



SYRACUSE UNIVERSITY

Independent Auditors' Reports as Required by Title 2
U.S. Code of Federal Regulations Part 200, *Uniform Administrative
Requirements, Cost Principles, and Audit Requirements for Federal
Awards*, and *Government Auditing Standards* and Related Information

Year ended June 30, 2020

SYRACUSE UNIVERSITY

Independent Auditors' Reports as Required by Title 2
U.S. Code of Federal Regulations Part 200, *Uniform Administrative
Requirements, Cost Principles, and Audit Requirements for Federal
Awards, and Government Auditing Standards* and Related Information

Year ended June 30, 2020

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SYRACUSE UNIVERSITY

Consolidated Financial Statements

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)



KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Trustees
Syracuse University:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Syracuse University and subsidiaries (the University), which comprise the consolidated balance sheets as of June 30, 2020 and 2019, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Syracuse University as of June 30, 2020 and 2019, 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.



Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Supplementary Schedule of Financial Responsibility Data, as of and for the year ended June 30, 2020, is presented for purposes of additional analysis as required by the U.S. Department of Education, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the 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 Supplementary Schedule of Financial Responsibility Data is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, except as to note 16, which is as of April 1, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

September 30, 2020, except as to note 16 and our report on the Supplementary Schedule of Financial Responsibility Data, which are as of April 1, 2021

SYRACUSE UNIVERSITY

Consolidated Balance Sheets

June 30, 2020 and 2019

(Thousands of dollars)

Assets	2020	2019
Cash and cash equivalents	\$ 455,584	280,137
Interest rate swap agreements collateral		30,400
Receivables, net	150,242	156,630
Other assets	35,974	33,812
Investments	1,485,581	1,468,450
Funds held by bond trustee	60,089	
Land, land improvements, buildings, equipment, and collections, net	1,333,855	1,234,985
Total assets	<u>\$ 3,521,325</u>	<u>3,204,414</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 202,940	168,263
Deposits and deferred revenues	81,513	77,396
Asset retirement obligations	22,020	21,606
Accrued postretirement benefit obligation	50,544	48,708
Capital lease obligation	2,479	2,680
Interest rate swap agreements	773	78,003
Long-term debt	770,892	423,652
Refundable government student loan funds	22,672	28,628
Total liabilities	<u>1,153,833</u>	<u>848,936</u>
Net assets:		
Without donor restrictions	1,541,926	1,545,536
With donor restrictions	825,566	809,942
Total net assets	<u>2,367,492</u>	<u>2,355,478</u>
Total liabilities and net assets	<u>\$ 3,521,325</u>	<u>3,204,414</u>

See accompanying notes to consolidated financial statements.

SYRACUSE UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2020

(With Comparative Totals for the Year ended June 30, 2019)

(Thousands of dollars)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Operating revenues:				
Tuition and fees, net of financial aid of \$351,684 in 2020 and \$335,720 in 2019	\$ 677,154		677,154	655,283
Contributions, excluding contributions to endowments	33,258	23,688	56,946	55,548
Grants and contracts	78,755	669	79,424	103,092
Investment return, including distributions from endowments	64,849		64,849	62,323
Auxiliaries, net of financial aid of \$6,698 in 2020 and \$6,203 in 2019	121,333		121,333	147,311
Other	90,303		90,303	95,462
Net assets released from restrictions	31,612	(31,612)		
Total operating revenues	<u>1,097,264</u>	<u>(7,255)</u>	<u>1,090,009</u>	<u>1,119,019</u>
Operating expenses:				
Instruction and departmental research	436,317		436,317	439,321
Sponsored research and other programs	64,159		64,159	66,905
Academic support	132,869		132,869	129,152
Student services	158,215		158,215	147,367
Institutional support	141,677		141,677	126,152
Auxiliaries	119,026		119,026	117,315
Total operating expenses	<u>1,052,263</u>		<u>1,052,263</u>	<u>1,026,212</u>
Increase (decrease) in net assets from operating activities	<u>45,001</u>	<u>(7,255)</u>	<u>37,746</u>	<u>92,807</u>
Nonoperating activities:				
Contributions to endowments		19,207	19,207	15,451
Investment return, excluding distributions from endowments, and gains (losses) on other financial instruments	(46,642)	3,672	(42,970)	17,155
Postretirement benefit obligation changes other than service cost	(1,969)		(1,969)	767
(Decrease) increase in net assets from nonoperating activities	<u>(48,611)</u>	<u>22,879</u>	<u>(25,732)</u>	<u>33,373</u>
(Decrease) increase in net assets	(3,610)	15,624	12,014	126,180
Net assets at beginning of year	<u>1,545,536</u>	<u>809,942</u>	<u>2,355,478</u>	<u>2,229,298</u>
Net assets at end of year	<u>\$ 1,541,926</u>	<u>825,566</u>	<u>2,367,492</u>	<u>2,355,478</u>

See accompanying notes to consolidated financial statements.

SYRACUSE UNIVERSITY

Consolidated Statement of Activities

Year ended June 30, 2019

(Thousands of dollars)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating revenues:			
Tuition and fees, net of financial aid of \$335,720	\$ 655,283		655,283
Contributions, excluding contributions to endowments	41,508	14,040	55,548
Grants and contracts	96,747	6,345	103,092
Investment return, including distributions from endowments	62,323		62,323
Auxiliaries, net of financial aid of \$6,203	147,311		147,311
Other	95,462		95,462
Net assets released from restrictions	8,224	(8,224)	
	<u>1,106,858</u>	<u>12,161</u>	<u>1,119,019</u>
Operating expenses:			
Instruction and departmental research	439,321		439,321
Sponsored research and other programs	66,905		66,905
Academic support	129,152		129,152
Student services	147,367		147,367
Institutional support	126,152		126,152
Auxiliaries	117,315		117,315
	<u>1,026,212</u>		<u>1,026,212</u>
Increase in net assets from operating activities	<u>80,646</u>	<u>12,161</u>	<u>92,807</u>
Nonoperating activities:			
Contributions to endowments		15,451	15,451
Investment return, excluding distributions from endowments, and gains (losses) on other financial instruments	(3,614)	20,769	17,155
Postretirement benefit obligation changes other than service cost	767		767
	<u>767</u>		<u>767</u>
(Decrease) increase in net assets from nonoperating activities	<u>(2,847)</u>	<u>36,220</u>	<u>33,373</u>
Increase in net assets	77,799	48,381	126,180
Net assets at beginning of year	<u>1,467,737</u>	<u>761,561</u>	<u>2,229,298</u>
Net assets at end of year	<u>\$ 1,545,536</u>	<u>809,942</u>	<u>2,355,478</u>

See accompanying notes to consolidated financial statements.

SYRACUSE UNIVERSITY
Consolidated Statements of Cash Flows
Years ended June 30, 2020 and 2019
(Thousands of dollars)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 12,014	126,180
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Postretirement benefit obligation changes other than service cost	1,969	(767)
Depreciation and amortization	81,681	76,768
Changes in fair value of investments and financial instruments	(5,209)	(52,384)
Gifts of property and equipment	(1,384)	(3,532)
Contributions restricted for investment and physical facilities	(32,898)	(24,301)
Changes in operating assets and liabilities:		
Receivables, net	781	(11,684)
Other assets	(2,162)	(3,315)
Accounts payable and accrued liabilities	36,717	10,230
Deposits and deferred revenues	4,117	(174)
Asset retirement obligations	414	650
Accrued postretirement benefit obligation	(133)	(97)
Net cash provided by operating activities	95,907	117,574
Cash flows from investing activities:		
Loans made to students	(68)	(48)
Loans paid by students	5,675	5,505
Purchases of investments	(666,487)	(203,354)
Sales and maturities of investments	684,811	213,994
Purchases of land, land improvements, buildings, equipment, and collections	(182,518)	(157,352)
Net cash used in investing activities	(158,587)	(141,255)
Cash flows from financing activities:		
Contributions restricted for investment and physical facilities	32,898	24,301
Proceeds from commercial paper notes	30,375	
Payments of commercial paper notes	(30,375)	
Proceeds from issuance of long-term debt	760,170	
Payments of long-term debt	(419,474)	(5,290)
Payments of capital lease obligation	(201)	(116)
Payments for swap termination	(95,777)	
Payment of bond issuance costs	(3,844)	
Changes in interest rate swap agreements collateral	30,400	(15,800)
Change in funds held by bond trustee	(60,089)	
Change in refundable government student loan funds	(5,956)	737
Net cash provided by financing activities	238,127	3,832
Net increase (decrease) in cash and cash equivalents	175,447	(19,849)
Cash and cash equivalents at beginning of year	280,137	299,986
Cash and cash equivalents at end of year	\$ 455,584	280,137
Supplemental disclosure:		
Interest paid	\$ 20,486	18,730
(Decrease) increase in accounts payable for land, land improvements, buildings, equipment, and collections	(1,953)	20,720

See accompanying notes to consolidated financial statements.

SYRACUSE UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

(1) Organization

Syracuse University (the University) is a private, not-for-profit, coeducational and residential university granted a charter by the State of New York in 1870. The University operates under the direction of an independent Board of Trustees as an education corporation under the New York Not-for-Profit Corporation Law. The University has a total enrollment of approximately 22,850 students, including approximately 15,300 full-time undergraduate and law students, approximately 3,950 full-time master's and doctoral students, and approximately 3,600 part-time students. Geographically, the undergraduate student body represents 50 states and 92 foreign countries. The University offers approximately 500 degree and certificate programs in the following 13 schools and colleges: the School of Architecture; the College of Arts and Sciences; the School of Education; the College of Engineering and Computer Science; the Graduate School; the David B. Falk College of Sport and Human Dynamics; the School of Information Studies; the College of Law; the Martin J. Whitman School of Management; the Maxwell School of Citizenship and Public Affairs; the S.I. Newhouse School of Public Communications; the College of Visual and Performing Arts; and University College.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), and include the accounts of Syracuse University, Syracuse University (USA) London Program, Drumlins, Inc., Orange Insurance Company, LLC, Syracuse University Alumni Association, Inc. and Syracuse University Hotel and Conference Center LLC.

(b) Net Asset Classes

The accompanying consolidated financial statements present information regarding the University's financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are not subject to donor stipulations restricting their use but may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties.

Net assets with donor restrictions are subject to donor stipulations that expire by the passage of time, can be fulfilled by actions pursuant to the stipulations, or which may be perpetual.

(c) Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which the University expects to be entitled in exchange for those goods or services (i.e., the transaction price).

Revenue from student tuition, fees, room and board is recognized over the academic year, which generally aligns with the University's fiscal year, as services are provided. Revenues associated with academic programs that cross fiscal years are recognized based on the number of days the services are provided in each fiscal year. Revenues are presented at transaction prices, which are determined based on standard published rates for the services less institutional aid awarded to qualifying students.

