Consolidated Financial Statements and Report of Independent Certified Public Accountants

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

June 30, 2022 and 2021

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

We have audited the consolidated financial statements of the Research Foundation of The City University of New York and related entity (collectively, "RF CUNY"), which comprise the consolidated balance sheets as of June 30, 2022 and 2021, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of RF CUNY as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

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

In performing an audit in accordance with US GAAS, we:

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

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

Other matters

Supplementary information
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2022 consolidating information included in pages 6 - 7 is presented for purposes of additional analysis and is not a required part of the 2022 consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the 2022 consolidated financial statements or to the 2022

Grant Thornton

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 2022 consolidating information is fairly stated, in all material respects, in relation to the 2022 consolidated financial statements as a whole.

Grant Thornton LLP

New York, New York
October 28, 2022

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

CONSOLIDATED BALANCE SHEETS
As of June 30, 2022 and 2021
(with consolidating information as of June 30, 2022)

	2022				
	Consolidating Information				
	Foundation	230 West 41st Street LLC	Eliminations	Total	2021
ASSETS					
Cash and cash equivalents	$ 240,087,773	$ 18,734,678	$ -	$ 258,822,451	$ 198,186,898
Restricted cash (Notes 2 and 8)	-	1,815,440	-	1,815,440	1,614,436
Grants, contracts, and accounts receivable (net of allowance of $2,700,000 in 2022 and $3,700,000 in 2021)	101,707,596	-	-	101,707,596	102,301,763
Rent receivable (net of allowance of $0 in 2022 and $132,193 in 2021)	-	272,559	-	272,559	1,208,375
Prepaid expenses and other assets	3,904,319	724,375	-	4,628,694	5,694,958
Prepaid postretirement benefits asset (Note 4)	41,113,712	-	-	41,113,712	19,633,785
Investments, at fair value (Note 3)	44,204,494	-	-	44,204,494	50,914,594
Investment in 230 West 41st Street LLC	25,752,984	-	(25,752,984)	-	-
Deferred rent receivable	-	22,220,290	(4,415,276)	17,805,014	17,493,349
Deferred costs (net of accumulated amortization of $5,633,342 in 2022 and $5,356,570 in 2021)	-	1,674,910	-	1,674,910	1,829,637
Fixed assets:					
Rental property, net (Note 7)	-	40,469,826	-	40,469,826	40,425,616
Furniture, fixtures, and equipment (net of accumulated depreciation of $3,546,385 in 2022 and $3,533,927 in 2021)	1,208	-	-	1,208	13,665
Total assets	$ 456,772,086	$ 85,912,078	$ (30,168,260)	$ 512,515,904	$ 439,317,076
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable and accrued expenses (Notes 4 and 6)	$ 84,629,853	$ 799,684	$ -	$ 85,429,537	$ 84,812,033
Deferred revenue (Note 5)	127,365,787	9,689	-	127,375,476	88,541,289
Grants payable to CUNY (Note 9)	4,894,276	-	-	4,894,276	4,103,081
Deferred rent payable	4,415,276	-	(4,415,276)	-	-
Tenant security deposits payable	-	563,377	-	563,377	407,452
Deposits held in custody for CUNY colleges	131,016,165	-	-	131,016,165	121,518,707
Mortgage loan payable, net (Note 8)	-	58,786,344	-	58,786,344	60,248,003
Total liabilities	352,321,357	60,159,094	(4,415,276)	408,065,175	359,630,565
Commitments and contingencies (Notes 2, 6 and 10)					
Net assets:					
Without donor restrictions:					
Postretirement benefits	41,113,712	-	-	41,113,712	19,633,785
230 West 41st Street LLC	25,752,984	25,752,984	(25,752,984)	25,752,984	23,237,816
Other	37,584,033	-	-	37,584,033	36,814,910
Total net assets	104,450,729	25,752,984	(25,752,984)	104,450,729	79,686,511
Total liabilities and net assets	$ 456,772,086	$ 85,912,078	$ (30,168,260)	$ 512,515,904	$ 439,317,076

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

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

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the years ended June 30, 2022 and 2021
(with consolidating information for the year ended June 30, 2022)

