:			
Commodities		26,977	22,171
Total investments at Level 1		128,468	93,443
Investments measured at net asset value:			
Fixed income		12,767	14,694
Hedge funds		103,447	141,148
Private equity		104,184	94,646
Public equity		107,589	79,605
Real assets		36,667	41,329
Total investments measured at net asset value		364,654	371,422
Total	$	493,122	464,865

Investments at June 30, 2024 and 2023 are summarized in the following tables by their investment liquidity profile:

		2024			2023		
		Endowment	Operating	Total	Endowment	Operating	Total
Daily	$	121,823	6,645	128,468	77,089	16,354	93,443
Monthly		45,051	—	45,051	84,394	—	84,394
Quarterly		79,068	—	79,068	53,835	—	53,835
Semiannual		25,632	—	25,632	28,160	—	28,160
Annual		18,567	—	18,567	27,450	—	27,450
Illiquid		196,336	—	196,336	177,583	—	177,583
Total	$	486,477	6,645	493,122	448,511	16,354	464,865

(Continued)

(Dollars in thousands)

(5) Contributions Receivable

Contributions receivable are expected to be collected as follows at June 30, 2024 and 2023:

		2024	2023
Amounts expected to be collected:			
In one year or less	$	12,452	13,369
In one year to five years		8,752	7,149
In more than five years		4,120	5,173
		25,324	25,691
Less:			
Allowance for uncollectible amounts		(4,727)	(3,922)
Discount to present value (at rates ranging from 0.07% to 5.40%		(858)	(822)
	$	19,739	20,947

The amounts receivable from 10 donors represent approximately 70% and 55% of the gross receivables as of June 30, 2024 and 2023, respectively. The top 5 donors represent 22% and 13% of total contributions revenue for the years ended June 30, 2024 and 2023, respectively.

(6) Land, Buildings, and Equipment

Land, buildings, and equipment consisted of the following at June 30, 2024 and 2023:

		2024	2023
Land and air rights	$	93,107	98,207
Buildings and building improvements		868,226	883,159
Leasehold improvements		87,367	87,893
Furniture and equipment		40,642	36,522
Construction in progress		32,277	6,322
		1,121,619	1,112,103
Less accumulated depreciation		(325,324)	(309,845)
Total land, buildings, and equipment – net	$	796,295	802,258

In May 2024, the board of trustees approved the sale of a residence hall (see note 15). The net book value of $16,980 was reclassified to assets held for sale.

(Dollars in thousands)

(7) Debt

Long-term debt consisted of the following at June 30, 2024 and 2023:

Description	Date	Interest rate	2024	2023
Dormitory Authority of the State of New York Revenue Bonds:				
Series 2022A	July 1, 2052	4.00%–5.00%	$ 142,140	143,200
Series 2022B	July 1, 2026	2.85–3.25	7,670	10,090
Series 2016A	July 1, 2050	3.25–5.00	304,225	307,630
Series 2016B	July 1, 2038	3.02–4.22	66,100	69,370
Series 2015	July 1, 2050	4.00–5.00	102,370	104,300
			622,505	634,590
Less:				
Unamortized bond issuance costs			(3,309)	(3,448)
Unamortized discount			(176)	(183)
Add unamortized premium			54,415	56,459
			$ 673,435	687,418

The university is required to maintain an asset maintenance ratio in which a percentage of net assets without donor restrictions, excluding net investment in plant, plus spendable net assets to total long-term debt outstanding must be at least 40%, in accordance with the loan agreement for Series 2015. The university was in compliance with this debt covenant on June 30, 2024 and 2023, respectively. There are no other financial covenants associated with the university's long-term debt.

For the years ended June 30, 2024 and 2023, interest expense totaled $28,110 and $25,827, respectively. At June 30, 2024 and 2023, interest payable included in accounts payable and accrued liabilities was $14,055 and $14,292, respectively.

