CORNELL UNIVERSITY

Consolidated Financial Statements

June 30, 2021 and 2020

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Report of Independent Auditors

To The Board of Trustees of Cornell University

We have audited the accompanying consolidated financial statements of Cornell University (the "University"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020 and the related consolidated statements of activities for the year ended June 30, 2021 and of cash flows for the years ended June 30, 2021 and 2020.

Management's Responsibility for the Consolidated 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cornell University as of June 30, 2021 and 2020 and the changes in their net assets for the year ended June 30, 2021 and their cash flows for the years ended June 30, 2021 and 2020 in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We previously audited the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and cash flows for the year then ended (the statement of activities is not presented herein), and in our report dated October 8, 2020, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying summarized financial information as of June 30, 2020 and for the year then ended is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

PricewaterhouseCoopers LLP

Rochester, New York
October 22, 2021

CORNELL UNIVERSITY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2021 AND JUNE 30, 2020 (in thousands)

	2021	2020
Assets		
Cash and cash equivalents	$ 744,927	$ 591,483
Accounts receivable, net (note 3-A)	611,571	518,153
Contributions receivable, net (note 3-B)	778,171	778,599
Prepaid expenses and other assets	142,739	134,024
Investments (note 4)	10,603,428	7,813,510
Right of use assets-operating leases, net (note 10)	448,191	465,124
Right of use assets-finance leases, net (note 10)	111,456	114,036
Land, buildings, and equipment, net (note 5)	4,314,495	4,286,656
Funds held in trust by others (note 6)	152,751	149,033
Total assets	$ 17,907,729	$ 14,850,618
Liabilities		
Accounts payable and accrued expenses	$ 770,997	$ 803,826
Deferred revenue and other liabilities	270,292	276,763
Obligations under split interest agreements (note 6)	137,099	136,909
Deferred benefits (note 7)	688,760	703,716
Funds held for others (note 8)	133,410	100,436
Operating lease liabilities (note 10)	458,617	467,971
Finance lease liabilities (note 10)	121,949	121,683
Bonds and notes payable (note 9)	1,876,730	1,918,482
Total liabilities	$ 4,457,854	$ 4,529,786
Net assets (note 12)		
Without donor restrictions	3,833,101	3,029,185
With donor restrictions	9,616,774	7,291,647
Total net assets	13,449,875	10,320,832
Total liabilities and net assets	$ 17,907,729	$ 14,850,618

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

CORNELL UNIVERSITY

CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEAR-ENDED JUNE 30, 2021 (in thousands)

(WITH SUMMARIZED INFORMATION FOR THE YEAR-ENDED JUNE 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	**2021** Total	**2020** Total
Operating revenues and other support				
Tuition and fees (scholarship allowance $453,214 and $435,911)	$ 792,381	$ -	$ 792,381	$ 801,856
State and federal appropriations	143,545	-	143,545	150,198
Grants, contracts and similar agreements				
Direct	723,783	-	723,783	697,317
Indirect cost recoveries	199,281	-	199,281	185,329
Contributions	6,780	359,114	365,894	288,409
Investment return, distributed	72,669	277,629	350,298	336,630
Medical Physician Organization	1,176,195	-	1,176,195	1,031,162
Auxiliary enterprises	109,526	-	109,526	149,040
Educational activities and other sales and services	730,657	-	730,657	700,990
Net assets released from restrictions	586,153	(586,153)	-	-
Total operating revenues and other support	4,540,970	50,590	4,591,560	4,340,931
Operating expenses (Note 11)				
Compensation and benefits	3,060,643	-	3,060,643	2,995,105
Supplies, services and other	961,148	-	961,148	1,037,938
Maintenance and facilities	146,029	-	146,029	132,725
Interest (note 9)	30,940	-	30,940	38,009
Depreciation	305,381	-	305,381	312,780
Total operating expenses	4,504,141	-	4,504,141	4,516,557
Change in net assets from operating activities	36,829	50,590	87,419	(175,626)
Non-operating revenues and (expenses)				
State appropriations for capital acquisitions	19,931	-	19,931	38,513
Grants, contracts and similar agreements for capital acquisitions	2,751	-	2,751	-
Contributions for capital acquisitions, trusts and endowments	-	309,121	309,121	245,021
Investment return, net of amount distributed	568,246	2,018,968	2,587,214	(174,642)
Change in value of split interest agreements	2,211	34,708	36,919	(6,908)
Pension and postretirement changes	63,226	-	63,226	(88,864)
Swap interest and change in value of interest rate swaps	43,071	-	43,071	(120,219)
Other	(20,609)	-	(20,609)	(30,108)
Net assets released for capital acquisitions and reclassifications	88,260	(88,260)	-	-
Change in net assets from non-operating activities	767,087	2,274,537	3,041,624	(137,207)
Change in net assets	803,916	2,325,127	3,129,043	(312,833)
Net assets, beginning of the year	3,029,185	7,291,647	10,320,832	10,633,665
Net assets, end of the year	$ 3,833,101	$ 9,616,774	$ 13,449,875	$ 10,320,832

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

CORNELL UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS-ENDED JUNE 30, 2021 AND JUNE 30, 2020 (in thousands)

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 3,129,043	$ (312,833)
Adjustments to reconcile change in net assets		
to net cash provided/(used) by operating activities		
Proceeds from contributions for capital acquisitions, trusts and endowments	(321,503)	(218,333)
Depreciation and amortization	290,351	298,224
Net realized and unrealized (gain)/loss on investments	(2,884,628)	(114,481)
Pension and postretirement changes	(63,226)	88,864
Change in unrealized (gain)/loss interest rate swaps	(70,239)	99,928
(Gain)/loss on extinguishment of debt	-	9,181
Loss on disposals of land, building, and equipment	20,006	5,593
Non-cash lease expense	8,818	3,813
State appropriations for capital acquisitions	(19,931)	(38,513)
Other adjustments	(11,539)	(4,430)
Change in assets and liabilities		
Accounts receivable, net, other than student loans	(101,468)	25,724
Contributions receivable, net	428	26,305
Prepaid expenses and other assets	(8,715)	7,250
Accounts payable and accrued expenses	52,435	58,657
Deferred revenue and other liabilities	8,921	31,490
Funds held in trust by others	(3,718)	(15,853)
Obligations under split interest agreements	190	2,822
Deferred benefits	31,110	9,111
Net cash provided/(used) by operating activities	56,335	(37,481)
Cash flows from investing activities		
Proceeds from the sale and maturities of investments	5,789,558	5,377,539
Purchase of investments	(5,641,345)	(5,325,825)
Acquisition of land, buildings, and equipment (net)	(359,455)	(362,055)
Student loans granted	(5,190)	(6,854)
Student loans repaid	13,244	13,528
Change in funds held for others, net of unrealized (gain)/loss on investments	3,774	5,333
Net cash used by investing activities	(199,414)	(298,334)
Cash flows from financing activities		
Proceeds from contributions for capital acquisitions, trusts and endowments	321,503	218,333
Proceeds from state appropriations for capital acquisitions	19,931	38,513
Principal payments of bonds, notes payable and finance leases	(224,507)	(420,750)
Proceeds from issuance of bonds and notes payable	194,988	864,926
Gain/(loss) on extinguishment of debt	-	(9,181)
Government advances for student loans	(15,392)	918
Net cash provided by financing activities	296,523	692,759
Net change in cash and cash equivalents	153,444	356,944
Cash and cash equivalents, beginning of year	591,483	234,539
Cash and cash equivalents, end of year	$ 744,927	$ 591,483
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 45,969	$ 61,141
Increase/(decrease) in construction payables, non-cash activity	$ (15,025)	$ 1,562
Right-of-use assets acquired under finance leases	$ 3,174	$ 4,565
Right-of-use assets acquired under operating leases	$ 41,092	$ 56,106
Gifts-in-kind	$ 4,805	$ 2,973

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

1. SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Organization

Founded in 1865, Cornell University ("the University") is dedicated to a mission of learning, discovery, and engagement. Cornell is a private university, the federal land-grant institution of New York State, and a member of the Ivy League. Cornell administers four contract colleges, which the University operates on behalf of the State University of New York. Described as the first truly American university because of its founders' revolutionary egalitarian and practical vision of higher education, the University is dedicated to its land-grant mission of outreach and public engagement. Cornell's community includes nearly 24,900 students, over 4,600 faculty, and approximately 298,000 alumni who live and work across the globe.

The University comprises seven undergraduate units and four graduate and professional colleges and schools in Ithaca, New York; two medical graduate and professional units, together with its physician organization, collectively referred to as "Weill Cornell Medicine" or "WCM", in New York City, and the "Weill Cornell Medicine - Qatar" in Doha, Qatar. The Cornell Tech campus, also in New York City, offers graduate programs in applied sciences, including three programs offered jointly with the Technion - Israel Institute of Technology under the auspices of the Joan and Irwin Jacobs Technion-Cornell Institute.

The University is subject to the common administrative authority and control of the Cornell University Board of Trustees. The University is prohibited from using funds attributable to the contract colleges (i.e., those colleges operated by the University on behalf of New York State) for other units of the University. Except as specifically required by law, the contract and endowed colleges at Ithaca, Cornell Tech, and WCM are, to the extent practicable, governed by common management principles and policies determined at the private discretion of the University. In addition to the activities of the endowed and contract colleges, the activities of the University's subsidiaries and certain affiliated organizations are included in the consolidated financial statements. All significant intercompany transactions and balances are eliminated in the accompanying consolidated financial statements.

B. Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Net assets, revenues, gains, and losses are categorized based on the existence or absence of donor-imposed restrictions.

The University's Board of Trustees, with consideration to the actions, reports, information, advice, and counsel provided by its duly constituted committees and appointed officers of the University, including University Counsel, has instructed the University to preserve the historical dollar value of donor-restricted (true) endowment funds, absent explicit donor direction to the contrary. As a result, the University classifies as net assets with donor restrictions the original gift value of true endowments, plus any subsequent gifts and accumulations made in accordance with the directions of the applicable gift instruments.

Net assets with donor restrictions also include gifts and appropriations from the endowment that can be expended, but for which the donors' purpose restrictions have not yet been met, as well as net assets with explicit or implied time restrictions, such as pledges and split-interest agreements. Expiration of donor restrictions is reported in the consolidated statements of activities as a reclassification from net assets with donor restrictions to net assets without donor restrictions on the net assets released from restriction lines. Net assets without donor restrictions are the remaining net assets of the University.

The University's measure of operations as presented in the consolidated statements of activities includes revenue and expenses related primarily to educational and training programs, research activities, contributions for operating programs, allocation of endowment spending for operations, medical services, and other revenues.

The University's non-operating activity within the consolidated statements of activities includes grants, contracts and appropriations for capital acquisition; contributions to the endowment and for building construction and renovation; investment returns and other activities related to the endowment; long-term benefit plan obligation; funding changes, and certain nonrecurring items.

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Management's assumptions are related primarily to the appropriate inputs and discount rate for fair-value calculations, the discount rate for pension and postretirement benefit obligations, allowances for doubtful accounts and implicit price concessions, and self-insured risks. Actual results may differ from those estimates.

C. Income Taxes

The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code. It is generally exempt from income taxes on related income under the appropriate sections of the Internal Revenue Code. In accordance with the accounting standards, the University evaluates its income tax position each fiscal year to determine whether the position is more likely than not to be sustained if examined by the applicable taxing authority. This review had no material impact on the University's consolidated financial statements.

D. Fair-Value Hierarchy

The University values certain financial assets and liabilities, on a recurring basis, following a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. Fair value is defined as the price associated with an orderly transaction between market participants at the measurement date. This fair-value hierarchy is categorized into three levels based on inputs that market participants would use in valuing the financial instruments, which is based on market data obtained from sources independent of the University. The hierarchy of inputs used to measure fair value, and the primary valuation methodologies used by the University for assets and liabilities measured at fair value, are disclosed below.

The fair value of Level 1 securities is based upon quoted prices in accessible active markets for identical assets. Market price data is generally obtained from exchange or dealer markets. The University does not adjust the quoted price for such assets.

