

# FORDHAM UNIVERSITY



2023 and 2022 Financial Statements  
(With Independent Auditors' Report Thereon)

# FORDHAM UNIVERSITY

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

## Independent Auditors' Report

The Board of Trustees  
Fordham University:

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Fordham University (the University), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

*KPMG LLP*

New York, New York  
October 24, 2023

**FORDHAM UNIVERSITY**

Statements of Financial Position

June 30, 2023 and 2022

(Amounts in thousands)

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 8,472	5,799
Short-term investments (note 4)	10,175	7,126
Accounts receivable, net (note 6)	24,666	23,583
Deposits with bond trustees (note 10)	3,265	7,837
Student loans receivable, net (note 6)	5,052	5,900
Contributions receivable, net (note 7 and 13)	89,757	92,620
Other assets (notes 2(g) and 2(n))	33,956	29,384
Long-term investments (notes 4 and 5)	978,178	972,446
Operating lease right-of-use assets (note 15)	79,160	82,604
Plant assets, net (note 8)	1,174,715	1,152,984
Total assets	<u>\$ 2,407,396</u>	<u>2,380,283</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 71,275	93,310
Deferred revenue and deposits	43,057	36,644
Line of credit (note 10)	20,000	—
Fair value of swap agreement (note 10)	750	3,116
Other liabilities	6,350	8,825
Postretirement benefit obligation (note 9)	51,563	53,364
Long-term debt, net (note 10)	512,664	532,072
Operating lease liabilities (note 15)	89,875	93,618
Total liabilities	<u>795,534</u>	<u>820,949</u>
Commitments and contingencies (notes 4, 14 and 15)		
Net assets (notes 5 and 13):		
Without donor restrictions:		
Undesignated	392,103	357,220
Board-designated	368,648	386,856
Total net assets without donor restrictions	<u>760,751</u>	<u>744,076</u>
With donor restrictions:		
Purpose or time	369,079	361,384
Perpetuity	482,032	453,874
Total net assets with donor restrictions	<u>851,111</u>	<u>815,258</u>
Total net assets	<u>1,611,862</u>	<u>1,559,334</u>
Total liabilities and net assets	<u>\$ 2,407,396</u>	<u>2,380,283</u>

See accompanying notes to financial statements.

**FORDHAM UNIVERSITY**

Statements of Activities

Years ended June 30, 2023 and 2022

(Amounts in thousands)

	2023	2022
Changes in net assets without donor restrictions:		
Operating revenues:		
Tuition and fees, net (financial aid of \$320,216 and \$297,440 in 2023 and 2022, respectively)	\$ 490,004	487,730
Government grants	24,750	44,956
Investment return, net	49,542	36,998
Contributions and private grants	25,934	34,531
Student housing	71,307	65,691
Food services	24,753	20,816
Other	23,066	17,099
Net assets released from restrictions for operations	5,848	6,556
Total operating revenues	715,204	714,377
Operating expenses:		
Program services:		
Instruction and research	308,865	317,296
Academic support	196,676	202,781
Auxiliary services	103,272	98,789
Total program services	608,813	618,866
Institutional administration	107,340	94,795
Total operating expenses	716,153	713,661
Operating results before transfers	(949)	716
Designated fund transfers	4,716	4,000
Operating results	3,767	4,716
Nonoperating activities:		
Changes in postretirement health benefits other than net periodic benefit cost	2,595	27,472
Change in value of interest rate swap	2,366	5,137
Construction grant	5,000	—
Designated fund transfers	(4,716)	(4,000)
Gain on refunding of debt	—	7,088
Investment return (loss), net	3,726	(35,371)
Net assets released from restrictions for capital projects	1,459	13,010
Net periodic benefit cost other than service cost	2,478	(1,245)
Increase in net assets without donor restrictions	16,675	16,807
Changes in net assets with donor restrictions:		
Contributions	37,647	28,481
Investment return (loss), net	5,794	(55,848)
Change in fair value of perpetual trust	(281)	210
Net assets released from restrictions for capital projects	(1,459)	(13,010)
Net assets released from restrictions for operations	(5,848)	(6,556)
Increase (decrease) in net assets with donor restrictions	35,853	(46,723)
Increase (decrease) in net assets	52,528	(29,916)
Net assets at beginning of year	1,559,334	1,589,250
Net assets at end of year	\$ 1,611,862	1,559,334

See accompanying notes to financial statements.

**FORDHAM UNIVERSITY**

Statements of Cash Flows

Years ended June 30, 2023 and 2022

(Amounts in thousands)

	<b>2023</b>	<b>2022</b>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 52,528	(29,916)
Adjustments to reconcile increase (decrease) in net assets to		
Net cash (used in) provided by operating activities:		
Net (appreciation) depreciation on investments	(62,104)	57,510
Provision for doubtful student accounts	2,604	2,627
Provision for uncollectible contributions receivable	28	319
Depreciation and amortization of plant assets	56,124	57,167
Gain on refunding of long-term debt	—	(7,088)
Amortization of bond issue costs and original issue discount/premium	(2,312)	(2,300)
Amortization of right-of-use assets	8,781	8,598
Postretirement related changes other than net periodic pension cost	(2,595)	(27,472)
Change in fair value of perpetual trust	281	(210)
Permanently restricted contributions and investment return	(28,440)	(12,919)
Capital contributions and grants	(5,537)	(10,459)
Change in value of interest rate swap	(2,366)	(5,137)
Changes in operating assets and liabilities:		
Accounts receivable	(3,687)	(8,771)
Contributions receivable, net of permanently restricted and capital components	2,208	(4,650)
Other assets	(4,853)	1,375
Accounts payable and accrued expenses	(15,150)	202
Deferred revenue and deposits	6,413	6,718
Other liabilities	(2,475)	(358)
Operating lease liabilities	(9,080)	(9,374)
Postretirement benefit obligation	794	7,074
Net cash (used in) provided by operating activities	(8,838)	22,936
Cash flows from investing activities:		
Purchases of investments	(481,129)	(470,341)
Sales of investments	534,452	444,124
Purchases of plant assets	(77,855)	(94,580)
(Decrease) increase in accounts payable for capital projects	(6,885)	5,656
Decrease in student loans receivable, net	848	418
Net cash used in investing activities	(30,569)	(114,723)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	71,913
Bond issuance costs	—	(1,137)
Repayment of long-term debt	(17,096)	(18,540)
Decrease in deposits with bond trustees	4,572	51,807
Refunding of long-term debt	—	(49,731)
Proceeds from line of credit	20,000	—
Permanently restricted contributions and investment return	28,440	12,919
Capital contributions and grants	5,537	10,459
Decrease in contributions receivable for capital projects	4,753	2,373
(Increase) decrease in permanently restricted contributions receivable	(4,126)	1,326
Net cash provided by financing activities	42,080	81,389
Net increase (decrease) in cash and cash equivalents	2,673	(10,398)
Cash and cash equivalents at beginning of year	5,799	16,197
Cash and cash equivalents at end of year	\$ 8,472	5,799
Supplemental disclosures:		
Interest paid (includes capitalized interest of \$990 and \$3,399 for 2023 and 2022, respectively)	\$ 20,413	20,419
Right-of-use assets acquired under operating leases	5,337	9,331

See accompanying notes to financial statements.