SYRACUSE UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Aid in excess of students' tuition and fees is reflected as a reduction of room and board charges. Amounts paid to students for living or other costs are reported as an expense.

The amount of revenue per student varies based on the specific program or class in which the student enrolls as well as whether the student resides in University housing. In addition, students who adjust their course load, residence assignment, board assignment, or withdraw completely within the specified period published in the University's academic calendar may receive a full or partial refund in accordance with the University's refund policy. Refunds issued reduce the amount of revenue recognized. Payments are generally due prior to the start of the academic term.

Room and board revenues are included in Auxiliaries on the consolidated statements of activities. Room revenues, net of applicable aid, totaled \$54.6 million and \$64.9 million for the years ended June 30, 2020 and June 30, 2019, respectively. Board revenues, net of applicable aid, totaled \$47.3 million and \$59.3 million for the years ended June 30, 2020 and June 30, 2019, respectively.

Revenues from students received in advance of services provided, which primarily consist of summer session revenues, are included in deposits and deferred revenues in the consolidated balance sheets and totaled \$20.6 million and \$23.9 million at June 30, 2020 and June 30, 2019, respectively.

(d) Revenue from Grants and Contracts

Grants and contracts awarded by federal and other sponsors, which are generally considered nonreciprocal transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. Grants and contracts whose restrictions are met in the same fiscal year as their revenue is recognized are reported as grants and contracts without donor restrictions.

Revenues received in advance of services provided are included in deposits and deferred revenues in the consolidated balance sheets, and totaled \$28.9 million and \$17.6 million at June 30, 2020 and 2019, respectively.

Conditional awards from federal and other sponsors outstanding as of June 30, 2020 were \$73.1 million.

(e) Contributions

Contributions, including unconditional pledges, are recognized at their fair values as revenues when donors' commitments are received. Conditional pledges become unconditional and are recognized as revenues when the conditions are substantially met. Unconditional pledges, net of an allowance for doubtful amounts, are reported at their estimated net present values, and are classified as with donor restrictions. Gifts whose restrictions are met in the same fiscal year as their receipt are reported as contributions without donor restrictions. Similarly, purpose-restricted investment returns earned during the same fiscal year in which those restrictions are met are reported as investment return without donor restrictions for the purposes of the statements of cash flows.

SYRACUSE UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

(f) Cash and Cash Equivalents

For purposes of the statements of cash flows, investments acquired with an original maturity date of three months or less are reported as cash equivalents unless they are part of funds held by bond trustee or long-term investment funds.

(g) Investments

Investments are reported at estimated fair value. The values of publicly traded fixed income and equity securities are based on quoted market prices and exchange rates. Nonmarketable securities include alternative investments in hedge funds and private partnership funds. In the absence of readily determinable public market values, alternative investments are valued using current net asset values or the equivalent as a practical expedient to approximate fair values. The University believes the carrying amounts of these financial instruments are reasonable estimates of fair value. The estimates, because of the inherent uncertainty of valuations for these investments, may differ from the values that would have been used had ready markets existed.

(h) Funds Held by Bond Trustee

Unspent bond proceeds are held by the bond trustee and are invested in money market vehicles classified as Level 1 in the fair value hierarchy.

(i) Land, Land Improvements, Buildings, Equipment, and Collections

Land, land improvements, buildings, equipment, and the library collections are stated at cost or fair value at date of donation, exclusive of the library's special collection, which is recorded at the University's estimate. The art collection is recorded at appraised value adjusted for accessions and deaccessions. Depreciation is recognized using the straight-line method with useful lives of twenty or forty years for buildings, five years for equipment, ten years for library collections, excluding special collections, and one hundred years for art and library special collections. Depreciation expense for buildings and land improvements is allocated to functional classifications based on square footage. Depreciation expense for equipment is allocated to functional classifications based on the functional classifications of the departments in which equipment is located, and depreciation expense for collections is allocated to the academic support functional classification.

(j) Fair Value

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The three levels of the fair value hierarchy are:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.

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

Level 3 – inputs are unobservable and are derived from valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and are not based on market, exchange, dealer, or broker-traded transactions.

SYRACUSE UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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

Investments reported at net asset value or its equivalent (NAV) as a practical expedient to estimate fair value are not classified in the fair value hierarchy.

(k) Operations

The consolidated statements of activities present expenses by functional classification and reflect a subtotal for the change in net assets from operations. This subtotal reflects all transactions increasing or decreasing net assets without donor restrictions except those items associated with certain long-term investment returns, actuarial adjustments to self-insurance liabilities, changes in postretirement benefit obligations other than service cost and gains and losses on other financial instruments. Operation and maintenance of plant and depreciation are allocated to the functional expense line items based on relative square footage of facilities used for such functions and interest expense is allocated based on the functional purpose for which the debt proceeds were used.

(l) Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates made in the preparation of these consolidated financial statements include valuation of certain investments at fair value, estimated net realizable value of receivables, asset retirement obligations, and actuarially determined employee benefit and self-insurance liabilities. Actual results could differ from estimates.

(m) Risks and Uncertainties

In December 2019, an outbreak of a novel strain of corona virus (COVID-19) emerged globally, and in March 2020, the World Health Organization recognized COVID-19 as a pandemic. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, the University could be materially and possibly adversely affected by the risks, or the public perception of the risks, related to the outbreak of COVID-19. For the year ended June 30, 2020, the University experienced disruption to its ability to provide in-person education to its students due to COVID-19. The most significant financial impact on the University to date has been the inability to fully realize room and board revenues.

The pandemic may materially affect the ability of the University to conduct its operations and the cost of its operations. Other adverse consequences may include, but are not limited to, decline in enrollment, decline in demand for campus housing or programs involving travel or international connections, volatility in financial markets with the potential for declines in the fair value of the University's endowment, and declines in philanthropic donations. The full extent of the impact of COVID-19 on the University will depend on future developments, including the duration and spread of the outbreak.

(n) Income Taxes

The University is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to Section 501(a) of the Internal Revenue

SYRACUSE UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Code. Orange Insurance Company, LLC and Syracuse University Hotel and Conference Center LLC, are wholly owned by the University and are reported in the University's income tax filings. Syracuse University Alumni Association Inc., of which the University is the sole member, is a tax-exempt organization that files its own tax return. Drumlins, Inc. is a taxable subsidiary of the University and files its own tax returns. The Syracuse University (USA) London Program, created for the advancement of education, is a registered charity under the laws of England. The income tax consequences, if any, from these entities are reflected in the consolidated financial statements, and do not have a material effect, individually or in the aggregate, on the University's consolidated financial statements. The University believes it has taken no significant uncertain tax positions.

(3) Financial Assets and Liquidity Resources

At June 30, 2020 and June 30, 2019, financial assets and liquidity resources available within one year for general expenditures, including operating expenses, scheduled principal payments on debt, and capital construction costs not financed by debt, are as follows (in thousands of dollars):

	2020	2019
Financial assets, at year-end	\$ 2,151,496	1,935,617
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Donor restricted endowment	(685,684)	(671,080)
Pledges receivable, net, due in greater than one year	(42,004)	(41,852)
Student loans, net, due in greater than one year	(25,650)	(31,257)
Cash held as collateral for swap agreements		(30,400)
Board designations:		
Quasi-endowment fund, primarily for long-term investing	(708,374)	(713,072)
Board-approved endowment spending distribution:		
Fiscal year 2020 appropriation		47,533
Fiscal year 2021 appropriation	49,928	
Financial assets available to meet cash needs for general expenditures within one year	\$ 739,712	495,489

The University's working capital and cash flows have seasonal variations during the year attributable to tuition billing and a concentration of contributions received at calendar and fiscal year end. To manage liquidity the University has a taxable commercial paper note program as described in footnote 8. In addition, the quasi endowment of \$708.4 million and \$713.1 million at June 30, 2020 and June 30, 2019, respectively, can be made available for general expenditure with approval from the University's Board of Trustees, subject to investment liquidity provisions.

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Notes to Consolidated Financial Statements

June 30, 2020 and 2019

(4) Receivables

The following is a summary of accounts receivable, pledges receivable, and matured bequests receivable at June 30, 2020 and June 30, 2019 (in thousands of dollars):

	2020	2019
Accounts receivable	\$ 88,024	94,764
Pledges receivable, net of present value discount	77,724	74,949
Matured bequests receivable	2,174	2,018
	167,922	171,731
Allowance for doubtful accounts	(17,680)	(15,101)
Total	\$ 150,242	156,630

Accounts receivable include student loans receivable of \$25.7 million and \$31.3 million at June 30, 2020 and June 30, 2019, respectively, net of allowances for doubtful accounts of approximately \$1.0 million at both June 30, 2020 and June 30, 2019.

Unconditional pledges and matured bequests at June 30, 2020 and June 30, 2019 are restricted by donors predominantly for scholarships, other operating, and capital expenditure purposes. They are expected to be realized in the following periods (in thousands of dollars):

	2020	2019
Less than one year	\$ 36,219	32,432
One year to five years	35,235	31,211
More than five years	15,105	22,644
	86,559	86,287
Allowance for doubtful accounts	(11,620)	(11,551)
Present value discount	(6,661)	(9,320)
Total	\$ 68,278	65,416

The discount rates used to present value the pledges range from 0.29% to 6.00% at June 30, 2020 and 0.72% to 6.00% at June 30, 2019.

Conditional promises, which depend on the occurrence of a specified future or uncertain event, are recognized when the conditions are substantially met. Total unrecognized conditional pledges for the University were approximately \$72.5 million as of June 30, 2020.

SYRACUSE UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

(5) Investments

The investment objective of the University is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund a portion of its spending and to increase investment value after inflation. The University diversifies its investments among asset classes by incorporating several strategies and managers. Major investment decisions are authorized by the Investment and Endowment Committee of the University's Board of Trustees.

In addition to equity and fixed income investments, the University may also hold shares or units in institutional funds and alternative investment funds involving hedged, private partnerships, and real assets strategies. 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. Private partnership funds generally employ buyout, venture capital, and debt related strategies and often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Real asset funds include investments in companies whose businesses are typically related to natural resources and real estate.

Fair values for shares in registered mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year and are classified in Level 1 of the fair value hierarchy. The University's interests in alternative investment funds are generally reported at the NAV reported by the fund managers. NAV is used as a practical expedient to estimate the fair value of the University's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2020 and June 30, 2019, the University had no specific plans or intentions to sell investments at amounts different than NAV.