The fair value of Level 2 securities is determined using multiple valuation techniques including the market approach, income approach, or cost approach. It is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data. Inputs are obtained from various sources, including market participants, dealers, and brokers. In determining the fair value of financial instruments, the University considers such factors as interest-rate yield curves, duration of the instrument, and counterparty credit risk. The fair value of Level 3 securities is based upon valuation techniques that use significant unobservable inputs.

Inputs used in applying the various valuation techniques refer to the assumptions that are used to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors. A financial instrument's level within the fair-value hierarchy is based on the lowest level of any input that is significant to the fair-value measurement. The University considers observable data to be market data that is readily available, reliable, and provided by independent sources. The categorization of a financial instrument within the fair-value hierarchy is, therefore, based upon the pricing transparency of the instrument and does not correspond to the University's perceived risk of that instrument.

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in bank accounts, money market funds, and other temporary investments held for working capital purposes with an original maturity term of ninety days or less. The carrying amount of cash equivalents approximates fair value because of their short terms of maturity. Short-term highly liquid investments held within the University's investment portfolio are classified as short-term investments rather than cash equivalents and restricted cash is defined as that which is legally restricted to withdrawal and usage.

F. Investments

The University's investments are recorded in the consolidated financial statements at fair value. The values of publicly traded securities are based on quoted market prices and exchange rates, if applicable. The fair value of non-marketable securities is based on valuations provided by external investment managers. These investments are generally less liquid than other investments. The values reported by the general partner or investment manager may differ from the values that would have been reported had a ready market for these securities existed. The University exercises due diligence in assessing the policies, procedures, and controls implemented by its external investment managers and believes the carrying amount of these assets is a reasonable estimate of fair value.

Investment income is recorded on an accrual basis. Purchases and sales of investment securities are reflected on a trade date basis. Realized gains and losses are calculated using average cost for securities sold.

Investment return included in operating revenues and other support consists of amounts appropriated by the Board of Trustees from the pooled endowment, as well as income and realized gains and losses on investments from working capital and non-pooled endowments and similar funds. Any difference between total return and amounts appropriated from the pooled endowment, and income and realized gains reinvested per donor restrictions are reported as non-operating activities.

G. Derivative Instruments

The University has approved the use of derivatives by outside investment managers, based on investment guidelines negotiated when a manager is appointed. The derivatives are used to adjust fixed-income durations and rates, create synthetic exposures to certain types of investments, hedge foreign currency fluctuations as well as adjust or hedge equity exposures. The value of these derivative positions is reflected in the net asset value of the respective fund. The change in the fair value of a derivative instrument held for investment is included in the non-operating investment return in the consolidated statements of activities.

In addition, the University holds other derivatives to manage its exposure to interest-rate risk related to its current or future long-term debt. These instruments are recorded at fair value as prepaid or accrued expenses in the consolidated statements of financial position. Swap interest and change(s) in fair value are recorded as non-operating activities in the consolidated statements of activities.

Derivatives involve counterparty credit exposure. The University minimizes this exposure and manages counterparty risks by limiting swap exposure for each counterparty and monitoring the financial health of swap counterparties. The University has structured swap documents to limit maximum loss in the event of counterparty default.

H. Endowments

The responsibility for accepting, preserving, and managing those funds entrusted to the University rests, by law, with the Board of Trustees; however, the Trustees have delegated authority for investment decisions to the Investment Committee of the Board of Trustees. The Investment Committee determines investment policy, objectives, and guidelines, including allocation of assets between classes of investments.

The University's investment objective for its endowment assets is to maximize total return within reasonable risk parameters, specifically to achieve a total return, net of expenses, of at least five percent above inflation, as measured by the Consumer Price Index over rolling five-year periods. The achievement of favorable investment returns enables the University to distribute over time increasing amounts from the endowment, so that present and future needs can be treated equitably in inflation-adjusted terms. Diversification is a key component of the University's standard for managing and investing endowment funds, and asset allocation targets are subject to ongoing reviews by the Investment Committee.

The University applies the "prudent person" standard when deciding whether to appropriate or accumulate endowment funds and considers the following factors: the duration and preservation of the endowment fund; the purposes of the institution and the endowment fund; the general economic conditions, including the potential effect of inflation or deflation; the expected total return of the fund; other resources of the University; the needs of the University and the fund to make distributions and preserve capital; and the University's investment policy.

The Board authorizes a total annual payout distribution from endowment funds within a target range of 4.4 percent of a twenty-eight-quarter rolling average of the unit fair value, plus or minus 0.75 percent. The Trustees may occasionally make step adjustments, either incremental or decremental, based on prior investment performance, current market conditions, or any of the factors for prudent judgment described above. Total distributions, or spending, are presented as investment return, distributed, on the consolidated statements of activities, and includes endowment payout and an administrative fee, net of direct investment expenses, that supports the investment and stewardship costs of the University endowment.

The New York Prudent Management of Institutional Funds Act ("NYPMIFA") established a requirement related to appropriations from endowments for which the fair value falls below the historic dollar value ("underwater"). In compliance with NYPMIFA, the University notified available donors, who had established endowments before September 17, 2010, of the new law. It offered these donors the option of requiring the University to maintain historical dollar value for their endowment funds. A minority of donors requested this option; for those who did, the University has designed procedures to ensure that the University maintains historical dollar value by not expending the payout on any underwater fund.

I. Split-Interest Agreements and Funds Held in Trust by Others

The University's split-interest agreements with donors consist primarily of charitable gift annuities, pooled income funds, and charitable trusts for which the University serves as trustee. Assets held in trust are either separately invested or included in the University's investment pools in accordance with the agreements. Contributions of split-interest agreements, net of related liabilities, increase net assets with donor restrictions. Liabilities associated with charitable gift annuities and charitable trusts represent the present value of the expected payments to the beneficiaries based on the terms of the agreements. Pooled income funds are recognized at the net present value of the net assets expected at a future date. Gains or losses resulting from changes in fair value, changes in assumptions, and amortization of discount are recorded as changes in value of split-interest agreements in the appropriate restriction categories in the non-operating section of the consolidated statements of activities.

Funds held in trust by others represent resources that are not in the possession or under the control of the University. These funds are administered by outside trustees, with the University receiving income or residual interest. Funds held in trust by others are recognized when the irrevocable trust is established or the University is notified of its existence at the estimated fair value of assets or the present value of future cash flows due to the University. Gains or losses resulting from changes in fair value are recorded as non-operating activities in the consolidated statements of activities.

J. Land, Buildings, and Equipment, Net

Land, buildings, and equipment are stated in the consolidated statements of financial position at cost on the date of acquisition or at fair value on the date of donation, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is reflected as an operating expense. Useful lives range from three to fifteen years for equipment and fifteen to fifty years for buildings and improvements. Expenditures associated with the construction of new facilities are recorded as construction in progress until the projects are completed.

The University's collections of art, books, and other property have been acquired through purchases and contributions since the University's inception. They are recognized as capital assets and are reflected, net of accumulated depreciation, in the consolidated statements of financial position. A collection received as a gift is recorded at fair value as an increase in net assets in the year in which it is received.

K. Leases

The University determines if an arrangement is a lease or contains a lease at a contract's inception. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The University determines these assets are leased because the University has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability, the right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease, because the University determines it does not have the right to control and direct the use of the identified asset. The University's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the University separately identifies lease and non-lease components, such as common area and other maintenance costs, for its office buildings, apartments, and vehicles. The University has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in recognition of right-of-use ("ROU") assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The University determines lease classification as operating or finance at the lease commencement date. ROU assets and lease liabilities for operating and finance leases are included in our consolidated statements of financial position and presented separately based on the classification of the underlying lease arrangement.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. For the initial and subsequent measurement of all lease liabilities, the discount rate is based on the rate implied within the lease or on the University's incremental borrowing rate using a period comparable with the lease term.

The lease term may include options to extend or terminate the lease that the University is reasonably certain to exercise. Operating lease expense is generally recognized on a straight-line basis over the lease term.

L. Revenue

Tuition and fees

Tuition and mandatory fees revenue is recognized within the fiscal year in which educational services are provided. Institutional financial aid reduces the published price of tuition for students receiving such aid. Payments received in advance for summer session courses for credit toward a degree are recorded as deferred revenue.

State and Federal Appropriations

Revenue primarily consists of annual New York State appropriations through the legislative process and federal funding to Land Grant institutions via the Hatch, Smith-Lever, and other Acts in support of the contract colleges, and it is recognized over the fiscal year.

Grants and Contracts

Revenue under grants, contracts, and similar agreements comprise federal and non-federal (e.g., state, private foundation) grants and contracts. The funding may represent a reciprocal transaction in exchange for a commensurate benefit in return, or it may be a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large. All federal grants and non-federal grants with similar restrictions on spending are conditional, and revenue is recognized when expenditures are incurred. When the condition(s) and restrictions are met within the same year, revenue is recorded within net assets without donor restrictions. Unconditional non-exchange revenue is recognized in full when the contribution is received or a qualifying promise to give has been made, generally when the agreement is finalized. Revenues from exchange transactions are recognized as performance obligations satisfied, whether milestones are achieved or related costs are incurred. Amounts received in advance for which revenue recognition criteria have not been met are recorded as deferred revenues.

Grants, contracts, and similar agreements typically provide for reimbursement of indirect costs based on predetermined rates negotiated with the University's cognizant federal agency or separately negotiated with a non-federal sponsor. Indirect cost recoveries on federally sponsored programs, such as the recovery of facilities and administrative (F&A) costs, are normally at reimbursement rates negotiated with the University's cognizant agency, the Department of Health and Human Services. The University has entered into agreements with the federal government that define the rates at which the University can be reimbursed for F&A costs applicable to federal awards through June 30, 2022 (Ithaca campus) and June 30, 2021 (Weill Cornell Medicine). These agreements remain effective, using provisional rates, until such time a new agreement is reached.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

Additional information regarding grant and contract revenue is presented below.

GRANTS, CONTRACTS AND SIMILAR AGREEMENTS

2021	**Exchange**	**Non-Exchange**	**2021 Total**
Federal	$ 16,692	$ 602,010	$ 618,702
State & local	33,301	9,808	43,109
Private	205,068	56,185	261,253
Total Grants, contracts and similar agreements	$ 255,061	$ 668,003	$ 923,064

2020	**Exchange**	**Non-Exchange**	**2020 Total**
Federal	$ 21,166	$ 563,099	$ 584,265
State & local	40,189	9,757	49,946
Private	196,662	51,773	248,435
Total Grants, contracts and similar agreements	$ 258,017	$ 624,629	$ 882,646

Federal revenue is primarily nonreciprocal and conditional. A significant portion of private revenue is received in exchange for benefit to the Qatar Foundation related to the operation of Weill Cornell Medicine-Qatar. On June 30, 2021, the University has unrecorded conditional agreements of $1,617,946.

Contributions

Contributions, including unconditional promises to give (pledges), are recognized as revenues in the appropriate category of net assets in the period received. A pledge is recorded at the present value of estimated future cash flows, based on an appropriate discount rate determined by management at the time of the contribution. Amortization of this discount in subsequent years is included in contribution revenue. A contribution of assets other than cash is recorded at its estimated fair value on the contribution date. Contributions for capital projects, endowments, and similar funds are reported as non-operating revenues.

The presence of both a barrier and a right of return make a contribution conditional. Conditional promises to give to the University are not recognized until the conditions are satisfied. Net assets with donor restrictions include contributions to the University and to the Cornell University Foundation (the “Foundation”), an affiliated entity that is included in the consolidated financial statements. The Foundation maintains a donor-advised fund for which the donors can make recommendations to the fund’s trustees regarding distributions to the University or other charitable organizations. Distributions from the Foundation to external charitable organizations are recorded as non-operating expenses.