# FORDHAM UNIVERSITY

## Notes to Financial Statements

June 30, 2023 and 2022

(Amounts in thousands)

### (1) The University

Fordham University (the University) is an independent, not-for-profit, institution of higher learning, in the Jesuit tradition, within its principal campuses located in New York City. The University was founded in 1841 and was granted its charter in 1846 by the State of New York. It is exempt from federal income taxes under the provisions of the Internal Revenue Code, as an organization described in Section 501(c)(3).

The central mission of the University is the discovery of wisdom and the transmission of learning through research and through undergraduate, graduate, and professional education of the highest quality. Guided by its Catholic and Jesuit traditions, the University fosters the intellectual, moral, and religious development of its students and prepares them for leadership in a global society.

The University awards baccalaureate, graduate, and professional degrees to students from Fordham College at Rose Hill, Fordham College at Lincoln Center, the Gabelli School of Business through both undergraduate and graduate programs, the School of Professional and Continuing Studies, the Graduate Schools of Arts and Sciences, Education, Religion and Religious Education, Social Service, and the School of Law. The University's principal locations include residential campuses in the Bronx and Manhattan, a campus in West Harrison, New York, the Louis Calder Center Biological Field Station in Armonk, New York, and the London Centre in the United Kingdom. In addition to these locations, the University holds a number of affiliations with higher education institutions across the globe and offers online classes and online degree programs.

The University is accredited by the Middle States Commission on Higher Education and presently serves approximately 9,700 undergraduate students and 5,800 graduate and professional students.

The University's primary source of revenue is tuition and fees from undergraduate, graduate, and professional and continuing education. Other sources of revenue include student housing and food services, contributions, grants and contracts, return on investments, and other services.

### (2) Summary of Significant Accounting Policies

The significant accounting policies followed by the University are as follows:

#### (a) *Basis of Presentation*

The University prepares its financial statements on the accrual basis in conformity with U.S. generally accepted accounting principles (GAAP) and classifies its activities into one of two classes of net assets, based on either the existence, or absence, of donor-imposed restrictions.

The two classes of net assets used in the preparation of the financial statements are as follows:

- Without donor restrictions: Net assets that are not subject to donor-imposed restrictions and are available to support the general operations of the University. Net assets without donor restrictions may be designated for specific uses by action of the Board of Trustees of the University (the Board); and

## FORDHAM UNIVERSITY

### Notes to Financial Statements

June 30, 2023 and 2022

(Amounts in thousands)

- With donor restrictions: Net assets subject to donor-imposed restrictions that will be met either by actions of the University and/or the passage of time, or that must be maintained in perpetuity (i.e. endowed) if so stipulated by the donor. A donor-imposed restriction arises when a donor makes a contribution and, in doing so, specifies its use for a specific activity within the University's overall mission. In the case of net assets that must be held in perpetuity, donors generally permit the use of all or part of the investment earnings for operations or specific purposes.

Expirations of restrictions on net assets with donor restrictions, including reclassifications of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions on the statement of activities. Donor-imposed restrictions that are met in the same reporting period that the contribution is received are reported as increases in net assets without donor restrictions.

#### **(b) Operating and Non-Operating Activities**

Operating activities include student-sourced revenues, such as tuition and fees, student housing, and food services. They also include grants and contracts, donations for general operations, the allocation of endowment spending for current operations, other revenues that are ordinary and routine in nature, and all operating expenses.

Non-operating activities tend to vary from year to year and include changes in market values of investments and other financial instruments beyond the amount which has been appropriated for spending in the current year, certain actuarially-determined transactions relating to the University's postretirement plan, and other non-recurring transactions. Accordingly, they are excluded from operating activities in order to preserve the comparability of the University's operating results from year to year.

#### **(c) Tuition and Fee Revenue**

The University recognizes revenue from student tuition and fees within the fiscal year in which the respective educational services are delivered. Campus-based programs are generally delivered from August through December (the Fall Semester) and January through May (the Spring Semester), as well as during three terms that span the summer months. Online courses are delivered on a rolling basis over the course of the fiscal year, with instruction periods of various lengths. Payments for the Fall Semester are typically due in July and recorded as deferred revenue until the performance obligations are met.

Institutional aid (scholarships) reduces the published price of tuition for students and is funded by a number of sources, including the endowment, certain research funds, and gifts.

#### **(d) Student Housing and Food Services**

The University generates revenue from student housing and food services, which are offered for the benefit of the University community. Accordingly, fees for these services are set to recover the associated costs of providing them. Amounts billed for housing and food services are owed prior to the start of the academic term to which the services benefit, and are provided over the course of that

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### Notes to Financial Statements

June 30, 2023 and 2022

(Amounts in thousands)

academic term. Revenues associated with these services are earned and recognized over the course of each academic term as such services are provided.

#### **(e) Fair Value Measurements**

The University measures the fair value of relevant financial assets and liabilities using a three-tiered fair value hierarchy, which prioritizes the inputs to valuation techniques used to make fair value measurements. The three levels of the fair value hierarchy and associated inputs are as follows:

- Level 1 inputs, which are quoted or published prices in active markets for identical assets or liabilities that the University has the ability to access at the measurement date;
- Level 2 inputs, which are directly or indirectly attributable to the assets or liabilities being valued, but cannot be considered Level 1 inputs; and
- Level 3 inputs, which are unobservable and 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.

A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to its fair value measurement.

