



THE ROCKEFELLER UNIVERSITY

Consolidated Financial Statements and Supplementary
Information on Federal Awards Programs

June 30, 2024

(With Independent Auditors' Report and
Reports on Internal Control and Compliance Thereon)

THE ROCKEFELLER UNIVERSITY
Consolidated Financial Statements and Supplementary
Information on Federal Awards Programs

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Independent Auditors' Report

The Board of Trustees
The Rockefeller University:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rockefeller University and its subsidiary (the University), which comprise the consolidated balance sheet as of June 30, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are



considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Report on Summarized Comparative Information

We have previously audited the University's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

New York, New York
November 13, 2024

THE ROCKEFELLER UNIVERSITY

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Consolidated Balance Sheet

June 30, 2024

(With comparative financial information as of June 30, 2023)

Assets	2024	2023
Cash and cash equivalents	\$ 66,956,928	31,142,442
Accounts receivable	19,259,218	13,939,291
Contributions receivable (note 9)	204,769,701	206,516,464
Loans receivable – faculty and staff	40,689,119	40,414,747
Other assets	32,663,877	30,978,612
Investments (note 3)	2,581,830,177	2,525,942,577
Plant assets, net (note 7)	<u>1,076,321,722</u>	<u>1,104,253,063</u>
Total assets	<u>\$ 4,022,490,742</u>	<u>3,953,187,196</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 55,632,564	47,727,547
Deferred revenues	23,552,159	29,188,570
Contingent liabilities (note 12)	48,207,934	26,625,464
Obligation under derivative instruments (note 6)	51,397,387	67,473,916
Obligation under lines of credit (note 5)	100,000,000	—
Long-term debt (note 6)	983,676,335	986,014,815
Conditional asset retirement obligation	9,731,616	9,173,915
Postretirement benefit obligation (note 8)	60,794,000	58,150,000
Amounts held for others (note 13)	<u>151,594,988</u>	<u>151,017,718</u>
Total liabilities	<u>1,484,586,983</u>	<u>1,375,371,945</u>
Commitments and contingencies (notes 3, 7, and 12)		
Net assets (notes 4 and 10):		
Without donor restrictions	64,506,755	169,292,642
With donor restrictions	<u>2,473,397,004</u>	<u>2,408,522,609</u>
Total net assets	<u>2,537,903,759</u>	<u>2,577,815,251</u>
Total liabilities and net assets	<u>\$ 4,022,490,742</u>	<u>3,953,187,196</u>

See accompanying notes to consolidated financial statements.

THE ROCKEFELLER UNIVERSITY

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Consolidated Statement of Activities

Year ended June 30, 2024

(With summarized comparative financial information for the year ended June 30, 2023)

	2024			2023
	Without donor restrictions	With donor restrictions	Total	Total
Revenues:				
Government grants and contracts	\$ 110,367,775	—	110,367,775	101,522,703
Private gifts and grants	15,901,296	147,236,532	163,137,828	164,256,077
Investment income, net (note 3)	25,911,688	147,989,988	173,901,676	2,335,999
Net appreciation in fair value of derivative instruments (note 6)	16,076,529	—	16,076,529	27,374,167
Sales and services of auxiliary enterprises	34,195,323	—	34,195,323	31,944,257
Royalty and other income	26,170,221	—	26,170,221	20,639,236
Net assets released from restrictions (note 10)	224,823,446	(224,823,446)	—	—
Total revenues	453,446,278	70,403,074	523,849,352	348,072,439
Expenses and other changes:				
Expenses (note 11):				
Research	305,300,377	—	305,300,377	274,782,549
Graduate education	21,531,366	—	21,531,366	19,183,852
Research support	46,346,056	—	46,346,056	46,174,255
Institutional support	61,261,511	—	61,261,511	60,517,043
Auxiliary enterprises	40,222,365	—	40,222,365	37,648,692
Total expenses	474,661,675	—	474,661,675	438,306,391
Other changes:				
Postretirement-related changes other than net periodic postretirement benefit cost (note 8)	(64,000)	—	(64,000)	(15,088,000)
Litigation payments (notes 11 and 12)	83,634,490	—	83,634,490	70,064,213
Provision for uncollectible contributions receivable	—	5,528,679	5,528,679	—
Net expenses and other changes	558,232,165	5,528,679	563,760,844	493,282,604
Change in net assets	(104,785,887)	64,874,395	(39,911,492)	(145,210,165)
Net assets at beginning of year	169,292,642	2,408,522,609	2,577,815,251	2,723,025,416
Net assets at end of year	\$ 64,506,755	2,473,397,004	2,537,903,759	2,577,815,251

See accompanying notes to consolidated financial statements.

THE ROCKEFELLER UNIVERSITY
Consolidated Statement of Cash Flows

Year ended June 30, 2024
(With comparative financial information for the year ended June 30, 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (39,911,492)	(145,210,165)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net appreciation in fair value of investments	(175,673,364)	(4,387,014)
Net appreciation in fair value of derivative instruments	(16,076,529)	(27,374,167)
Depreciation and amortization	54,509,200	55,223,644
Provision for uncollectible contributions receivable	5,528,679	—
Private gifts and grants restricted for long-term investment	(15,232,502)	(12,048,947)
Contributions for capital	(1,362,440)	(1,546,746)
Contingent liabilities	21,582,470	(45,439,643)
Changes in operating assets and liabilities:		
Accounts receivable	(5,319,927)	(48,564)
Contributions receivable, excluding amounts in financing activities	(8,660,253)	(18,612,490)
Other assets	(1,685,265)	(1,069,711)
Accounts payable and accrued expenses	8,500,342	(1,141,599)
Deferred revenues	(5,636,411)	(1,819,055)
Conditional asset retirement obligation	557,701	551,813
Postretirement benefit obligation	2,644,000	(11,928,000)
Amounts held for others	(10,382,777)	(8,493,935)
Net cash used in operating activities	<u>(186,618,568)</u>	<u>(223,344,579)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	433,308,030	706,350,724
Purchase of investments	(324,841,202)	(582,194,498)
Additions to plant assets	(28,916,339)	(52,991,863)
Change in accounts payable for capital expenditures	(595,325)	(1,392,798)
Principal collections on loans receivable – faculty and staff	1,110,811	2,734,241
Issuance of loans – faculty and staff	(1,385,183)	(1,113,902)
Net cash provided by investing activities	<u>78,680,792</u>	<u>71,391,904</u>
Cash flows from financing activities:		
Proceeds from private gifts and grants restricted for long-term investment	14,273,279	28,194,902
Proceeds from private gifts restricted for capital	7,200,000	9,200,000
Proceeds from lines of credit	100,000,000	125,000,000
Repayment of lines of credit	—	(186,000,000)
Net cash provided by (used in) financing activities	<u>121,473,279</u>	<u>(23,605,098)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	13,535,503	(175,557,773)
Cash, cash equivalents, and restricted cash at beginning of year (note 1 (c))	<u>76,372,722</u>	<u>251,930,495</u>
Cash, cash equivalents, and restricted cash at end of year (note 1 (c))	<u>\$ 89,908,225</u>	<u>76,372,722</u>
Supplemental disclosures:		
Interest paid	\$ 41,450,677	42,731,653
Net appreciation (depreciation) in amounts held for others	10,960,047	(794,408)

See accompanying notes to consolidated financial statements.