Medical Physician Organization

The Medical Physician Organization (“MPO”) provides the management structure for the practice of medicine for all WCM physicians at the academic medical center and various clinical practice sites throughout New York City and surrounding areas. MPO revenue represents patient care and management service agreement fees. In addition to generating clinical practice revenue, MPO members may provide instruction and conduct research activities.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

MPO patient care revenue is consideration received in exchange for clinical health care services provided to patients. The patient is the customer, regardless of the payor. The contract with the patient exists when the parties have approved the contract for clinical health care services either in writing, verbally or implicitly, based on the MPO's customary business practice. Outpatient services are recognized as the service is provided.

For Medicare, Medicaid, and commercial payors, the transaction price is the amount the MPO expects to be entitled to under the contract, including explicit price concessions. For self-pay, deductibles, and co-payments, the transaction price is reduced by implicit price concessions, including estimates of uncollectible amounts. These estimates are based on policies and customary business practices of providing service regardless of the ability to pay, combined with historical collection rates.

The MPO uses a portfolio approach to account for categories of patient contracts rather than recognizing revenue on an individual contract basis. The contracts are categorized and grouped based on the service provided, the payor, and the service location. Based on historical collection trends and other analyses, the MPO believes that revenue recognized using the portfolio approach approximates the revenue that would have been recognized had an individual contract approach been used.

Revenue from management service agreement fees is consideration received in exchange for services provided to an external healthcare provider. Under terms of these contractual arrangements, WCM physicians provide services such as patient care or supervision and teaching of medical staff. The agreements are typically for a one-year term, and consideration is a fixed amount. Revenue is recognized throughout the fiscal year as services are rendered.

Additional information regarding MPO revenue is presented below.

MEDICAL PHYSICIAN ORGANIZATION REVENUE

	2021	2020
Outpatient Services		
Commercial	$ 670,916	$ 597,840
Government	102,932	92,761
Patient and other	187,519	149,069
	961,367	839,670
Management Service Agreements	214,828	191,492
Total	$ 1,176,195	$1,031,162

Auxiliary enterprises

Auxiliary enterprises support the educational experience of students, and include housing, dining, and the campus store. Housing and dining revenues are recognized over the course of the academic year and campus store revenue is recognized at the time of the transaction.

Educational Activities and Other Sales and Services

Educational activities and other sales and services represent revenue from operations related to the University's mission. These activities are managed like commercial entities. The largest component of this category is consideration received at WCM from New York-Presbyterian Hospital ("NYPH") in exchange for providing personnel, space, and other services. The revenue is billed based upon an approved annual joint budget and actual costs incurred. WCM recognizes revenue throughout the fiscal year as services are rendered to NYPH and accrues for any unbilled services as of June 30.

Educational activities and other sales and services also include activities such as royalties, transportation, parking, testing labs, teaching hotel, non-degree/non-credit course revenue, and athletics. These activities comprise exchange transactions with customers, which may be recognized at a specific point in time or over the period of the contract, depending on when the customer derives the benefit. Amounts received in advance are recorded as deferred revenues.

M. Comparative Financial Information

The consolidated statements of activities includes prior-year information in summary form rather than by restriction class. Such information does not include sufficient detail to constitute a presentation of prior-year data in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the University's consolidated financial statements for the prior fiscal year from which the summarized information was derived.

N. Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, ASC 820 Fair Value Measurement. The new guidance simplifies fair value measurement disclosures by removing and modifying several investment-related disclosure requirements. Certain disclosures are no longer required, including the amount of and reasons for transfers between Levels 1 and 2, a policy for timing of transfers between levels, and valuation processes of Level 3 investments. The University adopted ASU 2018-13 in the fiscal year 2021, and there was no material impact on the University's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB subsequently issued ASU 2021-01, Reference Rate Reform (Topic 848), to amend the scope of the original guidance. The collective guidance provides temporary optional guidance to ease the potential burden in accounting for reference rate reform due to the discontinuation of the London Interbank Offered Rate ("LIBOR"). The amendments apply to contracts, hedges, and other transactions affected by reference rate reform due to reference to LIBOR or another reference rate expected to be discontinued. The standard is effective immediately and can be applied through December 31, 2022. The University assessed the impact of this transition across its investment holdings. The LIBOR exposure in the University's long-term investment ("LTI") portfolio is considered minimal at this point. Benchmarks, manager fees, and service provider contracts associated with the LTI are not expected to be impacted by the transition. Interest rate swaptions in the current portfolio will expire before the end of the deadline while LIBOR is still in place. While the full impact of ASU 2020-04 on the consolidated financial statements is still being assessed, the University does not expect the impact to be material.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new guidance amends ASC 958-05, requiring not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial assets, and disclose contributed nonfinancial assets. Not-for-profits entities are required to disclose the disaggregation of the amount of contributed nonfinancial assets, which is recognized within the statements of activities, by the category that depicts the type of contributed nonfinancial asset. The standard is effective for the fiscal year 2022.

O. Reclassifications

Certain June 30, 2020, balances and amounts previously reported have been reclassified to conform to the June 30, 2021, presentation.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of June 30 are as follows:

LIQUIDITY AND AVAILABILITY

	2021	2020
Total assets	$ 17,907,729	$ 14,850,618
Less:		
Endowment funds and other illiquid investments	10,539,978	7,481,171
Land, buildings, and equipment, net	4,314,495	4,286,656
Contributions receivable, net, due after one year	507,867	531,715
Right-of-use assets, operating leases, net	448,191	465,124
Funds held in trust by others	152,751	149,033
Prepaid expenses and other assets	142,739	134,024
Right-of-use assets, finance leases, net	111,456	114,036
Reinsurance receivable	110,185	116,010
Student loans receivable, net	55,161	63,211
Financial assets available within one year	$ 1,524,906	$ 1,509,638

Included within Endowment funds and other illiquid investments above is $1,726,967 and $1,297,912 in funds functioning as endowment (FFE) as of June 30, 2021, and 2020, respectively. These represent unrestricted operating funds that the University has internally designated. These could be liquidated over time, if necessary, to support operations.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

The University manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. The University's cash flows have seasonal variations during the year primarily attributable to tuition billing and a concentration of contributions received at the calendar and fiscal year-end.

As of June 30, 2021, the University maintained four lines of credit totaling $300 million; with $25 million expiring January 2022, $100 million expiring March 2022, $75 million expiring April 2022, and $100 million expiring July 2025. There were no outstanding borrowings under these agreements.

As of June 30, 2020, the University maintained three lines of credit totaling $200 million; with $25 million expiring January 2021, $100 million expiring March 2021, and $75 million expiring April 2021. There were no outstanding borrowings under these agreements.

In addition, the University has a taxable commercial paper program with an undrawn available balance of $146.1 million as of June 30, 2021, and 2020.

3. RECEIVABLES

A. Accounts Receivable

Accounts receivable from the following sources were outstanding as of June 30:

SUMMARY OF ACCOUNTS RECEIVABLE

	2021	2020
Grants and contracts	$ 137,893	$ 112,954
NewYork-Presbyterian Hospital and other affiliates	83,103	70,548
Patients (net of price concessions and bad debt allowances)	104,732	61,424
Reinsurance receivable	110,185	116,010
Federal revolving student loans	17,632	23,262
Institutional student loans	37,529	39,949
Student accounts	26,206	13,066
Other	94,291	80,940
Net accounts receivable	$ 611,571	$ 518,153

The University's receivables are reviewed and monitored for aging and other factors that affect collectability. Receivables are reduced by an allowance for doubtful accounts of $33,243 and $32,286 at June 30, 2021, and 2020, respectively.

The patient accounts receivable for medical services comprises the following on June 30, 2021, and 2020, respectively: commercial third parties 79.1 percent and 79.1 percent; federal and state government 14.7 percent and 13.5 percent; and patients 6.2 percent and 7.4 percent. Note 13 provides additional information related to the reinsurance receivable.

Other accounts receivable include receivables from other government agencies, matured bequests, and other operating activities.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

B. Contributions Receivable

Unconditional promises to give, or pledges, are recorded in the consolidated financial statements at the present value using discount rates ranging from 1.2 percent to 7.0 percent. The methodology for estimating uncollectible amounts is based on an analysis of the historical collectability of contributions receivable. Contributions are expected to be realized as follows:

SUMMARY OF CONTRIBUTIONS RECEIVABLE

	2021	2020
Less than one year	$ 270,304	$ 246,884
Between one and five years	476,655	490,228
More than five years	123,207	149,325
Gross contributions receivable	$ 870,166	$ 886,437
Less: unamortized discount	(59,571)	(75,396)
Less: allowance for uncollectible amounts	(32,424)	(32,442)
Net contributions receivable	$ 778,171	$ 778,599

Contributions receivable as of June 30 are intended for the following purposes:

EXPECTED PURPOSE OF CONTRIBUTIONS RECEIVABLE

	2021	2020
Program support	$ 346,219	$ 329,335
Capital purposes	138,267	130,942
Long-term support	293,685	318,322
Net contributions receivable	$ 778,171	$ 778,599

On June 30, 2021, conditional promises not reflected in the consolidated financial statements, which consist primarily of bequest intentions and conditional promises with significant requirements, were $999,926. When conditional promises to give become unconditional or payments from bequests are received, they are recorded and generally will be restricted for long-term support, program support, and capital projects as stipulated by the donors.

4. INVESTMENTS

A. General Information

The University's investments are overseen by the Investment Committee of the Board of Trustees. The University's investment strategy incorporates a diversified asset allocation approach and maintains, within defined limits, exposure to the movements of the world equity, fixed income, commodities, real estate, and private equity markets. Based on guidelines established by the Investment Committee, the University's Investment Office directs the investment of endowment and trust assets, certain working capital, and temporarily invested expendable funds.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

The University maintains a number of investment pools or categories for specific purposes as follows:

INVESTMENT POOLS/CATEGORIES AT FAIR VALUE

	2021	2020
Long-term investments (LTI)		
Long-term investment pool (LTIP)	$ 9,389,207	$ 6,763,144
Other LTI	639,273	455,544
Total LTI	$ 10,028,480	$ 7,218,688
Separately invested and other assets	574,948	594,822
Total investments	$ 10,603,428	$ 7,813,510

Total earnings on the University's investment portfolio for the fiscal years ended June 30 is presented in the following table:

SUMMARY OF INVESTMENT RETURN

	2021	2020
Interest and dividends, net of investment fees	$ 52,884	$ 53,231
Net realized gain/(loss)	720,187	196,218
Net unrealized gain/(loss)	2,164,441	(87,461)
Total investment return	$ 2,937,512	$ 161,988

Total investment return equals investment return, distributed plus investment return, net of amount distributed.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

B. Fair Value

The University's investment holdings as of June 30, categorized in accordance with the fair-value hierarchy, are summarized in the following tables:

INVESTMENTS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	Net asset value	**2021** Total
Short-term investments	$ 158,480	$ 2,451	$ -	$ -	$ 160,931
Derivatives	-	5,087	-	-	5,087
Equity					
Domestic equity	482,168	346,689	172	-	829,029
Foreign equity	519,153	440,217	2,260	450,326	1,411,956
Hedged equity	-	-	1,508	-	1,508
Private equity	-	188,270	61,115	3,216,852	3,466,237
Fixed income					
Asset backed fixed income	-	12,882	-	-	12,882
Corporate bonds	89	78,776	4,005	-	82,870
Equity partnership	-	-	-	737,734	737,734
International	-	15,962	992	-	16,954
Municipals	-	2,022	-	-	2,022
Mutual funds (non-equity)	10,758	7,124	-	-	17,882
Preferred/convertible	9,491	258	1,264	-	11,013
Other fixed income	-	179	-	-	179
US government	643,913	35,817	-	-	679,730
Marketable alternatives	-	82,881	-	1,503,139	1,586,020
Diversifying Assets	-	-	-	45,675	45,675
Real assets	15,889	-	17,643	1,418,418	1,451,950
Receivable for investments sold	22,039	-	-	-	22,039
Payable for investments purchased	(29,439)	-	-	-	(29,439)
Other	-	-	19,682	4,945	24,627
Total	$1,832,541	$1,218,615	$ 108,641	$ 7,377,089	$10,536,886
				Equity Method	66,542
				Total investments	$10,603,428