At June 30, 2024, aggregate principal maturities of long-term debt for each of the next fiscal years and thereafter are as follows:

Fiscal year ending June 30:	
2025	$ 13,140
2026	15,425
2027	16,085
2028	16,800
2029	17,610
Thereafter	543,445
	$ 622,505

(Dollars in thousands)

Short-Term Debt

The university has a margin agreement with its investment custodian to borrow up to 92% its of custodial liquid investments secured by treasuries, money market and exchange-traded funds. Interest is payable at a rate equal to the Federal Funds Rate plus 0.75% There were outstanding borrowings of $16,871 and $10,003 as of June 30, 2024 and 2023, respectively.

The university also has a $25,000 annually renewable, unsecured line of credit. Amounts borrowed under the credit line are due within one year and interest is payable at a rate equal to the Secured Overnight Financing plus 1.37%. The SOFR is one, two, three, or six months as selected by the university. The loan automatically converts to a prime rate if the university does not select a SOFR duration at least three business days prior to the date of borrowing. There were no outstanding borrowings as of June 30, 2024 or 2023.

(8) Funds Held by Bond Trustees

Funds held by bond trustees consisted of the following at June 30, 2024 and 2023:

		2024	2023
Cash and cash equivalents	$	3,788	26,924
U.S. treasury securities (level 1)		28,570	28,667
U.S. other securities (level 2)		—	459
	$	32,358	56,050

(Dollars in thousands)

(9) Net Assets

Net assets consisted of the following at June 30, 2024 and 2023:

		2024	2023
Without donor restrictions:			
Board-designated endowment	$	283,751	263,851
Undesignated		47,440	77,490
Total net assets without donor restriction		331,191	341,341
With donor restrictions:			
Subject to expenditure when a specified event occurs:			
Scholarships and other student support		3,904	4,799
Grants and contracts		18,820	17,263
Educational, research, and general activities		33,516	33,684
Contribution receivable		4,027	3,199
Building construction and equipment		675	675
Split-interest agreements		435	415
		61,377	60,035
Endowment returns subject to future appropriations:			
Scholarships and other student support		34,076	27,779
Educational, research, and general activities		43,073	35,090
		77,149	62,869
Total net assets restricted by time or purpose		138,526	122,904
Amounts with perpetual restrictions:			
Scholarships and other student support		52,053	49,621
Educational, research, and general activities		72,851	72,376
Contribution receivable		5,804	3,948
Total net assets with perpetual restrictions		130,708	125,945
Total net assets with donor restrictions		269,234	248,849
Total net assets	$	600,425	590,190

Endowment

The university’s endowment is comprised of individual funds, established for a variety of purposes, including scholarships, professorships, faculty development, lectures, and research programs. The endowment consists of both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds functioning as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The university has interpreted New York's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), referred to as "NYPMIFA," as allowing the appropriation for expenditure or accumulation of an endowment fund as deemed prudent by the university 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 university classifies the (a) original value of gifts donated to the endowment; (b) original value of subsequent gifts to the endowment; and (c) respective accumulations of income to the endowment made in accordance with the direction of the applicable donor gift instruments, if any, on an individual endowment fund as net asset with donor restrictions until appropriated by the university.

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

- Endowment duration and preservation
- Purpose/mission of the institution and endowment
- General economic conditions
- Effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- The university's total resources
- The university's investment policy
- An asset's special relationship or special value, if any, to the purposes of the university

NYPMIFA allows spending from underwater endowments, unless precluded by donors, but requires that the university consider alternatives to spending such funds in addition to the aforementioned criteria.

The university's individual endowment funds are pooled for investment purposes. The investment portfolio is managed to achieve a prudent long-term return. The university relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The university targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The endowment assets are invested to provide a real total return that preserves the purchasing power of the endowment while generating an income stream to support the academic activities of the university. Actual returns may vary from this goal in any given year.

The university's endowment spending policy is designed to provide a sustainable and predictable flow of funds to support annual operations. The spending policy is intended to balance current spending needs with the preservation of the endowment's future purchasing power. The university applies a board-specified spending rate to a moving average of endowment investment funds. The purpose of using a moving average is to smooth out any wide fluctuations in the market value. Endowment earnings in excess of the spending rate are added back to the principal of the endowment investments.

