

**Consolidated Financial Statements and
Report of Independent Certified Public
Accountants**

**Research Foundation of The City University of
New York and Related Entity**

June 30, 2024 and 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of the
Research Foundation of The City University of New York and Related Entity

Opinion

We have audited the consolidated financial statements of Research Foundation of the City University of New York and Related Entity (collectively "RF CUNY"), which comprise the consolidated statements of financial position 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 RF CUNY 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 accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RF CUNY and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, 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 RF CUNY's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditor's responsibilities for the audit of the 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 auditor's 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 US 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 US 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 RF CUNY'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 RF CUNY'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.

Other Matters*Supplementary information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2024 consolidated information included in pages 6 - 7 is presented for purposes of additional analysis and is not a required part of the 2024 consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2024 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the 2024 consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2024 consolidated financial statements or to the 2024



consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the 2024 consolidated financial statements as a whole.

Grant Thornton LLP

New York, New York
September 20, 2024

Research Foundation of The City University of New York and Related Entity

CONSOLIDATED BALANCE SHEETS

June 30, 2024 and 2023
(with consolidating information as of June 30, 2024)

	2024					2023	
	Consolidating Information						
	Foundation	230 West 41st Street LLC	Eliminations	Total			
ASSETS							
Cash and cash equivalents	\$ 252,183,336	\$ 20,007,698	\$ -	\$ 272,191,034	\$ 269,215,600		
Restricted cash (Notes 2 and 8)	-	11,968,820	-	11,968,820	2,681,086		
Grants, contracts, and accounts receivable (net of allowance of \$5,700,000 in 2024 and \$4,900,000 in 2023)	149,718,159	-	-	149,718,159	129,348,766		
Rent receivable	-	1,247,290	-	1,247,290	854,893		
Prepaid expenses and other assets	5,343,089	1,163,143	-	6,506,232	4,543,839		
Prepaid postretirement benefits asset (Note 4)	90,205,341	-	-	90,205,341	65,877,728		
Investments, at fair value (Note 3)	62,186,164	-	-	62,186,164	49,089,311		
Investment in 230 West 41st Street LLC	25,667,121	-	(25,667,121)	-	-		
Right-of-use asset	34,119,372	-	(34,119,372)	-	-		
Deferred rent receivable	-	23,153,569	(5,394,261)	17,759,308	17,777,319		
Deferred costs (net of accumulated amortization of \$6,128,634 in 2024 and \$5,878,305 in 2023)	-	1,284,486	-	1,284,486	1,534,815		
Fixed assets:							
Rental property, net (Note 7)	-	39,212,671	-	39,212,671	39,669,770		
Furniture, fixtures, and equipment (net of accumulated depreciation of \$2,559,250 in 2024 and \$2,633,780 in 2023)	9,657	-	-	9,657	-		
Total assets	<u>\$ 619,432,239</u>	<u>\$ 98,037,677</u>	<u>\$ (65,180,754)</u>	<u>\$ 652,289,162</u>	<u>\$ 580,593,127</u>		
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable and accrued expenses (Notes 4 and 6)	\$ 117,864,951	\$ 1,010,184	\$ -	\$ 118,875,135	\$ 96,552,501		
Deferred revenue (Note 5)	142,396,659	29,143	-	142,425,802	145,398,755		
Grants payable to CUNY (Note 10)	4,983,855	-	-	4,983,855	5,236,539		
Fair value of interest rate swap agreement (Note 9)	-	2,545,802	-	2,545,802	-		
Lease liability	39,513,633	-	(39,513,633)	-	-		
Tenant security deposits payable	-	613,419	-	613,419	613,419		
Deposits held in custody for CUNY colleges	144,396,061	-	-	144,396,061	138,674,087		
Mortgage loan payable, net (Note 8)	-	68,172,008	-	68,172,008	57,251,610		
Total liabilities	<u>449,155,159</u>	<u>72,370,556</u>	<u>(39,513,633)</u>	<u>482,012,082</u>	<u>443,726,911</u>		
Commitments and contingencies (Notes 2, 6 and 11)							
Net assets:							
Without donor restrictions:							
Postretirement benefits	90,205,341	-	-	90,205,341	65,877,728		
230 West 41st Street LLC	25,667,121	25,667,121	(25,667,121)	25,667,121	27,035,196		
Other	54,404,618	-	-	54,404,618	43,953,292		
Total net assets	<u>170,277,080</u>	<u>25,667,121</u>	<u>(25,667,121)</u>	<u>170,277,080</u>	<u>136,866,216</u>		
Total liabilities and net assets	<u><u>\$ 619,432,239</u></u>	<u><u>\$ 98,037,677</u></u>	<u><u>\$ (65,180,754)</u></u>	<u><u>\$ 652,289,162</u></u>	<u><u>\$ 580,593,127</u></u>		

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

Research Foundation of The City University of New York and Related Entity

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended June 30, 2024 and 2023
(with consolidating information for the year ended June 30, 2024)