Investments reported using a practical expedient, known as net asset value (NAV), to estimate fair value are not classified in the fair value hierarchy, except for those with a readily-determinable fair value based on a published price that serves as the basis for current transactions and, therefore, classified as Level 1 in the fair value hierarchy.

#### **(f) Investments**

Investments are reported at fair value. Long-term investments consist of endowment investments as well as other segregated investments. Short-term investments consist of investments for working capital needs. Investments in publicly traded securities are reported at fair value based upon quoted market prices. Investments in investment companies (consisting of investments in hedge funds and private capital funds) are estimated using values reported by those investment companies, which are based upon the underlying NAV of the investment. These estimated values are reviewed and evaluated by the University.

Investment income is reported as increases in net assets with donor restrictions if the terms of the underlying gift restrict the use of any income to specific activities or require it be added to the principal of the gift, or if the income is not yet available for expenditure based on the University's spending policy. Absent those conditions, investment income is recognized as increases in net assets without donor restrictions.

#### **(g) Contributions and Grants**

Contributions (including pledges and assets other than cash) are initially reported at fair value as revenue in the period received, net of an allowance for uncollectible amounts. Contributions to be received after one year (i.e., pledges) are recorded at their discounted present value using a

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### Notes to Financial Statements

June 30, 2023 and 2022

(Amounts in thousands)

risk-adjusted rate. Discounts on contributions are amortized to contribution revenue over the life of the pledge.

Contributions of property and equipment are reported as increases in net assets without donor restrictions unless the donor imposes restrictions on their use. Contributions made toward long-lived assets are held as net assets with donor restrictions until the asset is placed in service, at which time the contributions are released from restriction. Contributions with donor-imposed restrictions are reported as changes in net assets without donor restrictions if the restriction is satisfied in the same fiscal year in which the contribution was received by the University.

Revenue from grants is recognized as performance obligations are satisfied which, in some cases, are as related costs are incurred. In other cases, a grant may represent a non-reciprocal transaction in which the benefits afforded to the University and sponsor are not of equal value, or the benefit of such an arrangement may accrue only to the public at large. In situations such as these, revenues may be subject to conditions, in the form of both a barrier to entitlement (e.g. a specific service level must be maintained to remain eligible for grant funding, or discretion as to the University's use of the grant is limited), or an explicit or implicit proviso that the University may not ultimately be entitled to the full amount of the grant (e.g. the sponsor may be released from its obligation to make future payments at some point during the arrangement), or both.

Revenues from conditional, non-exchange transactions are recognized when the barrier or financial limitation is overcome or satisfied. Similarly, conditional promises to give are not recognized until they become unconditional (i.e. at which time the conditions on which they depend are met).

The University holds split-interest agreements, which consist of irrevocable charitable remainder trusts and a perpetual trust, and are reported in other assets on the statements of financial position. These assets total \$24,892 and \$18,889 at June 30, 2023 and 2022, respectively, are categorized as Level 3 in the fair value hierarchy.

#### **(h) Cash Equivalents**

Cash equivalents include investments with maturities of three months or less at the time of purchase, except for such investments purchased by the University's investment managers as part of their ongoing investment strategies and those held to finance long-term capital projects.

#### **(i) Plant Assets**

Plant assets are recorded at cost or, in the case of donated assets, at fair value on the date of donation. Interest expense for construction financing, net of income earned on unspent proceeds is capitalized as a cost of construction. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets.

**FORDHAM UNIVERSITY**

Notes to Financial Statements

June 30, 2023 and 2022

(Amounts in thousands)

The useful lives used in calculating depreciation are as follows:

Land improvements	20 years
Buildings	50 years
Building improvements	20 years
Furnishings and equipment	3–10 years
Library collections	30 years

**(j) Deferred Revenue and Deposits**

Deferred revenue and deposits include tuition and other student deposits related to programs applicable to the next fiscal year, as well as grants and other payments received in advance of incurring related expenses. Deferred revenue is recognized ratably as revenue in the fiscal year that it is earned. Deferred revenue at year end is typically recognized as revenue in the subsequent fiscal year.

**(k) Accounting Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates in the financial statements include the valuations of investments, postretirement benefit obligation, net realizable value of receivables, and allocation of expenses to programs and supporting services (operation and maintenance, depreciation, and interest). Actual results could differ from those estimates.

**(l) Risks and Uncertainties**

The University invests in various investment securities. Investment securities are exposed to various risks and other factors such as interest rate changes, market fluctuations, and credit risks. Due to the level of fluctuation in values associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur and that such changes could materially affect the amounts reported in the statements of financial position in future periods.

**(m) Leases**

The University classifies leases as either operating or financing depending on the terms and conditions in the contract, and amortizes a lease's cost in the statement of activities on a straight-line basis over its term. On the statement of financial position, right-of-use assets represent the University's right to use the underlying assets for the lease term and lease liabilities represents its obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at lease inception based on the present value of lease payments over the lease term. Right-of-use assets are reduced each period by an amount equal to the difference between the operating lease expense and the amount of interest expense on the lease liability utilizing the straight line method.

**FORDHAM UNIVERSITY**

Notes to Financial Statements

June 30, 2023 and 2022

(Amounts in thousands)

**(n) Income Taxes**

The University evaluates uncertainties in income taxes and accounts for them in the financial statements if they exceed a threshold of more-likely-than-not of being sustained. The University has no material uncertain tax positions.

Income generated from activities that support the University's mission but may not directly relate to its exempt purpose (i.e. unrelated business activities), is subject to tax. In connection with the University's routine evaluation of unrelated business activities, a deferred tax asset totaling \$1,152 at both June 30, 2023 and 2022 was recognized, which is included in other assets on the accompanying statement of financial position, to reflect the fact that net operating loss carryforwards will likely be deductible against future taxable income.

**(o) Reclassifications**

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

**(3) Operational Liquidity**

To manage liquidity, the University has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The University also invests cash in excess of daily requirements in short-term investments, and has a committed line of credit, which it could draw upon to manage liquidity needs.

Liquidity levels vary over the course of the year, driven principally by tuition billing cycles, with significant concentrations of cash inflows occurring in August and January for the Fall and Spring semesters, respectively.