(Dollars in thousands)

The board approved spending policy was 4.0% and 4.5% of the trailing 12-quarters' market values for fiscal years 2024 and 2023, respectively. Accordingly, $17,313 and $19,082 of endowment return was appropriated in fiscal years 2024 and 2023, respectively, to support operations of the university.

The following tables present the university's endowment, exclusive of pledges, as of and for the years ended June 30, 2024 and 2023:

		2024		
		Without donor restrictions	**With donor restrictions**	**Total**
Donor-restricted endowment funds	$	—	203,226	203,226
Board-designated endowment funds		283,751	—	283,751
Total endowment net assets	$	283,751	203,226	486,977

		2023		
		Without donor restrictions	**With donor restrictions**	**Total**
Donor-restricted endowment funds	$	—	186,042	186,042
Board-designated endowment funds		263,851	—	263,851
Total endowment net assets	$	263,851	186,042	449,893

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

		Without donor restriction	**With donor restrictions**	**Total**
Endowment net assets, as of June 30, 2023	$	263,851	186,042	449,893
Net investment return		30,002	21,459	51,461
Contributions		29	2,907	2,936
Appropriation for spending		(10,131)	(7,182)	(17,313)
Endowment net assets, as of June 30, 2024	$	283,751	203,226	486,977

(Continued)

(Dollars in thousands)

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

		Without donor restriction	With donor restrictions	Total
Endowment net assets, as of June 30, 2022	$	249,468	172,285	421,753
Net investment return		25,009	17,819	42,828
Contributions		—	4,235	4,235
Appropriation for spending		(11,248)	(7,834)	(19,082)
Transfer to board-designated funds		622	(463)	159
Endowment net assets, as of June 30, 2023	$	263,851	186,042	449,893

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the university to retain as a fund of perpetual duration. The deficiencies of this nature that are reported in net assets with donor restrictions totaled $822 and $1,023 at June 30, 2024 and 2023, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions, which, in accordance with the donors' intent, are maintained permanently, or other endowment funds where the cumulative appropriation has exceeded the accumulated appreciation; the university suspends spending endowed funds if spending appropriations, as determined under the spending policy, exceed the accumulated appreciation.

(10) Expenses

Expenses by functional and natural classification for fiscal years 2024 and 2023 are as follows:

		2024					
Functional expenses		**Salaries and benefits**	**Occupancy costs**	**General business expenses**	**Professional services**	**Interest and depreciation**	**Total**
Instruction and departmental research	$	142,229	17,441	1,739	4,045	14,195	179,649
Sponsored research and public services		17,550	797	5,387	6,328	961	31,023
Academic support		52,964	10,316	9,031	6,401	8,685	87,397
Student services		27,140	2,138	2,079	7,717	1,604	40,678
Auxiliary activities		8,263	19,945	4,087	1,516	18,821	52,632
Institutional support		42,004	5,367	17,070	9,052	9,451	82,944
Total	$	290,150	56,004	39,393	35,059	53,717	474,323

(Continued)

(Dollars in thousands)

				2023			
Functional expenses		**Salaries and benefits**	**Occupancy costs**	**General business expenses**	**Professional services**	**Interest and depreciation**	**Total**
Instruction and departmental research	$	138,782	16,330	2,921	2,490	15,362	175,885
Sponsored research and public services		14,053	748	5,986	5,825	579	27,191
Academic support		45,914	9,293	8,354	10,807	9,188	83,556
Student services		24,564	1,784	3,876	5,955	1,096	37,275
Auxiliary activities		7,388	21,335	4,182	924	19,160	52,989
Institutional support		41,168	5,160	20,381	8,239	9,238	84,186
Total	$	271,869	54,650	45,700	34,240	54,623	461,082

Expenses associated with the operations and maintenance of plant and depreciation are allocated to functional categories based on square footage. Interest expense is allocated to functional expenses based on the purpose of the bond proceeds and square footage. Expenses associated with fundraising activities of the university were $5,189 and $5,151 in 2024 and 2023, respectively, and are included in institutional support.