	2024					2023	
	Consolidating information			Total			
	Foundation	230 West 41st Street LLC	Eliminations				
Operating activities							
Grants and contracts administered for others:							
Revenue:							
Governmental	\$ 444,386,858	\$ -	\$ -	\$ 444,386,858	\$ 394,885,748		
Private	181,976,837	-	-	181,976,837	165,535,419		
Total grants and contracts revenue	626,363,695	-	-	626,363,695	560,421,167		
Expenses:							
Research	(213,927,016)	-	-	(213,927,016)	(210,465,188)		
Training	(164,116,776)	-	-	(164,116,776)	(147,485,217)		
Other sponsored activity	(191,955,388)	-	-	(191,955,388)	(153,958,275)		
Other institutional activity	(56,364,515)	-	-	(56,364,515)	(48,512,487)		
Total grants and contracts expenses	(626,363,695)	-	-	(626,363,695)	(560,421,167)		
Administrative services:							
Revenue:							
Administrative fees	42,324,435	-	-	42,324,435	38,219,841		
Investment return	6,621,112	467,331	-	7,088,443	3,811,301		
Rental income (Notes 6 and 10)	-	14,604,776	(4,096,527)	10,508,249	10,053,653		
Other	359,544	116,410	-	475,954	63,975		
Total administrative revenue	49,305,091	15,188,517	(4,096,527)	60,397,081	52,148,770		
Expenses:							
Management and general	(36,164,701)	-	4,096,527	(32,068,174)	(29,892,507)		
Postretirement service cost (Note 4)	(3,444,681)	-	-	(3,444,681)	(3,548,723)		
Grants to CUNY for central research initiatives (Note 10)	(3,186,650)	-	-	(3,186,650)	(2,993,650)		
Operating expenses of 230 West 41st Street LLC (Note 11)	-	(7,350,403)	-	(7,350,403)	(5,718,924)		
Interest expense	-	(2,973,561)	-	(2,973,561)	(2,797,284)		
Real estate taxes (Note 12)	-	(1,395,247)	-	(1,395,247)	(1,305,261)		
Depreciation and amortization	(2,414)	(1,791,579)	-	(1,793,993)	(1,789,673)		
Total administrative expenses	(42,798,446)	(13,510,790)	4,096,527	(52,212,709)	(48,046,022)		
Excess of operating revenue over operating expenses	6,506,645	1,677,727	-	8,184,372	4,102,748		
Nonoperating activities (Note 2)							
Change in Foundation investment in 230 West 41st Street LLC	(1,368,075)	-	1,368,075	-	-		
230 West 41st Street LLC distribution to Foundation	500,000	(500,000)	-	-	-		
Change in fair value of interest rate swap agreement (Note 9)	-	(2,545,802)	-	(2,545,802)	-		
Net periodic benefit cost other than service cost (Note 4)	10,093,234	-	-	10,093,234	9,082,503		
Postretirement benefits changes other than net periodic benefit cost (Note 4)	17,679,060	-	-	17,679,060	19,230,236		
Increase (decrease) in net assets	33,410,864	(1,368,075)	1,368,075	33,410,864	32,415,487		
Net assets at beginning of year	136,866,216	27,035,196	(27,035,196)	136,866,216	104,450,729		
Net assets at end of year	\$ 170,277,080	\$ 25,667,121	\$ (25,667,121)	\$ 170,277,080	\$ 136,866,216		

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

Research Foundation of The City University of New York and Related Entity

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Increase in net assets without donor restrictions	\$ 33,410,864	\$ 32,415,487
Adjustments to reconcile increase in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation and amortization	1,793,993	1,789,673
Provision for bad debts	(800,000)	(2,013,064)
Postretirement benefits changes other than net periodic benefit cost	(17,679,060)	(19,230,236)
Net appreciation in fair value of investments	(480,595)	(156,059)
Change in fair value of interest rate swap agreement	2,545,802	-
Changes in assets and liabilities:		
Grants, contracts, accounts, and rents receivable	(19,961,790)	(26,210,440)
Prepaid expenses and other assets	(1,962,393)	84,855
Deferred rent receivable	18,011	27,695
Accounts payable and accrued expenses, and security deposit payable	22,322,634	11,144,586
Deferred revenue	(2,972,953)	18,023,279
Grants payable to CUNY	(252,684)	342,263
Postretirement benefits payable	(6,648,553)	(5,533,780)
Deposits held in custody for CUNY colleges	5,721,974	7,657,922
Net cash provided by operating activities	15,055,250	18,342,181
Cash flows from investing activities:		
Expenditures for rental property improvements	(1,056,695)	(671,454)
Payment of deferred leasing costs	-	(104,868)
Purchase of fixed assets	(12,071)	-
Purchases of investments	(136,452,809)	(89,565,988)
Sales and maturity of investments	123,836,551	84,837,230
Net cash used in investing activities	(13,685,024)	(5,505,080)
Cash flows from financing activities:		
Principal payments on mortgage loan	(58,364,941)	(1,578,306)
Proceeds from refinancing of mortgage loan	70,000,000	-
Refinancing of prior loan	909,011	-
Refinancing of new loan	(1,651,128)	-
Proceeds from line of credit	5,000,000	-
Payment on line of credit	(5,000,000)	-
Net cash provided by (used in) financing activities	10,892,942	(1,578,306)
NET INCREASE IN CASH, EQUIVALENTS, AND RESTRICTED CASH	12,263,168	11,258,795
Cash, cash equivalents, and restricted cash at beginning of year	271,896,686	260,637,891
Cash, cash equivalents, and restricted cash at end of year	\$ 284,159,854	\$ 271,896,686
Supplemental cash flow disclosure:		
Cash paid for interest	\$ 2,834,444	\$ 2,803,532
Additions for rental property improvements included in accounts payable and accrued expenses	\$ 271,801	\$ 28,420

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

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 1 - ORGANIZATION AND PURPOSE

The Research Foundation of The City University of New York (the “Foundation”) was chartered in 1963 to further the purposes of The City University of New York (the “University” or “CUNY”) through the pursuit, acquisition, and administration of grants and gifts. The Foundation is a separate legal entity and is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (the “Code”) and similar state provisions.