At June 30, the University's financial assets available within one year of the statements of financial position for expenditure are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 8,472	5,799
Accounts receivable, net	24,666	23,583
Investments available for general expenditure	15,112	55,016
Estimated endowment appropriations	<u>43,322</u>	<u>41,087</u>
	91,572	125,485

**FORDHAM UNIVERSITY**  
Notes to Financial Statements  
June 30, 2023 and 2022  
(Amounts in thousands)

	<b>2023</b>	<b>2022</b>
Transfer to Board approved quasi-endowment (note 5)	\$ (4,938)	(47,889)
Total financial assets available within one year	86,634	77,596
Line of credit (liquidity resource) (Note 10)	30,000	50,000
Total financial assets and liquidity resource available within one year	\$ 116,634	127,596

In addition to these resources, the University's liquidity strategy includes board-designated quasi-endowed funds and other investments, valued at \$363,591 and \$377,083 on June 30, 2023 and 2022, respectively. Spending from the funds, although not currently contemplated, is possible with authorization from the Board.

**(4) Investments**

Investments at June 30, including asset class and liquidity information are as follows:

	<b>2023</b>	<b>2022</b>	<b>Redemption frequency</b>	<b>Days notice</b>
<b>Short-term:</b>				
Cash and cash equivalents	\$ 10,175	7,126	Daily	Not applicable
Total short-term	10,175	7,126		
<b>Long-term investments:</b>				
Cash and cash equivalents	43,403	44,910	Daily	Not applicable
U.S. public equities	56,472	91,628	Daily	Not applicable
U.S. government obligations	1,617	1,617	Daily	Not applicable
Global equities	12,088	46,093	Daily	Not applicable
Equity mutual funds	3,836	5,561	Daily	Not applicable
Fixed income securities	15,428	14,434	Daily	Not applicable
Non-public equity funds (i)	177,834	154,936	Daily-annual	5-45
Absolute return hedge funds (ii)	194,551	204,893	Quarterly-annual	5-90

**FORDHAM UNIVERSITY**

Notes to Financial Statements

June 30, 2023 and 2022

(Amounts in thousands)

	<u>2023</u>	<u>2022</u>	<u>Redemption frequency</u>	<u>Days notice</u>
Private capital funds:				
Private equity (iii)	\$ 270,834	228,575	Illiquid	Not applicable
Private debt (iv)	58,639	62,931	Illiquid	Not applicable
Private real assets (v)	<u>143,476</u>	<u>116,868</u>	Illiquid	Not applicable
Total endowment and other investments	<u>978,178</u>	<u>972,446</u>		
Total investments	<u>\$ 988,353</u>	<u>979,572</u>		

- i) Non-public equity funds invest in long-only equity in the United States, international developed markets, and emerging markets. Over the long term, these investments are expected to reflect a return commensurate with the overall economic and capital market climate in which the University operates.
- ii) Absolute return hedge funds generally have the flexibility to invest in a wide array of security types (e.g., equities, bonds, currencies and derivatives) as deemed appropriate by the fund manager to carry out the fund's objective. The goal of absolute return strategies is to provide, in aggregate, a return that is consistently positive and uncorrelated with other asset classes.
- iii) Private equity funds invest in securities from private or closely held companies that may either go public or be acquired by other companies, or from public companies that may go private. The market for these securities is illiquid and comprises a variety of strategies such as venture capital, growth equity, and leverage buyouts. The investment horizon is typically more than ten years.
- iv) Private debt funds invest in illiquid debt obligations or debt-related financial instruments. The category is comprised of a variety of strategies such as mezzanine financing, direct lending, and distressed debt investing. The investment horizon is typically five to ten years.
- v) Private real asset funds are primarily held in private equity-type structures that invest in tangible assets that include real estate, farmland, timber, oil and gas. The investment horizon is typically 7 to 10 years.

Total unfunded commitments for private capital funds total \$325,949 and \$330,608 at June 30, 2023 and 2022, respectively.

**FORDHAM UNIVERSITY**

Notes to Financial Statements

June 30, 2023 and 2022

(Amounts in thousands)

Investments are classified in the fair value hierarchy at June 30 as follows:

		<b>2023</b>			
		<b>NAV</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Cash and cash equivalents	\$	—	53,578	—	53,578
U.S. public equities		—	56,472	—	56,472
U.S. government obligations		—	1,617	—	1,617
Global equities		—	12,088	—	12,088
Equity mutual funds		—	3,836	—	3,836
Fixed income securities		—	15,428	—	15,428
Non-public equity funds		—	177,834	—	177,834
Hedge funds		194,551	—	—	194,551
Private capital funds		472,949	—	—	472,949
Total	\$	667,500	320,853	—	988,353
		<b>2022</b>			
		<b>NAV</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Cash and cash equivalents	\$	—	52,036	—	52,036
U.S. public equities		—	91,628	—	91,628
U.S. government obligations		—	1,617	—	1,617
Global equities		—	46,093	—	46,093
Equity mutual funds		—	5,561	—	5,561
Fixed income securities		—	14,434	—	14,434
Non-public equity funds		—	154,936	—	154,936
Hedge funds		204,893	—	—	204,893
Private capital funds		408,374	—	—	408,374
Total	\$	613,267	366,305	—	979,572

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The following tables summarize the University's total investment return and its classification in the financial statements for the years ended June 30:

	<b>2023</b>	<b>2022</b>
Without donor restrictions:		
Operating	\$ 49,542	36,998
Non-operating	3,726	(35,371)
With donor restrictions	5,794	(55,848)
Total investment (loss) return, net	\$ 59,062	(54,221)

**(5) Endowment and Other Long-term Investments**

At June 30, 2023, the University's endowment consists of 1,195 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the University's Board to function as endowments (i.e. quasi endowments). At June 30, 2023 and 2022, the fair value of 52 and 67 endowment funds were less than their original fair values (underwater) by \$446 and \$3,891, respectively.

Pursuant to the investment policy statement approved by its Board of Trustees, the University interprets the New York Prudent Management of Institutional Funds Act (NYPMIFA) as allowing the appropriation or accumulation of a donor-restricted endowment fund as is deemed prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the provisions of the applicable gift instrument.

Through resolution of its Board of Trustees, the University considers both unitized endowment funds and working capital to be endowment. The University's endowment totaled \$978,178 and \$972,446 at June 30, 2023 and 2022, respectively.