	2022				
	Consolidating information				
	Foundation	230 West 41st Street LLC	Eliminations	Total	2021
Grants and contracts administered for others:					
Revenue:					
Governmental	$ 344,800,017	$ -	$ -	$ 344,800,017	$ 340,990,967
Private	139,650,184	-	-	139,650,184	127,209,230
Total grants and contracts revenue	484,450,201	-	-	484,450,201	468,200,197
Expenses:					
Research	(181,720,933)	-	-	(181,720,933)	(154,507,450)
Training	(132,413,338)	-	-	(132,413,338)	(148,761,720)
Other sponsored activity	(125,993,046)	-	-	(125,993,046)	(123,396,902)
Other institutional activity	(44,322,884)	-	-	(44,322,884)	(41,534,125)
Total grants and contracts expenses	(484,450,201)	-	-	(484,450,201)	(468,200,197)
Administrative services:					
Revenue:					
Administrative fees	34,164,717	-	-	34,164,717	31,960,299
Investment (loss) return	(167,854)	15,038	-	(152,816)	(9,727)
Rental income (Notes 6 and 9)	-	15,579,297	(4,096,544)	11,482,753	11,965,276
Other	13,760	86,530	-	100,290	71,428
Total administrative revenue	34,010,623	15,680,865	(4,096,544)	45,594,944	43,987,276
Expenses:					
Management and general	(31,510,392)	-	4,096,544	(27,413,848)	(27,963,969)
Postretirement credit (Note 4)	14,267,991	-	-	14,267,991	2,784,109
Grants to CUNY for central research initiatives (Note 9)	(2,718,650)	-	-	(2,718,650)	(2,300,000)
Operating expenses of 230 West 41st Street LLC (Note 10)	-	(6,301,214)	-	(6,301,214)	(4,524,556)
Interest expense	-	(2,914,220)	-	(2,914,220)	(2,984,189)
Real estate taxes (Note 11)	-	(1,188,821)	-	(1,188,821)	(1,374,034)
Depreciation and amortization	(12,458)	(1,761,442)	-	(1,773,900)	(1,920,501)
Total administrative expenses	(19,973,509)	(12,165,697)	4,096,544	(28,042,662)	(38,283,140)
Excess of revenue over expenses before other changes	14,037,114	3,515,168	-	17,552,282	5,704,136
Other changes:					
Change in Foundation investment in 230 West 41st Street LLC	2,515,168	-	(2,515,168)	-	-
230 West 41st Street LLC distribution to Foundation	1,000,000	(1,000,000)	-	-	-
Postretirement benefits changes other than net periodic benefit cost (Note 4)	7,211,936	-	-	7,211,936	13,783,998
Increase (decrease) in net assets	24,764,218	2,515,168	(2,515,168)	24,764,218	19,488,134
Net assets at beginning of year	79,686,511	23,237,816	(23,237,816)	79,686,511	60,198,377
Net assets at end of year	$ 104,450,729	$ 25,752,984	$ (25,752,984)	$ 104,450,729	$ 79,686,511

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Increase in net assets without donor restrictions	$ 24,764,218	$ 19,488,134
Adjustments to reconcile increase in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation and amortization	1,817,471	2,042,303
Provision for bad debts	573,074	334,512
Postretirement benefits changes other than net periodic benefit cost	(7,211,936)	(13,783,998)
Net depreciation in fair value of investments	761,205	8,589
Changes in assets and liabilities:		
Grants, contracts, accounts, and rents receivable	956,909	(50,257)
Prepaid expenses and other assets	1,066,264	(1,216,040)
Deferred rent receivable	(311,665)	(318,895)
Accounts payable and accrued expenses, and security deposit payable	482,711	(9,762,153)
Deferred revenue	38,834,187	(680,161)
Grants payable to CUNY	791,195	841,935
Postretirement benefits payable	(14,267,991)	(2,784,109)
Deposits held in custody for CUNY colleges	9,497,458	8,590,272
Net cash provided by operating activities	57,753,100	2,710,132
Cash flows from investing activities:		
Expenditures for rental property improvements	(1,238,163)	(26,510)
Payment of deferred leasing costs	(122,045)	(6,895)
Purchases of investments	(60,857,146)	(78,290,424)
Sales and maturity of investments	66,806,041	77,324,104
Net cash provided by (used in) investing activities	4,588,687	(999,725)
Cash flows from financing activities:		
Principal payments on mortgage loan	(1,505,230)	(1,435,538)
Net cash used in financing activities	(1,505,230)	(1,435,538)
Net increase in cash, cash equivalents, and restricted cash	60,836,557	274,869
Cash, cash equivalents, and restricted cash at beginning of year	199,801,334	199,526,465
Cash, cash equivalents, and restricted cash at end of year	$ 260,637,891	$ 199,801,334
Supplemental cash flow disclosure:		
Cash paid for interest	$ 2,876,608	$ 2,946,300
Additions for rental property improvements included in accounts payable and accrued expenses	$ 290,718	$ 8,790