SYRACUSE UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

The University's investments at June 30, 2020 are summarized in the following table (in thousands of dollars):

	<u>Redemption availability</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments measured at fair value:				
Marketable securities:				
U.S. equity	Daily	\$ 241,698	5	241,703
International equity	Daily	115,688		115,688
Fixed income	Daily	126,176	19,917	146,093
Real asset	Daily	9,819		9,819
Total marketable securities		493,381	19,922	513,303
Funds held or administered by others	Not applicable	1,714	25,623	27,337
Subtotal		495,095	45,545	540,640
Investments measured at net asset value:				
Commingled fund:				
U.S. equity	Monthly			3,414
International equity	Monthly			1,504
Fixed income	Monthly			2,558
Hedge funds:				
Long/short	Monthly to illiquid			300,229
Multi-strategy	Quarterly to illiquid			83,914
Global and other	Monthly to illiquid			208,578
Private partnerships:				
Buyout	Illiquid			132,702
Venture capital	Illiquid			122,373
Debt related	Illiquid			28,319
Real asset	Illiquid			61,350
Subtotal				944,941
Total		\$ 495,095	45,545	1,485,581

The days' notice that is required to be given to investment managers to redeem the specific asset classes above are: 1 to 4 days for U.S. equity; 1 to 10 days for international equity; 1 to 15 days for fixed income; 1 to 4 days for real asset; and 1 to 100 days for hedge funds.

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The University's investments at June 30, 2019 are summarized in the following (in thousands of dollars):

	<u>Redemption availability</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments measured at fair value:				
Marketable securities:				
U.S. equity	Daily	\$ 249,783	207	249,990
International equity	Daily	111,848		111,848
Fixed income	Daily	134,877	16,748	151,625
Real asset	Daily	<u>53,415</u>		<u>53,415</u>
Total marketable securities		549,923	16,955	566,878
Commingled funds:				
International equity	Monthly	60,498		60,498
Fixed income	Daily to monthly	<u>65,414</u>		<u>65,414</u>
Total commingled funds		125,912		125,912
Funds held or administered by others	Not applicable	<u>1,577</u>	<u>25,719</u>	<u>27,296</u>
Subtotal		<u>677,412</u>	<u>42,674</u>	<u>720,086</u>
Investments measured at net asset value:				
Commingled fund:				
U.S. equity	Monthly			3,499
International equity	Monthly			21,980
Fixed income	Monthly			2,775
Hedge funds:				
Long/short	Monthly to illiquid			237,104
Multi-strategy	Quarterly to illiquid			84,001
Global and other	Monthly to illiquid			80,747
Private partnerships:				
Buyout	Illiquid			134,040
Venture capital	Illiquid			102,441
Debt related	Illiquid			24,788
Real asset	Illiquid			<u>56,989</u>
Subtotal				748,364
Total		<u>\$ 677,412</u>	<u>42,674</u>	<u>1,468,450</u>

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The days' notice that is required to be given to investment managers to redeem the specific asset classes above are: 1 to 4 days for U.S. equity; 1 to 10 days for international equity; 1 to 15 days for fixed income; 1 to 4 days for real asset; and 1 to 100 days for hedge funds.

There were no transfers between Level 1 and Level 2 for the fiscal years ended June 30, 2020 or June 30, 2019.

The private partnerships have initial terms of 10 years with extensions of one to four years and have an average remaining expected life of 4.4 years and 4.6 years as of June 30, 2020 and June 30, 2019, respectively. At June 30, 2020, the University's outstanding commitments to private partnerships totaled \$228.3 million. Private partnerships are considered to be illiquid because distributions are made upon the liquidation of underlying investments.

Certain of the University's hedge fund investments are illiquid as a result of restrictions that include contractual lock up provisions, redemption notification requirements, and other restrictions. Restrictions on hedge fund investments totaling \$109.1 million and \$55.0 million expire in fiscal years 2021 and 2022, respectively.

The following table summarizes the components of investment return in the consolidated statements of activities for the years ended June 30, 2020 and June 30, 2019 (in thousands of dollars):

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 18,339	27,272
Realized gains, net	113,552	81,138
Unrealized losses, net	<u>(78,250)</u>	<u>(8,020)</u>
Total investment return	<u>\$ 53,641</u>	<u>100,390</u>

Netted in the interest and dividends component of investment return were investment management expenses of \$3.2 million and \$3.3 million in fiscal years 2020 and 2019, respectively.

(6) Endowment Funds

The University's endowment consists of approximately 2,400 individual funds which include both donor restricted endowment funds and funds designated by the University to function as quasi endowments. These individual funds have been established for a variety of purposes, with the majority of them established for scholarships and endowed chairs.

The University employs asset allocation models having multi-year investment horizons, and it manages its long-term investments in accordance with the total return concept and the goal of maximizing long-term return within acceptable levels of risk. The University's spending policy is aligned with the asset allocation model and is designed to provide a stable level of financial support and to preserve the real value of its endowment. The University compares the performance of its investments against several benchmarks, including its asset allocation model policy indexes.

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The trustee Investment and Endowment Committee (IEC) approves the annual distribution rates and spending amount for the University's investment funds. Per unit distributions are calculated by multiplying the average of the monthly unit market values during the previous three calendar years by the percentage approved by the Committee each year. The percentage approved for fiscal years 2020 and 2019 was 3.84%. There were no other distributions approved by the IEC in fiscal years 2020 and 2019.

The University adheres to the New York State Prudent Management of Institutional Funds Act (NYPMIFA). The University has interpreted NYPMIFA as allowing the University to spend or accumulate the amount of an endowment fund that the University determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The University classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

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

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

Endowment funds are considered to be underwater when their fair value is less than their historical gift amounts. In accordance with the Prudent Management standards contained in NYPMIFA, the University has the ability to spend from individual endowments that are underwater, if it considers such action to be prudent for that particular endowment. In addition, in accordance with the implementation of NYPMIFA in 2011, the University was required to ask certain existing donors if they wished to prevent spending from their endowment if underwater. If the donor had requested spending not occur if their endowment is underwater, the University is required to comply with this request. As of June 30, 2020 and June 30, 2019, there were no endowment funds underwater where the donor had requested that spending not occur if the endowment was underwater.

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At June 30, 2020 and June 30, 2019, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions and consisted of the following (in thousands of dollars):

	Without donor restrictions	With donor restrictions		Total funds 2020
		Original gift	Accumulated gains (losses)	
Quasi	\$ 708,374			708,374
Donor restricted:				
Underwater		74,659	(4,086)	70,573
Other		402,345	212,766	615,111
	<u>\$ 708,374</u>	<u>477,004</u>	<u>208,680</u>	<u>1,394,058</u>

	Without donor restrictions	With donor restrictions		Total funds 2019
		Original gift	Accumulated gains (losses)	
Quasi	\$ 713,072			713,072
Donor restricted:				
Underwater		58,325	(2,880)	55,445
Other		398,246	217,389	615,635
	<u>\$ 713,072</u>	<u>456,571</u>	<u>214,509</u>	<u>1,384,152</u>

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Changes in net assets associated with endowment funds for the fiscal years ended June 30, 2020 and June 30, 2019 were (in thousands of dollars):

	2020		
	Without donor restrictions	With donor restrictions	Total
Net assets at June 30, 2019	\$ 713,072	671,080	1,384,152
Investment return	18,157	19,268	37,425
Contributions		18,624	18,624
Distributions	(25,054)	(23,579)	(48,633)
Board designated and donor required transfers	2,199	291	2,490
Net assets at June 30, 2020	<u>\$ 708,374</u>	<u>685,684</u>	<u>1,394,058</u>

	2019		
	Without donor restrictions	With donor restrictions	Total
Net assets at June 30, 2018	\$ 691,744	636,404	1,328,148
Investment return	39,796	43,534	83,330
Contributions		13,481	13,481
Distributions	(24,073)	(22,198)	(46,271)
Board designated and donor required transfers	5,605	(141)	5,464
Net assets at June 30, 2019	<u>\$ 713,072</u>	<u>671,080</u>	<u>1,384,152</u>

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(7) Land, Land Improvements, Buildings, Equipment, and Collections

The following is a summary of land, land improvements, buildings, equipment, and collections at June 30, 2020 and June 30, 2019 (in thousands of dollars):

	<u>2020</u>	<u>2019</u>
Land and land improvements	\$ 99,786	98,609
Buildings and buildings' equipment	2,172,618	2,006,814
Equipment	137,639	130,776
Library and art collections	<u>243,577</u>	<u>238,727</u>
	2,653,620	2,474,926
Accumulated depreciation	<u>(1,319,765)</u>	<u>(1,239,941)</u>
Total	<u>\$ 1,333,855</u>	<u>1,234,985</u>

Depreciation expense was \$82.9 million and \$77.2 million, for the years ended June 30, 2020 and June 30, 2019, respectively.

The University has asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities at the time of disposal of certain capital assets. The liability was initially recorded at fair value, and is adjusted for accretion expense and changes in the amount or timing of cash flows. The corresponding asset retirement costs are capitalized as part of the carrying values of the related long-lived assets and depreciated over the useful lives of the assets.

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(8) Long-Term Debt and Interest Rate Swap Agreements

Long-term debt outstanding at June 30, 2020 and June 30, 2019 is set forth below (in thousands of dollars):

	<u>Fiscal years of maturity</u>	<u>2020</u>	<u>2019</u>
City of Syracuse Industrial Development Agency – Civic Facility Variable Rate Revenue Bonds:			
Series 1999A and 1999B (a)	2030	\$	44,475
Series 2005A and 2005B (b)	2036		80,000
Series 2008A-1 and 2008A-2 (c)	2010–2038		65,500
Onondaga County Industrial Development Agency – Civic Facility Variable Rate Revenue Bonds:			
Series 2008B (c)	2010–2038		27,175
Trust for Cultural Resources of the County of Onondaga Revenue Bonds:			
Series 2010A (d)	2030		75,525
Series 2010B (e)	2011–2020		30,375
Series 2011 (f)	2013–2037	2,995	39,315
Series 2013 (g)	2015–2039	7,725	57,025
Series 2019 (i)	2039-2050	317,720	
Onondaga Civic Development Corporation Revenue Bonds:			
Series 2020A (j)	2026-2036	114,945	
Onondaga Civic Development Corporation Taxable Revenue Bonds:			
Series 2020B (k)	2036-2056	224,410	
Bank Loan – Syracuse University Hotel and Conference Center LLC (h)	2028	4,730	5,390
Total principal debt		672,525	424,780
Unamortized premium		102,330	2,580
		774,855	427,360
Less bond issuance costs		3,963	3,708
Total long-term debt		<u>\$ 770,892</u>	<u>423,652</u>

During the year ended June 30, 2020, the University significantly restructured its debt portfolio through redemptions, defeasances, partial advance refundings, swap terminations, and new funding issuances. The restructuring was accomplished through the issuance of the Series 2019, 2020A, and 2020B bonds.