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)**(1) Discussion of Operations and Summary of Significant Accounting Policies**

The Rockefeller University (the University) is a world-renowned center for research and graduate education in the biomedical sciences, chemistry, bioinformatics, and physics. The University's 71 laboratories conduct both clinical and basic research and study a diverse range of biological and biomedical problems with the mission of improving the understanding of life for the benefit of humanity. Laboratories are loosely clustered in nine research areas covering a wide spectrum of disciplines in the life sciences, including neuroscience, immunology, genetics, structural biology, and bioinformatics. The University does not charge tuition. Its revenues are derived primarily from investment income, government grants and contracts, and private gifts and grants.

CLSI Incubator, LLC

CLSI Incubator, LLC (the Incubator) is a limited liability company. The University and the Incubator entered into the Limited Liability Company Agreement of Incubator, effective as of October 20, 2023. The Incubator, which is wholly owned by the University, is disregarded as a separate taxpayer from the University for federal income tax purposes and is organized and operated to support the exempt purposes of the University, including by promoting innovation by licensing space in premises owned by the University and leased to Incubator to early stage companies and organizations engaged in education and scientific innovation. The accompanying consolidated financial statements include the accounts of the University and its wholly owned subsidiary. All significant intercompany accounts have been eliminated in consolidation.

The significant accounting policies followed by the University are described below:

(a) Basis of Presentation

The University maintains its accounts in accordance with the principles of fund accounting. Under this method of accounting, resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund.

For financial reporting purposes, however, the University prepares its consolidated financial statements on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board (FASB) or external reporting by not-for-profit organizations. Those standards require the classification of net assets and changes therein in two classes of net assets as follows:

- *Without Donor Restrictions* – Net assets are not subject to donor-imposed restrictions but may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties. In addition, changes in this category of net assets include returns on “funds functioning as endowment” and certain types of philanthropic support.

Such philanthropic support includes gifts without restrictions, including those designated by the Board of Trustees (the Board) to function as endowment and previously restricted gifts and grants for buildings that have been placed in service.

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THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

- *With Donor Restrictions* – Net assets subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time. Items that affect this net asset category are gifts with donor restrictions, including gifts for buildings not yet placed in service and unexpended investment returns on donor-imposed endowment funds that have not been appropriated for expenditure. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts for buildings when the associated long-lived assets is placed in service, are reported as net assets restricted from restrictions.

Also included in the category are net assets subject to donor-imposed restrictions to be maintained permanently by the University, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity.

Revenue is reported as increases in net assets without donor restrictions unless limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. As discussed further in note 4, the University follows the provisions of Accounting Standards Codification (ASC) Topic 958, Subtopic 205-45, *Classification of Donor-Restricted Endowment Funds Subject to the Uniform Prudent Management of Institutional Funds Act*, which impacts the reporting of investment return on endowment funds. Accordingly, dividends, interest, and net gains and losses on endowment funds are reported as increases or decreases in net assets with donor restrictions until appropriated for expenditure by the University. Other changes within the consolidated statements of activities include postretirement-related changes other than net periodic postretirement benefit cost and nonroutine, nonoperating expenses.

(b) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted or published prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices or published net asset values similar to those of a mutual fund (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.

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

Level 3 inputs are unobservable inputs for the assets or liabilities.

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

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Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

(c) Cash Equivalents

All highly liquid debt instruments with an original maturity of three months or less are considered to be cash equivalents, except for such assets that are part of the University's investment portfolio managed by external investment managers for long-term purposes.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheet that sum to the total of the same such amounts shown in the consolidated statement of cash flows.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 66,956,928	31,142,442
Cash in investments	<u>22,951,297</u>	<u>45,230,280</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 89,908,225</u>	<u>76,372,722</u>

Cash included in investments is held with investment managers for liquidity and long-term investment purposes.

(d) Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received. Contributions to be received after one year are discounted to reflect the present value of future cash flows at a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

Contributions of property, plant, and equipment without donor stipulation concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets to be used to acquire property, plant, and equipment are reported as revenues of the net assets with donor restrictions class; the restrictions are considered to be released at the time such long-lived assets are placed into service. A contribution is conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. Conditional promises to give are recognized only when the barriers on which they depend are met and the promises become unconditional. Conditional contributions at June 30, 2024 and 2023 were approximately \$113,925,000 and \$88,189,000, respectively.

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THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)**(e) Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon quoted or published market values. Investments in partnerships, as a practical expedient, are reflected at net asset value (NAV) as reported by the general partners, and may differ from the values that would have been reported had a ready market for these securities existed. The University reviews and evaluates the values provided by the general partners and agrees with the valuation methods and assumptions used in determining the fair value of the limited partnerships.

(f) Plant Assets

Plant assets are stated at cost or at fair value at date of donation in the case of gifts. Depreciation of buildings and building improvements is recorded over estimated useful lives ranging from 15 to 50 years. Equipment is depreciated over estimated useful lives ranging from 5 to 10 years. Leasehold improvements are amortized over the life of the asset or term of the lease, whichever is shorter. Library books are depreciated over estimated useful lives of 15 years.

(g) Government Grants and Contracts

Revenue from government grants and contracts is generally recognized as earned, that is, as the related costs are incurred under the grant or contract agreements. Amounts expended in excess of reimbursements are reported as accounts receivable.

(h) Deferred Revenue

Deferred revenue primarily consists of amounts received from donors that do not meet the definition of a contribution as defined by ASC Topic 958-605. Such amounts are recognized as revenue to the extent of expenditure.

(i) Revenue Recognition

In accordance with ASC Topic 606, the University accounts for a customer contract when both parties have approved the contract and are committed to perform their respective obligations, each party's

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THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

rights can be identified, payment terms can be identified, the contract has commercial substance, and it is probable the University will collect substantially all of the consideration to which it is entitled.

<u>Products and services</u>	<u>Nature, timing of satisfaction of performance obligations, and significant payment terms</u>
Auxiliary enterprises	<p>Consists of the following:</p> <p><i>Press operations</i> – Issues four different scientific journals. Subscription sales revenue is recognized on a straight-line basis over the subscription (contract) period (one year) up front.</p> <p><i>Housing services</i> – Provides a variety of housing accommodations in support of the scientific needs of the University. Tenant’s leases are for a one-year term. Revenue is recognized on a point in time basis.</p> <p><i>Food services</i> – Provides food services to the University community through a cafeteria, café, and conference dining. Food service revenue is recognized at a point in time sale.</p>
Royalty income	<p>Royalty income is generated from licensing agreements the University enters with a third-party patentable inventions, tangible materials, and copyrighted materials are transferred to the for-profit sector for further development into useful commercial products and services. Licensing agreements can terminate for convenience. Agreements are milestone-based and revenue is recognized upon receipt (point in time) once certain milestones are achieved.</p>

(j) Derivative Instruments

The University accounts for derivative instruments at fair value. The fair value of the derivatives held is based upon values provided by third-party financial institutions and is assessed by management for reasonableness. The fair values of the University’s interest rate swaps were calculated as of June 30, 2024 using industry-recognized methodologies. The valuations are based on the present value of the difference between the fixed rate paid by the University and the midmarket fixed rate the University would pay on a similar transaction if it were entered into on June 30, 2024.