230 West 41st Street LLC (the “LLC”) was established on May 7, 2004 as a Delaware limited liability company and organized pursuant to the Limited Liability Operating Agreement (the “Agreement”) dated July 14, 2004 between the Foundation (the Sole Member with a 100% interest in the LLC) and the LLC. The LLC was formed to acquire, own, and operate an approximately 300,000 square-foot office building located at 230 West 41st Street in New York, New York (the “Property”). The LLC is a single member limited liability company and, accordingly, is treated as a disregarded entity for federal, state, and local income tax purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements, which consolidate the accounts of the Foundation and the LLC (collectively, “RF CUNY”), are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for external financial reporting by not-for-profit organizations. All intercompany accounts and transactions have been eliminated in consolidation.

Net assets and changes in net assets are classified based on the existence or absence of donor-imposed restrictions, if any. Accordingly, net assets are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent resources that are not restricted by donors and, therefore, are fully available at the discretion of the Foundation’s Board of Directors and management in meeting its organizational mission and operational objectives. Net assets without donor restrictions may be designated for specific purposes by the Foundation’s Board of Directors or may be limited by legal requirements or contractual agreements with outside parties.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent resources that are subject to donor-imposed stipulations whose use is restricted by time and/or purpose. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

At June 30, 2024 and 2023, none of RF CUNY’s net assets or changes therein were subject to donor-imposed restrictions and, accordingly, were classified and reported as net assets without donor restrictions.

Revenues and gains and losses on investments and other assets are reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions.

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Grants and Contracts Revenue Recognition

RF CUNY recognizes government and private grants and contracts as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or nonreciprocal. For contributions, revenue is recognized when a contribution becomes unconditional. Typically, grant and contract agreements contain a right of return or right of release from the respective obligation provision on the part of the grantor and RF CUNY has limited discretion over how funds transferred should be spent. As such, RF CUNY recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome.

Revenue from grants and contracts is awarded to and accepted by the Foundation and various units of the University, as joint grantees, primarily for research, training, other sponsored activity and other institutional activity. Included in private grants and contracts revenue are grants sponsored by CUNY, totaling approximately \$29,986,000 and \$24,653,000 for the years ended June 30, 2024 and 2023, respectively.

Facilities and administrative costs recovered on grants and contracts are recorded at rates negotiated by the Foundation with its federal cognizant agency or predetermined by the nonfederal sponsor. Facilities and administrative cost rates for government grants and contracts are subject to audit, and subsequent final settlements, if any, are recorded as current period adjustments. Management believes the impact of any future settlements to be immaterial to the accompanying consolidated financial statements.

The cost of operating the Foundation is covered by a fee charged on the activity it administers. Sponsored projects and all recovery account activity are included in the fee calculation. The current fee structure recognizes that services vary widely, depending on the requirements of each sponsored research project, and that there are varying costs associated with each service, driven largely by workload. The Foundation has identified six distinct areas of cost - construction, personnel services, other than personnel services, independent contractor agreements/MOUs, subawards and equipment grants. The fee is assessed based on actual project expenditures, not award amounts, and is generally paid with college overhead funds.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. 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 revenue and expenses during the reporting period. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts such estimates when facts and circumstances dictate. In the preparation of RF CUNY's consolidated financial statements, management uses significant accounting estimates with respect to the valuation of accounts receivable, accruals related to grant and contracts revenues and expenses, deferred revenue and grants and contracts receivables, the useful lives assigned to fixed assets, the fair value of the interest rate swap agreement, and postretirement benefit obligations.

Cash Equivalents

Highly liquid debt instruments with maturities at date of purchase of three months or less are classified as cash equivalents, except for those short-term investments that are managed by an external investment manager for long-term investment purposes.

Investments

Investments are reported at fair value based upon quoted market prices. Realized and unrealized gains and losses on investments are reflected in the accompanying consolidated statements of activities.

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

The fair value of debt and equity securities with a readily determinable fair value is based on quotations obtained from national security exchanges. The fair value of non-U.S. Treasury debt securities is determined by a nationally recognized independent pricing service.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the consolidated statements of activities in the period in which the securities are sold. Dividends are accrued based on the ex-dividend date. Interest is recognized as earned.

Common trust funds are carried at net asset values ("NAV") as provided by the investment managers as of the reporting date.