*Endowment Funds*

Unitized endowment funds are collateralized by a pool of investments. The pool is managed to achieve the maximum prudent long-term total return while providing a predictable stream of funding to programs supported by the endowment. The Board has authorized spending and investment policies designed to support these goals. Under the investment policy, endowment assets are invested in a manner that is intended to earn, over the long term, a compound annual interest rate of return in excess of inflation plus the spending rate. The University seeks to achieve competitive returns when compared with its peer group and measured against the appropriate benchmark for each asset class in the pool.

The University considers the duration and preservation of the investment pool, the donor restrictions governing use of individual endowment funds, general economic conditions, the possible effect of inflation and deflation, the expected total return, the change in fair value of investments, the University's investment policy, and certain other factors in making a determination to appropriate or accumulate endowment funds. In 2023 and 2022, the spending policy permits the use of total return at a rate of appropriation (spending rate) of 4.5% of the average quarterly fair value during the three preceding calendar years, unless

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otherwise specified by donor. During 2023, 18 individual quasi endowment funds, or opted for a higher spending rate of 6.5%.

Unitized endowment fund activity during the years ended June 30, 2023 and 2022 was as follows:

	<b>Board designated (without restrictions)</b>	<b>Donor restricted (with restrictions)</b>	<b>Total</b>
Endowment fund at June 30, 2021	\$ 286,671	635,652	922,323
Investment return, net	(12,805)	(33,391)	(46,196)
Contributions and additions	26	15,159	15,185
Appropriation for expenditure	<u>(11,418)</u>	<u>(22,057)</u>	<u>(33,475)</u>
Endowment fund at June 30, 2022	262,474	595,363	857,837
Investment return, net	17,723	31,026	48,749
Contributions and additions	17	18,681	18,698
Withdrawals and other deductions	—	(3,841)	(3,841)
Appropriation for expenditure	<u>(15,894)</u>	<u>(26,642)</u>	<u>(42,536)</u>
Endowment fund at June 30, 2023	<u>\$ 264,320</u>	<u>614,587</u>	<u>878,907</u>

*Working Capital*

In addition to the unitized endowment fund, the University also possesses other investments (i.e., net assets) that are generally considered to represent long-term working capital by management of the University and are not subject to donor restrictions. As is customary with working capital funds, balances may rise and fall based on the availability of (or the University's need for) resources in any particular year to support strategic initiatives and priorities.

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In 2023, the University utilized a portion of its working capital fund to complete a state-of-the art renovation and expansion to its campus center. Working capital fund activity during the years ended June 30, 2023 and 2022 was as follows:

Working capital fund at June 30, 2021	\$	77,893
Investment return, net		(7,861)
Contributions and additions		47,863
Withdrawals and other deductions		<u>(3,286)</u>
Working capital fund at June 30, 2022		114,609
Investment return, net		8,182
Contributions and additions		4,938
Withdrawals and other deductions		<u>(28,458)</u>
Working capital fund at June 30, 2023	\$	<u><u>99,271</u></u>

**(6) Accounts and Loans Receivable**

Accounts receivable, net consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Students	\$ 34,544	30,599
Grants	9,328	5,722
Other	<u>3,472</u>	<u>7,336</u>
	47,344	43,657
Allowance for doubtful accounts	<u>(22,678)</u>	<u>(20,074)</u>
Accounts receivable, net	<u><u>\$ 24,666</u></u>	<u><u>23,583</u></u>

Student loans receivable are net of an allowance for uncollectable accounts, totaling \$1,269 and \$2,087 at June 30, 2023 and 2022, respectively.

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**(7) Contributions Receivable**

Contributions receivable, net consists of the following at June 30:

	<b>2023</b>	<b>2022</b>
Amounts expected to be collected in:		
Less than one year	\$ 38,141	28,681
One to five years	22,348	38,591
More than five years	49,417	44,187
	109,906	111,459
Less:		
Allowance for uncollectible amounts	(11,581)	(11,515)
Discount to net present value (ranging from 0.3% to 3.3%)	(8,568)	(7,324)
	\$ 89,757	92,620

Receivables from nine donors account for 58% and 61% of the gross contributions receivable balance at June 30, 2023 and 2022, respectively.

**(8) Plant Assets**

Plant assets, net of accumulated depreciation, consists of the following at June 30:

	<b>2023</b>	<b>2022</b>
Land and land improvements	\$ 41,033	41,688
Buildings and building improvements	1,476,358	1,459,987
Furnishings, equipment, and library collections	354,129	348,688
Construction in progress	103,650	54,911
Total	1,975,170	1,905,274
Less accumulated depreciation	(800,455)	(752,290)
	\$ 1,174,715	1,152,984

In fiscal 2022, the University completed and placed in service, the first of three phases in the expansion and refurbishment of the University's campus center. The second phase is expected to be completed and placed in service during fiscal 2024.

The University has commitments under contracts for construction projects, which total \$17,391 and \$50,564 as of June 30, 2023 and 2022, respectively.

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**(9) Pension and Other Postretirement Benefits**

Certain eligible employees of the University receive retirement income benefits under defined-contribution plans. Contributions by the University range from 5% to 11% of an employee's earnings and are determined by the employee's classification, level of earnings, and length of service. The University's contributions for retirement benefits for its employees totaled \$21,836 and \$20,914 during the years ended June 30, 2023 and 2022, respectively.

In addition to providing retirement income benefits, the University sponsors a postretirement plan, which funds certain healthcare and life insurance benefits for certain retired employees who meet minimum age and length-of-service requirements. The following tables summarize changes in the plan's benefit obligation and components of net periodic benefit cost for the years ended June 30:

	<b>2023</b>	<b>2022</b>
Change in postretirement benefit obligation:		
Benefit obligation at beginning of year	\$ 53,364	73,762
Service cost	3,272	5,829
Interest cost	2,382	1,948
Plan participants' contributions	1,185	1,109
Actuarial net gain	(5,250)	(26,040)
Benefits paid	(3,390)	(3,244)
Postretirement benefit obligation at end of year	\$ 51,563	53,364
Components of net periodic benefit cost:		
Service cost	\$ 3,272	5,829
Interest cost	2,382	1,948
Amortization of net (gain)/loss	(4,860)	(703)
Net periodic benefit cost	\$ 794	7,074

At June 30, 2023, the gain not yet recognized as a component of net periodic benefit cost totals \$37,849.