(k) Conditional Asset Retirement Obligation

Upon acquisition, and when reasonably estimable, the University recognizes the fair value of the liability related to the legal obligation to perform asset retirement activity on tangible long-lived assets. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, the University will recognize a gain or loss for any difference between the settlement amount and liability recorded.

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Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)**(l) Income Taxes**

The University is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The University follows the guidance of ASC Subtopic 740-10, *Income Taxes – Overall*, which addresses accounting for uncertainties in income taxes recognized in an enterprise's consolidated financial statements. The University utilizes a threshold of more-likely than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The University evaluates on an annual basis, the effect of any uncertain tax position on its consolidated financial statements. As of June 30, 2024, the University has not identified or provided for any such positions.

(m) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates made in the preparation of these consolidated financial statements include the valuation of investments, estimated net realizable value of receivables, the obligation under derivative instruments, and the postretirement benefit obligation. Actual results could differ from those estimates.

(n) Comparative Financial Information

The consolidated statement of activities is presented with prior year financial information in total, which does not include net asset class detail. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the University's 2023 consolidated financial statements, from which the summarized information was derived.

(o) Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU), which requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The ASU is intended to improve financial reporting by requiring earlier recognition of credit losses on certain financial assets. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The University adopted the provisions of the ASU in fiscal year 2024. The University adopted the provisions of the ASU using a prospective transition approach. As such, the University is not required to adjust comparative periods or provide comparative period disclosures. The adoption did not have a material impact on the University's consolidated financial statements at June 30, 2024.

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THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

(p) Reclassifications

Certain amounts in the 2023 consolidated financial statements have been reclassified to conform to the 2024 presentation.

(2) Liquidity and Availability of Financial Assets

As of June 30, 2024 and 2023, financial assets and liquidity resources available within one year of the consolidated balance sheet date for general expenditure, such as operating expenses, scheduled debt service payments, and capital construction costs not financed with debt, were as follows:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 66,956,928	31,142,442
Accounts receivable	19,259,218	14,356,721
Contribution receivable due in one year, excluding endowment	60,625,879	58,089,313
Endowment spending in subsequent year	<u>154,662,612</u>	<u>135,878,237</u>
Total financial assets available within one year	301,504,637	239,466,713
Liquidity resources:		
Quasi-endowment funds without donor restrictions subject to board resolutions	266,172,344	262,228,220
Revolving credit agreement	100,000,000	100,000,000
Revolving credit agreement (expires January 2025)	15,000,000	25,000,000
Revolving credit agreement	—	100,000,000
Revolving credit agreement	<u>50,000,000</u>	<u>50,000,000</u>
Total financial assets available within one year and liquidity resources	<u>\$ 732,676,981</u>	<u>776,694,933</u>

The University manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. In addition, the University invests cash in excess of daily requirements in short-term investments or fixed-income securities. To manage additional liquidity, the University maintains lines of credit with several banks that are drawn upon as needed during the year to manage cash flows primarily for general corporate purposes. Amounts from the board-designated quasi-endowment funds could be made available if necessary through a board resolution.

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Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

(3) Investments and Fair Value

The University's investments consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Investments reported at fair value:		
Cash and cash equivalents (Level 1)	\$ 88,741,293	64,180,814
U.S. long equities (Level 1)	9,557,508	8,540,710
International/ global equities (Level 1)	24,921,882	5,842,891
Other equities (Level 1)	34,971,487	28,969,097
Natural resources and other (Level 3)	3,187,500	—
	<u>161,379,670</u>	<u>107,533,512</u>
Investments reported at net asset value:		
Public:		
U.S. long equities	216,417,901	204,895,833
International/global equities	170,599,084	202,382,936
Long/short equities	343,204,787	333,532,013
Absolute return	450,867,836	442,051,166
Total public at net asset value	<u>1,181,089,608</u>	<u>1,182,861,948</u>
Private:		
Buyout funds	413,332,854	375,980,032
Venture capital funds	518,962,804	557,317,726
Real estate funds	76,468,186	97,582,576
Natural resources and other	230,597,055	204,666,783
Total private at net asset value	<u>1,239,360,899</u>	<u>1,235,547,117</u>
Total investments	<u>\$ 2,581,830,177</u>	<u>2,525,942,577</u>

Investments include limited partnerships totaling approximately \$2.420 billion and \$2.415 billion at June 30, 2024 and 2023, respectively, which are presented above by the underlying investment classification.

Alternative investments – Public investments include interests in limited partnerships that invest principally in public equities and corporate bonds and may employ both long and short strategies.

Alternative investments – Private investments include interests in limited partnerships that invest principally in buyout funds, venture capital, real estate funds, and natural resources. These interests generally have very limited liquidity.

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A description of the various categories follows:

Long/short equities represent investments in funds that invest predominantly in liquid publicly traded marketable securities, primarily equities. These funds are able to hold both long and short positions and utilize leverage. These funds attempt to generate higher returns with lower volatility than their long-only counterparts and demonstrate moderate equity market correlation.

Absolute return represents investments in funds that pursue strategies that do not demonstrate a sustained correlation to public equity markets, such as distressed debt and credit strategies, market neutral strategies, macro strategies, event driven and merger arbitrage strategies, and deep value investing.

Buyout funds represent investments in funds that take negotiated, frequently controlling ownership stakes in companies in the United States and internationally.

Venture capital funds represent investments in companies that are newly formed and which require substantial initial capital.

Real estate funds represent investments in a broad range of commercial and residential real estate properties.

Natural resources and other represent investments in partnerships that invest in a broad range of natural resources, including oil and gas, timber, metals and mining, and power. The other category generally represents private partnerships in credit, royalty, or other nonequity investments.

At June 30, 2024, the University had approximately \$466.7 million for which capital calls had not been exercised pertaining to alternative investments – private. Such commitments generally have fixed expiration dates or other termination clauses. The University maintains sufficient liquidity to cover such calls. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheet.

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Equities and alternative investments – public contain various monthly, quarterly, semiannual, and annual redemption restrictions with required written notice ranging up to 180 days. In addition, certain of these investments are restricted by initial lockup periods.

As of June 30, 2024, the following table summarizes at fair value the composition of various redemption provisions and lockup periods in the investment portfolio:

Redemption period	Long equities	Public investments reported at net asset value		Total
		Long/short equities	Absolute return	
Monthly	\$ —	129,875,315	26,806,304	156,681,619
Quarterly	182,713,125	85,790,037	299,444,496	567,947,658
Annual	55,476,758	—	—	55,476,758
In liquidation	1,840,694	3,994,420	80,972,484	86,807,598
Lockup (a)	146,986,408	123,545,015	43,644,552	314,175,975
Total	\$ 387,016,985	343,204,787	450,867,836	1,181,089,608

(a) The amount subject to redemption lockup is set to expire as follows:

	Amount
Fiscal year:	
2025	\$ 125,020,021
2026	109,273,469
Thereafter	79,882,485
	\$ 314,175,975

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(With comparative financial information as of and
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As of June 30, 2023, the following table summarizes at fair value the composition of various redemption provisions and lockup periods in the investment portfolio:

Redemption period	Long equities	Public investments reported at net asset value		Total
		Long/short equities	Absolute return	
Monthly	\$ —	105,248,416	51,220,681	156,469,097
Quarterly	147,377,215	90,232,351	131,994,666	369,604,232
Semiannual	13,589,000	—	118,938,700	132,527,700
Annual	46,661,548	—	27,431,849	74,093,397
In liquidation	31,301,816	24,521,565	41,894,309	97,717,690
Lockup (a)	146,597,801	113,529,681	70,570,961	330,698,443
Total	\$ <u>385,527,380</u>	<u>333,532,013</u>	<u>442,051,166</u>	<u>1,161,110,559</u>

(a) The amount subject to redemption lockup is set to expire as follows:

	Amount
Fiscal year:	
2024	\$ 223,468,489
2025	102,223,021
Thereafter	5,006,933
	<u>\$ 330,698,443</u>

Private partnerships are invested through drawdown vehicles such that capital is drawn and repaid over time. On average, private partnerships have a cash flow weighted duration that ranges from three to five years.