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Series 2019 Bond Issuance

On December 19, 2019, the University issued \$317.7 million of Series 2019 bonds plus received additional premium in the amount of \$66.5 million. The proceeds of Series 2019 bonds and associated premium were used to redeem \$18.9 million of Series 1999A bonds maturing December 1, 2029, \$25.5 million of Series 1999B bonds maturing December 1, 2029, \$40.0 million of Series 2005A bonds maturing December 1, 2035, \$40.0 million of Series 2005B bonds maturing December 1, 2035, \$14.9 million of Series 2008A-1 bonds maturing December 1, 2020 through December 1, 2037, and \$26.2 million of Series 2008B bonds maturing December 1, 2020 through December 1, 2037. In connection with this transaction the University utilized \$48.1 million to terminate swaps associated with the debt series that were redeemed.

In addition, the University utilized commercial paper to bridge the \$30.4 million December 1, 2019 payoff of the Series 2010B bonds. The University then utilized proceeds from Series 2019 bonds to repay the outstanding commercial paper in the amount of \$30.4 million.

The University identified \$138.0 million of University associated projects that would utilize proceeds from Series 2019 bonds.

In connection with this transaction, the University recorded a total loss for the year ended June 30, 2020 of approximately \$1.5 million, included in investment return, excluding distributions from endowments, and gains (losses) on other financial instruments in the accompanying statement of activities.

Series 2020A and 2020B Bond Issuance

On June 23, 2020, the University issued \$114.9 million of Series 2020A tax-exempt bonds plus received additional premium in the amount of \$36.6 million. The University also issued \$224.4 million of Series 2020B taxable bonds. The proceeds of Series 2020 bonds and associated premium were used to redeem \$50.0 million of Series 2008A-2 bonds maturing December 1, 2037, \$75.5 million of Series 2010A bonds maturing December 1, 2029, partially advance refund \$34.9 million of Series 2011 bonds maturing December 1, 2022 through December 1, 2036, and partially advance refund \$47.6 million of Series 2013 bonds maturing December 1, 2024 through December 1, 2038. In connection with this transaction the University utilized \$47.6 million to terminate swaps associated with the debt series that were redeemed.

In addition, as part of this issuance the University received taxable proceeds of \$100.0 million, as well as \$4.9 million as capitalized interest that will be amortized in fiscal years 2021 and 2022.

In connection with this transaction, the University recorded a total loss for the year ended June 30, 2020 of approximately \$10.7 million, included in Investment return, excluding distributions from endowments, and gains (losses) on other financial instruments in the accompanying statement of activities.

Additional details on the debt portfolio are as follows:

- (a) Periodic Auction Reset Securities (PARS) tax-exempt bonds that had their interest rates set at weekly auctions. The interest rate at June 30, 2019 was 3.51% for Series 1999A and 3.45% for Series 1999B. The University redeemed these outstanding bonds prior to the original maturity in conjunction with the Series 2019 debt issuance.

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- (b) Variable rate tax-exempt revenue bonds that had their interest rates set weekly. The interest rate at June 30, 2019 was 1.78%, for both Series 2005A and Series 2005B. The University redeemed these outstanding bonds prior to the original maturity in conjunction with the Series 2019 debt issuance.
- (c) Variable rate tax-exempt revenue bonds that had their interest rates set daily and weekly for Series 2008A and Series 2008B, respectively. The interest rates at June 30, 2019 were 1.90%, for Series 2008A, and 1.78%, for Series 2008B. The University redeemed these outstanding bonds prior to the original maturity in conjunction with the Series 2019 debt issuance for the Series 2008A-1 and Series 2008B obligations and defeased the Series 2008A-2 obligation in conjunction with the Series 2020 debt issuance.
- (d) Variable rate tax-exempt revenue bonds that had their interest rates set weekly. The interest rate at June 30, 2019 was 1.70%. The University defeased these outstanding bonds prior to the original maturity in conjunction with the Series 2020 debt issuance.
- (e) Fixed rate tax-exempt bonds that had interest rates at date of issuance ranging from 3.0% to 5.0% depending on the underlying principal maturity date. These bonds were issued at a premium that was being amortized using the effective interest method over the remaining life of each of the terms of the bonds, resulting in an effective yield ranging from 0.75% to 3.48%. Upon maturity the University issued Taxable Commercial Paper to pay the remaining principal balance. The commercial paper was then settled using proceeds from the Series 2019 debt issuance.
- (f) Fixed rate tax-exempt bonds with interest rates at date of issuance ranging from 3.0% to 5.0% depending on the underlying principal maturity date. These bonds were issued at a premium that is being amortized using the effective interest method over the remaining life of each of the terms of the bonds, resulting in an effective yield ranging from 0.53% to 4.70%. The University was required to make semi-annual payments of interest to the bondholders through the trustee. In addition, the University was required to make annual payments of principal to bondholders through the trustee on a portion of the bonds for fiscal years 2013 through 2032. The other portions of the bonds maturing in fiscal year 2037 are subject to mandatory redemption on specific sinking fund redemption dates occurring in fiscal years 2033 to 2037. The maturities from December 1, 2022 to December 1, 2036 have been defeased in conjunction with the Series 2020 bond issuance.
- (g) Fixed rate bonds with interest rates at date of issuance ranging from 2.0% to 5.0% depending on the underlying principal maturity date. These bonds were issued at a premium that is being amortized using the effective interest method over the remaining life of each of the terms of the bonds, resulting in an effective yield ranging from 0.31% to 4.97%. The University was required to make semi-annual payments of interest to the bondholders through the trustee. In addition, the University was required to make annual payments of principal to bondholders through the trustee on a portion of the bonds for fiscal years 2015 through 2034. The other portions of the bonds maturing in fiscal year 2039 are subject to mandatory redemption on specific sinking fund redemption dates occurring in fiscal years 2035 to 2039. The maturities from December 1, 2024 to December 1, 2038 have been defeased in conjunction with the Series 2020 bond issuance.
- (h) Loan agreement with JPMorgan Chase Bank, N.A., which is guaranteed by the University. It bears interest at a rate per annum equal to the adjusted LIBOR rate for the applicable interest period plus 0.40% at June 30, 2020 and June 30, 2019. The applicable LIBOR margin per annum is adjusted

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based on the Moody's rating assigned to the financial strength of the University at the onset of each interest period. At June 30, 2020 and June 30, 2019, the interest rates were 0.573% and 2.84%, respectively. The Syracuse University Hotel and Conference Center LLC makes monthly payments of principal and interest. The maturity date of the loan is August 5, 2027.

- (i) Fixed rate tax-exempt bonds with interest rates at date of issuance ranging from 4.0% to 5.0% depending on the underlying principal maturity date. These bonds were issued at a premium that is being amortized using the effective interest method over the remaining life of each of the terms of the bonds, resulting in an effective yield ranging from 1.91% to 2.36%. The University makes semi-annual payments of interest to the bondholders through the trustee. In addition, the University will make annual payments of principal to bondholders through the trustee on a portion of the bonds for fiscal years 2039 through 2042. The other portions of the bonds maturing in fiscal year 2044 through 2050 are subject to mandatory redemption on specific sinking fund redemption dates occurring in fiscal years 2043 to 2050.
- (j) Fixed rate tax-exempt bonds with interest rates at date of issuance of 5.0% for all principal maturity dates. These bonds were issued at a premium that is being amortized using the effective interest method over the remaining life of each of the terms of the bonds, resulting in an effective yield ranging from 0.55% to 1.58%. The University makes semi-annual payments of interest to the bondholders through the trustee. In addition, the University will make annual payments of principal to bondholders through the trustee on the bonds for fiscal years 2026 through 2036.
- (k) Fixed rate taxable term bonds with terms ending in fiscal year 2038 and 2056, with effective yields of 2.768% and 3.068%, respectively. The University makes semi-annual payments of interest to the bondholders through the trustee. The bonds maturing in fiscal year 2038 are subject to mandatory redemption on specific sinking fund redemption dates occurring in fiscal years 2036 to 2038. The bonds maturing in fiscal year 2056 are subject to mandatory redemption on specific sinking fund redemption dates occurring in fiscal years 2051 to 2056.

Aggregate principal payments of long-term debt are summarized in the table below (in thousands of dollars):

Fiscal year	Amount
2021	\$ 3,910
2022	4,075
2023	2,635
2024	2,740
2025	660
Thereafter	658,505
Total	\$ 672,525

The University had entered into interest rate swap agreements with two counterparties as a hedge against interest rate fluctuations for variable interest rate debt. The University received variable payments equal to 68% of the one-month LIBOR rate from two counterparties for six swap agreements. As of June 30, 2019,

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there was a requirement to collateralize the obligations under the interest rate swap agreements in the amount of \$30.4 million. The swaps associated with the variable interest rate revenue bonds were terminated in conjunction with the issuance of the Series 2019 and Series 2020 bonds.

As of June 30, 2019, the University paid the two counterparties a weighted average fixed interest rate of 3.679% on a total notional amount of \$292.7 million, which related to its variable interest rate revenue bonds.

Syracuse University Hotel and Conference Center LLC (the Hotel) has entered into an interest rate swap agreement with a counterparty as a hedge against interest rate fluctuations for variable interest rate debt. The Hotel received variable payments equal to the one-month LIBOR rate plus 0.55% from one counterparty for the interest rate swap agreement. As of June 30, 2020 and June 30, 2019, there was no requirement to collateralize the obligations under the interest rate swap agreement.

The Hotel paid the one counterparty a fixed interest rate of 5.303% on notional amounts of \$4.7 million and \$5.4 million as of June 30, 2020 and June 30, 2019, respectively, that related to its loan with JPMorgan Chase Bank, N.A.

At June 30, 2020 and June 30, 2019, the fair values of the interest rate swap agreements were \$(0.8) million and \$(78.0) million, respectively. The interest rate swap agreements are classified in Level 2 of the fair value hierarchy.

The changes of \$77.2 million and \$(20.6) million in the fair values of the interest rate swap agreements and the amount associated with the termination of the University swaps, were included in investment return, excluding distributions from endowments, and gains (losses) on other financial instruments in the accompanying statement of activities for the years ended June 30, 2020 and June 30, 2019, respectively. The net cash payments of \$4.9 million and \$6.2 million made under the interest rate swap agreements were included in interest expense during fiscal years 2020 and 2019, respectively.

The University had letters of credit and a surety bond aggregating approximately \$145.2 million at June 30, 2020 and \$265.6 million at June 30, 2019 related to its variable interest rate long-term debt and to potential claims under the University's workers' compensation plan. Expiration dates range from fiscal 2020 to fiscal 2021 and there were no outstanding amounts against the letters of credit or surety bond.