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

INVESTMENTS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	Net asset value	**2020** Total
Short-term investments	$ 160,989	$ 3,660	$ -	$ -	$ 164,649
Derivatives	-	7,276	-	-	7,276
Equity					
Domestic equity	291,449	239,476	394	-	531,319
Foreign equity	351,412	361,471	1,447	450,758	1,165,088
Hedged equity	-	-	2,057	-	2,057
Private equity	-	-	50,726	1,915,955	1,966,681
Fixed income					
Asset backed fixed income	214	15,460	-	-	15,674
Corporate bonds	215	94,484	4,725	-	99,424
Equity partnership	-	29	-	608,061	608,090
International	476	57,889	784	-	59,149
Municipals	64	2,218	-	-	2,282
Mutual funds (non-equity)	10,450	8,637	-	-	19,087
Preferred/convertible	1,267	-	4,412	-	5,679
Other fixed income	-	135	2,489	-	2,624
US government	461,471	130,104	-	-	591,575
Marketable alternatives	-	65,074	-	1,205,146	1,270,220
Diversifying Assets	-	-	-	39,441	39,441
Real assets	14,292	-	18,653	1,153,150	1,186,095
Receivable for investments sold	13,739	-	-	-	13,739
Payable for investments purchased	(17,994)	-	-	-	(17,994)
Other	-	-	16,651	4,631	21,282
Total	$1,288,044	$ 985,913	$ 102,338	$ 5,377,142	$ 7,753,437
				Equity Method	60,073
				Total investments	$ 7,813,510

Level 1 investments consist of short-term investments, equity, and fixed-income securities with observable market prices. Fair value is readily determinable based on quoted prices in active markets. Unsettled trade receivable and payable valuations reflect cash settlements after the fiscal year-end and are also categorized as Level 1. The University does not adjust the quoted price for such instruments, even when it holds a significant position and a sale of all its holdings could reasonably impact the quoted price.

Investments classified as Level 2 include short-term investments, domestic and foreign equities, and fixed income securities that trade in markets that are not considered to be active. Fair value is based on observable inputs for similar instruments in the market and obtained by various sources, including market participants, dealers, and brokers. The University's custodian secures pricing for these assets. The fair value of derivative investments is based on market prices from the financial institution that is the counterparty to the derivative.

On July 1, 2021, the University sold its investment holdings in two private equity partnerships for approximately $188 million. The sale price for these investments was used as the fair value on June 30, 2021, within the consolidated financial statements and was classified as level 2 within the fair value hierarchy.

Level 3 investments have significant unobservable inputs because they trade infrequently or not at all. The inputs into determining fair value are based upon the best information in the circumstance and may require significant management judgment. Investments included in Level 3 consist primarily of the University's ownership in real estate, oil and mineral rights, limited partnerships, and equity positions in private companies.

Equity method investments include certain other investments that are accounted for using the equity method. These investments are structured as joint ventures where the University holds a percent ownership.

C. Investments Using Net Asset Value

The net asset value ("NAV") column above represents the University's ownership interest in certain alternative investments. As a practical expedient, the University uses its ownership interest in the NAV to determine the fair value of all alternative investments that do not have a readily determinable fair value and that have financial statements consistent with the measurement principles of an investment company or the attributes of an investment company. The NAV of these investments is determined by the general partner. It is based on appraisals or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the general partner will take into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The University has performed significant due diligence around these investments to ensure that the NAV is an appropriate measure of fair value as of June 30.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

The following tables provide additional information about alternative investments measured at NAV as of June 30, 2021, and 2020, respectively:

SUMMARY OF ALTERNATIVE INVESTMENTS MEASURED USING NET ASSET VALUE

2021

Asset class	NAV in funds	Unfunded commitments	Timing to draw commitments	Redemption terms*
Private equity	$ 3,216,852	$ 600,085	1 to 10 years	Unknown - These funds are in private structures, with no ability to be redeemed
Real assets	1,418,418	413,285	1 to 10 years	Unknown - These funds are in private structures, with no ability to be redeemed
Fixed income	737,734	168,496	1 to 10 years	No redemptions available for funds in a private equity structure; balance includes 4% available daily, 12% within 7 to 15 days, 5% monthly with 30-days notice, 10% 1-year redemptions with 90-days notice, 1% with rolling 2-year redemptions with 90-days notice, and less than 1% within 5 years
Foreign equity	450,326	None	N.A.	Ranges between thrice-monthly redemption with 2-days notice, to rolling 3-year redemption with 90-days notice
Marketable alternatives	1,503,139	None	N.A.	Ranges between quarterly redemption with 30-days notice, to 33% redemption per year with 60-days notice
Diversifying assets	45,675	None	N.A.	Available within 7 days
Other	4,945	None	N.A.	Unknown - These funds are in private structures, with no ability to be redeemed
Total	$ 7,377,089	$ 1,181,866		

* Represents initial investment lock up restriction. No other material redemption restrictions, such as redemption gates, were in place at year end.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

SUMMARY OF ALTERNATIVE INVESTMENTS MEASURED USING NET ASSET VALUE

2020

Asset class	NAV in funds	Unfunded commitments	Timing to draw commitments	Redemption terms*
Private equity	$ 1,915,955	$ 632,334	1 to 10 years	Unknown - These funds are in private structures, with no ability to be redeemed
Real assets	1,153,150	370,648	1 to 10 years	Unknown - These funds are in private structures, with no ability to be redeemed
Fixed income	608,061	198,289	1 to 10 years	No redemptions available for funds in a private equity structure; balance includes 4% available daily, 12% within 7 to 15 days, 7% 1-year redemptions with 90-days notice, 2% with rolling 2-year redemptions with 90-days notice, and 2% within 5 years
Foreign equity	450,758	None	N.A.	Ranges between thrice-monthly redemption with 2-days notice, to rolling 3-year redemption with 90-days notice
Marketable alternatives	1,205,146	None	N.A.	Ranges between quarterly redemption with 30-days notice, to 33% redemption per year with 60-days notice
Diversifying assets	39,441	None	N.A.	Available within 7 days
Other	4,631	None	N.A.	Unknown - These funds are in private structures, with no ability to be redeemed
Total	$ 5,377,142	$ 1,201,271		

* Represents initial investment lock up restriction. No other material redemption restrictions, such as redemption gates, were in place at year end.

D. Level 3 Investments

The tables below present a summary of Level 3 investment activity. All net realized and unrealized gains/(losses) in the tables are reflected in the accompanying consolidated statements of activities. Net unrealized gains/(losses) relate to those financial instruments held by the University on June 30, 2021, and 2020, respectively. There were no significant transfers into or out of Level 3 during the fiscal year ended June 30, 2021. During the fiscal year ended June 30, 2020, transfers out of Level 3 and into Level 1 included $1,436 of foreign equity. The transfers were a result of a change in observable inputs used in the pricing methodology.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

SUMMARY OF LEVEL 3 INVESTMENT ACTIVITY

	Fair value at June 30, **2020**	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value at June 30, **2021**
Equity							
Domestic equity	$ 394	$ (219)	$ 22	$ -	$ (25)	$ -	$ 172
Foreign equity	1,447	1	309	503	-	-	2,260
Hedged equity	2,057	(22)	(451)	-	(76)	-	1,508
Private equity	50,726	107	3,450	6,963	(131)	-	61,115
Fixed income							
Asset backed fixed income	-	-	-	-	-	-	-
Corporate bonds	4,725	-	(685)	-	(35)	-	4,005
International	784	-	(4)	212	-	-	992
Preferred/convertible	4,412	1,751	(810)	-	(4,089)	-	1,264
Other fixed income	2,489	(4,117)	134	1,494	-	-	-
Real assets	18,653	(140)	(870)	-	-	-	17,643
Other	16,651	42	489	2,807	(307)	-	19,682
Total level 3 investments	$ 102,338	$ (2,597)	$ 1,584	$ 11,979	$ (4,663)	$ -	$ 108,641

SUMMARY OF LEVEL 3 INVESTMENT ACTIVITY

	Fair value at June 30, **2019**	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value at June 30, **2020**
Equity							
Domestic equity	$ 867	$ (3,667)	$ (716)	$ 7,577	$ (3,667)	$ -	$ 394
Foreign equity	2,599	1	(497)	1,283	(503)	(1,436)	1,447
Hedged equity	2,526	(140)	60	98	(487)	-	2,057
Private equity	52,040	(25)	(1,993)	749	(45)	-	50,726
Fixed income							
Asset backed fixed income	790	630	(373)	-	(1,047)	-	-
Corporate bonds	1,730	(4,033)	(252)	7,280	-	-	4,725
International	553	-	39	221	(29)	-	784
Preferred/convertible	5,057	2	(644)	-	(3)	-	4,412
Other fixed income	-	673	(134)	3,319	(1,369)	-	2,489
Real assets	18,749	(239)	194	-	(51)	-	18,653
Other	12,602	(1)	1,531	2,519	-	-	16,651
Total level 3 investments	$ 97,513	$ (6,799)	$ (2,785)	$ 23,046	$ (7,201)	$ (1,436)	$ 102,338

Level 3 equities not priced by qualified third parties (e.g., brokers, pricing services) are valued using discounted cash flows, considering various factors including nonperformance risk, counterparty risk, and marketability. Investment value is also derived using a market approach through comparison to recent and relevant market multiples of comparable companies. Start-up assets, held by the University's student-run venture fund or other similar programs, are maintained at or near initial investment amounts due to the nature of the activity.

Level 3 asset-backed fixed-income investments are valued using discounted cash flows. Preferred or convertible fixed-income investments are valued using discounted cash flows or a market approach using a dividend multiplier. Investments in start-up companies, as described above, are valued at or near initial investment amounts.

Level 3 real assets represent directly owned real estate and oil or mineral rights. To the extent feasible, third-party appraisals are used to value real estate directly owned by the University. If current appraisals are not available, fair value is based on the capitalization rate valuation model or discounted cash flow, corroborated by local market data, if available. Oil and mineral rights are valued based on industry-standard revenue multiplier methodologies or discounted cash flows.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

The following table provides additional information related to the valuation of the investments classified by the University as Level 3.

QUANTITATIVE INFORMATION ABOUT LEVEL 3 FAIR VALUE MEASUREMENT

	Level 3 fair value	Valuation technique(s)	Unobservable inputs	Range (weighted average)[a]
Equity				
Domestic equity	$ 172	Start-up valuation		
Foreign equity	2,260	Third-party valuation		
Hedged equity	1,508	Third-party valuation		
Private equity	25,088	Discounted cash flow	Discount rate	4% - 11% (4.9%)
			Discount for lack of marketability	0%-20% (12.5%)
	11,502	Start-up valuation		
	24,525	Third-party valuation		
Fixed income				
Corporate bonds	4,005	Third-party valuation		
International	992	Third-party valuation		
Preferred/convertible	1,175	Market comparable	Dividend multiple	18.5x - 19.4x (18.8x)
	89	Start-up valuation		
Real assets	2,076	Discounted cash flow	Discount rate	9.5% - 15% (11.2%)
	1,212	Sales comparison	Recent transactions	
	4,348	Third-party valuation		
	10,007	Cap rate valuation model	Capitalization rate	4.4%
Other	11,484	Discounted cash flow	Discount rate	0% - 5.3% (0.9%)
			Years to maturity	1 - 14 (4)
	5,394	Start-up valuation		
	2,804	Third-party valuation		
Total Level 3 investments	$ 108,641			

(a) Unobservable inputs were weighted by the relative fair value of the instruments

The methods described above may produce a fair-value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, using different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

E. Derivative Holdings

The use of certain financial derivative instruments is governed by either the University's written investment policy, specific manager guidelines, or partnership or fund agreement documents. Specifically, financial derivative instruments may be used to manage foreign currency exposure, obtain commodity exposure, create synthetic exposure, or obtain protection against increases in interest rates. These derivatives, based on definitions in GAAP, are not designated as hedging instruments.