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

NOTE 1 - ORGANIZATION AND PURPOSE

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

At June 30, 2022 and 2021, none of RF CUNY's net assets or changes therein were subject to donor-imposed restrictions and, accordingly, were classified and reported as net assets without donor restrictions.

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

Grants and Contracts Revenue Recognition

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

Revenue from grants and contracts is awarded to and accepted by the Foundation and various units of the University, as joint grantees, primarily for research, training, other sponsored activity and other institutional activity. Included in private grants and contracts revenue are grants sponsored by CUNY, totaling approximately $19,828,000 and $19,703,000 for the years ended June 30, 2022 and 2021, respectively.

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

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

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts such estimates when facts and circumstances dictate. In the preparation of RF CUNY's consolidated financial statements, management uses significant accounting estimates with respect to the valuation of accounts receivable and postretirement benefit obligation.

Cash Equivalents

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

Investments

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

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

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

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

All investment securities are exposed to various risks, such as interest risk, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Rental Revenue Recognition

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

Rental Property

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

The LLC reviews the carrying amount of the Property for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment adjustments have been made as a result of this review process during 2022 or 2021.

Furniture, Fixtures and Equipment

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

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

Purchase Accounting for Acquisition of Real Estate

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

Deferred Costs

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

Restricted Cash

Restricted cash of the LLC includes amounts to be funded for tenant improvements, repairs, real estate taxes, and insurance as required by the LLC's loan agreement. Restricted cash also includes tenant security deposits held in accordance with tenant leases and other tenant deposits held for improvements to leased space.

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

	2022	2021
Cash and cash equivalents	$ 258,822,451	$ 198,186,898
Restricted cash	1,815,440	1,614,436
Total cash, cash equivalents and restricted cash	$ 260,637,891	$ 199,801,334

Deposits Held in Custody for CUNY Colleges

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

Fair Value Measurements

Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. RF CUNY measures the fair value of its financial assets using a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

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

Income Taxes

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

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

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

New Authoritative Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842),* which requires lessees and lessors to recognize leases on the balance sheet and disclose key information about leasing arrangements. Accounting Standards Codification ("ASC") Topic 842 ("ASC 842") establishes a right of use ("ROU") model that requires lessees and lessors to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. This ASU is effective for RF CUNY for annual periods beginning after December 15, 2021 (i.e., fiscal year ending June 30, 2023). Early adoption is permitted. RF CUNY is in the process of evaluating the new guidance and has not determined the impact this standard may have on the consolidated financial statements.

NOTE 3 - INVESTMENTS

Investments held by the Foundation consisted of the following at June 30, 2022 and 2021:

	Fair Value	
	2022	2021
U.S. money market	$ 4,973,536	$ 2,674,600
U.S. treasury bills	24,087,937	30,282,626
U.S. government agency obligations	1,266,440	1,064,068
U.S. equity securities	940,853	1,195,943
U.S. corporate bonds	12,935,728	15,697,357
Total	$ 44,204,494	$ 50,914,594

At June 30, 2022 and 2021, the Foundation's investments were categorized as Level 1, except for U.S. corporate bonds, which were categorized as Level 2.