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Information with respect to plan assumptions and estimated future benefit payments is as follows:

	<u>2023</u>	<u>2022</u>
Benefit obligation weighted average assumptions as of June 30:		
Discount rate	5.24 %	4.88 %
Rate of compensation increase	3.50	3.50
Benefit cost weighted average discount rate assumption as of June 30	4.88 %	2.68 %
Healthcare cost trend:		
Ultimate rate	4.50 %	4.50 %
Year that the ultimate rate is reached	2035	2035

The healthcare cost trend rate assumption has a significant effect on the amounts reported. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects as of and for the year ended June 30, 2023:

	<u>One- percentage- point increase</u>	<u>One- percentage- point decrease</u>
Effect on total of service and interest cost components	\$ 1,082	(873)
Effect on postretirement benefit obligation	6,518	(5,464)

Estimated future annual benefit payments consist of the following:

2024	\$ 2,114
2025	2,280
2026	2,536
2027	2,769
2028	2,915
2029–2031	18,239

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**(10) Long-Term and Other Debt Obligations**

The University's long-term and other debt obligations consist of the following outstanding amounts at June 30:

Description	Maturity year	Interest rate	2023	2022
Bonds payable:				
Revenue bonds:				
Series 2021A (i)	2044	3.00%–4.00%	\$ 27,575	28,395
Series 2021B (i)	2038	3.00 %	39,475	39,475
Series 2020 (ii)	2050	4.00 %	145,190	145,190
Series 2017 (iii)	2036	4.00%–5.00%	70,960	75,160
Series 2016 (iv)	2041	4.00%–5.00%	93,200	96,515
Series 2014 (v)	2044	4.00%–5.00%	43,065	45,355
Series 2008A (vi)	2032	Variable	51,805	57,955
Financing lease obligations	2024	2.00%–7.79%	—	321
Total principal debt			471,270	488,366
Net unamortized premium			45,766	48,378
			517,036	536,744
Unamortized bond issuance costs			(4,372)	(4,672)
Total long-term and other debt obligations			\$ 512,664	532,072
Line of credit outstanding (vii)			\$ 20,000	—

- i) In November 2021, the Dormitory Authority of the State of New York (DASNY) issued Fordham University Revenue Bonds Series 2021A (Series 2021A Bonds) and Federally Taxable Series 2021B, (Series 2021B Bonds) totaling of \$67,870 (\$28,395 and \$39,475 for the Series 2021A Bonds and Series 2021B Bonds, respectively). The proceeds of the Series 2021A Bonds and Series 2021B Bonds were used in connection with refunding tranches of the Series 2016 Bonds (Series 2016) and a prior bond issue, respectively, and to cover related issuance costs. Proceeds totaling \$51,205 (\$32,000 and \$19,205 from the Series 2021A Bonds and Series 2021B Bonds, respectively) were deposited in separate irrevocable trusts with an escrow agent in order to provide future debt service payments on the refunded bonds. In conjunction with the creation of the trusts and satisfaction of certain other conditions, the refunded bonds are deemed paid and are no longer outstanding. The sum of these transactions resulted in a gain totaling \$7,088 (\$5,955 and \$1,133 for the Series 2021A and Series 2021B Bonds, respectively), which reflects the write-off of associated unamortized premium and bond issue costs, and is reflected as a non-operating gain in the 2023 statement of activities. Proceeds from the Series 2021B Bonds were also used to pay costs associated with the renovation and expansion of the University's campus center on its Bronx campus. Premiums paid at the time of

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issuance of the Series 2021A Bonds \$4,042 (\$3,656 and \$3,901 unamortized at June 30, 2023 and 2022, respectively).

- ii) In January 2020, the Dormitory Authority of the State of New York (DASNY) issued Fordham University Revenue Bonds, Series 2020 (Series 2020 Bonds) for \$145,190, the proceeds from which are used for the expansion and refurbishment of the University's campus center, payments of capitalized interest, and to cover costs of issuance. Premiums paid at the time of issuance of the Series 2020 Bonds totaled \$19,980 (\$17,732 and \$18,389 unamortized at June 30, 2023 and 2022, respectively).
- iii) In December 2017, DASNY issued Fordham University Revenue Bonds, Series 2017 (Series 2017 Bonds) for \$78,050. The proceeds were used in connection with refunding tranches of the Series 2011 Bonds and to cover costs of issuance. Proceeds totaling \$90,385 plus \$3,730 of other University funds, were deposited in an irrevocable trust with an escrow agent in order to provide future debt service payments on the advance refunded bonds. In conjunction with the creation of the trust and satisfaction of certain other conditions, the refunded bonds are deemed paid and no longer outstanding. Premiums paid at the time of issuance of the Series 2017 Bonds totaled \$13,161 (\$9,248 and \$9,960 unamortized at June 30, 2023 and 2022, respectively).
- iv) In May 2016, DASNY issued Fordham University Revenue Bonds, Series 2016 for \$146,465, the proceeds of which were used in connection with refunding tranches of the Series 2011 Bonds, the defeasance and advance refunding of the Series 2008B Bonds, to refurbish an academic building and to cover costs of issuance.

In connection with the issuance of the Series 2021A Bonds, \$32,000 of the Series 2016 Bonds were advance refunded. At the time of the refunding, the unamortized bond issuance costs and the original issue premium associated with this portion of the Series 2016 Bonds were fully amortized. The unamortized premium on the outstanding portion of the Series 2016 bonds totaled \$12,591 and \$13,291 at June 30, 2023 and 2022, respectively.

- v) In April 2014, DASNY issued Fordham University Revenue Bonds, Series 2014 (Series 2014 Bonds) for \$61,815, the proceeds of which were used to acquire a facility, refund a prior bond issue and to cover costs of issuance. Premiums paid at the time of issuance totaled \$4,367 (\$2,537 and \$2,735 unamortized at June 30, 2023 and 2022, respectively).

In November 2021, the University executed a forward delivery bond purchase agreement with Morgan Stanley and DASNY, whereby Morgan Stanley agreed to purchase DASNY issued Fordham University Revenue Bonds, Series 2024 (Series 2024 Forward Bonds) for \$42,287, to be delivered in April 2024. The proceeds from the Series 2024 Forward Bonds will be applied to refund the Series 2014 Bonds. Pursuant to the arrangement, the University expects to realize \$10,734 of interest savings which is reflected in the combined aggregate payments on outstanding debt obligations table.