(11) Leases and Other Commitments and Contingencies

Leases

The university has entered into operating leases of certain facilities for educational purposes, which expire at various dates through 2069 and provide for renewal options. Certain facility leases provide for increases in future annual payments based on defined increases in the Consumer Price Index subject to certain maximum increases. Additionally, the agreements generally require the university to pay real estate taxes, insurance, and repairs. Operating leases with lease terms greater than one year are reported as operating lease ROU assets and liabilities in the consolidated financial statements.

The university has no material finance leases on June 30, 2024 or 2023.

(Dollars in thousands)

The table below presents a maturity analysis of operating lease liabilities and a reconciliation of the total amount of such liabilities recognized in the consolidated balance sheets at June 30, 2024.

		Operating leases
Year ending June 30:		
2025	$	27,599
2026		28,839
2027		28,769
2028		28,087
2029		28,579
2030 and thereafter		639,973
		781,846
Less discount for net present value		(439,164)
	$	342,682

Lease costs and other related information for the year ended June 30, 2024 and 2023 were as follows:

		2024	2023
Operating lease cost	$	33,655	31,226
Other information:			
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$	28,306	28,337
Weighted-average remaining lease term		33	33
Weighted-average discount rate		4.66 %	4.55 %

Other Commitments and Contingencies

At June 30, 2024, construction commitments were approximately $3,234.

Amounts received and expended by the university under various federal and state programs are subject to audit by government agencies. In the opinion of management, audit adjustments, if any, would not have a material effect on the financial position, changes in net assets, or cash flows of the university.

In the normal course of its operations, the university is a party to various legal proceedings and complaints, most of which are covered by insurance. While it is not feasible to predict the ultimate outcome of such matters, management of the university is not aware of any claims or contingencies that would have a material adverse effect on the university's financial position.

(12) Retirement and Postretirement Health Benefit Plans

(a) Retirement Plans

The university has a defined-contribution retirement plan that covers substantially all employees, except certain union employees, and is funded through direct payments to Teachers Insurance and Annuity Association of America (TIAA) for the purchase of various types of investment contracts. For each eligible employee, the university's contribution is determined as a percentage of salary, taking into account age and length of accrued service. Retirement contributions paid by the university under this plan and charged to expense for fiscal years 2024 and 2023 were $18,081 and $16,846, respectively.

(b) Multi-Employer Plans

At June 30, 2024, the university participated in four multi-employer pension plans established under collective bargaining agreements that cover certain groups of employees throughout the university, which are reflected in the table below. These groups of employees are also eligible to participate in the New School 403(b) Retirement Plans. The university makes cash contributions to these plans under the terms of the collective-bargaining agreements that cover its union employees.

The zone status reflected in table below is based on information received from the plan sponsors and, as required by the Pension Protection Act (PPA), is certified by each plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. A zone status of red requires the plan sponsor to implement a Funding Improvement Plan (FIP) or Rehabilitation Plan (RP). Effective August 1, 2018, the American Federation of Musicians & Employers' Pension Fund (AFMEPF Local 802) imposed surcharge of 9% of contributions was increased by 10%. The additional 10% in the rate of contributions will not be used to calculate any participant's benefits under the plan, but will be used solely to improve the financial health of the Plan.

The "FIP/RP Status Pending/Implemented" column indicates plans for which an FIP or RP, as required by PPA, is either pending or has been implemented by the plan's sponsor. The university's contribution is also disclosed below followed by the expiration dates of the collective bargaining agreements requiring contributions to the plans.

(Dollars in thousands)

The university's contributions to Building Service 32BJ Benefit Funds, Local 802 (AFMEPF), and Local 94 (Central Pension Fund) were insignificant to the plans. The percentage of university's contributions to Local 840 Pension Fund (1205) for the years ended December 31, 2023 and 2022 represented 92% and 91% of the total contributions to the plan, respectively.