The University entered into option contracts on interest-rate swaps to mitigate the impact of a significant rise in interest rates in the future. Under the terms of certain option contracts on interest-rate swaps, the University is obligated to make future premium payments. The University had no unfunded premium payment commitments on June 30, 2021. On June 30, 2020, the University had unfunded premium payment commitments of $1,024.

The following table provides detailed information on the derivatives included in the investment portfolio as of June 30.

FAIR VALUE OF DERIVATIVE HOLDINGS IN STATEMENT OF FINANCIAL POSITION

		2021			**2020**		
Location	Derivative type	Notional amount	# of Contracts	Fair value	Notional amount	# of Contracts	Fair value
Investments							
	Foreign currency	$ -	27	$ 230	$ -	20	$ 401
	Commodity	136,642	53	3,373	341,629	4	6,101
	Synthetic	742,666	7	1,704	294,387	5	1,781
	Interest rate	-	1	(220)	-	2	(1,007)
Total fair value		$ 879,308	88	$ 5,087	$ 636,016	31	$ 7,276

5. LAND, BUILDINGS, AND EQUIPMENT, NET

A. General Information

Land, buildings, and equipment are detailed as follows:

LAND, BUILDINGS, AND EQUIPMENT

	Book value at June 30, **2021**	Book value at June 30, **2020**
Land, buildings, and equipment	$ 6,790,426	$ 6,686,013
Furniture, equipment, books, and collections	1,516,515	1,458,334
Construction in progress	435,965	303,803
Total before accumulated depreciation	$ 8,742,906	$ 8,448,150
Accumulated depreciation	(4,428,411)	(4,161,494)
Net land, buildings, and equipment	$ 4,314,495	$ 4,286,656

Certain properties, for which the University has possession and beneficial use for an indefinite period and which other entities may also record as assets, are included in the consolidated statements of financial position, as follows: (1) land, buildings, and equipment of the contract colleges aggregating $740,578 and $748,915 on June 30, 2021, and 2020, respectively, the acquisition cost of which was borne primarily by New York State, and (2) land, buildings, and equipment for which titles rest with government and corporate agencies aggregating $511 and $576 on June 30, 2021, and 2020, respectively.

The future commitments on capital projects in progress, excluding projects funded by New York State, are approximately $85,080 on June 30, 2021.

B. Cornell Tech Campus

In December 2011, in partnership with Technion-Israel Institute of Technology, the University won the Applied Sciences NYC competition to build and operate a new applied sciences and engineering campus in New York City. The city committed, through the New York City Economic Development Corporation ("NYCEDC"), a location and seed funding for the initial construction of the new campus. Under the terms of the agreement with the NYCEDC and the ninety-nine-year ground lease for Roosevelt Island, the University committed to creating the new applied sciences campus in three phases, with milestones in 2017, 2027, and 2037. In addition, the University has enrollment, faculty, and other operational commitments as part of the agreement.

In 2014, the University broke ground on Roosevelt Island, taking the first steps toward completing the Phase I development commitments, which include the first academic building, a residential building, a corporate co-location space, and an executive education facility. The total cost of demolition of the existing structures on the site is considered to be a prepaid cost of the ground lease and will be amortized over the term of the lease. On June 30, 2021, the unamortized amount of the demolition costs is $53,750.

On March 31, 2016, the University entered a joint venture with the Hudson Companies through its subsidiary H/R Tech Residential LLC. The joint venture, called Hudson Cornell Residential JV LLC, aims to construct and operate the residential facility on the Cornell Tech campus. The University has an equity interest of 86.59 percent and controlling financial interest and, therefore, consolidates the joint venture. This consolidation resulted in $118,294 included in land, buildings, and equipment, net attributed to the joint venture on June 30, 2021. In addition, Hudson Cornell Tech LLC, a subsidiary of Hudson Cornell Residential JV LLC, held bonds and notes payable related to the construction of the residential building ("The House at Cornell Tech") (see Note 9A) on June 30, 2021. Net assets without donor restrictions of $2,994 and $3,680, representing the noncontrolling interest of H/R Tech Residential LLC, are consolidated into the University's net assets on June 30, 2021, and 2020, respectively. Operating activity related to the joint venture is immaterial in the current fiscal year.

The Tata Innovation Center is a corporate co-location building and condominium association comprising a "Cornell Unit" and other units initially owned by the developer or its affiliates. The University has entered into a lease agreement for the Cornell Unit for a term of thirty-five years. As part of the lease agreement, the University has made a commitment in the form of gap rent for the developer's units in an amount not to exceed $2,982 annually, or $44,731 over twenty years. The annual amount of gap rent is adjusted based on the occupancy level in the developer's units. During the years ended June 30, 2021, and June 30, 2020, gap rent payments were made of $2,982.

Cornell Tech met its first milestone when faculty, staff, and researchers moved into the first academic building (Bloomberg Center) on Roosevelt Island during the summer of 2017. Students, faculty, and researchers moved into The House at Cornell Tech in advance of the fall semester. In addition, programs and operations in the Bloomberg Center and The Tata Innovation Center began during the 2017-2018 academic year, rounding out the University's operational commitments.

6. OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS AND FUNDS HELD IN TRUST BY OTHERS

The University reports its obligations under split-interest agreements at fair value. The fair value of the obligations are calculated annually and considered Level 3 in the fair-value hierarchy. The discount rate is based on average return of investment-grade corporate bonds, weighted using a schedule of actuarial estimates of the lives of the income beneficiaries and the relative value of the agreements.

The University's interest in funds held in trust by others is considered Level 3 in the fair-value hierarchy. Trusts in which the University has an income interest are valued annually using estimated cash flows based on average actual income over three years. Remainder interests are determined using present value calculations based on annual valuation reports received from the funds' trustees. The discount rates used to estimate present value are based on the average return of investment-grade corporate bonds, weighted according to a schedule of actuarial estimates.

The following tables summarize the fair values and activity of funds held in trust by others and obligations under split interest agreements.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

SPLIT-INTEREST AGREEMENTS AT FAIR VALUE AND LEVEL 3 QUANTITATIVE INFORMATION

	2021 Total	Valuation methodologies	Unobservable inputs	Range (weighted average)
Funds held in trust by others				
Remainder	$ 64,365	Present value calculation	Discount rate	2.50%
			Years to maturity	0-52 (15)
Lead and perpetual	88,386	Discounted cash flow	Discount rate	3.46%
Total funds held in trust by others	$ 152,751			
Obligations under split-interest agreements	$ 137,099	Discounted cash flow	Discount rate	3.02%
			Years to maturity	0-63 (16)

	2020 Total	Valuation methodologies	Unobservable inputs	Range (weighted average)
Funds held in trust by others				
Remainder	$ 57,325	Present value calculation	Discount rate	2.43%
			Years to maturity	0-53 (17)
Lead and perpetual	91,708	Discounted cash flows	Discount rate	3.05%
Total funds held in trust by others	$ 149,033			
Obligations under split-interest agreements	$ 136,909	Discounted cash flows	Discount rate	2.94%
			Years to maturity	0-65 (16)

SUMMARY OF LEVEL 3 SPLIT-INTEREST AGREEMENT ACTIVITY

	Fair value at June 30, **2020**	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value at June 30, **2021**
Funds held in trust by others							
Remainder	$ 57,325	$ 1,265	$ 6,919	$ -	$ (1,144)	$ -	$ 64,365
Lead and perpetual	91,708	(130)	(3,192)	-	-	-	88,386
Total funds held in trust by others	$ 149,033	$ 1,135	$ 3,727	$ -	$ (1,144)	$ -	$ 152,751
Obligations under split-interest agreements	$ 136,909	$ -	$ 190	$ -	$ -	$ -	$ 137,099

	Fair value at June 30, **2019**	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value at June 30, **2020**
Funds held in trust by others							
Remainder	$ 59,618	$ 4,252	$ 2,401	$ -	$ (8,946)	$ -	$ 57,325
Lead and perpetual	73,562	18,317	(171)	-	-	-	91,708
Total funds held in trust by others	$ 133,180	$ 22,569	$ 2,230	$ -	$ (8,946)	$ -	$ 149,033
Obligations under split-interest agreements	$ 134,087	$ -	$ 2,822	$ -	$ -	$ -	$ 136,909

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

7. DEFERRED BENEFITS

A. General Information

Accrued employee benefit obligations as of June 30 include the following:

SUMMARY OF DEFERRED BENEFITS

	2021	2020
Postemployment benefits	$ 36,288	$ 34,146
Pension and other postretirement benefits	425,895	473,283
Other deferred benefits	226,577	196,287
Total deferred benefits	$ 688,760	$ 703,716

Accrued postemployment benefits include workers' compensation and medical continuation benefits for those on long-term disability. Other deferred benefits include primarily vacation accruals, deferred compensation, and medical benefit claims incurred-but-not-reported ("IBNR"). Additionally, the University provides various benefits to former or inactive employees after employment, but before retirement, that are recognized when they are earned.

B. Pension and Postretirement Plans

The University's employee retirement plan coverage is provided by two basic types of plans: one based on a predetermined level of funding (defined contribution), and the other based on a years-of-service calculation to determine the level of benefit to be provided (defined benefit).

The defined contribution plans for endowed colleges and exempt employees (those not subject to the overtime provisions of the Fair Labor Standards Act) at WCM are funded either by employer contributions based on a percentage of salary or by voluntary employee contributions. The contributions to the defined contribution plans are held on investment platforms with record keeping services performed by the Teachers Insurance and Annuity Association and Fidelity Investments (endowed colleges only). Total contributions of the endowed colleges and WCM plans for the fiscal years ended June 30, 2021, and 2020 amounted to $111,587 and $126,647, respectively.

WCM maintains the University's only defined benefit pension plan. The participants include non-exempt employees at WCM who meet the eligibility requirements for participation. The plan was frozen in 1976 for exempt employees at WCM, and the accrued benefits were merged with the active non-exempt retirement plan in 1989. In accordance with the funding requirements applicable to defined benefit plans under the Employee Retirement Income Security Act of 1974 ("ERISA"), the University must contribute to the plan's trust an actuarially determined amount that represents current year benefits plus an amount to fund any shortfall in trust assets needed to satisfy plan benefit obligations.