NOTE 4 - PENSION AND OTHER RETIREMENT BENEFITS

Eligible employees of the Foundation and certain project personnel are covered under a defined contribution pension plan established with Teachers Insurance and Annuity Association. The Foundation's contribution to the pension plan is based on specified percentages, ranging from 8% to 14%, of each employee's annual salary. Total pension expense for the years ended June 30, 2022 and 2021 was approximately $10,889,158 and $12,089,000, respectively. There are no unfunded past service costs.

In addition to providing pension benefits, the Foundation also provides postemployment benefits, including salary continuance, to certain employees. The cost of these benefits is accrued over the employees' years of service. Postemployment benefits liability included in accounts payable and accrued expenses was $3,337,084 and $3,087,713 as of June 30, 2022 and 2021, respectively.

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

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

Information with respect to the postretirement plan follows:

	2022	2021
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 203,971,610	$ 192,140,722
Service cost	5,561,916	5,178,361
Interest cost	5,427,969	4,829,443
Actuarial (gain) loss	(50,648,868)	7,419,892
Benefits paid and administrative expenses	(5,871,423)	(5,596,808)
Benefit obligation at end of year	158,441,204	203,971,610
Change in plan assets:		
Fair value of plan assets at beginning of year	223,605,395	195,206,400
Actual return on plan assets	(33,050,479)	28,398,995
Employer contributions	14,871,423	5,596,808
Benefits paid and administrative expenses	(5,871,423)	(5,596,808)
Fair value of plan assets at end of year	199,554,916	223,605,395
Funded status, recorded as an asset in the accompanying consolidated balance sheets	$ (41,113,712)	$ (19,633,785)

	2022	2021
Components of net periodic cost:		
Service cost	$ 5,561,916	$ 5,178,361
Interest cost	5,427,969	4,829,443
Expected return on plan assets	(11,180,270)	(9,760,320)
Recognized prior service credit	793,817	2,565,215
Net periodic benefit cost	$ 603,432	$ 2,812,699

	2022	2021
Weighted average assumptions for the years ended June 30:		
Discount rate used to determine benefit obligation	4.40%	2.70%
Discount rate used to determine net periodic benefit cost	2.70	2.55
Expected return on plan assets	5.00	5.00

For measurement purposes, increases in healthcare costs (5.75% in 2022) were assumed to decrease by 0.25% per year in years 2023 through 2030 to an ultimate rate of 3.5% in 2031 and after.

Assumed healthcare trend rates have a significant effect on the amounts reported for postretirement plans. A one percentage point change in assumed healthcare cost trend rates would have the following effects for 2022:

	1% Increase	1% Decrease
Effect on total of service and interest cost components	$ 2,279,278	$ (1,957,153)
Effect on postretirement benefit obligation	20,974,049	(20,366,123)

The Foundation made contributions of $9,000,000 and $0 to the postretirement plan in 2022 and 2021, respectively. In addition, for the years ended June 30, 2022 and 2021, the Foundation paid claims and expenses of $5,871,423 and $5,596,808, respectively. The Foundation expects to contribute or pay claims and expenses aggregating to approximately $1,000,000 in 2023.

The benefits expected to be paid in each fiscal year from 2023 through 2027 and the five subsequent years are:

Year Ending June 30,	
2023	$ 6,217,803
2024	6,729,685
2025	7,280,179
2026	7,851,708
2027	8,446,517
2028 - 2032	48,308,516
Total	$ 84,834,408

At June 30, 2022 and 2021, the items not yet recognized as a component of net periodic benefit cost follow:

	2022	2021
Net loss	$ 22,560,164	$ 29,772,100

The actuarial loss that is expected to be amortized into net periodic cost in fiscal year 2023 is $278,424.