Pension fund	EIN/Pension plan number	Pension protection Act zone status		FIP/RP Status pending/ implemented	Contributions of The New School June 30 2024	Contributions of The New School June 30 2023	Surcharge paid	Expiration date of collective bargaining agreement
Building service 32BJ Benefit Fund	13-1879376/001	June 30, 2023 Yellow	June 30, 2022 Red	Yes	$ 1,057	1,061	No	June 30, 2026
AFMEPF (802)	51-6120204/001	March 31, 2024 Red	March 31, 2023 Red	Yes	170	170	No	June 30, 2028
Local 840 Pension Fund (1205)	13-6304568/001	December 31, 2023 Red	December 31, 2022 Red	Yes	1,676	1,651	No	June 30, 2024
Central Pension Fund (Local 94)	36-6052390/001	January 31, 2023 Green	January 31, 2022 Green	No	83	79	No	December 31, 2026

(c) Postretirement Health Plans

The university provides certain healthcare benefits for past and future nonunion full-time employees who have or will retire at 65 years of age with 10 or more years of service. This benefit pays up to $1,500 per fiscal year for the cost of premiums to either a Medigap plan, a Part D prescription drug plan, or a Medicare Advantage Plan (also known as a Medicare Part C plan).

The university funds its postretirement benefits costs on a pay-as-you-go basis. As of June 30, 2024, and 2023, the actuarially determined benefit obligation included in accounts payable and accrued liabilities was $3,083 and $3,108, respectively.

(13) Related Party Transactions

Members of the university's Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the university. The university's conflict of interest policy requires, among other things, that no member of the Board of Trustees or its committees participate in any decision in which they (or an immediate family member) have a material financial interest. For members of the Board of Trustees and senior management, the university requires an annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with the university. When such relationships exist, measures are taken to address the actual or perceived conflict to protect the best interests of the university and ensure compliance with relevant conflict of interest laws. During fiscal years ended June 30, 2024 and 2023, no significant relationships existed other than as disclosed below.

The Board of Trustees approved an agreement to purchase a leasehold interest in a condominium through 2069 with an entity associated with a trustee, that the university uses as a residence hall for its students. The Board determined that the transaction was in the best interest of the university and provided substantial benefits to the university based on its review of relevant facts and circumstances, including advice from real estate consultants and outside counsel.

(Dollars in thousands)

(14) Liquidity and Availability

The university's financial assets available for general expenditures within one year of the consolidated balance sheets as of June 30, 2024 and 2023 are as follows:

		2024	2023
Cash and cash equivalents	$	201	2,178
Student accounts receivable, net		8,323	11,217
Contributions receivable, net		10,128	11,328
Funds held by bond trustees		4,460	28,902
Board approved endowment appropriation		17,929	17,323
Total financial assets available within one year	$	41,041	70,948

The university continually monitors liquidity required to meet its operating needs and other contractual commitments, while also looking to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the university considers all expenditures related to its ongoing mission related activities, including those for plant and debt service and exclusive of expenditures for plant that are financed by contributions, as well as the conduct of services undertaken to support those activities, to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the university operates within a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The consolidated statements of cash flows identifies the sources and uses of the university's cash and shows negative cash generated by operations for the year ended June 30, 2024. The university invests funds in excess of current requirements in various short-term, highly liquid investments.

The university has investments associated with board-designated endowment funds which can be made available for general expenditure with approval from the Board, subject to investment liquidity provisions of $283,751 and $263,851 as of June 30, 2024 and 2023. In addition, the university also had $56 and $1,682 of funds held by bond trustees that can be made available for general expenditures as of June 30, 2024 and 2023, respectively.

Further, the university maintains two vehicles to provide short-term cash if needed, an unsecured line of credit and a margin agreement. While total availability varies, it is generally in excess of $75,000.

(15) Subsequent Events

The university evaluated subsequent events after the consolidated balance sheet date of June 30, 2024 through October 28, 2024, the date on which the consolidated financial statements were issued.

(a) Sale of 20th Street Residence Hall

On July 1, 2024, the university sold its residence hall located on 20th Street for $30,000 that resulted in a $11,000 gain which will be recognized in fiscal 2025. The university did not redeem the bonds associated with the residence hall. As a condition of doing so, the net proceeds will be used to finance construction and capital projects over the next two fiscal years.

(b) Line of Credit

On October 16, 2024, the university entered into a new line of credit agreement in the amount of $50,000 for a term of 3 years. This new line of credit replaces the $25,000 line the university previously maintained.