Additionally, the University provides health and life insurance benefits for eligible retired employees and their dependents, based on the attainment of a set of defined service and age requirements. The cost of providing these benefits is accrued during the service lives of employees.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

C. Obligations and Funded Status

The following table sets forth the defined benefit pension and postretirement plans' obligations and funded status as of June 30:

SUMMARY OF OBLIGATIONS AND FUNDED STATUS

	Pension benefits		Other postretirement	
	2021	**2020**	**2021**	**2020**
Change in plan assets				
Fair value of plan assets at beginning of year	$ 141,600	$ 133,732	$ 315,945	$ 302,673
Actual return on plan assets	41,291	5,378	106,186	8,272
Employer contribution	6,500	7,500	29,976	29,815
Benefits paid	(9,789)	(5,010)	(29,976)	(24,815)
Fair value of plan assets at end of year	$ 179,602	$ 141,600	$ 422,131	$ 315,945
Change in benefit obligation				
Benefit obligation at beginning of year	$ 243,942	$ 207,186	$ 686,886	$ 610,601
Service cost (benefits earned during the period)	18,117	12,325	29,975	23,961
Interest cost	8,964	8,715	22,491	23,432
Actuarial (gain)/loss	12,030	20,726	40,766	49,641
Gross benefits paid	(9,789)	(5,010)	(26,828)	(22,171)
Less: federal subsidy on benefits paid	-	-	1,074	1,422
Projected benefit obligation at end of year	$ 273,264	$ 243,942	$ 754,364	$ 686,886
Funded status	$ (93,662)	$ (102,342)	$ (332,233)	$ (370,941)
Amounts recognized in the consolidated statements of financial position	$ (93,662)	$ (102,342)	$ (332,233)	$ (370,941)
Amounts recorded in net assets without donor restrictions not yet amortized as components of net periodic benefit cost				
Prior service cost	$ (49)	$ (141)	$ (44,502)	$ (57,129)
Net actuarial (gain)/loss	43,261	66,310	80,643	128,909
Amount recognized as reduction in net assets without donor restrictions	$ 43,212	$ 66,169	$ 36,141	$ 71,780
Amounts recorded in non-operating pension and postretirement changes				
Change in amounts not yet amortized as components of net periodic benefit cost	$ 22,957	$ (22,838)	$ 35,639	$ (75,050)
Other components of net periodic benefit cost	(2,661)	(1,224)	7,291	10,248
Total non-operating pension and postretirement changes	$ 20,296	$ (24,062)	$ 42,930	$ (64,802)

The accumulated benefit obligation for the pension plans was $239,433 and $216,520 on June 30, 2021, and 2020, respectively. The accumulated benefit obligation differs from the projected benefit obligation in the table above in that it includes no assumptions about future compensation levels. It represents the actuarial present value of future payments to plan participants using current and past compensation levels. For postretirement plans other than pensions, the accumulated benefit obligation is the same as the projected benefit obligations because the liabilities are not compensation related.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

D. Net Periodic Benefit Cost

Net benefit expense related to the pension and postretirement plans for the fiscal years ended June 30 includes the following components:

NET PERIODIC BENEFIT COST

	Pension benefits		Other postretirement	
	2021	**2020**	**2021**	**2020**
Service cost (benefits earned during the period)	$ 18,117	$ 12,325	$ 29,975	$ 23,961
Interest cost	8,964	8,715	22,491	23,432
Expected return on plan assets	(10,307)	(9,817)	(23,065)	(21,707)
Amortization of prior service cost	(92)	(92)	(12,627)	(12,627)
Amortization of net (gain)/loss	4,096	2,418	5,910	654
Net periodic benefit cost	$ 20,778	$ 13,549	$ 22,684	$ 13,713

The amounts of prior service costs and actuarial (gains)/losses that will be amortized into net periodic benefit cost for the year ending June 30, 2022, are estimated as follows:

ESTIMATED COMPONENTS OF NET PERIODIC BENEFIT COST

	Pension benefits	Other postretirement
Prior service cost	$ (49)	$ (12,627)
Net actuarial (gain)/loss	1,470	1,172
Total	$ 1,421	$ (11,455)

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

E. Actuarial Assumptions

Assumptions used in determining the pension and postretirement plans' benefit obligations and net periodic costs are as follows:

SUMMARY OF ACTUARIAL ASSUMPTIONS

	Pension benefits		Other postretirement	
	2021	**2020**	**2021**	**2020**
Used to calculate benefit obligations at June 30				
Discount rate	3.39%	3.49%	3.21% / 2.89%	3.24% / 2.84%
Rate of compensation increase	3.00%	0.00% - 3.00%		
Used to calculate net periodic cost at July 1				
Discount rate	3.49%	3.96%	3.24% / 2.84%	3.83% / 3.62%
Expected return on plan assets	7.30%	7.30%	7.30%	7.30%
Rate of compensation increase	0.00% - 3.00%	3.00%		
Assumed health care cost trend rates				
Health care cost trend rate assumed for next year	n/a	n/a	4.50% / 6.50%	5.00% / 6.50%
Ultimate trend rate	n/a	n/a	4.50%	4.50%
Years to reach ultimate trend rate	n/a	n/a	5	1 / 6

The health care cost trend rate assumption significantly affects the amounts reported for postretirement health care plans. Increasing the health care cost trend rate by one percent in each future year would increase the benefit obligation by $133,930, and the annual service and interest cost by $12,460.

Decreasing the health care cost trend rate by one percent in each future year would decrease the benefit obligation by $106,701 and the annual service and interest cost by $9,473.

F. Plan Assets

The University's Retirement Plan Oversight Committee ("RPOC") is chaired by the Vice President and Chief Human Resources Officer, with committee members selected from across multiple disciplines at the University. Its primary purpose is to assist the University in fulfilling its fiduciary responsibilities by providing guidance and oversight for the University's retirement plans, including oversight of the custodial bank. The RPOC, in accordance with an Investment Policy Statement and in conjunction with its outside consultant, regularly reviews the investment strategies, along with evolving institutional objectives, and will make recommendations regarding possible changes to asset allocation and investment managers accordingly.

The University's overall investment objectives for pension and postretirement healthcare plan assets are broadly defined to include an inflation-adjusted rate of return that seeks growth commensurate with a prudent level of risk. To achieve this objective, the University has established fully discretionary trusts with a custodial bank as trustee and an investment manager for WCM's defined benefit pension plan as well as the postretirement medical benefit plan for the University's endowed employees on the Ithaca campus. Under those trust agreements, the custodial bank implements investment allocations through various investment funds to carry out the investment objectives established by the RPOC.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

Risk mitigation is achieved by diversifying investments across multiple asset classes, investing in high-quality securities, and permitting flexibility in the balance of investments in the recommended asset classes. Market risk is inherent in any portfolio, but the investment policies and strategies are designed to avoid concentration of risk in any one entity, industry, country, or commodity. The funds in which the plan assets are invested are well-diversified and managed to avoid concentration of risk. The expected rate of return assumptions are based on the expertise provided by investment managers at the custodial bank. The factors impacting the expected rates of return for various asset types include assumptions about inflation, historically based real returns, anticipated value added by investment managers, and expected average asset allocations.

The fair values of the pension plan assets and postretirement medical benefit plan assets are categorized according to the fair-value hierarchy. Both the pension plan and postretirement medical benefit plans invest in funds to meet their investment objectives. The asset allocation is based on the underlying assets of the various funds. The fair-value level is based upon each fund as the unit of measure. The fair value of the plans' assets as of June 30 and the roll-forward for Level 3 assets are disclosed in the tables below.

SUMMARY OF PLAN ASSETS

	Target	Pension benefits		Other postretirement	
	allocation	**2021**	**2020**	**2021**	**2020**
Percentage of plan assets					
Equity securities	39-85%	64%	66%	74%	74%
Fixed income securities	15-55%	32%	29%	26%	26%
Real estate	0-10%	4%	5%	0%	0%
Total		100%	100%	100%	100%

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

PENSION PLAN ASSETS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	**2021** Total
Cash and cash equivalents				
Money market	$ 8,834	$ -	$ -	$ 8,834
Equity securities				
U.S. small cap	-	8,540	-	8,540
U.S. large cap	-	48,050	-	48,050
U.S. multi cap	-	5,621	-	5,621
U.S. REITS	-	6,022	-	6,022
Emerging markets	-	10,962	-	10,962
International equity	-	36,336	-	36,336
Fixed income securities				
U.S. high yield bonds	-	7,252	-	7,252
Corporate bonds	-	36,606	-	36,606
Mortgage-backed securities	-	-	-	-
International fixed income	-	3,531	-	3,531
Other types of investments				
Real estate	-	-	7,351	7,351
Receivable for investments sold	497	-	-	497
Total assets	$ 9,331	$ 162,920	$ 7,351	$ 179,602

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

PENSION PLAN ASSETS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	**2020** Total
Cash and cash equivalents				
Money market	$ 345	$ -	$ -	$ 345
Equity securities				
U.S. small cap	-	4,986	-	4,986
U.S. large cap	-	25,951	-	25,951
U.S. multi cap	-	20,961	-	20,961
U.S. REITS	-	3,530	-	3,530
Emerging markets	-	10,282	-	10,282
International equity	-	28,193	-	28,193
Fixed income securities				
U.S. high yield bonds	-	9,133	-	9,133
Corporate bonds	-	25,722	-	25,722
Mortgage-backed securities	-	3,632	-	3,632
International fixed income	-	1,777	-	1,777
Other types of investments				
Real estate	-	-	7,088	7,088
Total assets	$ 345	$ 134,167	$ 7,088	$ 141,600

SUMMARY OF LEVEL 3 PENSION PLAN ACTIVITY

	Fair value, June 30, **2020**	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value, June 30, **2021**
Real estate	$ 7,088	$ -	$ 263	$ -	$ -	$ -	$ 7,351
Total Level 3 assets	$ 7,088	$ -	$ 263	$ -	$ -	$ -	$ 7,351

SUMMARY OF LEVEL 3 PENSION PLAN ACTIVITY

	Fair value, June 30, **2019**	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value, June 30, **2020**
Real estate	$ 7,784	$ 369	$ (99)	$ -	$(966)	$ -	$ 7,088
Total Level 3 assets	$ 7,784	$ 369	$ (99)	$ -	$(966)	$ -	$ 7,088

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

POSTRETIREMENT PLAN ASSETS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	**2021** Total
Cash and cash equivalents				
Money market	$ 341	$ -	$ -	$ 341
Equity securities				
U.S. small cap	-	26,548	-	26,548
U.S. large cap	-	131,131	-	131,131
Emerging markets	-	17,328	-	17,328
International equity	-	132,463	-	132,463
U.S. REITS	-	4,861	-	4,861
Fixed income securities				
U.S. high yield bonds	-	15,395	-	15,395
Corporate bonds	-	94,000	-	94,000
Emerging markets debt	-	-	-	-
Receivable for investments sold	3,164	-	-	3,164
Payable for investments purchased	(3,100)	-	-	(3,100)
Total assets	$ 405	$ 421,726	$ -	$ 422,131

POSTRETIREMENT PLAN ASSETS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	**2020** Total
Cash and cash equivalents				
Money market	$8,600	$ -	$ -	$ 8,600
Equity securities				
U.S. small cap	-	34,383	-	34,383
U.S. large cap	-	84,031	-	84,031
Emerging markets	-	38,579	-	38,579
International equity	-	71,604	-	71,604
U.S. REITS	-	6,086	-	6,086
Fixed income securities				
U.S. high yield bonds	-	23,176	-	23,176
Corporate bonds	-	48,888	-	48,888
Emerging markets debt	-	473	-	473
Receivable for investments sold	4,305	-	-	4,305
Payable for investments purchased	(4,180)	-	-	(4,180)
Total assets	$ 8,725	$ 307,220	$ -	$ 315,945

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

G. Expected Contributions and Benefit Payments

The expected annual contributions and benefit payments that reflect anticipated service are as follows:

EXPECTED CONTRIBUTIONS AND BENEFIT PAYMENTS

	Pension benefits	Other postretirement Employer paid	Other postretirement subsidy
University contributions			
2022	$ 6,500	$ 23,976	n/a
Future benefit payments			
2022	7,964	25,129	1,535
2023	9,202	26,851	1,620
2024	9,526	28,662	1,710
2025	10,927	30,341	1,810
2026	11,594	32,068	1,919
2027-2031	67,815	190,213	11,475

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 established a prescription drug benefit known as “Medicare Part D” that also established a federal subsidy to sponsors of retiree healthcare benefit plans. The estimated future government subsidy amounts are reflected in the table above.

H. Contract College Employees

Employees of the Contract Colleges are covered under the New York State pension plans. Contributions to the state retirement system and other fringe benefit costs are paid directly by the state. The amount of the direct payments applicable to the University as revenue and expenditures is not currently determinable and is not included in the consolidated financial statements. The University reimburses the state for fringe benefit costs on certain salaries, principally those associated with externally sponsored programs. The amounts reimbursed to the state during the fiscal years ended June 30, 2021, and 2020 were $16,913 and $19,203, respectively, and are included in operating expenses.

8. FUNDS HELD FOR OTHERS

The University, in limited instances, invests funds on behalf of related parties. Independent trustees are responsible for the designation of income distribution. The value of the funds included in investments in the consolidated statements of financial position was $296,207 and $220,127 for the fiscal years ended June 30, 2021, and 2020, respectively. The University recognizes an offsetting liability for funds held for others, with one adjustment described below.