Investment income, net consists of the following as of June 30:

	2024			2023 Total
	Without donor restrictions	With donor restrictions	Total	
Interest and dividends, net	\$ 1,577,044	(3,348,732)	(1,771,688)	(2,051,015)
Net appreciation in fair value of investments	24,334,644	151,338,720	175,673,364	4,387,014
Total	\$ <u>25,911,688</u>	<u>147,989,988</u>	<u>173,901,676</u>	<u>2,335,999</u>

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(With comparative financial information as of and
for the year ended June 30, 2023)**(4) Endowment Funds**

The primary role of the endowment is to advance the research mission of the University through support of the annual operating budget. The University's endowment consists of both donor-restricted endowment funds and funds designated by the University for long-term purposes and is subject to the provision of the *New York Prudent Management of Institutional Funds Act* (NYPMIFA). The University has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary.

The endowment's assets are invested in marketable securities, including U.S. and global equities and fixed income securities, and partnerships, including long/short equities, absolute return, venture capital, buyout funds, real estate funds, and natural resources. The assets are primarily invested by external investment managers through separate accounts or through commingled vehicles, including funds, trusts, and limited partnerships.

The Investment Committee of the University's Board of Trustees (the Committee) is responsible for overseeing the endowment. With the support of the Office of Investments, the Committee establishes the endowment's investment policy and asset allocation, retains and oversees external investment managers, and monitors the implementation and performance of the investment program. The Committee has established a long-term asset allocation policy, which is designed to earn superior investment returns while reducing the risk of permanent impairment of capital. The policy emphasizes (1) a substantial allocation to equity investments; (2) broad diversification of asset class, style, and manager; (3) low correlation to traditional equity market indices; (4) low volatility strategies; and (5) less efficient asset classes. The asset allocation policy is reviewed annually by the Committee. Actual asset allocation is reviewed quarterly by the Committee, which may tactically overweight or underweight a particular asset class.

(a) Spending Policy

The University operates under a modified inflation-based spending formula for operations. This formula consists of 70% of the allowable spending in the prior fiscal year, increased by the rate of inflation (Higher Education Price Index (HEPI)) and 30% of the current year spend rate applied to a 12-quarter average market value. The applied spending rate was 5.5% as of June 30, 2024 and 2023, respectively. The spending rate appropriation from the portion of the endowment without donor restrictions for the years ended June 30, 2024 and 2023 was \$98,184,329 and \$91,216,841, respectively.

(b) Funds with Deficiencies

From time to time, the fair value of endowment assets may fall below the fund's original value. Deficiencies of this nature are reported in net assets with donor restrictions. Underwater endowments were \$1,770,712 and \$2,250,640 as of June 30, 2024 and 2023, respectively. As of June 30, 2024, the historical gift value of the 12 underwater endowments was \$29,948,649 and the fair market value was

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\$28,177,937. As of June 30, 2023, the historical gift value of the 12 underwater endowments was \$26,364,210 and the fair market value was \$24,113,570.

The University applies the aforementioned spending policy to its endowment accounts with deficiencies by utilizing the accumulated gains on the board-designated endowment without donor restrictions.

At June 30, 2024 and 2023, net assets associated with endowment funds, exclusive of pledges and nonpooled endowments principally in trusts, consisted of the following:

	2024		
	Without donor restrictions	With donor restrictions	Total
Donor restricted	\$ —	2,153,928,602	2,153,928,602
Designated for long-term purposes	266,172,344	—	266,172,344
Total	<u>\$ 266,172,344</u>	<u>2,153,928,602</u>	<u>2,420,100,946</u>

	2023		
	Without donor restrictions	With donor restrictions	Total
Donor restricted	\$ —	2,103,191,261	2,103,191,261
Designated for long-term purposes	262,228,220	—	262,228,220
Total	<u>\$ 262,228,220</u>	<u>2,103,191,261</u>	<u>2,365,419,481</u>

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Changes in net assets associated with endowment funds, exclusive of pledges and nonpooled endowments principally in trusts, for the years ended June 30, 2024 and 2023, were as follows:

	2024		
	Without donor restrictions	With donor restrictions	Total
Net assets at June 30, 2023	\$ 262,228,220	2,103,191,261	2,365,419,481
Contributions	—	14,273,279	14,273,279
Investment gain, net	31,177,963	147,989,988	179,167,951
Transfers, net	7,150,000	(5,226,346)	1,923,654
Total before spending rate	<u>300,556,183</u>	<u>2,260,228,182</u>	<u>2,560,784,365</u>
Endowment spending rate:			
Without donor restrictions	(34,383,839)	(98,184,329)	(132,568,168)
With donor restrictions	<u>—</u>	<u>(8,115,251)</u>	<u>(8,115,251)</u>
Total endowment spending rate	<u>(34,383,839)</u>	<u>(106,299,580)</u>	<u>(140,683,419)</u>
Net assets at June 30, 2024	<u>\$ 266,172,344</u>	<u>2,153,928,602</u>	<u>2,420,100,946</u>
	2023		
	Without donor restrictions	With donor restrictions	Total
Net assets at June 30, 2022	\$ 415,974,863	2,192,241,394	2,608,216,257
Contributions	—	28,194,902	28,194,902
Investment gain (loss), net	3,865,433	(13,680,707)	(9,815,274)
Transfers, net	9,150,000	(6,375,851)	2,774,149
Total before spending rate	<u>428,990,296</u>	<u>2,200,379,738</u>	<u>2,629,370,034</u>
Endowment spending rate:			
Without donor restrictions	(26,762,076)	(91,216,841)	(117,978,917)
With donor restrictions	<u>—</u>	<u>(5,971,636)</u>	<u>(5,971,636)</u>
Total endowment spending rate	<u>(26,762,076)</u>	<u>(97,188,477)</u>	<u>(123,950,553)</u>
Total before draw for operations	402,228,220	2,103,191,261	2,505,419,481
Draw for operations	<u>(140,000,000)</u>	<u>—</u>	<u>(140,000,000)</u>
Net assets at June 30, 2023	<u>\$ 262,228,220</u>	<u>2,103,191,261</u>	<u>2,365,419,481</u>

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During fiscal year 2023, the University withdrew \$140,000,000 from the endowment primarily to temporarily fund settlements, legal fees, and other expenses (see note 12). The University plans on repaying the endowment.

(5) Obligation under Lines of Credit

On November 1, 2022, the University entered into a revolving credit agreement with a financial institution. This agreement consists of a \$100 million committed facility, expiring on November 1, 2025, to be used for general institutional purposes. The facility borrowings may occur at the Secured Overnight Financing Rate (SOFR) + 0.10% plus 0.50%. The commitment fee on the facility is 0.45% of the undrawn balance. There was \$0 outstanding as of June 30, 2024 and 2023, respectively.