In September 2017, the University instituted a taxable commercial paper notes program that allows the University to issue in aggregate up to \$75.0 million in commercial paper notes. Proceeds from the issuance of commercial paper may be used to provide bridge financing for capital projects and to finance general operations of the University. The notes bear a fixed rate of interest, established on the borrowing date, over their individual terms not to exceed 270 days. The program has an ultimate expiration of June 30, 2075. At June 30, 2020 and June 30, 2019, there was no commercial paper outstanding.

(9) Capital Lease Obligation

The University leases a building under a capitalized lease that expires in December 2027. The gross leased asset was \$3.3 million at both June 30, 2020 and June 30, 2019. At June 30, 2020 and June 30, 2019, accumulated depreciation in the consolidated balance sheet was \$1.8 million and \$1.6 million, respectively, relating to this lease.

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Future minimum capital lease payments as of June 30, 2020 are as follows (in thousands of dollars):

Fiscal year	Amount
2021	\$ 491
2022	491
2023	499
2024	506
2025	506
Thereafter	1,293
Total minimum lease payments	3,786
Less amount representing interest	1,307
Present value of minimum lease payments	\$ 2,479

(10) Foreign Currency Forward Contracts

At June 30, 2020 and June 30, 2019, the University had commitments for foreign currency forward contracts with notional values of \$21.2 million and \$20.3 million, respectively, to hedge foreign exchange rate exposure for its programs abroad. Fair values of foreign currency forward contract commitments of \$(0.3) million and \$(0.4) million, were included in accounts payable and accrued liabilities, at June 30, 2020 and June 30, 2019, respectively. The foreign currency forward contracts are classified as Level 2 in the fair value hierarchy. For the years ended June 30, 2020 and June 30, 2019, the increase of \$0.1 million and decrease of \$0.6 million, respectively, in fair values of foreign currency forward contract commitments were included in the returns from investments and other financial instruments, excluding distributions from endowments.

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(11) Net Assets

At June 30, 2020 and June 30, 2019, net assets were comprised as follows (in thousands of dollars):

	2020		2019	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
Undesignated	\$ 833,552		832,464	
Pledges and matured bequests receivable		68,278		65,416
Other		22,387		23,184
Funding for facilities		17,492		18,208
Funding for student loans		4,386		4,286
Life income, annuity, and similar funds		27,339		27,768
Endowment funds:				
Scholarships	42,683	327,870	43,516	325,249
Endowed chairs	15,778	160,661	16,400	163,582
General purposes and other	649,913	197,153	653,156	182,249
Total net assets	\$ 1,541,926	825,566	1,545,536	809,942

(12) Natural Classification of Expenses

The University's primary program service is academic instruction and research. Expenses reported as student services, institutional support and auxiliaries are incurred in support of this primary program activity. Expenses presented by natural classification and function are as follows for the fiscal year ended June 30, 2020 and June 30, 2019 (in thousands of dollars):

	2020					Totals
	Salaries and benefits	Supplies and services	Occupancy and related expenses	Depreciation and interest	Other operating expenses	
Instruction and departmental research	\$ 281,165	81,932	22,342	30,457	20,421	436,317
Sponsored research and other programs	34,239	12,574	2,086	4,658	10,602	64,159
Academic support	95,914	7,046	14,281	13,706	1,922	132,869
Student services	94,059	19,864	9,982	11,309	23,001	158,215
Institutional support	80,719	26,336	6,542	6,878	21,202	141,677
Auxiliaries	43,524	5,495	5,841	36,767	27,399	119,026
Total expenses	\$ 629,620	153,247	61,074	103,775	104,547	1,052,263

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	2019					
	Salaries and benefits	Supplies and services	Occupancy and related expenses	Depreciation and interest	Other operating expenses	Totals
Instruction and departmental research	\$ 273,138	83,000	26,584	30,578	26,021	439,321
Sponsored research and other programs	35,929	14,449	3,022	4,626	8,879	66,905
Academic support	90,584	8,897	14,205	13,636	1,830	129,152
Student services	81,360	19,491	10,057	5,832	30,627	147,367
Institutional support	78,330	23,104	4,270	5,887	14,561	126,152
Auxiliaries	40,041	4,684	8,210	35,056	29,324	117,315
Total expenses	\$ <u>599,382</u>	<u>153,625</u>	<u>66,348</u>	<u>95,615</u>	<u>111,242</u>	<u>1,026,212</u>

(13) Retirement Plans

Certain full-time and regular part-time employees of the University are eligible for the University's defined contribution plan. The amounts contributed by the University to the Teachers Insurance and Annuity Association Fund in fiscal years 2020 and 2019 were approximately \$37.1 million and \$35.6 million, respectively.

The University also provides health and life insurance benefit plans for eligible employees upon retirement at the University's early or normal retirement ages. The plans are funded by the University as claims are paid. Information with respect to the plans is as follows (in thousands of dollars):

	<u>2020</u>	<u>2019</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 48,708	49,572
Service cost	2,121	2,277
Interest cost	1,425	1,839
Plan participants' contributions	1,450	1,370
Actuarial loss (gain)	544	(2,606)
Benefits paid	(3,715)	(3,760)
Medicare Part D prescription drug federal subsidy	11	16
Benefit obligation at end of year	\$ <u>50,544</u>	<u>48,708</u>

SYRACUSE UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Other changes in the postretirement benefit obligation recognized in net assets without donor restrictions in the consolidated statements of activities included the following components (in thousands of dollars):

	2020	2019
Actuarial (loss) gain	\$ (544)	2,606
Amortization of:		
Actuarial gain	(767)	(326)
Prior service credits	(160)	(160)
Total (decrease) increase in net assets without restrictions	\$ (1,471)	2,120

Net periodic postretirement benefit cost included as expense in the consolidated statements of activities is as follows (in thousands of dollars):

	2020	2019
Operating activities:		
Service cost	\$ 2,121	2,277
Nonoperating activities:		
Interest cost	1,425	1,839
Amortization of actuarial gain	(767)	(326)
Amortization of prior service credits	(160)	(160)
Net periodic postretirement benefit cost	\$ 2,619	3,630

For measurement purposes, annual rates of increase in the per capita cost of covered healthcare of 6.50% and 4.40% for pre-65 and post-65 retirees, respectively, were assumed as of June 30, 2020. An annual rate of increase in the per capita cost of covered prescription drug benefits of 6.75% was assumed as of June 30, 2020. The rates were assumed to decrease to 3.78% for both healthcare and prescription drug benefits by fiscal year 2075 and remain at those levels thereafter.

As of June 30, 2020 and June 30, 2019, the discount rates used in determining the benefit obligations were 2.48% and 3.35%, respectively, and the discount rates used in determining the net periodic postretirement benefit costs were 3.35% and 4.06%, respectively.

Contributions to the postretirement benefit plans, net of employee contributions and the Medicare subsidy, were \$2.3 million in fiscal year 2020 and are estimated to be \$2.1 million for fiscal year 2021.

The net benefits expected to be paid in each fiscal year from 2021 through 2025 are approximately \$2.1 million and the net aggregate expected payments including years through fiscal year 2030 total approximately \$23.2 million. The expected benefits are based on the assumptions used to measure the University's benefit obligation at June 30, 2020, and include estimated future employees' service.

SYRACUSE UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

In addition to service and interest costs, the components of projected net periodic postretirement benefit cost for fiscal year 2020 are amortization of prior service credits of approximately \$0.2 million and amortization of actuarial gain of approximately \$0.8 million. The unamortized prior service credits and unamortized net actuarial loss were \$1.1 million and \$4.9 million, respectively, at June 30, 2020.

(14) Contingencies and Commitments

The University is involved in legal actions arising in the normal course of activities and is subject to periodic audits and inquiries by regulatory agencies. Although the ultimate outcome of such matters is not determinable at this time, management, after taking into consideration advice of legal counsel, believes that the resolutions of pending matters will not have a materially adverse effect, individually or in the aggregate, upon the University's consolidated financial statements.

At June 30, 2020, the University had approximately \$92.6 million of construction commitments.

(15) Subsequent Events

The University evaluated subsequent events for potential recognition or disclosure through September 30, 2020, the date on which the consolidated financial statements were available to be issued.

Following a strategic assessment, the University elected to enter into a long-term concession agreement with a global expert in building and operating energy facilities, to operate the University's steam station on October 29, 2019. Pursuant to that agreement the University will, at closing, transfer responsibility for operating and modernizing the steam station for a period of 40 years. In addition to reducing its operating risk exposure, the University anticipates the concession agreement will afford significant savings over the term versus a direct investment and operation model. The concession agreement closed on September 30, 2020.

SYRACUSE UNIVERSITY

Notes to Consolidated Financial Statements

Year ended June 30, 2020

(16) Financial Responsibility Standards

The University participates in federal Title IV student financial assistance programs, which require it to meet standards of financial responsibility based on criteria determined by the U.S. Department of Education (ED), as set forth in 34 CFR Subpart 668.171. The criteria for private institutions include the annual calculation by ED of a financial responsibility composite score, as further outlined in 34 CFR Subpart 668.172, using audited financial statements submitted through ED's eZ-Audit system. The composite score has been and will continue to be based on three ratios: Primary Reserve, Equity, and Net Income. Inputs to these ratios as of and for the year ended June 30, 2020 are bolded below and include (a) elements directly from the accompanying consolidated financial statements and related other notes to the consolidated financial statements, as well as (b) certain other financial data. Additional financial information, which is not bolded, has also been presented to facilitate understanding and reconciliation of such data elements to the accompanying consolidated financial statements and related other notes. All amounts below are in thousands of dollars.

Data element	Direct input to ratio	Amount
(a) Long-term debt, net: pre-implementation	Primary reserve	\$ 15,450
Long-term debt, net: post-implementation	Primary reserve	\$ 110,215
Long-term debt, net: used for non-capital purposes	NA	645,227
Total long-term debt, net (consolidated balance sheet)	NA	<u>\$ 770,892</u>

The June 30, 2020 carrying value of long-term debt issued prior to July 1, 2019 is classified as pre-implementation debt. The June 30, 2020 carrying value of long-term debt incurred on or after July 1, 2019, whose proceeds were utilized to purchase land, land improvements, buildings and equipment, is classified as post-implementation debt. The June 30, 2020 carrying value of the University's Series 2019, Series 2020A and Series 2020B bonds, which were issued during the year ended June 30, 2020, were used primarily to refinance the debt issues previously outstanding as of June 30, 2019 (note 8) and are, therefore, classified as used for non-capital purposes. Additionally, there are \$27,785 of unspent borrowings included in long-term debt, net: used for non-capital purposes that are earmarked for future investment in capital projects. When spent on capital projects and placed in service, this amount will be presented in long-term debt, net: post-implementation.