The New York Hospital-Cornell Medical Center Fund, Inc. (“Center Fund”), which benefits WCM and the New York-Presbyterian Hospital, is the major external organization invested in the University’s long-term investment portfolio with assets of $246,483 and $180,905 for the fiscal years ended June 30, 2021, and 2020, respectively. WCM holds a significant beneficial interest in the assets of the Center Fund of $162,797 and $119,691, for the fiscal years ended

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

June 30, 2021, and 2020, respectively. The liability related to New York-Presbyterian's interest is $83,686 and $61,214 for the fiscal years ended June 30, 2021, and 2020, respectively.

9. BONDS AND NOTES PAYABLE

A. General Information

Bonds and notes payable are reported at carrying value, which is the par amount net of unamortized issuance costs, premiums, and discounts. Bonds and notes payable as of June 30 are summarized as follows:

SUMMARY OF BONDS AND NOTES PAYABLE

	2021	2020	Interest rates (%)	Final maturity (fiscal year)
Dormitory Authority of the State of New York (DASNY)				
Revenue Bond Series				
1990B-fixed rate	$ -	$ 20,825	5.00	2021
2000A-variable rate/monthly	27,175	30,010	0.64 to 0.71	2029
2000B-variable rate/monthly	39,060	42,560	0.64 to 0.71	2030
2004A&B-variable rate/weekly	53,075	56,450	0.01 to 0.17	2033
2016A-fixed rate	101,800	107,105	4.00 to 5.00	2035
2019A-fixed rate	96,260	106,035	4.00 to 5.00	2029
2019B-variable rate/daily	92,210	92,210	0.01 to 0.15	2039
2019C-variable rate/monthly	79,370	79,370	0.62 to 0.69	2034
2019D-fixed rate	121,415	121,415	5.00	2036
2020A-fixed rate	233,000	233,000	4.00 to 5.00	2050
2020A2-fixed rate	77,840	77,840	5.00	2031
Tompkins County Industrial Development Agency (TCIDA)				
2002A-variable rate/monthly	24,205	26,350	0.64 to 0.71	2030
2008A-fixed rate	-	53,410	5.00	2021
Empire State Development	1,000	1,125	-	2029
2018A-fixed rate	150,000	150,000	3.85	2049
2007A Taxable commercial paper	153,890	153,890	0.12 to 0.23	-
2020B-variable rate/monthly	138,000	138,000	0.81 to 0.87	2030
2020C-variable rate/monthly	23,000	23,000	1.19 to 1.25	2026
2020D-variable rate/monthly	150,000	150,000	1.35 to 1.43	2025
2020E-fixed rate	75,000	-	2.50	2028
Hudson Cornell Residential JV LLC	97,550	97,550	1.57 to 1.69	2024
Other	7,308	7,723	2.75 to 6.63	2050
Outstanding bonds and notes payable	$ 1,741,158	$ 1,767,868		
Unamortized premium and issuance costs	135,572	150,614		
Total bonds and notes payable	$ 1,876,730	$ 1,918,482		

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

Debt and related debt service for borrowings by New York State for the construction and renovation of facilities of the contract colleges are not included in the consolidated financial statements because they are not liabilities of the University.

During the fiscal year ended June 30, 2021, the University executed a $75.0 million taxable seven-year fixed-rate note and a $100 million five-year line of credit for general corporate purposes. Additionally, the University redeemed $53.4 million of Tompkins County Industrial Development Agency (TCIDA) Series 2008A bonds and $20.8 million Dormitory Authority of the State of New York (DASNY) Series 1990B bonds.

During the fiscal year ended June 30, 2020, the University issued $121.4 million tax-exempt fixed-rate debt to finance capital projects and $310.8 million tax-exempt fixed rate debt to affect a current refunding of DASNY Series 2008B&C and 2010A bonds. In addition, the University issued $311 million of taxable bank loans for working capital purposes, refinancing debt and funding future capital projects.

The University maintains tax-exempt and taxable commercial paper programs. Tax-exempt commercial paper is used to finance qualified capital projects and equipment purchases. Taxable commercial paper is also used for these purposes and can also finance short-term working capital needs. During the fiscal year ended June 30, 2021, the maximum authorized amount for the taxable commercial paper program is $300 million. The maximum authorized amount for the tax-exempt commercial paper program is $200 million.

Scheduled principal and interest payments on bonds and notes for the next five fiscal years and thereafter are shown below:

ANNUAL DEBT SERVICE REQUIREMENTS

Year	Principal	Interest	Total
2022	$ 39,324	$ 31,282	$ 70,606
2023	40,785	34,680	75,465
2024	140,024	37,159	177,183
2025	194,235	32,616	226,851
2026	119,817	30,995	150,812
Thereafter	1,206,973	321,437	1,528,410
Total	$ 1,741,158	$ 488,169	$ 2,229,327

The University estimates future interest payments on variable-rate debt based on the Securities Industry and Financial Markets Association (SIFMA) rate for tax-exempt debt and the London Interbank Offered Rates (LIBOR) rate for taxable debt.

B. Interest-Rate Swaps

The University approved the use of interest-rate swaps to mitigate interest-rate risk in the debt portfolio. Interest-rate swaps are derivative instruments; however, their use by the University is not considered hedging activity, based on definitions in generally accepted accounting principles.

Using interest-rate swap agreements, the University is exposed to the risk that counterparties will fail to meet their contractual obligations. The University limits swap exposure for each counterparty to mitigate counterparty risk. Master agreements with counterparties include netting arrangements that permit the University to net amounts due to the counterparty with amounts due from the counterparty. Utilizing netting arrangements reduces the maximum loss in the event of counterparty default.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

The University's swap agreements contain a credit-rating-contingent feature in which the counterparties can request collateral on agreements in net liability positions. On June 30, 2021, and 2020, the University did not have collateral on deposit with any counterparty.

The University's interest-rate swaps are reported at fair value and classified as Level 2 in the fair-value hierarchy. The University's interest-rate swaps are valued as of June 30 by an independent third party that uses the mid-market levels, as of the close of business, to value each agreement. The valuations provided are derived from proprietary models based upon well-recognized financial principles and estimates about relevant future market conditions and the University's creditworthiness.

On June 30, 2021, the University had five interest-rate swap agreements to exchange variable-rate cash flows for fixed-rate cash flows without exchanging the underlying principal amount. Net payments or receipts of the swap agreements are recorded as adjustments to the swap interest and change in value of interest-rate swaps line in the consolidated statements of activities. In all agreements in effect on June 30, 2021, the counterparty pays a variable interest rate equal to a percentage of the one-month LIBOR.

The following table provides detailed information on the interest-rate swaps on June 30, 2021, and June 30, 2020.

FAIR VALUE OF INTEREST-RATE SWAPS IN STATEMENT OF FINANCIAL POSITION

Location	Notional amount	Interest rate	Termination date	Basis	2021 Level 2 fair value	2020 Level 2 fair value
Swap interest and change in value of interest-rate swaps						
	$ 26,350	4.52	July 1, 2030	LIBOR	$ (4,914)	$ (6,486)
	79,829	3.92	July 1, 2038	LIBOR	(21,926)	(28,052)
	275,000	3.88	July 1, 2040	LIBOR	(127,120)	(158,918)
	175,115	3.48	July 1, 2041	LIBOR	(47,081)	(61,313)
	179,524	3.77	July 1, 2044	LIBOR	(60,610)	(77,121)
Total fair value					$ (261,651)	$ (331,890)

C. Standby Bond Purchase Agreements

The University has a standby bond purchase agreement with U.S. Bank for Series 2019B, expiring April 2024, and a standby purchase agreement with BNY Mellon for Series 2004 bonds, expiring January 2022. If the bonds cannot be remarketed, and the agreement is not otherwise renewed, the University will be required to redeem the bonds or refinance the bonds in a different interest rate mode. If the bonds cannot be remarketed, and the University did not redeem or refinance the bonds in a different interest rate mode, the University will have a current obligation to purchase the bonds tendered.

D. Lines of Credit

The University maintains four lines of credit totaling $300 million: $25 million expiring January 2022, $100 million expiring March 2022, $75 million expiring April 2022 and $100 million expiring July 2025. The lines are used to support University liquidity. The University records the short-term working capital lines of credit activity and outstanding balances as Deferred Revenue and Other Liabilities and the long-term line of credit activity in Bonds and Notes Payable in the consolidated statements of financial position. As of June 30, 2021, and 2020 the University had no outstanding balances.

10. LEASES

A. Nature of Leases

The University has entered into the following lease arrangements:

Finance Leases

These leases mainly consist of various equipment leases, a building lease for the Breazzano Family Center for Business Education at Ithaca, and the Tata Innovation Center at Cornell Tech. Termination of the leases generally is prohibited unless there is a violation under the lease agreement.

Operating Leases

The University has various real estate leases for office and instructional space, housing, land and storage space that expire in various years through 2069. These leases generally contain renewal options for periods ranging from two to ten years and require the University to pay all executory costs (i.e., property taxes, maintenance, and insurance). Some leases have an escalating fee schedule, which ranges up to a 5 percent increase each year. A portion of the leased space is subleased under leases expiring over the next 24 years.

Short-Term Leases

The University has certain leases for a period of 12 months or less or that contain renewals for periods of 12 months or less. The University does not include short-term leases within the consolidated statements of financial position because it has elected the practical expedient to exclude these leases from operating right-of-use asset and lease liabilities.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

B. Quantitative Disclosures

The lease cost and other required information as of June 30, are as follows:

QUANTIATIVE DISCLOSURES

	2021	2020
Lease cost		
Finance lease cost		
Amortization of right-of-use asset	$ 2,823	$ 6,987
Interest on lease liabilities	8,323	8,327
Operating lease cost	71,548	62,712
Short-term lease cost	721	1,050
Variable lease cost	80	277
Sublease income	(144)	(153)
Total lease cost	$ 83,351	$ 79,200

	2021	2020
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	$ 8,323	$ 8,327
Financing cash flows from finance leases	2,797	1,906
Operating cash flows from operating leases	65,039	58,899
Right-of-use assets obtained in exchange for new finance lease liabilities	3,174	4,565
Right-of-use assets obtained in exchange for new operating lease liabilities	41,092	56,106
Weighted-average remaining lease term		
Finance leases	27.7 years	28.9 years
Operating leases	14.7 years	14.8 years
Weighted-average discount rate		
Finance leases	6.8%	6.8%
Operating leases	3.4%	3.4%

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

C. Future Minimum Lease Payments

Future minimum lease payments and reconciliation to the consolidated statements of financial position on June 30, 2021, are as follows:

ANNUAL MINIMUM LEASE PAYMENTS

	Finance	Operating
2022	$ 10,354	$ 63,154
2023	10,281	56,269
2024	10,093	50,424
2025	9,570	47,278
2026	9,006	44,631
Thereafter	265,770	320,572
Total minimum lease payments	$ 315,074	$ 582,328
Less: Amount representing interest	(193,125)	(123,711)
Present value of net minimum lease payments	$ 121,949	$ 458,617

Future minimum lease payments and reconciliation to the consolidated statements of financial position on June 30, 2020, are as follows:

ANNUAL MINIMUM LEASE PAYMENTS

	Finance	Operating
2021	$ 9,720	$ 60,339
2022	9,657	56,965
2023	9,696	50,857
2024	9,472	46,987
2025	9,026	43,904
Thereafter	274,620	343,492
Total minimum lease payments	$ 322,191	$ 602,544
Less: Amount representing interest	(200,508)	(134,573)
Present value of net minimum lease payments	$ 121,683	$ 467,971

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

11. FUNCTIONAL EXPENSES AND STUDENT AID

Total expenses by functional categories for the fiscal years ended June 30 are as follows:

FUNCTIONAL EXPENSES

	Instruction, student services and academic support	Research	Public service	Healthcare services	Institutional support	Enterprises and subsidiaries	**2021** Total
Compensation and benefits	$ 1,040,175	$ 385,432	$ 89,538	$ 1,065,999	$ 378,041	$ 101,458	$ 3,060,643
Other operating expenses	300,190	215,034	37,854	221,382	78,876	107,812	961,148
Maintenance and facilities costs	20,734	18,003	7,272	45,588	28,537	25,895	146,029
Interest expense	13,770	4,357	175	14	8,446	4,178	30,940
Depreciation expense	134,501	52,709	5,577	45,801	26,717	40,076	305,381
Total operating expenses	$ 1,509,370	$ 675,535	$ 140,416	$ 1,378,784	$ 520,617	$ 279,419	$ 4,504,141
Net periodic benefit cost	(1,210)	(136)	(15)	(2,589)	(560)	(120)	(4,630)
Non-operating foundation distributions	-	-	-	-	-	22,568	22,568
Non-capitalized plant expenses	3,846	999	264	-	919	1,542	7,570
Total	$ 1,512,006	$ 676,398	$ 140,665	$ 1,376,195	$ 520,976	$ 303,409	$ 4,529,649

FUNCTIONAL EXPENSES

	Instruction, student services and academic support	Research	Public service	Healthcare services	Institutional support	Enterprises and subsidiaries	**2020** Total
Compensation and benefits	$ 1,032,182	$ 365,449	$ 89,461	$ 1,021,501	$ 368,311	$ 118,201	$ 2,995,105
Other operating expenses	352,081	216,939	35,574	250,482	56,633	126,229	1,037,938
Maintenance and facilities costs	15,499	14,508	7,336	38,973	31,374	25,035	132,725
Interest expense	13,046	10,974	268	24	5,948	7,749	38,009
Depreciation expense	135,364	53,194	5,627	49,939	27,732	40,924	312,780
Total operating expenses	$ 1,548,172	$ 661,064	$ 138,266	$ 1,360,919	$ 489,998	$ 318,138	$ 4,516,557
Net periodic benefit cost	(2,831)	(361)	(43)	(4,345)	(1,147)	(297)	(9,024)
Non-operating foundation distributions	-	-	-	-	-	15,685	15,685
Non-capitalized plant expenses	2,651	617	196	-	480	754	4,698
Total	$ 1,547,992	$ 661,320	$ 138,419	$ 1,356,574	$ 489,331	$ 334,280	$ 4,527,916

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

The expenses for operations and maintenance of facilities, depreciation, and interest related to capital projects are allocated to functional categories based on square footage. The amounts allocated for operations and maintenance were approximately $195,379 and $161,828 for the fiscal years ended June 30, 2021, and 2020, respectively.

Student financial assistance is shown as a component of instruction expense unless the assistance is for tuition and mandatory fees. If the assistance is for tuition and mandatory fees, the amounts are recorded as scholarship allowance, which reduces tuition revenue. Total financial assistance amounts classified as instruction expense were $51,124 and $52,838 for the fiscal years ended June 30, 2021, and 2020, respectively.

12. NET ASSETS

A. General Information

The University's net assets as of June 30 are as follows:

SUMMARY OF NET ASSETS

	Without donor restrictions	With donor restrictions	**2021** Total	Without donor restrictions	With donor restrictions	**2020** Total
Endowment						
True endowment	$ -	$ 7,027,297	$ 7,027,297	$ -	$ 5,017,077	$ 5,017,077
Funds functioning as endowment (FFE)	1,726,967	476,052	2,203,019	1,297,912	363,538	1,661,450
Total true endowment and FFE	$ 1,726,967	$ 7,503,349	$ 9,230,316	$ 1,297,912	$ 5,380,615	$ 6,678,527
Funds held by others, perpetual	-	244,071	244,071	-	204,181	204,181
Total University endowment	$ 1,726,967	$ 7,747,420	$ 9,474,387	$ 1,297,912	$ 5,584,796	$ 6,882,708
Other net assets						
Operations	$ 330,772	$ 604,474	$ 935,246	$ 133,677	$ 570,011	$ 703,688
Student loans	10,253	60,191	70,444	9,747	56,158	65,905
Facilities and equipment	2,582,263	207,156	2,789,419	2,516,828	144,865	2,661,693
Annuity and other split-interest agreements	-	219,362	219,362	-	157,218	157,218
Contributions receivable, net	-	778,171	778,171	-	778,599	778,599
Long-term accruals	(817,154)	-	(817,154)	(928,979)	-	(928,979)
Total net assets	$ 3,833,101	$ 9,616,774	$13,449,875	$ 3,029,185	$ 7,291,647	$10,320,832

Net asset balances for operations (without donor restrictions) are affected primarily by operating activities and strategic decisions to invest expendable balances in funds functioning as endowment and capital projects. Long-term accruals represent longer-term liabilities including the unfunded amounts of pension and postretirement benefits, vacation accruals, conditional asset retirement obligations for asbestos remediation, and fair-value adjustment of interest-rate swaps.

The balance of net assets permanently restricted for the fiscal year ended June 30, 2021, is $4,381,861 and included in with donor restrictions.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

B. Endowment

The University endowment net assets on June 30 were held in support of the following purposes:

SUMMARY OF ENDOWMENT PURPOSE

	2021	2020
Academic programs and research	$ 2,676,723	$ 1,901,365
Financial aid	2,536,318	1,793,548
General purpose and facilities support	1,934,418	1,438,050
Professorships	1,902,289	1,378,981
CU Foundation	180,568	166,583
Total true endowment and FFE, end of year	$ 9,230,316	$ 6,678,527

Of the endowment assets held at the University, 99 percent were invested in the LTIP at June 30, 2021, and 98 percent at June 30, 2020. The LTIP is a mutual-fund-like vehicle used for investing the University's true endowments, funds functioning as endowment, and other funds that are not expected to be expended for at least five years. The University employs a unit method of accounting for the LTIP. Each participating fund enters into and withdraws from the pooled investment account based on monthly unit fair values. Participation in the LTIP using unrestricted funds requires a minimum investment of one hundred thousand dollars and a commitment of at least five years.

On June 30, 2021, zero of 7,702 true endowment funds invested in the LTIP were underwater. On June 30, 2020, 1,192 of 7,495 true endowment funds invested in the LTIP had a total historic dollar value of $686,522 and a fair value of $654,447, resulting in these endowments being underwater by a total of $32,075.

Changes in the endowment net assets, exclusive of funds held in trust by others, for the fiscal years ended June 30 are presented below:

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

SUMMARY OF ENDOWMENT ACTIVITY

	Without donor restrictions	With donor restrictions	**2021** Total	Without donor restrictions	With donor restrictions	**2020** Total
True endowment and FFE, beginning of year	$1,297,912	$5,380,615	$ 6,678,527	$1,367,064	$ 5,416,070	$ 6,783,134
Investment return						
Net investment income	5,762	25,220	30,982	8,234	25,873	34,107
Net realized and unrealized gain/(loss)	485,797	2,188,093	2,673,890	18,650	59,161	77,811
Total investment return	$ 491,559	$2,213,313	$ 2,704,872	$ 26,884	$ 85,034	$ 111,918
New gifts	2,052	210,735	212,787	2,861	198,273	201,134
Amounts appropriated for expenditure/reinvestment	(62,426)	(275,956)	(338,382)	(76,183)	(237,882)	(314,065)
Other changes and reclassifications	(2,130)	(25,358)	(27,488)	(22,714)	(80,880)	(103,594)
Total true endowment and FFE, end of year	$1,726,967	$7,503,349	$ 9,230,316	$1,297,912	$ 5,380,615	$ 6,678,527

13. SELF-INSURANCE

The University retains self-insurance for property, general liability, student health insurance, and certain health benefits. In addition, the University has an equity interest in a multi-provider captive insurance company for medical malpractice.

A. Medical Malpractice

The University obtains medical malpractice insurance through MCIC Vermont ("MCIC"). MCIC is a reciprocal risk retention group that provides medical malpractice insurance coverage and risk management services to its subscribers.

MCIC is owned by the University, New York-Presbyterian Hospital, and four other higher education institutions and their respective teaching hospitals. All of WCM's faculty physicians are enrolled in MCIC. The medical malpractice incurred but not reported liability is calculated annually on an actuarial basis.

WCM has recorded medical malpractice liabilities of $164,346 and $174,046 on June 30, 2021, and 2020, respectively, as other liabilities in the consolidated statements of financial position. In addition, WCM maintains a reinsurance program with MCIC with anticipated recoveries of $110,185 and $116,010, respectively, recorded as accounts receivable (Note 3A).

B. Student Health Plan

The University has established a self-funded student health plan under Section 1124 of the New York State Insurance Law ("NYSIL"). The Student Health Plan ("SHP") provides health insurance coverage to students at the University's Ithaca-based campuses. As of July 1, 2020 with the approval of New York State Department of Financial Services ("NYS DFS"), SHP coverage was expanded to include the students at Weill Cornell Medical. The table below summarizes of SHP operations occurring during the University's fiscal years ended June 30.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

SUMMARY OF STUDENT HEALTH PLAN OPERATIONS

	2021			2020		
	July 1 - July 31 (prior plan year)	August 1 - June 30 (current plan year)	2021 Fiscal year total	July 1 - July 31 (prior plan year)	August 1 - June 30 (current plan year)	2020 Fiscal year total
Total premium revenue	$ 3,900	$ 41,416	$ 45,316	$ 3,297	$ 37,870	$ 41,167
Expenses						
Medical and prescription drug expense	3,677	31,105	34,782	3,850	24,563	28,413
Health center capitation	649	4,744	5,393	704	7,574	8,278
Administrative fees	437	3,210	3,647	336	3,663	3,999
Total expenses	$ 4,763	$ 39,059	$ 43,822	$ 4,890	$ 35,800	$ 40,690
Net income from health plan operations	$ (863)	$ 2,357	$ 1,494	$ (1,593)	$ 2,070	$ 477

The University has established reserves with the amounts necessary to satisfy obligations of the plan. Based on an analysis and recommendation of a qualified actuary, and with the approval of NYS DFS, the reserve for IBNR medical claims and claims reported-but-not-paid ("RBNP") is maintained at an amount not less than 14.5 percent of expected medical claims and 5 percent of expected pharmacy drug claims. In addition, a separate contingency reserve has been established to satisfy unexpected obligations in the event of termination of the plan. The contingency reserve is maintained at an amount not less than 5 percent of the total current plan year premiums and is invested in the University's endowment. NYS requires that the assets of the contingency reserve consist of certain investments of the types specified in Section 1404 of NYSIL. The specified types of investments include U.S. government securities categorized in fair-value hierarchy Level 1, of which the University holds $643,913 and $461,471 in its investment portfolio as of June 30, 2021, and 2020, respectively (Note 4B). Premium revenue is billed in advance of the plan year (unearned) and recognized as revenue monthly as coverage is provided. For the fiscal year 2021, SHP changed from annual premium billing to semester billing. With semester billing, only six months' premium was billed in advance rather than the full annual premium. The changes in the unearned premiums and SHP reserves during the fiscal years ended June 30 are presented below.

SUMMARY OF STUDENT HEALTH PLAN UNEARNED PREMIUMS

	2021 Unearned premiums		2020 Unearned premiums	
	2019-2020 plan year	2020-2021 plan year	2018-2019 plan year	2019-2020 plan year
Balance as of July 1	$ 3,299	$ -	$ 2,837	$ -
Balance as of June 30	-	2,458	-	3,299
Net change	$ (3,299)	$ 2,458	$ (2,837)	$ 3,299

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2021 and 2020

SUMMARY OF STUDENT HEALTH PLAN RESERVES

	IBNR/RBNP reserve		Contingency reserve	
	2021	**2020**	**2021**	**2020**
Balance as of July 1	$ 3,268	$ 3,394	$ 2,183	$ 2,104
Balance as of June 30	3,531	3,268	3,214	2,183
Net change	$ 263	$ (126)	$ 1,031	$ 79

14. CONTINGENT LIABILITIES

The University is a defendant in various legal actions, some for substantial monetary amounts that arise out of the normal course of its operations. Although the final outcome of the actions cannot be foreseen, the University's administration is of the opinion that eventual liability, if any, will not have a material effect on the University's financial position.

15. SUBSEQUENT EVENTS

Based on the University's evaluation of subsequent events through October 22, 2021, the date on which the consolidated financial statements were issued, there were no other events with material impact on the University's consolidated financial statements.