All investment securities are exposed to various risks, such as interest risk, 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 could occur in the near term and such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Rental Revenue Recognition

Base rental income relating to the LLC is recognized on a straight-line basis, rather than in accordance with lease payment schedules. Accordingly, scheduled base rent increases and the effects of rent abatements are spread evenly over the terms of the respective leases. Differences between the straight-line rents recorded and the amounts actually received are reported as deferred rent receivable in the accompanying consolidated balance sheets. Allowances are provided for uncollectible amounts, as appropriate.

Rental Property

Building and building improvements of the LLC are carried at cost and are depreciated, using the straight-line method, over their estimated useful lives of 39 years or the life of the improvements, whichever is shorter. Significant renovations or improvements that extend the economic life of the Property are capitalized. Expenditures for maintenance and repairs are expensed as incurred.

The LLC reviews the carrying amount of the Property for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment adjustments have been made as a result of this review process during 2024 or 2023.

Furniture, Fixtures, and Equipment

Furniture, fixtures, and equipment and leasehold improvements are stated at cost. Depreciation of furniture, fixtures, and equipment is computed on a straight-line basis over the estimated useful lives of the assets, ranging from five to seven years. Amortization of leasehold improvements is computed on a straight-line basis over the estimated useful lives of the assets, not to exceed the remaining life of the lease.

Equipment purchased by the Foundation on behalf of various units of the University from grant and contract funds is to be used in the project for which it was purchased and is not included in the Foundation's fixed assets in the accompanying consolidated balance sheets as it is subject to return to those respective grantors.

Purchase Accounting for Acquisition of Real Estate

The fair value of the LLC's acquired rental property was allocated to the acquired tangible assets, consisting of land and building; and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases, and value of tenant relationships, based in each case on their respective fair values.

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Deferred Costs

Deferred financing costs were incurred in obtaining long-term financing for the LLC's Property acquisition. Such costs are being amortized on a straight-line basis over the term of the related debt and are recorded as a component of interest expense.

Restricted Cash

Restricted cash of the LLC includes amounts for capital improvements, as required by the LLC's current loan agreement, and tenant security deposits as of June 30, 2024. Restricted cash as of June 30, 2023 under the old loan agreement required amounts to be held for tenant improvements, real estate taxes and insurance.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated balance sheets that sum to the same such totals shown in the consolidated statements of cash flows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 272,191,034	\$ 269,215,600
Restricted cash	<u>11,968,820</u>	<u>2,681,086</u>
Total cash, cash equivalents and restricted cash	<u>\$ 284,159,854</u>	<u>\$ 271,896,686</u>

Deposits Held in Custody for CUNY Colleges

Deposits held in custody for CUNY colleges reflect those resources held on behalf of the individual colleges of the University. These accounts are credited with recoveries related to facilities and administrative costs, released time and summer salary recoveries, as well as CUNY Charitable Gift Trust Annuity Funds of the respective colleges.

Fair Value Measurements

Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. RF CUNY measures the fair value of its financial assets using a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at 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).

RF CUNY's interests in common trust funds are generally reported at NAV per share by the fund managers, which is used as a practical expedient to estimate the fair value of such investments. Those funds that use NAV as a practical expedient to estimate fair value are not categorized in the fair value hierarchy.

Income Taxes

RF CUNY is exempt from federal income tax under Section 501(a) of the Code as an organization described in section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code.

RF CUNY follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement.

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

Leases

RF CUNY determines if an arrangement contains a lease at inception based on whether there is an identified asset and whether RF CUNY controls the use of the identified asset throughout the period of use. RF CUNY classifies leases as either financing or operating, which is determined at the commencement of the lease. Right-of-use ("ROU") assets are recognized at the lease commencement date and represent RF CUNY's right to use an underlying asset for the lease term and lease liabilities represent RF CUNY's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. The present value of lease payments is discounted based on a risk-free rate.

Recently Adopted Accounting Pronouncement

Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses, was effective for the Foundation on April 1, 2023. This ASU addresses measurement of credit losses on financial instruments and replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of information to inform credit loss estimates. The Foundation evaluated the ASU and determined it does not have a significant impact on the consolidated financial statements.

Interest Rate Swap Agreement

RF CUNY uses an interest rate swap agreement as part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its variable rate debt. The interest rate swap agreement was not entered into for trading or speculative purposes and does not qualify as a hedge for financial reporting purposes. In accordance with U.S. GAAP, the interest rate swap agreement is measured at fair value and recognized as either an asset or liability on the consolidated balance sheets as of the measurement date. Changes in fair value are recorded as nonoperating activities on the consolidated statements of activities.

Measure of Operations

RF CUNY includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Changes in the Foundation's investment in the LLC, the LLC's distribution to the Foundation, the change in fair value of the interest rate swap agreement, postretirement benefit changes other than net periodic and service costs, and other items that are considered to be unusual or non-recurring in nature are recognized as part of nonoperating activities.

Reclassifications

Certain amounts pertaining to the 2023 consolidated financial statements have been reclassified to conform with the 2024 presentation. Such reclassifications did not change total assets, liabilities, net assets and revenues and expenses as previously reported.