- vi) In May 2008, DASNY issued Fordham University Revenue Bonds, Series 2008A (Series 2008A Bonds) for \$96,895, the proceeds of which were used to refund a previous bond issue and to cover costs of issuance. The Series 2008A Bonds are secured by an irrevocable letter of credit, which expires in 2024.

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In connection with a prior bond issue in 2005, and as amended with the issuance of the Series 2008A Bonds, the University entered into an interest rate swap agreement with a notional amount of \$95,750. Under the terms of the agreement, the University pays a fixed rate of 3.24%, and receives 67% (1-day SOFR plus 11.448bps) minus the Weekly SIFMA index bond rate on the notional principal amount (\$51,805 and \$57,955 at June 30, 2023 and 2022, respectively).

The liability of the swap agreement, reported at fair value and categorized as Level 2 in the fair value hierarchy, is \$750 and \$3,116 at June 30, 2023 and 2022, respectively. The University was not obligated under the swap agreement to post any collateral at June 30, 2023 or 2022.

- vii) The University maintains an unsecured line of credit that provides up to \$50,000 of short-term financing, of which \$20,000 was utilized and remains outstanding at June 30, 2023. This amount was repaid in fiscal 2024. The University's current line expires in May 2025.

Bonds payable are secured by mortgages on certain of the University's properties and, in certain cases, by pledges of dormitory and tuition revenue equal to the annual debt service requirements on the bonds.

The combined aggregate payments on outstanding debt obligations, after consideration of the effect of the Series 2024 forward bonds, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year:			
2024	\$ 18,215	18,829	37,044
2025	19,060	17,087	36,147
2026	19,680	16,376	36,056
2027	20,525	15,638	36,163
2028	21,390	14,888	36,278
Thereafter	<u>369,935</u>	<u>168,539</u>	<u>538,474</u>
Subtotal	468,805	251,357	720,162
Net unamortized premium	48,231	—	48,231
Unamortized bond issuance costs	<u>(4,372)</u>	<u>—</u>	<u>(4,372)</u>
	<u>\$ 512,664</u>	<u>251,357</u>	<u>764,021</u>

Total interest expense on long-term debt totals \$19,241 and \$17,021 for the years ended June 30, 2023 and 2022, respectively.

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The University is required to establish and deposit with bond trustees certain funds for the benefit of bondholders, and to fulfill construction commitments. The funds are invested in U.S. government obligations at June 30, 2023. Deposits held by bond trustees, which are reported at fair value and categorized as Level 1 in the fair value hierarchy, consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Construction funds	\$ —	4,901
Capitalized interest funds	—	298
Debt service funds	<u>3,265</u>	<u>2,638</u>
	<u>\$ 3,265</u>	<u>7,837</u>

#### (11) COVID-19 Pandemic

In March 2020, the World Health Organization declared the COVID-19 outbreak a public health emergency. In response, various governmental agencies mandated stringent regulations and guidelines to help organizations promote the health and safety of their communities.

The United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020. The University recognized a CARES Act grant of \$972 and \$23,203 for the years ended June 30, 2023 and 2022, respectively. Of that grant, \$486 and \$14,075, for the years ended June 30, 2023 and 2022, respectively was used as grants for COVID-19 assistance to students (and is included in academic support on the accompanying statements of activities), and the balance was used to mitigate a portion of the financial losses incurred by the University for the numerous health and safety measures taken.

#### (12) Functional Classification of Expenses

The University's primary program activities are instruction and research, academic support and auxiliary services. Institutional support includes \$15,252 and \$14,474 of fund-raising expenses in 2023 and 2022, respectively. For purposes of reporting fund-raising expenses, the University includes only those fund-raising costs incurred by its development office.

Natural expenses attributable to the operation and maintenance of the physical plant, or more than one functional expense category, are allocated using a variety of cost allocation methods including usable square footage, and time and effort. Interest expense is allocated to program and supporting activities based on the use of loan or bond proceeds.

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Operating expenses are allocated to program and supporting activities:

	2023							
	Program activities				Supporting activities			Total operating expenses
	Instruction and research	Academic support	Auxiliary services	Total	Institutional administration	Operations and maintenance	Total	
Salaries and wages	\$ 166,895	81,195	4,881	252,971	37,119	22,981	60,100	313,071
Fringe benefits	53,458	30,418	2,136	86,012	18,991	9,418	28,409	114,421
Professional fees	6,946	9,596	50	16,592	12,366	—	12,366	28,958
Office expenses and supplies	3,439	9,017	377	12,833	1,345	2,931	4,276	17,109
Travel	2,138	7,146	13	9,297	845	—	845	10,142
Security	69	920	3,468	4,457	3,987	54	4,041	8,498
Marketing	1,247	558	76	1,881	2,908	—	2,908	4,789
Software applications & maintenance	388	8,751	50	9,189	2,116	151	2,267	11,456
Insurance	304	726	—	1,030	4,342	197	4,539	5,569
Meal plan costs	—	—	20,396	20,396	—	—	—	20,396
Repairs and maintenance	289	755	1,138	2,182	1,201	8,924	10,125	12,307
Catering	1,712	3,470	83	5,265	2,519	27	2,546	7,811
Academic partnerships	31,525	166	—	31,691	—	—	—	31,691
Utilities	1,040	539	379	1,958	1,413	14,040	15,453	17,411
Interest and other financing costs	1,822	5,260	10,073	17,155	967	—	967	18,122
Depreciation	16,116	14,592	21,357	52,065	4,059	—	4,059	56,124
HEERF	—	486	—	486	—	—	—	486
Other	8,062	8,842	8,826	25,730	8,310	3,752	12,062	37,792
Total before allocation	295,450	182,437	73,303	551,190	102,488	62,475	164,963	716,153
Allocation of operations and maintenance of plant	13,415	14,239	29,969	57,623	4,852	(62,475)	(57,623)	—
Total operating expenses	\$ 308,865	196,676	103,272	608,813	107,340	—	107,340	716,153