On January 4, 2024, the University entered into a revolving credit agreement with a financial institution. This agreement consists of a \$15 million committed facility, expiring on January 4, 2025, to be used for general institutional purposes. The previous agreement, which expired on January 4, 2024, consisted of a \$25 million committed facility. The facility borrowings may occur at the SOFR plus 0.55%. The commitment fee on the facility is 0.10% of the undrawn balance. There was \$0 outstanding as of June 30, 2024 and 2023, respectively.

On May 4, 2022, the University entered into a revolving credit agreement with a financial institution. The agreement consists of a \$100 million committed facility, expiring on May 3, 2027, to be used for general institutional purposes. The facility borrowings may occur at the SOFR plus 0.43%. The commitment fee on the facility is 0.10% of the undrawn balance. There was \$100,000,000 outstanding as of June 30, 2024 and \$0 as of June 20, 2023.

On March 23, 2023, the University entered into a revolving credit agreement with a financial institution. The agreement will consist of a three-year \$50 million committed facility to be used for general corporate purposes. The facility borrowings may occur at the Bloomberg Short-Term Bank Yield (BSBY) plus 1.35%. The commitment fee on the facility will be 0.20% of the undrawn balance. There was \$0 outstanding as of June 30, 2024 and 2023, respectively.

Fees relating to the obligation under the lines of credit for the years ended June 30, 2024 and 2023 were approximately \$696,000 and \$420,000, respectively. Interest expense on the lines of credit was \$3,747,000 and \$4,590,000 as of June 30, 2024 and 2023, respectively.

(6) Long-Term Debt

The University has financed certain plant asset acquisition and construction costs, and obtained general institutional liquidity, through revenue obligations of the Dormitory Authority of the State of New York (the Authority) and other sources.

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The following obligations were outstanding at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
The Rockefeller University Revenue Bonds, Series 2022A, 4% to 5%, due serially to 2042	\$ 70,400,000	70,400,000
Note payable, direct placement 1.25%, due serially 2026	100,000,000	100,000,000
The Rockefeller University Revenue Bonds, Series 2020A, 5.00%, due serially to 2053	40,985,000	40,985,000
The Rockefeller University Revenue Bonds, Series 2020B, 3.75%, due 2051	75,345,000	75,345,000
The Rockefeller University Revenue Bonds, Series 2019A, 5.00%, due 2035	46,770,000	46,770,000
The Rockefeller University Revenue Bonds, Series 2019B, 5.00%, due 2050	73,285,000	73,285,000
The Rockefeller University Revenue Bonds, Series 2019C, 4.00%, due 2049	89,365,000	89,365,000
The Rockefeller University Revenue Bonds, Series 2017A, variable rate, partially hedged by interest rate swap, due 2052 (effective rate 2.66% and 2.81% as of June 30, 2024 and 2023, respectively)	100,445,000	100,445,000
Note payable, direct placement 3.77%, due serially to 2045	25,000,000	25,000,000
The Rockefeller University Revenue Bonds, Series 2015A, variable rate, partially hedged by interest rate swap, due 2045 (effective rate 4.14% and 4.24% as of June 30, 2024 and 2023, respectively)	119,190,000	119,190,000
The Rockefeller University Revenue Bonds, Series 2015B, variable rate, partially hedged by interest rate swap, due 2045 (effective rate 4.01% and 3.92% as of June 30, 2024 and 2023, respectively)	44,000,000	44,000,000
The Rockefeller University Revenue Bonds, Series 2008A, variable rate, partially hedged by interest rate swap, due 2039 (effective rate 5.28% and 5.51% as of June 30, 2024 and 2023, respectively)	103,215,000	103,215,000
	<u>2024</u>	<u>2023</u>
The Rockefeller University Revenue Bonds, Series 2002A2, variable rate, partially hedged by interest rate swap, due 2032 (effective rate 4.46% and 4.89% as of June 30, 2024 and 2023, respectively)	\$ 50,000,000	50,000,000
	938,000,000	938,000,000
Unamortized bond premium	49,491,077	52,074,817
Unamortized bond issuance costs	(3,814,742)	(4,060,002)
	<u>\$ 983,676,335</u>	<u>986,014,815</u>

The Series 2012A, 2012B, 2019A, 2019B, 2019C, 2020A, and the 2022A bonds were issued at a premium, which are being amortized over the lives of the bonds.

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As of June 30, 2024, the University's projected debt service payments on its long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
Year ending June 30:			
2025	\$ —	37,315,592	37,315,592
2026	100,000,000	36,863,537	136,863,537
2027	—	36,065,592	36,065,592
2028	—	36,065,592	36,065,592
2029	2,000,000	36,065,592	38,065,592
Thereafter	<u>836,000,000</u>	<u>576,089,290</u>	<u>1,412,089,290</u>
	<u>\$ 938,000,000</u>	<u>758,465,195</u>	<u>1,696,465,195</u>

Interest expense on long-term debt for the years ended June 30, 2024 and 2023 was approximately \$37,812,000 and \$37,271,000, respectively.

In April 2022, the University entered into a bond refinancing transaction. The Series 2022A bonds refunded the 2012A and the 2012B bonds and bears interest at a fixed rate. The refunding of the 2012A and 2012B bonds resulted in a gain of approximately \$3,231,000.

In February 2021, the University entered into a note purchase agreement with a major insurance company for \$100,000,000, with principal due February 18, 2026.

In May 2020, the University entered into two bond transactions. The Series 2020A bonds refunded the Series 2010A bonds and bear interest at a fixed rate. The Series 2020B bonds bear interest at a fixed rate and were issued for general institutional liquidity.

In December 2019, the University entered into two bond transactions. The 2019A bonds refunded the 2009A bonds and bear interest at a fixed rate. The 2019B and 2019C bonds were issued jointly and bear interest at a fixed rate. The 2019B bonds issued for additional financing for a construction project. The 2019C bonds refunded the 2009C bonds.

On April 10, 2015, the University entered into a note purchase agreement with a major insurance company for \$25 million, with principal due April 10, 2045.

The Series 2015A bonds bear interest at a variable rate and were directly placed with a financial institution for an initial 10-year period through a bond purchase and placement agreement. The 2015B bonds bear interest at a variable rate and were directly placed with a financial institution through a bond purchase and placement agreement.

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The Series 2002A2 bonds and the Series 2008A bonds bear interest at variable rates and are subject to optional and mandatory tender. The University has entered into agreements with remarketing agents pursuant to which the remarketing agents are obligated to use their best efforts to remarket any bonds so tendered. The University is obligated to purchase any bonds that are tendered but not remarketed. In connection with the Series 2002A2 and 2008A bonds, the University arranged for a standby purchase agreement to be provided by a bank, pursuant to which the bank will purchase any bonds that are tendered and not remarketed.

On August 3, 2017, the Series 2009B bonds were refunded through proceeds from the 2017A bonds. The 2017A bonds were issued in the amount of \$100,445,000. The 2017A bonds bear interest at a variable rate and were directly placed with a financial institution for an initial 10-year period through a bond purchase and placement agreement.

On June 1, 2022, the University changed from the London Interbank Offered Rate (LIBOR) to the Secured Overnight Financing Rate (SOFR) for interest on its variable rate bond issues, 2002A2, 2008A, 2015A, 2015B, and 2017A.