Investment allocation and strategy decisions are generally made by management and the Foundation's Board of Directors. The postretirement plan's weighted average asset allocations at June 30, 2022 and 2021, by asset category, follow:

	Target Allocation 2022	Actual Allocation 2022	Target Allocation 2021	Actual Allocation 2021
Growth portfolio:				
Domestic equity securities	24% - 70%	56%	24% - 70%	58%
Debt securities	13% - 42%	31%	13% - 42%	25%
Commodities	0% - 7%	0%	0% - 7%	1%
International equity securities	9% - 34%	4%	9% - 34%	7%
Cash equivalents	0% - 5%	9%	0% - 5%	9%
		100%		100%

	Target Allocation 2022	Actual Allocation 2022	Target Allocation 2021	Actual Allocation 2021
Immunized fixed income:				
Debt securities	100%	86%	100%	93%
Cash equivalents	0%	14%	0%	7%
	100%	100%	100%	100%

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

The following tables present the Foundation's fair value hierarchy for postretirement assets, which are measured at fair value on a recurring basis, as of June 30, 2022 and 2021:

	2022			
	Fair Value	Level 1	Level 2	Level 3
Debt securities:				
Fixed income mutual fund	$ 5,017,158	$ 5,017,158	$ -	$ -
Corporate bonds	61,751,673	-	61,751,673	-
U.S. government obligations	10,776,720	10,776,720	-	-
Foreign bonds	10,416,263	-	10,416,263	-
Other	2,076,887	-	2,076,887	-
Total debt securities	90,038,701	15,793,878	74,244,823	-
Equity securities:				
Equity mutual funds	36,990,679	36,990,679	-	-
U.S. common stock	36,335,117	36,335,117	-	-
American depositary receipts	3,807,379	3,807,379	-	-
Foreign stock	1,869,319	1,869,319	-	-
Real estate investment trusts	932,689	932,689	-	-
Total equity securities	79,935,183	79,935,183	-	-
Short-term investments	17,844,164	17,844,164	-	-
Total	187,818,048	$ 113,573,225	$ 74,244,823	$ -
Investments valued at NAV	11,736,868			
	$ 199,554,916			

	2021			
	Fair Value	Level 1	Level 2	Level 3
Debt securities:				
Fixed income mutual fund	$ 7,094,835	$ 7,094,835	$ -	$ -
Corporate bonds	67,863,141	-	67,863,141	-
U.S. government obligations	10,504,721	10,504,721	-	-
Foreign bonds	11,320,414	-	11,320,414	-
Other	2,095,338	-	2,095,338	-
Total debt securities	98,878,449	17,599,556	81,278,893	-
Equity securities:				
Equity mutual funds	44,104,037	44,104,037	-	-
U.S. common stock	45,051,900	45,051,900	-	-
American depositary receipts	7,548,146	7,548,146	-	-
Foreign stock	3,115,840	3,115,840	-	-
Real estate investment trusts	1,030,205	1,030,205	-	-
Total equity securities	100,850,128	100,850,128	-	-
Short-term investments	14,677,468	14,677,468	-	-
Total	214,406,045	$ 133,127,152	$ 81,278,893	$ -
Investments valued at NAV	9,199,350			
	$ 223,605,395			

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of June 30, 2022 and 2021:

	2022 Fair Value	2021 Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period	Redemption Restrictions
Common trust funds [(a)]	$11,736,868	$ 9,199,350	None	Daily	1 Day	None

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

NOTE 5 - DEFERRED REVENUE

At June 30, 2022 and 2021, cash advances for grants and contracts were for the following projects:

	2022	2021
Research	$ 30,279,073	$ 19,192,429
Training	30,240,258	23,353,530
Other sponsored activity	44,734,320	24,631,612
Other institutional activity	22,121,825	21,363,718
	$ 127,375,476	$ 88,541,289

NOTE 6 - COMMITMENTS

Rental Income Under Operating Leases

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

Year Ending June 30,	LLC	Less: Foundation Portion Eliminated in Consolidation	Total
2023	$ 12,790,625	$ 3,562,858	$ 9,227,767
2024	13,044,232	3,651,929	9,392,303
2025	13,739,544	3,999,551	9,739,993
2026	13,901,193	4,110,684	9,790,509
2027	13,649,999	4,213,451	9,436,548
Thereafter	99,358,649	33,356,622	66,002,027
Total minimum rental receipts	$ 166,484,242	$ 52,895,095	$ 113,589,147

Pursuant to the individual tenant leases, the tenants pay their proportionate share of operating the Property, including real estate taxes, certain insurance premiums, and other expenses that are not included above. CUNY's portion of the above future minimum rental receipts is approximately $92,000,000.