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE 3 - INVESTMENTS

Investments held by the Foundation consisted of the following at June 30, 2024 and 2023:

	Fair Value	
	2024	2023
U.S. money market	\$ 3,942,539	\$ 5,129,337
U.S. treasury bills	42,008,098	25,806,339
U.S. government agency obligations	311,631	1,442,318
U.S. equity securities	1,055,219	1,002,583
U.S. corporate bonds	14,868,677	15,708,734
 Total	 <u>\$ 62,186,164</u>	 <u>\$ 49,089,311</u>

At June 30, 2024 and 2023, the Foundation's investments were categorized as Level 1, except for U.S. corporate bonds, which were categorized as Level 2.

NOTE 4 - PENSION AND OTHER RETIREMENT BENEFITS

Eligible employees of the Foundation and certain project personnel are covered under a defined contribution pension plan established with Teachers Insurance and Annuity Association. The Foundation's contribution to the pension plan is based on specified percentages, ranging from 8% to 14% of each employee's annual salary. Total pension expense for the years ended June 30, 2024, and 2023 was \$13,252,756 and \$12,529,593, respectively. There are no unfunded past service costs.

In addition to providing pension benefits, the Foundation also provides postemployment benefits, including salary continuance, to certain employees. The cost of these benefits is accrued over the employees' years of service. Postemployment benefits liability included in accounts payable and accrued expenses was \$3,754,244 and \$3,479,797 as of June 30, 2024 and 2023, respectively.

The Foundation also provides certain healthcare benefits to retired employees (including eligible dependents) who have a combination of age and years of service equal to 70 with a minimum age of 62 and at least 10 years of continuous service. The Foundation accounts for postretirement medical and other non-pension benefits provided to retirees on an accrual basis during the period of their employment.

The Foundation charges grants and contracts, as well as the administrative services department for postretirement benefit costs through the application of a fringe benefit rate, an element of which is based upon the estimated amount of such costs. In addition, a charge or credit is recognized in administrative services expenses for the difference between the actuarially determined net periodic postretirement benefit cost and the amount funded (claims paid and contributions to the trust).

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Information with respect to the postretirement plan follows:

	<u>2024</u>	<u>2023</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 152,722,793	\$ 158,441,204
Service cost	3,444,681	3,548,723
Interest cost	7,324,469	6,834,622
Actuarial gain	(1,501,639)	(9,883,953)
Benefits paid and administrative expenses	<u>(6,487,677)</u>	<u>(6,217,803)</u>
 Benefit obligation at end of year	<u>155,502,627</u>	<u>152,722,793</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	218,600,521	199,554,916
Actual return on plan assets	27,107,447	19,045,605
Employer contributions	6,487,677	6,217,803
Benefits paid and administrative expenses	<u>(6,487,677)</u>	<u>(6,217,803)</u>
 Fair value of plan assets at end of year	<u>245,707,968</u>	<u>218,600,521</u>
Funded status, recorded as an asset in the accompanying consolidated balance sheets	<u>\$ (90,205,341)</u>	<u>\$ (65,877,728)</u>
Components of net periodic cost:		
Service cost	\$ 3,444,681	\$ 3,548,723
Interest cost	7,324,469	6,834,622
Expected return on plan assets	(10,930,026)	(9,977,746)
Recognized prior service credit	<u>-</u>	<u>278,424</u>
 Net periodic (credit) benefit cost	<u>\$ (160,876)</u>	<u>\$ 684,023</u>
Weighted average assumptions for the years ended June 30:		
Discount rate used to determine benefit obligation	5.30%	4.90%
Discount rate used to determine net periodic benefit cost	4.90%	4.40%
Expected return on plan assets	5.00%	5.00%

For measurement purposes, decrease in healthcare costs (5.25% in 2024) were assumed to decrease by 0.25% per year in years 2025 through 2030 to an ultimate rate of 3.50% in 2031 and after.

Assumed healthcare trend rates have a significant effect on the amounts reported for postretirement plans. A one percentage point change in assumed healthcare cost trend rates would have the following effects for 2024:

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on total of service and interest cost components	\$ 1,694,955	\$ (1,595,005)
Effect on postretirement benefit obligation	19,029,559	(19,036,694)

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

The Foundation made contributions and paid claims of \$6,487,677 and \$6,217,803 to the postretirement plan for the years ended June 30, 2024 and June 30, 2023, respectively. The Foundation expects to contribute or pay claims and expenses aggregating to approximately \$7,000,000 in fiscal 2025.

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

Year Ending June 30,

2025	\$ 6,952,734
2026	7,613,445
2027	8,294,663
2028	8,752,345
2029	9,370,763
2030 - 2034	<u>53,219,467</u>
Total	<u>\$ 94,203,417</u>

At June 30, 2024 and 2023, the items not yet recognized as a component of net periodic benefit cost follow:

	2024	2023
Net (gain) loss	\$ (14,349,132)	\$ 3,329,928

The actuarial loss that is expected to be amortized into net periodic cost in fiscal year 2025 is \$0.