Data element	Direct input to ratio	Amount
(b) Net assets with donor restrictions: restricted in perpetuity:		
Contributions receivable, net	NA	\$ 24,946
Donor restricted endowment funds (note 6)	NA	477,004
Student loans (note 11)	NA	4,386
Life income and annuity funds	NA	20,602
Net assets with donor restrictions: restricted in perpetuity	Primary reserve	\$ 526,938
(c) Donor restricted endowment funds: accumulated gains (losses)	NA	\$ 208,680
Donor restricted endowment funds: restricted in perpetuity	NA	477,004
Total donor restricted endowment funds (note 6)	NA	<u>\$ 685,684</u>
(d) Life income and annuity funds with donor purpose restrictions	Primary reserve	\$ 6,737
Life income and annuity funds with donor restrictions: restricted in perpetuity	NA	20,602
Total life income and annuity funds with donor restrictions (note 11)	NA	<u>\$ 27,339</u>

SYRACUSE UNIVERSITY

Notes to Consolidated Financial Statements

Year ended June 30, 2020

Data element	Direct input to ratio	Amount
(e) Land, land improvements, buildings, equipment, and collections, net: pre-implementation		
Land, land improvements, buildings, equipment, and collections, net: post-implementation:		
Land and land improvements	NA	1,178
Buildings and buildings' equipment	NA	157,865
Equipment	NA	7,148
Library and art collections	NA	<u>4,813</u>
Total land, land improvements, buildings, equipment, and collections, net: post-implementation	Primary reserve	171,004
Lease right-of-use assets, net (note 9)		<u>1,500</u>
Total land, land improvements, buildings, equipment, and collections, net (consolidated balance sheet)		<u>\$ 1,333,855</u>
<p>The June 30, 2020 carrying value of land, land improvements, buildings, equipment, and collections, net, placed in service prior to July 1, 2019 is classified as pre-implementation. The June 30, 2020 carrying value of land, land improvements, buildings, equipment, and collections, net, placed in service after July 1, 2019 is classified as post-implementation. As noted in (a) above, \$110,215 of post-implementation borrowings have been used to fund investment in post-implementation buildings and buildings' equipment during the year ended June 30, 2020.</p>		
(f) Lease right-of-use assets:		
Gross leased asset (note 9)	NA	\$ 3,300
Accumulated depreciation on leased asset (note 9)	NA	<u>(1,800)</u>
Lease right-of-use assets, net	Primary reserve	\$ <u>1,500</u>
(g) Changes in net assets without donor restrictions (consolidated statement of activities):		
Total operating expenses	NA	\$ 1,052,263
Plus: expenses and losses included within nonoperating activities	NA	<u>48,611</u>
Total expenses and losses without donor restrictions	Primary reserve	\$ <u>1,100,874</u>
(h) Changes in net assets without donor restrictions (consolidated statement of activities):		
Changes in net assets from operating activities:		
Total operating revenues	NA	<u>\$ 1,097,264</u>
Total revenue and gains without donor restrictions	Net income	\$ <u>1,097,264</u>

SYRACUSE UNIVERSITY

Supplementary Schedule of Financial Responsibility Data

As of and for the year ended June 30, 2020
(Thousands of dollars)

Data element	Source of data element in financial statements or related notes to financial statements	Amount used as ratio input
Primary reserve ratio		
<i>Numerator: expendable net assets</i>		
Net assets without donor restrictions	Consolidated balance sheets	\$ 1,541,926
Net assets with donor restrictions	Consolidated balance sheets	825,566
Long-term debt, net: pre-implementation	Note 16(a)	15,450
Long-term debt, net: post-implementation	Note 16(a)	110,215
Liability related to lease right-of-use assets	Consolidated balance sheets	2,479
Net assets with donor restrictions: restricted in perpetuity	Note 16(b)	526,938
Life income and annuity funds with donor purpose restrictions	Note 16(d)	6,737
Post-employment and defined benefit plan liabilities	Consolidated balance sheets	50,544
Land, land improvements, buildings, equipment, and collections, net: pre-implementation	Note 16(e)	1,161,351
Land, land improvements, buildings, equipment, and collections, net: post-implementation	Note 16(e)	171,004
Lease right-of-use assets	Note 16(f)	1,500
<i>Denominator: total expenses and losses without donor restrictions</i>		
Total expenses and losses without donor restrictions	Note 16(g)	1,100,874
Equity ratio		
<i>Numerator: modified net assets</i>		
Net assets without donor restrictions	Consolidated balance sheets	1,541,926
Net assets with donor restrictions	Consolidated balance sheets	825,566
<i>Denominator: modified assets</i>		
Total assets	Consolidated balance sheets	3,521,325
Net income ratio		
<i>Numerator: change in net assets without donor restrictions</i>		
Change in net assets without donor restrictions	Consolidated statement of activities	(3,610)
<i>Denominator: total revenue and gains without donor restrictions</i>		
Total revenue and gains without donor restrictions	Note 16(h)	1,097,264

See accompanying independent auditors' report.

SYRACUSE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
Research and Development Cluster:				
Department of Agriculture:				
Consumer Data and Nutrition Research	10.253	Direct	\$ 20,836	118,957
Agriculture and Food Research Initiative (AFRI)	10.310	Direct	47,748	234,758
Agriculture and Food Research Initiative (AFRI) – Boston University	10.310	4500002373	—	46,041
Agriculture and Food Research Initiative (AFRI) – Clarkson University	10.310	101011-2	—	43,379
Agriculture and Food Research Initiative (AFRI) – Iowa State University	10.310	416-42-10B	—	21,520
Agriculture and Food Research Initiative (AFRI) – Princeton University	10.310	SUB0000374	—	25,813
Agriculture and Food Research Initiative (AFRI) – University of Kentucky	10.310	3200002889-20-247	—	4,046
Agriculture and Food Research Initiative (AFRI) – University of Kentucky	10.310	3200002889-20-243	—	29,638
Subtotal			47,748	405,195
USDA Forest Service	10.699	Direct	—	14,071
Total Department of Agriculture			68,584	538,223
Department of Commerce:				
TAA for Firms	11.313	Direct	—	30,459
Climate and Atmospheric Research	11.431	Direct	31,329	58,317
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program – Mississippi State University	11.427	010500.322657.01	—	3,329
Total Department of Commerce			31,329	92,105
Department of Defense:				
Air Force Research Laboratory – Assured Information Security	12.000	PO1906	—	39,720
Air Force Research Laboratory – Boston Fusion Corp	12.000	BF-5040-SK001	—	70,875
Air Force Research Laboratory – Massachusetts Institute of Technology	12.000	5710003716	2,561	55,505
Air Force Research Laboratory – Technergetics, LLC	12.000	FA8750-16-C-0130-002	—	6,219
Air Force Research Laboratory – University of Dayton Research Institute	12.000	RSC17011	—	18,903
Air Force Research Laboratory – Thales USA, INC	12.000	RCI-MM3085	—	80,891
Defense Advanced Research Projects Agency – Assured Information Security	12.000	C240-SA	—	182,352
Defense Advanced Research Projects Agency – University of Utah	12.000	10043028.000	—	67,553
Defense Advanced Research Projects Agency – University of Maryland	12.000	67430-Z9246202	—	64,828
Department of the Navy	12.000	Direct	—	26,618
Department of the Navy – Aptima	12.000	1240-2061	—	2,096
Department of the Navy – Duke University	12.000	283-1500	—	1,031
Intelligence Advanced Research Projects Agency – IBM	12.000	4916006254	—	2
Missile Defense Agency – Novateur Research Solutions	12.000	HQ0147-18-C-7007	—	116,687
Naval Facilities Engineering and Expeditionary Warfare Center	12.000	Direct	28,237	64,159
Naval Facilities Engineering and Expeditionary Warfare Center – University of St Andrews	12.000	SMC7 ZOBL09	—	3,527
US Army Medical Research and Material Command – Critical Link LLC SRC, INC	12.000	2018-1	—	72,649
	12.000	SCRS02102	—	2,294
Subtotal			30,798	875,909
Air Force Research Laboratory – Basic and Applied Scientific Research	12.300	Direct	—	72,911
Office of Naval Research – Basic and Applied Scientific Research	12.300	Direct	77,687	434,969
Office of Naval Research – Basic and Applied Scientific Research – Regents of the University of Michigan	12.300	3004683942	—	26,907
Office of Naval Research – Basic and Applied Scientific Research – University of Maryland	12.300	69703-Z8143201	—	50,115
Subtotal			77,687	584,902
Military Medical Research and Development	12.420	Direct	—	147,795
Military Medical Research and Development - Seattle Children's Research Institute	12.420	12290SUB	—	43,813
Subtotal			—	191,608
Army Research Office – Basic Scientific Research – University of Wisconsin – Madison	12.431	814K542	—	298,512
Department of the Army – Basic Scientific Research	12.431	Direct	—	200,671
Subtotal			—	499,183
Air Force Defense Research Sciences Program	12.800	Direct	238,263	477,590
Air Force Defense Research Sciences Program – Wright Patterson AFB	12.800	FA8650-18-2-6978	6,585	155,545
Air Force Defense Research Sciences Program – The Boeing Company	12.800	1639476	—	72,576
Subtotal			244,848	705,711