Interest Rate Swap Agreements

The University has entered into five interest rate swap agreements. The following schedule presents the notional principal amounts of the swaps and other related information as of June 30, 2024:

<u>Effective date</u>	<u>Notional amount</u>	<u>Termination date</u>
January 31, 2002	\$ 50,000,000	2032
May 2, 2005	50,000,000	2032
July 1, 2008	100,000,000	2039
July 1, 2009	100,000,000	2040
July 1, 2010	75,000,000	2040

The swaps are a partial hedge of the Series 2002A2, 2008A, 2015A, 2015B, and 2017A bond issues. Under the terms of the agreements, the University pays interest at predetermined fixed rates and receives variable rates. Included in obligation under derivative instruments in the consolidated balance sheet is the net cumulative loss on these derivative transactions in the amounts of \$51,397,387 and \$67,473,916 (Level 2 in the fair value hierarchy) at June 30, 2024 and 2023, respectively. Additionally, the change in the cumulative loss is included in net appreciation in fair value of derivative instruments in the accompanying consolidated statement of activities and amounted to \$16,076,529 and \$27,374,167 for the years ended June 30, 2024 and 2023, respectively.

In June 2023, the University converted the underlying interest rate on its swaps from LIBOR to SOFR under the International Swaps and Derivatives Association (ISDA) protocols.

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(With comparative financial information as of and
for the year ended June 30, 2023)**(7) Plant Assets**

Plant assets at June 30, 2024 and 2023 comprise the following:

	<u>2024</u>	<u>2023</u>
Land and land improvements	\$ 32,979,028	32,974,959
Buildings and building improvements	1,760,900,048	1,746,583,135
Equipment	129,315,261	128,595,808
Leasehold improvements	460,112	460,112
Library books	755,237	755,237
Works of art	890,664	890,664
Total	1,925,300,350	1,910,259,915
Less accumulated depreciation and amortization	(884,300,012)	(834,327,731)
Construction in progress	35,321,384	28,320,879
	<u>\$ 1,076,321,722</u>	<u>1,104,253,063</u>

(8) Retirement Benefits

The University has defined-contribution retirement plans covering substantially all academic and nonacademic personnel. The plans are fully funded by the purchase of annuity contracts. Pension costs amounted to approximately \$12,824,000 and \$12,067,000 for the years ended June 30, 2024 and 2023, respectively.

In addition to providing pension benefits, the University provides certain healthcare and life insurance benefits for retired faculty and administrative employees who meet certain age and length-of-service requirements upon retirement. The University recognizes the funded status (i.e., the difference between the fair value of plan assets and projected benefit obligations) of its benefit plan as an asset or liability in its consolidated balance sheet and recognizes changes in that funded status in the year in which the changes occur through changes in net assets without donor restrictions.

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The following table sets forth the postretirement benefit plan's funded status and amounts recognized in the University's consolidated financial statements as of and for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 94,472,000	101,990,000
Service cost	2,708,000	3,160,000
Interest cost	4,864,000	4,765,000
Plan participants' contributions	783,000	642,000
Actuarial gain	4,784,000	(11,129,000)
Benefits paid	<u>(5,267,000)</u>	<u>(4,956,000)</u>
Benefit obligation at end of year	<u>102,344,000</u>	<u>94,472,000</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	36,322,000	31,912,000
Actual return on plan assets	5,228,000	4,410,000
Employer contribution	4,484,000	4,314,000
Plan participants' contributions	783,000	642,000
Benefits paid	<u>(5,267,000)</u>	<u>(4,956,000)</u>
Fair value of plan assets at end of year (Level 1 inputs)	<u>41,550,000</u>	<u>36,322,000</u>
Accrued postretirement benefit obligation (APBO)	<u>\$ 60,794,000</u>	<u>58,150,000</u>

The components of net periodic postretirement benefit cost for the years ended June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Service cost	\$ 2,708,000	3,160,000
Interest cost	4,864,000	4,765,000
Expected return on plan assets	(2,503,000)	(2,199,000)
Amortization of net gain	<u>(861,000)</u>	<u>—</u>
Net periodic postretirement benefit cost	<u>\$ 4,208,000</u>	<u>5,726,000</u>

The amount of actuarial gain amortized into net periodic postretirement benefit cost in 2025 is estimated to be \$(565,000).

As of June 30, 2024 and 2023, the postretirement benefit obligation includes net actuarial gains of \$17,721,000 and \$20,641,000, respectively.

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Weighted average assumptions used to calculate the benefits obligation and to determine net periodic pension cost as of and for the years ended June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Discount rate for benefit obligation	5.670 %	5.270 %
Discount rate for net periodic postretirement cost	5.270	4.700
Expected return on plan assets	6.89	6.89

For measurement purposes, an annual increase in the per capita cost of covered healthcare and prescription drug benefits was assumed. As of June 30, 2024, the initial trend rates are assumed to be 6.25% for pre-65 medical claims, 5.75% for post-65 medical claims, 10.25% for both pre-65 and post-65 prescription drug claims, and 7.96% for Medicare Advantage claims. These rates are assumed to reach an ultimate rate of 4.00% in 2045 and remain at that level thereafter. The trend rates grade to a projected long-term annual growth of inflation, real GDP growth, NHE excess trend, and additional experience. Assumed healthcare cost trends have a significant effect on the amounts reported for the healthcare plans.

The asset allocation of the postretirement benefit plan as of June 30 was:

	<u>2024</u>	<u>2024 Target</u>	<u>2023</u>	<u>2023 Target</u>
Asset category:				
Equities	85 %	75 %	83 %	75 %
Fixed income	15	25	17	25
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The fair value of plan assets as of June 30, 2024 and 2023 includes equity mutual funds of approximately \$35.2 million and \$30.1 million, respectively, and fixed income mutual funds of approximately \$6.4 million and \$6.2 million, respectively. These instruments are considered level 1 investments in the fair value hierarchy.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 is reflected assuming that the University will continue to provide a prescription drug benefit to plan participants that is at least actuarially equivalent to Medicare Part D. The University received the federal subsidy until 2018. The amounts do not reflect the effects, if any, of the Patient Protection and Affordable Care Act and Health Care and Reconciliation Act that were enacted in March 2010.

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THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

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

	Payments not reflecting Medicare subsidy	Medicare subsidy	Benefits reflecting Medicare subsidy
2025	\$ 4,533,000	222,000	4,311,000
2026	4,812,000	227,000	4,585,000
2027	5,067,000	234,000	4,833,000
2028	5,323,000	241,000	5,082,000
2029	5,617,000	245,000	5,372,000
2030–2034	32,194,000	1,322,000	30,872,000

The expected benefits to be paid are based on the same assumptions used to measure the University's benefit obligation at June 30, 2024.

Employer contributions of approximately \$4.3 million are expected to be made in 2025.

(9) Contributions Receivable

Contributions receivable consist of the following at June 30, 2024 and 2023:

	2024	2023
Amounts expected to be collected in:		
Less than one year	\$ 70,440,020	66,455,593
One year to five years	127,303,628	124,574,200
Thereafter	<u>28,632,000</u>	<u>39,630,000</u>
	226,375,648	230,659,793
Less allowance	(2,500,000)	(2,500,000)
Less discount to present value at a 5% rate at June 30, 2024 and 2023	<u>(19,105,947)</u>	<u>(21,643,329)</u>
	<u>\$ 204,769,701</u>	<u>206,516,464</u>

Included in gross contributions receivable at June 30, 2024 and 2023 is approximately \$83 million and \$98 million, respectively, due from three donors.