Investment allocation and strategy decisions are generally made by management and the Foundation's Board of Directors. The postretirement plan's weighted average asset allocations at June 30, 2024 and 2023, by asset category, follow:

	Target Allocation 2024	Actual Allocation 2024	Target Allocation 2023	Actual Allocation 2023
Growth portfolio:				
Domestic equity securities	24%-70%	67%	24%-70%	59%
Debt securities	13%-42%	26%	13%-42%	31%
Commodities	0%-7%	0%	0%-7%	0%
International equity securities	9%-34%	5%	9%-34%	4%
Cash equivalents	0%-5%	2%	0%-5%	6%
	<u>100%</u>		<u>100%</u>	
	Target Allocation 2024	Actual Allocation 2024	Target Allocation 2023	Actual Allocation 2023
Immunized fixed income:				
Debt securities	100%	95%	100%	78%
Cash equivalents	0%	5%	0%	22%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

The Foundation's plan assets are measured at fair value. Investments in equity securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value based upon quoted market prices.

The following tables present the Foundation's fair value hierarchy for postretirement assets, which are measured at fair value on a recurring basis, as of June 30, 2024 and 2023:

	2024			
	Fair Value	Level 1	Level 2	Level 3
Debt securities:				
Fixed income mutual fund	\$ 6,710,597	\$ 6,710,597	\$ -	\$ -
Corporate bonds	77,255,049	-	77,255,049	-
U.S. government obligations	10,865,252	10,865,252	-	-
Foreign bonds	7,062,543	-	7,062,543	-
Other	1,009,691	-	1,009,691	-
Total debt securities	102,903,132	17,575,849	85,327,283	-
Equity securities:				
Equity mutual funds	56,406,041	56,406,041	-	-
U.S. common stock	59,025,137	59,025,137	-	-
American depositary receipts	5,462,865	5,462,865	-	-
Foreign stock	3,794,083	3,794,083	-	-
Real estate investment trusts	631,191	631,191	-	-
Total equity securities	125,319,317	125,319,317	-	-
Short-term investments	6,954,889	6,954,889	-	-
Total	235,177,338	\$ 149,850,055	\$ 85,327,283	\$ -
Investments valued at NAV	10,530,630			
	<u>\$ 245,707,968</u>			

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

	2023			
	Fair Value	Level 1	Level 2	Level 3
Debt securities:				
Fixed income mutual fund	\$ 4,607,311	\$ 4,607,311	\$ -	\$ -
Corporate bonds	63,984,331	-	63,984,331	-
U.S. government obligations	13,382,840	13,382,840	-	-
Foreign bonds	9,601,200	-	9,601,200	-
Other	1,353,338	-	1,353,338	-
 Total debt securities	 92,929,020	 17,990,151	 74,938,869	 -
 Equity securities:	 	 	 	
Equity mutual funds	44,041,497	44,041,497	-	-
U.S. common stock	45,719,596	45,719,596	-	-
American depositary receipts	4,347,400	4,347,400	-	-
Foreign stock	2,653,500	2,653,500	-	-
Real estate investment trusts	776,661	776,661	-	-
 Total equity securities	 97,538,654	 97,538,654	 -	 -
 Short-term investments	 19,054,396	 19,054,396	 -	 -
 Total	 209,522,070	 \$ 134,583,201	 \$ 74,938,869	 \$ -
 Investments valued at NAV	 9,078,451			
	 <u>\$ 218,600,521</u>			

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of June 30, 2024 and 2023:

	2024 Fair Value	2023 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Redemption Restrictions
Common trust funds ^(a)	\$ 10,530,630	\$ 9,078,451	None	Daily	1 Day	None

- ^(a) This category is comprised of investments in an equity fund, a fixed income fund and a short-term investment fund. The equity and fixed income funds are designed to provide investment results that correspond to the price and yield performance of publicly traded common stocks of large-sized and mid-sized domestic companies, respectively. The short-term investment fund is designed to invest and reinvest substantially all of its assets in short-term obligations having a stated maturity date of 365 days or less.

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE 5 - DEFERRED REVENUE

At June 30, 2024 and 2023, cash advances for grants and contracts were for the following projects:

	2024	2023
Research	\$ 41,250,759	\$ 27,115,142
Training	37,052,285	42,754,950
Other sponsored activity	37,813,977	48,570,775
Other institutional activity	<u>26,308,781</u>	<u>26,957,888</u>
	<u><u>\$ 142,425,802</u></u>	<u><u>\$ 145,398,755</u></u>

NOTE 6 - COMMITMENTS

Rental Income Under Operating Leases

Future minimum rental receipts under the LLC's operating leases follow:

<u>Year Ending June 30,</u>	<u>LLC</u>	<u>Less: Foundation Portion</u>	<u>Eliminated in Consolidation</u>	<u>Total</u>
2025	\$ 14,097,427	\$ 3,999,551	\$ 10,097,876	
2026	14,248,238	4,110,684	10,137,554	
2027	13,718,078	4,213,451	9,504,627	
2028	13,778,680	4,318,788	9,459,892	
2029	14,035,885	4,426,757	9,609,128	
Thereafter	<u>71,544,082</u>	<u>24,611,076</u>	<u>46,933,006</u>	
	<u><u>Total minimum rental receipts</u></u>	<u><u>\$ 141,422,390</u></u>	<u><u>\$ 45,680,307</u></u>	<u><u>\$ 95,742,083</u></u>

Pursuant to the individual tenant leases, the tenants pay their proportionate share of operating the Property, including real estate taxes, certain insurance premiums, and other expenses that are not included above. CUNY's portion of the above future minimum rental receipts is approximately \$79,000,000.