SYRACUSE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
National Security Agency – CyberSecurity Core Curriculum	12.905	Direct	\$ —	125
Defense Advanced Research Projects Agency – Center for Open Science	12.910	N660011924015	—	45,192
Total Department of Defense			353,333	2,902,630
Department of the Interior:				
National Park Service Conservation, Protection, Outreach and Education	15.954	Direct	—	32,362
National Park Service Conservation, Protection, Outreach and Education - Duke University	15.954	343-0941	—	9,881
Subtotal			—	42,243
Assistance to State Water Resources Research Institutes – Cornell University	15.805	78963-11098	—	366
Assistance to State Water Resources Research Institutes – Cornell University	15.805	78963-11245	—	5,516
Characterizing Transformation Products of Organic Micropollutants in Groundwater – Cornell University	15.805	89767-11340	—	819
Subtotal			—	6,701
Total Department of the Interior			—	48,944
Department of Justice:				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	Direct	71,056	199,499
National Institute of Justice W.E.B. DuBois Fellowship Program	16.566	Direct	—	17,656
National Institute of Justice W.E.B. DuBois Fellowship Program – Pennsylvania State University	16.566	5824-SU-NIJ-0017	—	49,168
Subtotal			—	66,824
Comprehensive Opioid Abuse Site – Based Program - Research Foundation for Mental Hygiene	16.838	1015799/1/27370	—	91,020
Total Department of Justice – National Institute of Justice			71,056	357,343
Department of Labor:				
Disability Employment Policy Development – Onondaga Community College	17.720	OCC14-024	—	21,418
Total Department of Labor			—	21,418
Department of Transportation – Federal Aviation Administration - Iowa State University				
	20.200	021231A	—	3,551
Total Department of Transportation			—	3,551
National Aeronautics and Space Administration:				
National Aeronautics and Space Administration – Pointwise	43.000	30260	—	7,506
NASA Langley Research Center – Aeronautics	43.002	Direct	133,025	261,447
Total National Aeronautics and Space Administration			133,025	268,953
National Endowment For the Humanities:				
Promotion of the Humanities Fellowships and Stipends - The John Carter Brown Library	45.160	Direct	—	29,397
Total National Endowment for the Humanities			—	29,397
Institute of Museum and Library Science:				
Institute of Museum and Library Science – National Leadership Grants	45.312	Direct	21,066	160,334
Laura Bush 21st Century Librarian Program – Illinois State Library	45.313	17SL528002	—	900
Total Institute of Museum and Library Science			21,066	161,234
National Science Foundation:				
Engineering Grants	47.041	Direct	35,317	1,128,734
Engineering Grants – Akrobotix, LLC	47.041	SU31487	—	5,493
Engineering Grants – University of Nevada, Reno	47.041	UNR-20-67	—	37,103
Engineering Grants – Ohio State University	47.041	60064237	—	107,572
Subtotal			35,317	1,278,902
Mathematical and Physical Sciences	47.049	Direct	19,512	4,327,146
Mathematical and Physical Sciences – California State University Fullerton Auxiliary Services Corp	47.049	S-6149-SYSE	—	79,867
Mathematical and Physical Sciences – University of Notre Dame	47.049	PHY-0715396	—	1,852
Mathematical and Physical Sciences – University of Chicago	47.049	FP068403-A	—	37,356
Subtotal			19,512	4,446,221

SYRACUSE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
Geosciences	47.050	Direct	\$ —	676,385
Computer and Information Science and Engineering	47.070	Direct	447,476	2,284,946
Computer and Information Science and Engineering – Northwestern University	47.070	SP0034128-PROJ0009129	—	5,747
Computer and Information Science and Engineering – University of Illinois	47.070	087856-16493	—	75,339
Subtotal			<u>447,476</u>	<u>2,366,032</u>
Biological Sciences	47.074	Direct	124,630	1,355,393
Biological Sciences – Cary Institute of Ecosystem Studies	47.074	3340/200201861	—	67,118
Subtotal			<u>124,630</u>	<u>1,422,511</u>
Social, Behavioral, and Economic Sciences	47.075	Direct	203,812	1,168,683
Social, Behavioral, and Economic Sciences – Arizona State University	47.075	16-796	—	152,689
Social, Behavioral, and Economic Sciences – University of California	47.075	1556131	—	9,991
Subtotal			<u>203,812</u>	<u>1,331,363</u>
Education and Human Resources	47.076	Direct	362,171	1,838,798
Total National Science Foundation			<u>1,192,918</u>	<u>13,360,212</u>
Department of Energy:				
Brookhaven National Laboratory	81.000	363806	—	13,095
FERMI National Accelerator Laboratory	81.000	650881	—	3,108
Lawrence Livermore National Laboratory	81.000	B638265	—	73,490
Subtotal			<u>—</u>	<u>89,693</u>
Office of Science Financial Assistance Program	81.049	Direct	—	606,419
Office of Science Financial Assistance Program – University of Iowa	81.049	S00458-01	—	95,430
Office of Science Financial Assistance Program – Upstate Parts & Supply	81.049	SU-DE0-SC0019977	—	115,249
Subtotal			<u>—</u>	<u>817,098</u>
Aerial Intelligence for Retrofit Building Energy Modeling - Georgia Institute of Technology	81.086	AWD-000286-G1	—	43,628
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	Direct	9,460	187,572
Nuclear Energy Research, Development and Demonstration	81.121	Direct	159,021	293,272
Advanced Research Projects Agency – Energy	81.135	Direct	322,264	596,592
Total Department of Energy			<u>490,745</u>	<u>2,027,855</u>
Department of Education:				
Rehabilitation Training Technical Assistance Centers – Continuing Education San Diego State University	84.264	SA0000493	—	153,399
Education Research, Development and Dissemination – Tulane University	84.305	TUL-SCC-556406-18/19	—	145,527
Education Research, Development and Dissemination	84.305	Direct	63,750	211,091
Subtotal			<u>63,750</u>	<u>356,618</u>
Special Education, Educational Technology Media and Materials for Individuals with Disabilities – University of Kansas Center for Research	84.327	FY2020-029	—	22,497
Total Department of Education			<u>63,750</u>	<u>532,514</u>
Department of Health and Human Services:				
<i>National Institutes of Health:</i>				
Research on Research Integrity	93.085	Direct	—	171,902
Research Related to Deafness and Communication Disorders	93.173	Direct	—	208,601
Research Related to Deafness and Communication Disorders – Research Foundation of CUNY	93.173	41884-C	—	10,853
Research Related to Deafness and Communication Disorders – Vanderbilt University	93.173	VUMC43732	—	87,871
Research Related to Deafness and Communication Disorders – New York University	93.173	F1072-02	—	220,745
Subtotal			<u>—</u>	<u>528,070</u>
Mental Health Research Grants	93.242	Direct	—	71,348
Alcohol Research Programs	93.273	Direct	470,104	1,276,640
National Institute On Alcohol Abuse and Alcoholism – Alcohol Research Programs – University of California, San Francisco	93.273	10946sc	—	11,817
National Institute On Alcohol Abuse and Alcoholism – Alcohol Research Programs – Boston University	93.273	4500003138	—	19,777
National Institute On Alcohol Abuse and Alcoholism – Alcohol Research Programs – Rutgers University	93.273	8237	—	504
National Institute On Alcohol Abuse and Alcoholism – Alcohol Research Programs – University of New Mexico	93.273	028400-874J	—	17,856
National Institute On Alcohol Abuse and Alcoholism – Alcohol Research Programs – University of Rochester	93.273	417390	—	24,393
Subtotal			<u>470,104</u>	<u>1,350,987</u>

SYRACUSE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
Drug Abuse and Addiction Research Programs	93.279	Direct	\$ 19,416	163,352
Drug Abuse and Addiction Research Programs – University of Rochester	93.279	417658G	—	1,943
Subtotal			<u>19,416</u>	<u>165,295</u>
Discovery and Applied Research for Technological Innovations to Improve				
Human Health Monitoring	93.286	Direct	—	45,098
Minority Health and Health Disparities Research	93.307	Direct	—	47,314
Blood Diseases and Resources Research -				
Alterna Therapeutics	93.839	2019-1	—	33,281
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	Direct	—	25,392
Diabetes, Digestive, and Kidney Diseases Extramural Research – New York University School of Medicine	93.847	16-A1-00-004770-01	—	40,478
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Direct	24,120	819,990
Allergy and Infectious Diseases Research	93.855	Direct	—	156,165
Biomedical Research and Research Training	93.859	Direct	104,102	1,692,242
National Institute of General Medical Sciences – University of Georgia	93.859	SUB00002164	—	63,951
Subtotal			<u>104,102</u>	<u>1,756,193</u>
Child Health and Human Development Extramural Research	93.865	Direct	59,770	934,076
Child Health and Human Development Extramural Research – Lemoyne College	93.865	01R15HD076379	—	7,017
Child Health and Human Development Extramural Research – Central Michigan University	93.865	F63374	—	82,774
Child Health and Human Development Extramural Research – Medical University of South Carolina	93.865	A00-2240-S006	—	7,407
Child Health and Human Development Extramural Research – Pennsylvania State University	93.865	S000275-DHHS	—	5,189
Subtotal			<u>59,770</u>	<u>1,036,463</u>
Aging Research	93.866	Direct	164,246	823,734
Aging Research – Pennsylvania State University	93.866	S000088-DHHS	—	12,088
Aging Research – University of Michigan	93.866	SUBK00010836	—	1,728
Subtotal			<u>164,246</u>	<u>837,550</u>
<i>Administration For Community Living:</i>				
ACL National Institute on Disability, Independent Living and Rehabilitation Research	93.433	Direct	273,017	1,809,782
ACL National Institute on Disability, Independent Living and Rehabilitation Research – Carnegie Mellon University	93.433	1090516-389438	—	700
ACL National Institute on Disability, Independent Living and Rehabilitation Research – Memorial Hermann Health System	93.433	18-1835	—	75,884
Subtotal			<u>273,017</u>	<u>1,886,366</u>
<i>Substance Abuse and Mental Health Services Administration</i>				
Developmental Disabilities Projects of National Significance – University of Kansas Center for Research	93.631	FY2020-033	—	12,208
Total Department of Health and Human Services			<u>1,114,775</u>	<u>8,984,100</u>
<i>Social Security Administration:</i>				
Social Security Research and Demonstration – Boston College	96.007	5107171-01	—	119,730
Social Security Research and Demonstration – Boston College	96.007	5107172-01	—	81,427
Subtotal			<u>—</u>	<u>201,157</u>
Total Social Security Administration			<u>—</u>	<u>201,157</u>
<i>Marine Mammal Commission:</i>				
Marine Mammal Commission	99.000	Direct	—	4,512
Total Marine Mammal Commission			<u>—</u>	<u>4,512</u>
Total Research and Development Cluster			<u>3,540,581</u>	<u>29,534,148</u>
<i>Student Financial Assistance Cluster:</i>				
<i>Department of Education:</i>				
Federal Supplemental Educational Opportunity Grant	84.007	Direct	—	1,996,767
Federal Work-Study Program	84.033	Direct	18,257	3,823,561
Federal Perkins Loan Program (note 2)	84.038	Direct	—	32,111,353
Federal Pell Grant Program	84.063	Direct	—	12,481,198
Federal Direct Student Loan Program (note 3)	84.268	Direct	—	149,400,417
Teacher Education Assistance for College and Higher Education Grants	84.379	Direct	—	161,920
Total Department of Education			<u>18,257</u>	<u>199,975,216</u>
Total Student Financial Assistance Cluster			<u>18,257</u>	<u>199,975,216</u>