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	2022							
	Program activities				Supporting activities			Total operating expenses
	Instruction and research	Academic support	Auxiliary services	Total	Institutional administration	Operations and maintenance	Total	
Salaries and wages	\$ 163,905	75,864	4,592	244,361	34,296	22,406	56,702	301,063
Fringe benefits	53,275	30,587	2,136	85,998	16,735	9,168	25,903	111,901
Professional fees	8,400	9,211	980	18,591	8,984	1,691	10,675	29,266
Office expenses and supplies	3,589	6,895	250	10,734	1,549	3,993	5,542	16,276
Travel	1,553	5,523	16	7,092	644	—	644	7,736
Security	26	831	3,585	4,442	3,872	64	3,936	8,378
Marketing	1,319	853	85	2,257	2,609	—	2,609	4,866
Software applications and maintenance	423	9,718	14	10,155	1,041	85	1,126	11,281
Insurance	166	650	—	816	3,633	178	3,811	4,627
Meal plan costs	—	—	18,532	18,532	—	—	—	18,532
Repairs and maintenance	231	494	106	831	854	7,802	8,656	9,487
Catering	730	2,720	38	3,488	2,534	12	2,546	6,034
Academic partnerships	35,040	103	—	35,143	—	—	—	35,143
Utilities	299	154	386	839	1,444	12,291	13,735	14,574
Interest and other financing costs	1,830	4,025	9,132	14,987	761	—	761	15,748
Depreciation	16,393	14,838	21,532	52,763	4,404	—	4,404	57,167
HEERF	—	15,349	—	15,349	—	—	—	15,349
Other	14,912	8,336	10,732	33,980	6,533	5,720	12,253	46,233
<b>Total before allocation</b>	<b>302,091</b>	<b>186,151</b>	<b>72,116</b>	<b>560,358</b>	<b>89,893</b>	<b>63,410</b>	<b>153,303</b>	<b>713,661</b>
Allocation of operations and maintenance of plant	15,205	16,630	26,673	58,508	4,902	(63,410)	(58,508)	—
<b>Total operating expenses</b>	<b>\$ 317,296</b>	<b>202,781</b>	<b>98,789</b>	<b>618,866</b>	<b>94,795</b>	<b>—</b>	<b>94,795</b>	<b>713,661</b>

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**(13) Net Assets**

At June 30, net assets comprised of the following:

	2023		
	Without donor restrictions	With donor restrictions	Total
Limited use as to purpose or time:			
Board-designated endowment and other investments	\$ 363,591	40,638	404,229
Board-designated non-endowed funds	5,057	—	5,057
Accumulated endowment earnings pending appropriation for:			
Scholarships and fellowships	—	97,767	97,767
Academic support	—	58,115	58,115
General	—	36,522	36,522
Donations and endowment appropriations pending expenditure	—	88,519	88,519
Contributions receivable	—	28,440	28,440
Annuity and life income funds	—	4,576	4,576
Other	—	14,502	14,502
	<u>368,648</u>	<u>369,079</u>	<u>737,727</u>
Restricted in perpetuity:			
Historical gift values restricted for:			
Scholarships and fellowships	—	239,664	239,664
Academic support	—	88,708	88,708
General	—	53,090	53,090
Contributions receivable	—	61,317	61,317
Annuity and life income funds	—	20,316	20,316
Other	—	18,937	18,937
	—	<u>482,032</u>	<u>482,032</u>
Undesignated	<u>392,103</u>	<u>—</u>	<u>392,103</u>
	<u>\$ 760,751</u>	<u>851,111</u>	<u>1,611,862</u>

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	<b>2022</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Limited use as to purpose or time:			
Board-designated endowment and other investments	\$ 377,083	43,883	420,966
Board-designated non-endowed funds	9,773	—	9,773
Accumulated endowment earnings pending appropriation for:			
Scholarships and fellowships	—	95,134	95,134
Academic support	—	57,304	57,304
General	—	36,026	36,026
Donations and endowment appropriations pending expenditure	—	81,364	81,364
Contributions receivable	—	32,930	32,930
Other	—	14,743	14,743
	<u>386,856</u>	<u>361,384</u>	<u>748,240</u>
Restricted in perpetuity:			
Historical gift values restricted for:			
Scholarships and fellowships	—	228,627	228,627
Academic support	—	85,666	85,666
General	—	48,723	48,723
Contributions receivable	—	56,922	56,922
Annuity and life income funds	—	14,039	14,039
Other	—	19,897	19,897
	—	453,874	453,874
Undesignated	<u>357,220</u>	<u>—</u>	<u>357,220</u>
	<u>\$ 744,076</u>	<u>815,258</u>	<u>1,559,334</u>

**(14) Commitments and Contingencies**

The University is a defendant in various lawsuits arising in the normal course of business. Management of the University does not expect the ultimate resolution of these actions to have a material adverse effect on the University's financial position.

**(15) Leases**

The University has entered into operating leases of certain facilities, which expire at various dates through 2043. Operating leases with lease terms greater than one year are reported as operating lease right-of-use assets and operating lease liabilities in the financial statements.

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The University has also entered into finance leases for certain office equipment. Finance lease right-of-use assets and finance lease liabilities are included in plant assets, net and long-term debt, net, respectively.

Operating lease installments are due in future years as follows:

Year ending June 30:		
2024	\$	9,600
2025		9,729
2026		9,553
2027		5,495
2028		5,560
2029 and thereafter		<u>55,009</u>
		94,946
Less discount to net present value		<u>(5,071)</u>
Total operating lease liabilities	\$	<u><u>89,875</u></u>

Lease costs and other related information for during the year ended June 30 as follows:

	<u>2023</u>	<u>2022</u>
Lease cost:		
Operating lease cost	\$ 8,781	8,598
Short-term lease cost	<u>122</u>	<u>131</u>
Total lease cost	<u>\$ 8,903</u>	<u>8,729</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 9,080	9,374
Weighted-average remaining lease term	13.78 years	14.12 years
Weighted-average discount rate	1.18 %	0.97 %

## **FORDHAM UNIVERSITY**

### Notes to Financial Statements

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#### **(16) Related-Party Transactions**

The University has a written conflict of interest policy that requires, among other things, that no member of the Board can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each trustee is required to certify compliance with the conflict of interest policy on an annual basis and indicate whether the University does business with an entity in which a trustee has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and in the best interest of the University, and in accordance with relevant conflict of interest laws.

A former member of the Board is also an owner of a corporation from which the University leases facilities. Rent expense associated with these facilities totaled \$2,188 for both the years ended June 30, 2023 and 2022. There are rental commitments to the corporation through December 2038 totaling \$37,205 at June 30, 2023.

#### **(17) Subsequent Events**

In connection with the preparation of the financial statements, the University evaluated subsequent events through October 24, 2023, which was the date the financial statements were issued.