Letter of Credit

In fiscal year 2008, the Foundation entered into an agreement with one of its health insurance carriers whereby the Foundation is required to pay the carrier, in advance, for claims incurred but not reported in the event of plan termination. The carrier has allowed the Foundation to retain this payment, which totals $3,125,400 and $3,254,913 included as a component of accounts payable and accrued expenses in the accompanying consolidated balance sheets as of June 30, 2022 and 2021, and is secured by an irrevocable letter of credit to the carrier for the same amount, which expires on December 31, 2022.

NOTE 7 - RENTAL PROPERTY

Rental property (78% occupied as of June 30, 2022) consisted of the following at June 30:

	2022	2021
Land	$ 9,037,040	$ 9,037,040
Building	36,149,160	36,149,160
Building improvements	12,991,656	12,663,113
Tenant improvements	16,857,194	15,630,186
Construction-in-progress	21,720	48,391
Total	75,056,770	73,527,890
Accumulated depreciation	(34,586,944)	(33,102,274)
Rental property, net	$ 40,469,826	$ 40,425,616

NOTE 8 - MORTGAGE LOAN PAYABLE, NET

Outstanding mortgage loan payable as of June 30, 2022 and 2021 consisted of the following:

	2022	2021
Mortgage loan payable	$ 59,738,927	$ 61,244,157
Less unamortized costs of issuance	(952,583)	(996,154)
Mortgage loan payable, net	$ 58,786,344	$ 60,248,003

The LLC entered into a mortgage loan (the “loan”) on May 12, 2014 with an original principal amount of $70 million, which matures on June 1, 2044. The loan bears interest at a rate of 4.75%. The monthly principal and interest payments of $365,153 began on July 1, 2014. The mortgage is amortized over 30 years, with options to be called by the bank in 10 years and then every five years thereafter until the mortgage matures. The loan is collateralized by the Property and assignment of rents and other payments from the tenants and is guaranteed by the Foundation. The LLC incurred $1,307,121 of financing costs in connection with obtaining the loan, which are being amortized over the life of the loan.

At June 30, 2022, future minimum principal payments were as follows:

	Amount
2023	$ 1,578,306
2024	1,654,929
2025	1,735,271
2026	1,819,516
2027	1,907,850
Thereafter	51,043,055
	$ 59,738,927

Included in restricted cash in the accompanying consolidated balance sheets are balances in escrow accounts, including interest earned, of approximately $1,252,000 and $1,207,000 as of June 30, 2022 and 2021, respectively. Under the terms of the loan, the LLC was required to deposit annual payments of $500,000 beginning on May 15, 2015 through May 15, 2019 and an additional payment of $198,515 on May 15, 2020 into an escrow account maintained by the mortgage bank for future tenant improvements related to CUNY's extended lease.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Foundation has an agreement with the LLC to lease 66,867 square feet of space in the LLC's Property that expires in April 2034. CUNY has an agreement with the LLC to lease 122,424 square feet of space in the Property of which 8,056 expires in March 2026 and 114,368 expires in April 2034. For the years ended June 30, 2022 and 2021, rental revenue from CUNY was $6,330,107 and $6,175,502, respectively.

In fiscal years 2022 and 2021, the Foundation approved grants to CUNY for central research initiatives of $2,718,650 and $2,300,000, respectively. Grants payable to CUNY at June 30, 2022 and 2021 were $4,894,276 and $4,103,081, respectively.

NOTE 10 - PROPERTY MANAGEMENT FEES

The LLC has a management agreement with a third party to manage and provide leasing services to the Property. The agreement was renewed on July 1, 2020 and will expire on July 1, 2023. Such expenses are included in operating expenses in the consolidated statements of activities. Additionally, the LLC pays the property manager a commission in accordance with the terms of the management agreement if the Property manager procures a new lease or an extension, renewal, or expansion of an existing lease for space in the Property during the term of this agreement; such costs are reported as deferred costs in the accompanying consolidated balance sheets and are amortized over the life of the lease.

NOTE 11 - REAL ESTATE TAX EXEMPTION

During fiscal years 2022 and 2021, the LLC obtained a real estate tax reduction amounting to $1,700,291 and $1,977,987, respectively, relating to an exemption for the portions of the Property used by CUNY and the Foundation as not-for-profit, tax exempt organizations.