SYRACUSE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
Economic Development Cluster:				
Department of Commerce:				
Regional Innovation Strategies	11.020	Direct	\$ 80,067	160,351
Total Economic Development Cluster			<u>80,067</u>	<u>160,351</u>
TRIO Cluster:				
Department of Education:				
Student Support Services	84.042	Direct	—	336,916
McNair Post-Baccalaureate Achievement	84.217	Direct	—	198,542
Total TRIO Cluster			<u>—</u>	<u>535,458</u>
Other Federal Awards:				
Department of Agriculture:				
Technical Assistance and Training Grants	10.761	Direct	24,998	108,078
Solid Waste Management Grants	10.762	Direct	—	257,576
Total Department of Agriculture			<u>24,998</u>	<u>365,654</u>
Department of Defense:				
Defense Media Activity	12.000	Direct	—	741,183
Department of the Army	12.000	Direct	—	2,197,530
Destination Inspection Contracts	12.000	Direct	—	1,047
Defense Intelligence Agency	12.000	Direct	11,445	176,054
National Security Agency	12.000	Direct	—	83,834
Subtotal			<u>11,445</u>	<u>3,199,648</u>
Department of Defense Education Activity – Competitive Grants:				
Promoting K-12 Student Achievement at Military-Connected Schools –				
Indian River Central School District	12.556	02172017	—	5,562
Indian River Central School District	12.556	20150619	—	7,000
Indian River Central School District	12.556	20170120	—	36,486
Watertown Central School District	12.556	11102015	—	25,337
Watertown Central School District	12.556	01202017	—	20,746
Subtotal			<u>—</u>	<u>95,131</u>
Air Force Defense Research Sciences Program	12.800	Direct	—	341
Air Force Defense Research Sciences Program – Griffiss Institute	12.800	ICA2018-PIA1-013	—	28,788
Subtotal			<u>—</u>	<u>29,129</u>
Department of Defense – DA Contracts	12.902	2019-19090900004	—	725
Department of Defense – Quanterion Solutions, Inc	12.910	2019-HDIAC-04	—	19,665
Total Department of Defense			<u>11,445</u>	<u>3,344,298</u>
Department of Labor:				
Disability Employment Policy Development –				
Onondaga Community College	17.720	OD-26453-14-75-4-36	—	7,712
Total Department of Labor			<u>—</u>	<u>7,712</u>
Department of State:				
Academic Exchange Programs – Undergraduate Programs –				
International Research & Exchanges Board	19.009	FY19-YALI-PM-Syracuse-06	—	141,499
International Research & Exchanges Board	19.009	FY20-YALI-PM-Syracuse-07	—	26,096
Subtotal			<u>—</u>	<u>167,595</u>
Fulbright International Teachers				
International Research & Exchanges Board	19.010	FY19-FDAI-SU-01	—	23,112
Institute of International Education	19.010	HHH1901-Syracuse_7.1.19	—	272,815
Institute of International Education	19.010	HHH1901-Syracuse_1.1.20	—	31,159
Institute of International Education	19.010	FST1901_Syracuse_EGSP_2019	—	202,825
Subtotal			<u>—</u>	<u>529,911</u>
Public Diplomacy Programs – Summer College – Education USA Academy	19.021	Direct	—	3,360
International Research & Exchanges Board	19.408	FY20-FDAI-SU-01	—	160,078
Total Department of State			<u>—</u>	<u>860,944</u>
Department of the Treasury:				
Internal Revenue Service – Low Income Taxpayer Clinics	21.008	Direct	—	100,000
Total Department of the Treasury			<u>—</u>	<u>100,000</u>
Office of Personnel Management:				
Intergovernmental Personnel Act (IPA) Assignment	27.011	Direct	—	122,590
Total Office of Personnel Management			<u>—</u>	<u>122,590</u>

SYRACUSE UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Direct or pass-through identifying number	Passed through to subrecipients	Total federal expenditures
National Aeronautics and Space Administration: Office of Stem Engagement (OSTEM) – Cornell University	43.008	76156-10478	\$ —	6,583
Total National Aeronautics and Space Administration			—	6,583
National Endowment For the Humanities: Promotion of the Humanities Challenge Grants	45.130	Direct	—	9,120
Total National Endowment For the Humanities			—	9,120
Institute of Museum and Library Science: Institute of Museum and Library Science – Librarians for the 21st Century	45.313	Direct	—	56,102
Total Institute of Museum and Library Science			—	56,102
Small Business Administration: Women's Business Ownership Assistance	59.043	Direct	—	119,818
Veterans Outreach Program	59.044	Direct	—	1,057,734
Total Small Business Administration			—	1,177,552
Environmental Protection Agency: Environmental Finance Center Grants	66.203	Direct	—	72,981
Southeast New England Coastal Watershed Restoration- University of Southern Maine	66.129	SNEP1-04	—	11,354
Surveys, Studies, Investigations, Demonstrations, and Training Grants – Section 1442 of the Safe Drinking Water Act – University of North Carolina	66.424	5108707	—	8,632
University of North Carolina	66.424	5111286	—	123,590
Subtotal			—	132,222
Total Environmental Protection Agency			—	216,557
Department of Education: National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program – Cornell University	84.015	88039-11128	—	126,194
Cornell University	84.015	87309-11116	—	65,200
Subtotal			—	191,394
Fund for the Improvement of Postsecondary Education – Association on Higher Education and Disability	84.116	03042016	—	4,470
Office of Postsecondary Education (Graduate Assistance in Areas of National Need)	84.200	Direct	—	134,726
Javits Gifted and Talented Students Education	84.206	Direct	—	340,533
Inclusive Consortium of Leaders in urban Disabilities Education - Florida International University	84.325	800011810 – 02UG	—	43,912
Transition Programs for Students with Intellectual Disabilities into Higher Education	84.407	Direct	—	305,168
COVID-19 Higher Education Emergency Relief Fund Student Portion	84.425(e)	Direct	—	4,061,489
COVID-19 Higher Education Emergency Relief Fund Institutional Support	84.425(f)	Direct	—	4,061,489
Subtotal			—	8,122,978
Total Department of Education			—	9,143,181
Department of Health and Human Services: National Cancer Institute	93.001	Direct	—	25,294
Substance Abuse and Mental Health Services Projects of Regional and National Significance – Vibrant Emotional Health	93.243	31154	—	58,199
Alcohol Research Programs	93.273	Direct	—	2,158
Administration for Community Living	93.433	Direct	—	5,418
Development Disabilities Basic Support and Advocacy Grants - The ARC of Northern Virginia	93.630	NOVA-19-06	—	13,534
Administration For Community Living: Developmental Disabilities Projects of National Significance – Quality Trust for Individuals	93.631	27794	—	21,374
Developmental Disabilities Projects of National Significance – University of Missouri	93.631	0098723/00068233	—	8,652
Subtotal			—	30,026
Total Department of Health and Human Services			—	134,629
Total Other Federal Expenditures			36,443	15,544,922
Total Expenditures of Federal Awards			\$ 3,675,348	245,750,095

See accompanying notes to schedule of expenditures of federal awards.

SYRACUSE UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

(1) Basis of Presentation

The accompanying supplementary schedule of expenditures of federal awards (the Schedule) summarizes the expenditures of Syracuse University (the University) under programs of the federal government for the year ended June 30, 2020.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the University and agencies and departments of the federal government and all subawards to the University by nonfederal organizations pursuant to federal grants, contracts and similar agreements.

Expenditures for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Moreover, expenditures include a portion of costs associated with general University activities (facilities and administrative costs) which are allocated to awards under negotiated formulas commonly referred to as facilities and administrative cost rates.

(2) Federal Student Financial Assistance

The Perkins Loan Program (CFDA 84.038) listed below is administered directly by the University, and balances and transactions relating to this program are included in the University's consolidated financial statements. Loan activities and balances consist of the following:

	<u>Balance as of June 30, 2019</u>	<u>Loans issued</u>	<u>Payments and adjustments</u>	<u>Balance as of June 30, 2020</u>
\$	32,111,353	—	(5,199,241)	26,912,112

As required by the Uniform Guidance, the amount shown on the Schedule as expenditures for the Perkins Loan Program is equal to the balance of loans outstanding at June 30, 2019. Under federal law, the Perkins Loan Program ended on September 30, 2017, and final disbursements under the program were permitted through June 30, 2018.

(3) Federal Direct Student Loans

During the year ended June 30, 2020, the University processed new loans of \$149,400,417 under the Federal Direct Student Loans program.

With respect to this program, the University is responsible only for the performance of certain administrative duties and, accordingly, these loans are not included in the University's consolidated financial statements. It is not practical to determine the balances of loans outstanding to students of the University under the Federal Direct Student Loans program as of June 30, 2020.

SYRACUSE UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

(4) Facilities and Administrative Costs

The University has obtained predetermined facilities and administrative cost rates for fiscal year 2020, which have been reviewed and approved by the U.S. Department of Health and Human Services. The base rate for on-campus research was 50.0% and for off-campus research was 26.0%. The University did not elect to utilize the 10% de minimus indirect cost rate in Part 200.514 of the Uniform Guidance.

Total facilities and administrative costs recovered for fiscal year 2020 amounted to approximately \$9.4 million.



KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
Syracuse University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Syracuse University and subsidiaries (the University), which comprise the consolidated balance sheet as of June 30, 2020, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 30, 2020, except as to note 16, which is as of April 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

September 30, 2020, except as to note 16 to the consolidated financial statements, which is as of April 1, 2021



KPMG LLP
515 Broadway
Albany, NY 12207-2974

**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

The Board of Trustees
Syracuse University:

Report on Compliance for Each Major Federal Program

We have audited Syracuse University's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2020. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each of the University's major federal programs. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing



procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2020, and have issued our report thereon dated September 30, 2020, except as to note 16, which is as of April 1, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards (the Schedule) is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the 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 Schedule is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

April 1, 2021

SYRACUSE UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

(1) Summary of Auditors' Results

- (a) Type of report issued on whether the consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the consolidated financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- (c) Noncompliance material to the financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by the audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- (e) Type of report issued on compliance for each major program: **Unmodified**
- (f) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?: **No**
- (g) Major programs:
 - Student Financial Assistance Cluster – various CFDA numbers
 - Research & Development – various CFDA numbers
 - Higher Education Emergency Relief Act (HEERF) - CFDA numbers 84.425(e) and 84.425(f)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$1,373,246**
- (i) Auditee qualified as a low-risk auditee: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

(3) Findings and Questioned Costs Relating to Federal Awards

None.

**Syracuse University
Summary of Prior Year Findings
June 30, 2020**

Reference:

2019-001

Finding:

Of the 40 students with enrollment changes selected for testwork, it was noted that three (3) students whose change in enrollment status were not accurately transmitted within the required timeframe. Each of the three students graduated, but their respective enrollment status was not updated until the following fall resulting in reporting to NSLDS between 45 days and 56 days beyond the 60 day reporting requirement.

Contact Person:

Kelly Campbell, Registrar

Corrective Actions:

The University continues to improve upon the design and processes for handling student status changes as described in the corrective action plan. This work has been completed and will continue to be evaluated as needed in the future.

Completion Date:

June 30, 2020