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THE ROCKEFELLER UNIVERSITY
Notes to Consolidated Financial Statements
June 30, 2024
(With comparative financial information as of and
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(10) Net Assets

Net assets consist of the following as of June 30, 2024 and 2023:

	2024			2023		2023 Total
	Without donor restrictions	With donor restrictions	2024 Total	Without donor restrictions	With donor restrictions	
Operations	\$ (469,655,976)	—	(469,655,976)	(386,518,825)	—	(386,518,825)
Net investment in plant	267,990,387	—	267,990,387	293,583,247	—	293,583,247
Endowment funds without donor restrictions	266,172,344	—	266,172,344	262,228,220	—	262,228,220
Underwater endowment funds	—	(1,770,712)	(1,770,712)	—	(2,250,640)	(2,250,640)
Research	—	120,954,763	120,954,763	—	95,368,023	95,368,023
Research support	—	784,527	784,527	—	303,421	303,421
Graduation education	—	679,450	679,450	—	679,650	679,650
Renovation of facilities	—	510,384	510,384	—	2,167,299	2,167,299
Subsequent years:						
Pledges – Facilities	—	48,197,627	48,197,627	—	54,985,189	54,985,189
Pledges – Program	—	125,395,253	125,395,253	—	129,840,592	129,840,592
Pledges – Endowment	—	22,649,907	22,649,907	—	21,690,683	21,690,683
Accumulated gains	—	1,676,480,484	1,676,480,484	—	1,640,496,350	1,640,496,350
Annuity trust and split interest agreements	—	296,491	296,491	—	296,491	296,491
Permanent endowment corpus	—	479,218,830	479,218,830	—	464,945,551	464,945,551
	<u>\$ 64,506,755</u>	<u>2,473,397,004</u>	<u>2,537,903,759</u>	<u>169,292,642</u>	<u>2,408,522,609</u>	<u>2,577,815,251</u>

The endowment funds without donor restrictions consisted of the following at June 30, 2024 and 2023:

	2024	2023
Working capital in the endowment	\$ 44,783,439	44,026,633
Other funds designated for long-term investment	221,388,905	218,201,587
	<u>\$ 266,172,344</u>	<u>262,228,220</u>

Net assets released from restrictions as of June 30, 2024 consisted of the following:

Spending on restricted funds:	
Research	\$ 107,341,652
Facilities	10,686,156
Education	496,058
Endowment spending rate:	
Board appropriated spending	98,184,329
Restricted spending:	
Research	8,111,751
Education	3,500
Total	<u>\$ 224,823,446</u>

(Continued)

THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

(11) Expenses by Natural Classification by Function

Expenses are reported in the consolidated statement of activities in categories recommended by the National Association of College and University Business Officers. The University's primary program services are research and graduate education. Expenses reported as research support and auxiliary enterprises are incurred in support of these primary program services. Accordingly, total program services expenses approximated \$413,400,000 and \$377,789,000 in 2024 and 2023, respectively. Institutional support includes approximately \$10,888,000 and \$10,182,000 of fundraising expenses in 2024 and 2023, respectively. Operations and maintenance of plant and depreciation are allocated to program and supporting activities based upon square footage. Interest is allocated to program and supporting activities based upon the usage of bond proceeds.

Expenses are reported in the consolidated statement of activities in functional categories. Natural expenses were categorized as follows:

	2024						Total
	Research	Education	Research support	Operations and maintenance of plant (O&M)	Institutional support	Auxiliary enterprises	
Salaries and benefits	\$ 109,640,098	2,567,826	37,265,694	19,912,741	36,599,182	8,702,729	214,688,270
Supplies and other	37,045,834	8,546,320	6,230,681	8,614,974	2,049,208	13,695,217	76,182,234
Fellowships and stipends	6,462,875	7,086,105	—	—	—	—	13,548,980
Subcontracts	16,928,460	—	—	—	—	—	16,928,460
Professional fees and service contracts	19,805,829	364,855	7,409,536	8,589,429	4,123,312	2,246,799	42,539,760
Depreciation and amortization	30,380,010	3,064,730	2,908,037	4,326,804	4,898,052	8,931,567	54,509,200
Interest and related costs	27,516,476	—	5,058,348	211,926	8,724,397	605,217	42,116,364
O&M – Utilities	36,228,265	187,866	9,828,896	(39,886,386)	2,923,740	4,866,026	14,148,407
Interdepartmental charges	21,292,530	(286,336)	(22,355,136)	(1,769,488)	1,943,620	1,174,810	—
Total functional expenses	305,300,377	21,531,366	46,346,056	—	61,261,511	40,222,365	474,661,675
Postretirement-related changes other than service costs	(23,842)	(1,224)	(15,282)	—	(19,566)	(4,086)	(64,000)
Litigation payments	—	—	—	—	83,634,490	—	83,634,490
Total expenses and other changes	<u>\$ 305,276,535</u>	<u>21,530,142</u>	<u>46,330,774</u>	<u>—</u>	<u>144,876,435</u>	<u>40,218,279</u>	<u>558,232,165</u>

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THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)

	2023						Total
	Research	Education	Research support	Operations and maintenance of plant (O&M)	Institutional support	Auxiliary enterprises	
Salaries and benefits	\$ 97,439,105	2,473,057	33,937,690	18,414,137	33,725,199	8,237,585	194,226,773
Supplies and other	31,418,268	6,825,948	9,293,872	9,028,592	3,700,835	12,658,515	72,926,030
Fellow ships and stipends	5,693,082	6,614,001	—	—	—	—	12,307,083
Subcontracts	16,999,838	—	—	—	—	—	16,999,838
Professional fees and service contracts	10,601,833	375,851	7,840,654	7,627,287	4,001,525	1,583,344	32,030,494
Depreciation and amortization	30,599,993	3,155,799	3,000,887	4,447,626	4,987,475	9,031,864	55,223,644
Interest and related costs	27,265,917	—	4,877,130	209,689	9,454,847	605,519	42,413,102
O&M – Utilities	33,775,106	174,532	9,160,458	(38,052,023)	2,724,869	4,396,485	12,179,427
Interdepartmental charges	20,989,407	(435,336)	(21,936,436)	(1,675,308)	1,922,293	1,135,380	—
Total functional expenses	274,782,549	19,183,852	46,174,255	—	60,517,043	37,648,692	438,306,391
Postretirement-related changes other than service costs	(5,572,343)	(262,126)	(3,810,903)	—	(4,430,067)	(1,012,561)	(15,088,000)
Litigation payments	—	—	—	—	70,064,213	—	70,064,213
Total expenses and other changes	\$ 269,210,206	18,921,726	42,363,352	—	126,151,189	36,636,131	493,282,604

(12) Contingent Liabilities

Amounts expended by the University under various government grants and contracts are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the University's financial position.

During 2018, the University retained external legal counsel to investigate a report by a former patient of inappropriate conduct by a former physician at the Rockefeller University Hospital. The University made publicly available the external counsel's report on its investigation. The University also established the Rockefeller Hospital Therapy Fund to provide financial assistance for therapy costs.