Letter of Credit

In fiscal year 2008, the Foundation entered into an agreement with one of its health insurance carriers whereby the Foundation is required to pay the carrier, in advance, for claims incurred but not reported in the event of plan termination. The carrier has allowed the Foundation to retain this payment, which totals \$3,125,400, is included as a component of accounts payable and accrued expenses in the accompanying consolidated balance sheets as of June 30, 2024 and 2023, and is secured by an irrevocable letter of credit to the carrier for the same amount, which expires on December 31, 2024.

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE 7 - RENTAL PROPERTY

Rental property (80% occupied as of June 30, 2024) consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 9,037,040	\$ 9,037,040
Building	36,149,160	36,149,160
Building improvements	14,643,700	13,713,611
Tenant improvements	16,894,599	16,856,834
Construction-in-progress	88,841	-
 Total	 76,813,340	 75,756,645
Accumulated depreciation	(37,600,669)	(36,086,875)
 Rental property, net	 <u>\$ 39,212,671</u>	 <u>\$ 39,669,770</u>

NOTE 8 - MORTGAGE LOAN PAYABLE, NET

The outstanding mortgage loan payable as of June 30, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Mortgage loan payable	\$ 69,795,680	\$ 58,160,621
Less unamortized costs of issuance	(1,623,672)	(909,011)
 Mortgage loan payable, net	 <u>\$ 68,172,008</u>	 <u>\$ 57,251,610</u>

The LLC entered into a mortgage loan (the “old loan”) on May 12, 2014 with an original principal amount of \$70 million, which matures on June 1, 2044. The loan bears interest at a rate of 4.75%. The monthly principal and interest payments of \$365,153 began on July 1, 2014. The old loan had a call option, and the lender exercised it and the old loan was called on June 1, 2024. Prior to the old loan being called, the LLC entered in negotiations with a new lender and entered into a new mortgage loan (the “new loan”) on May 13, 2024 with an original principal amount of \$70 million, which matures on May 13, 2034. The new loan bears a fixed interest rate of 6.35%. The monthly principal and interest payments of \$438,917 plus the varying swap payment, began on June 1, 2024. The mortgage is amortized over 30 years, with a 10-year term. The loan is collateralized by the Property and assignment of rents and other payments from the tenants and is guaranteed by the Foundation. The LLC incurred \$1,651,128 of financing costs in connection with obtaining the loan, which are being amortized over the life of the loan.

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

At June 30, 2024, future minimum principal payments were as follows:

	<u>Amount</u>
2025	\$ 796,393
2026	849,207
2027	905,523
2028	953,630
2029	1,028,815
Thereafter	<u>65,262,112</u>
	<u>\$ 69,795,680</u>

Under the terms of the new loan, the LLC held cash for capital reserves of approximately \$11,355,000 as of June 30, 2024, including interest of approximately \$30,000. Under the old loan, the LLC held cash in its escrow accounts, including interest earned, of approximately \$2,068,000 as of June 30, 2023. These balances are included in restricted cash in the accompanying consolidated balance sheets and are described further in Note 2.

NOTE 9 - INTEREST RATE SWAP

In connection with the new loan entered into on May 13, 2024, the LLC entered into an interest rate swap agreement with a notional amount of \$70 million.

Under the terms of the agreement, the Foundation pays a fixed rate of 6.35%, and receives the prevailing Secured Overnight Financing Rate plus 200 bps on the notional principal amount, which was \$69,795,680 at June 30, 2024.

The liability of the interest rate swap agreement, reported at fair value and categorized as Level 2 in the fair value hierarchy, is \$2,545,802 at June 30, 2024. The Foundation was not obligated under the interest rate swap agreement to post any collateral at June 30, 2024.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Foundation has an agreement with the LLC to lease 66,867 square feet of space in the LLC's Property that expires in April 2034. To account for this lease, the Foundation recorded a right-of-use asset of \$34,119,372 and \$37,048,064, respectively, and a related lease liability of \$39,513,633 and \$41,997,368, respectively, for the years ended June 30, 2024 and 2023, on the accompanying consolidating balance sheets, both of which are eliminated in consolidation.

CUNY has an agreement with the LLC to lease 122,424 square feet of space in the Property of which 8,056 expires in March 2026 and 114,368 expires in April 2034. For the years ended June 30, 2024 and 2023, rental revenue from CUNY was \$6,726,406 and \$6,488,567, respectively.

In fiscal years 2024 and 2023, the Foundation approved grants to CUNY for central research initiatives of \$3,186,650 and \$2,993,650, respectively. Grants payable to CUNY at June 30, 2024 and 2023 were \$4,983,855 and \$5,236,539, respectively.

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE 11 - PROPERTY MANAGEMENT FEES

The LLC has a management agreement with a third party to manage and provide leasing services to the Property that expires on July 1, 2024. Such expenses are included in operating expenses in the consolidated statements of activities. Additionally, the LLC pays the property manager a commission in accordance with the terms of the management agreement if the Property manager procures a new lease or an extension, renewal, or expansion of an existing lease for space in the Property during the term of this agreement; such costs are reported as deferred costs in the accompanying consolidated balance sheets and are amortized over the life of the lease. The LLC is in ongoing discussions with the third party to renew the management agreement that expires on July 1, 2024.