NOTE 12 - NATURAL CLASSIFICATION OF EXPENSES

The Foundation's principal program service is grants administration. Expenses reported in the accompanying consolidated statements of activities as research, training, other sponsored activity and other institutional activity are directly incurred in connection with its program service. Costs are allocated and reported on a functional basis using specific identification. Expenses by natural classification for the year ended June 30, 2022 consisted of the following:

	Program Services	Administrative Expenses	Total Expenses
Salaries and fringe	$ 289,012,023	$ 22,679,111	$ 311,691,134
Facilities and administrative costs	59,355,293	-	59,355,293
Subcontracts	39,757,834	-	39,757,834
Independent contractor	20,335,802	27,193	20,362,995
Stipends	20,956,057	-	20,956,057
Supplies	14,570,946	35,048	14,605,994
Laboratory fees	1,792,040	-	1,792,040
Occupancy	2,218,466	-	2,218,466
Travel	3,059,766	750	3,060,516
Insurance	197,568	1,925,840	2,123,408
Conference and meeting	1,498,329	11,136	1,509,465
Postretirement credit	-	(14,267,991)	(14,267,991)
Interest expense	-	2,914,220	2,914,220
Real estate taxes	-	1,188,821	1,188,821
Depreciation and amortization	-	1,773,900	1,773,900
All other expenses	31,696,077	11,754,634	43,450,711
Total expenses	$ 484,450,201	$ 28,042,662	$ 512,492,863

Expenses by natural classification for the year ended June 30, 2021 consisted of the following:

	Program Services	Administrative Expenses	Total Expenses
Salaries and fringe	$ 270,782,228	$ 22,481,834	$ 293,264,062
Facilities and administrative costs	55,532,433	-	55,532,433
Subcontracts	46,865,939	-	46,865,939
Independent contractor	17,425,038	-	17,425,038
Stipends	19,991,196	-	19,991,196
Supplies	11,173,734	31,516	11,205,250
Laboratory fees	760,626	-	760,626
Occupancy	8,695,808	-	8,695,808
Travel	672,718	-	672,718
Insurance	251,092	1,764,720	2,015,812
Conference and meeting	476,265	3,546	479,811
Postretirement credit	-	(2,784,109)	(2,784,109)
Interest expense	-	2,984,189	2,984,189
Real estate taxes	-	1,374,034	1,374,034
Depreciation and amortization	-	1,920,501	1,920,501
All other expenses	35,573,120	10,506,909	46,080,029
Total expenses	$ 468,200,197	$ 38,283,140	$ 506,483,337

NOTE 13 - LIQUIDITY

As of June 30, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 258,822,451	$ 198,186,898
Grants, contracts, and accounts receivable, net	101,707,596	102,301,763
Investments	44,204,494	50,914,594
Less:		
Accounts payable	(85,429,537)	(84,812,033)
Deferred revenue	(127,375,476)	(88,541,289)
Deposits held in custody for CUNY colleges	(131,016,165)	(121,518,707)
Total financial assets available within one year	$ 60,913,363	$ 56,531,226

RF CUNY maintains cash balances at a level designed to ensure short-term liquidity. In addition, a suitable portion of RF CUNY's investment balances are held in instruments that can readily be converted to cash, if needed.

NOTE 14 - LINE OF CREDIT

RF CUNY entered into a line of credit agreement for $15 million with First Republic Bank on January 6, 2021. The interest rate on the line of credit shall be equal to the Index minus one-quarter percent (0.25%) per annum but should not be adjusted to less than three percent (3%) per annum. The line of credit is secured by RF CUNY's accounts receivable with a value at June 30, 2022 of $104 million. RF CUNY did not utilize the line of credit during fiscal 2022, and the outstanding balance at June 30, 2022 was $0.

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

NOTE 15 - SUBSEQUENT EVENTS

RF CUNY evaluated events subsequent to June 30, 2022 and through October 28, 2022, the date on which the consolidated financial statements were available to be issued, the result of which required no adjustments or disclosures to the accompanying consolidated financial statements.