NOTE 12 - REAL ESTATE TAX EXEMPTION

During fiscal years 2024 and 2023, the LLC obtained a real estate tax reduction amounting to \$1,996,437 and \$1,871,247, respectively, relating to an exemption for the portions of the Property used by CUNY and the Foundation as not-for-profit, tax-exempt organizations.

NOTE 13 - NATURAL CLASSIFICATION OF EXPENSES

The Foundation's principal program service is grants administration. Expenses reported in the accompanying consolidated statements of activities as research, training, other sponsored activity and other institutional activity are directly incurred in connection with its program service. Costs are allocated and reported on a functional basis using specific identification. Administrative expenses include fundraising expenses of \$10,000 and \$13,000 for the years ended June 30, 2024, and 2023, respectively. Expenses by natural classification for the year ended June 30, 2024 consisted of the following:

	Program Services	Administrative Expenses	Total Expenses
Salaries and fringe	\$ 348,609,108	\$ 25,709,907	\$ 374,319,015
Facilities and administrative costs	73,727,804	-	73,727,804
Subcontracts	56,397,268	-	56,397,268
Independent contractor	33,130,850	22,902	33,153,752
Stipends	34,322,568	-	34,322,568
Supplies	24,409,908	55,806	24,465,714
Laboratory fees	2,382,381	-	2,382,381
Occupancy	1,802,139	-	1,802,139
Travel	7,459,858	3,548	7,463,406
Insurance	164,215	1,955,999	2,120,214
Conference and meeting	4,160,791	102,912	4,263,703
Equipment and furniture	15,073,069	122,533	15,195,602
Postretirement service cost	-	3,444,681	3,444,681
Interest expense	-	2,973,561	2,973,561
Real estate taxes	-	1,395,247	1,395,247
Depreciation and amortization	-	1,793,993	1,793,993
All other expenses	24,723,736	14,631,620	39,355,356
Total expenses	\$ 626,363,695	\$ 52,212,709	\$ 678,576,404

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Expenses by natural classification for the year ended June 30, 2023 consisted of the following:

	<u>Program Services</u>	<u>Administrative Expenses</u>	<u>Total Expenses</u>
Salaries and fringe	\$ 322,404,198	\$ 23,490,066	\$ 345,894,264
Facilities and administrative costs	68,040,989	-	68,040,989
Subcontracts	51,188,277	-	51,188,277
Independent contractor	25,653,532	24,510	25,678,042
Stipends	23,609,766	-	23,609,766
Supplies	16,731,636	47,828	16,779,464
Laboratory fees	3,075,814	-	3,075,814
Occupancy	2,033,393	-	2,033,393
Travel	7,200,316	1,956	7,202,272
Insurance	209,856	2,035,129	2,244,985
Conference and meeting	3,427,253	68,103	3,495,356
Equipment and furniture	11,559,360	114,206	11,673,566
Postretirement service cost	-	3,548,723	3,548,723
Interest expense	-	2,797,284	2,797,284
Real estate taxes	-	1,305,261	1,305,261
Depreciation and amortization	-	1,789,673	1,789,673
All other expenses	<u>25,286,777</u>	<u>12,823,283</u>	<u>38,110,060</u>
 Total expenses	 <u>\$ 560,421,167</u>	 <u>\$ 48,046,022</u>	 <u>\$ 608,467,189</u>

NOTE 14 - LIQUIDITY

As of June 30, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 272,191,034	\$ 269,215,600
Grants, contracts, and accounts receivable, net	149,718,159	129,348,766
Investments	62,186,164	49,089,311
Less:		
Accounts payable	(118,875,135)	(96,552,501)
Deferred revenue	(142,425,802)	(145,398,755)
Deposits held in custody for CUNY colleges	<u>(144,396,061)</u>	<u>(138,674,087)</u>
 Total financial assets available within one year	 <u>\$ 78,398,359</u>	 <u>\$ 67,028,334</u>

RF CUNY maintains cash balances at a level designed to ensure short-term liquidity. In addition, a suitable portion of RF CUNY's investment balances are held in instruments that can readily be converted to cash, if needed. RF CUNY also has access to a \$15 million line of credit through a financial institution.

Research Foundation of The City University of New York and Related Entity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE 15 - LINE OF CREDIT

The Foundation entered into a line of credit agreement for \$15 million with First Republic Bank on January 6, 2021 which was renewed with JP Morgan Chase on April 10, 2024, to be used for general Foundation purposes. The interest rate on the line of credit shall be equal to the Index minus one-quarter percent (0.25%) per annum but should not be adjusted to less than three percent (3%) per annum. The line of credit is secured by RF CUNY's accounts receivable with a value at June 30, 2024 of approximately \$149 million. The outstanding balance at June 30, 2024 and 2023 was \$0.

The terms of the line of credit require the maintenance of covenants, including financial reporting requirements and liquidity ratio minimums, which the bank may waive or modify at any time at their discretion.

NOTE 16 - SUBSEQUENT EVENTS

RF CUNY evaluated events subsequent to June 30, 2024 and through September 20, 2024, the date on which the consolidated financial statements were available to be issued, the result of which required no adjustments or disclosures to the accompanying consolidated financial statements.