The NYS Child Victims Act (CVA), which was passed in February 2019, modified the statute of limitations for civil claims relating to certain childhood abuse claims and created a one-year window, which was subsequently extended for an additional year, from August 14, 2019, until mid-August 2021, during which persons could initiate civil lawsuits. On March 1, 2023, an amendment to the NYC Gender Motivated Violence Protection Act (GMVPA), which created a two-year window during which persons may bring civil lawsuits for gender-based crimes, became effective. For the year ended June 30, 2024, approximately \$83.6 million has been recorded in the consolidated financial statements for CVA and GMVPA settlements, legal fees, investigation costs, and other expenses through November 6, 2024. Future costs and other expenses relating to this matter cannot be reasonably estimated at this time. The University expects that a number of these claims will be covered by existing insurance coverage and has filed a lawsuit against its insurers to recover proceeds in connection with these claims.

The University is a defendant in various other lawsuits. Management of the University does not expect the ultimate resolution of these actions to have a significant effect on the University's financial position.

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THE ROCKEFELLER UNIVERSITY

Notes to Consolidated Financial Statements

June 30, 2024

(With comparative financial information as of and
for the year ended June 30, 2023)**(13) Affiliated Entities***The Rockefeller Archive Center*

The Rockefeller Archive Center (RAC) was a division of the University. On June 20, 2006, RAC was formed as a separate legal entity with a board of trustees separate and distinct from the University's board of trustees. The University's president participates in RAC's board of trustees.

The University has entered into an agreement whereby it is providing investment services to RAC. Amounts held for others in the amount of \$151,594,988 and \$151,017,718 as of June 30, 2024 and 2023, respectively, represent the fair value (Level 3 in the fair value hierarchy) of RAC's units in the University's endowment pool. RAC, upon written notice to the University, may submit a request to redeem all or a portion of the units held by RAC. Each redemption request shall be no less than \$2 million. After receiving the redemption request, the University shall notify RAC of the portion, if any, of the redemption request that is accepted and the manner and timing of payment of the redemption amounts. The dispositions, which include redemptions and appropriations for spending, are \$10,198,407 and \$8,324,354 for the years ended June 30, 2024 and 2023, respectively, and total appreciation (depreciation) on the amounts are \$10,960,048 and \$(794,408) for the years ended June 30, 2024 and 2023, respectively. Pursuant to the terms of the investment services agreement, RAC has no beneficial interest or rights with respect to the University's underlying investments.

Sanders Tri-Institutional Therapeutics Discovery Institute

Sanders Tri-Institutional Therapeutics Discovery Institute (Sanders-TDI) is a nonprofit corporation formed in 2013 to further and improve health and the diagnosis, prevention, and treatment of disease through furthering and improving translational research. Sanders-TDI is controlled and governed by the University and two other leading not-for-profit academic, medical, and research institutions. The University's president and two additional University faculty members participate on Sanders-TDI's board of directors. The University provides accounting and tax services to Sanders-TDI on a pro bono basis.

The collaboration agreement among Sanders-TDI and the Tri-Institutional members states that each Tri-Institutional member will provide pro rata funding annually (calendar year basis) determined by Sanders-TDI's board of directors in support of Sanders-TDI's activity. In 2024 and 2023, the University provided funding of \$2,000,000, respectively, to Sanders-TDI.

(14) Subsequent Events

The University evaluated events subsequent to June 30, 2024 through November 13, 2024, the date on which the consolidated financial statements were issued and concluded that no additional disclosures are required, except as referred to above in note 12.

THE ROCKEFELLER UNIVERSITY
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2024

Federal grants/program title or cluster/Pass-through entity:	Federal assistance listing number	Pass-through entity identifying number	Amount provided to subrecipients	Expenditures
Research and Development Cluster:				
U.S. Department of Health and Human Services (DHHS):				
National Institutes of Health (NIH):				
National Cancer Institute:				
21st Century Cures Act – Beau Biden Cancer Moonshot	93.353		\$ 448,786	1,295,565
Cancer Cause and Prevention Research	93.393		1,511,275	3,499,470
Cancer Treatment Research	93.395		186,217	1,916,525
Cancer Biology Research	93.396		229,509	3,296,638
Cancer Centers Support Grants	93.397		27,564	2,024,832
Cancer Research Manpower	93.398		13,644	440,684
Pass-through programs from:				
Columbia University	93.393	1(GG016311-01)	—	341,353
Weill Cornell Medical College	93.396	231164	—	65,069
Mayo Clinic	93.397	ROC-245908	—	148,297
Sloan–Kettering Institute for Cancer Research	93.398	C22608867	—	35,967
Sloan–Kettering Institute for Cancer Research	93.398	MSKSUB00000142	—	12,810
Total National Cancer Institute			2,416,995	13,077,210
National Eye Institute:				
Vision Research	93.867			
Pass-through programs from:				
University of California, San Francisco	93.867	12115SC	—	292,644
Total National Eye Institute			—	292,644
National Heart, Lung, and Blood Institute:				
Blood Diseases and Resources Research	93.839		228,278	822,857
Pass-through programs from:				
University of Massachusetts, Amherst	93.839	23-017725 A 00	—	155,961
Total National Heart, Lung, and Blood Institute			228,278	978,818
National Institute of Allergy and Infectious Diseases:				
Trans-NIH Research Support	93.310		—	254,194
Allergy and Infectious Diseases Research	93.855		5,021,649	25,281,999
Allergy and Infectious Diseases Research (COVID-19)	93.855		—	1,139,347
Pass-through programs from:				
Albert Einstein College of Medicine	93.855	31209A	—	148,754
Albert Einstein College of Medicine	93.855	31232A	—	93,120
Benaroya Research Institute	93.855	N/A	—	(1,217)
The Brigham and Women's Hospital	93.855	125809	—	343,644
Broad Institute	93.855	5000564-5500001798	—	121,063
California Institute of Technology	93.855	S413690	—	286,146
California Institute of Technology	93.855	S634725	—	537,546
Columbia University	93.855	6(GG019638-01)	—	4,755
Fred Hutchinson Cancer Research Center	93.855	0001143571	—	181,632
Hackensack Meridian Health	93.855	1 U19 AI171401-01	—	408,748
Hackensack Meridian Health	93.855	G10200-2213	—	955,517
Hackensack Meridian Health	93.855	G10200-2219	—	49,832
Hackensack Meridian Health	93.855	G30200-2239	—	38,576
Hackensack Meridian Health	93.855	U19 AI171401-01	—	5,349,923
Hackensack Meridian Health	93.855	U19AI171401-01	—	275,298
Hackensack Meridian Health	93.855	U19AI142731-05	—	278,304
Harvard School of Public Health	93.855	117422-5126744	—	343,941
Massachusetts General Hospital	93.855	236937	—	423,127
New York Genome Center	93.855	2019-0014-ROCK-01	—	218,901
Northwestern University	93.855	60055769 RU	—	165,674
The Scripps Research Institute	93.855	5-54025	—	586,955
The Scripps Research Institute	93.855	5-54886	—	48,866
The Scripps Research Institute	93.855	5-55188	—	804,657
Seattle Children's Research Institute	93.855	SCRI NS122902	—	269,803
University of Alabama at Birmingham	93.855	000520244-SP008-SC018	—	89,835
University of Alabama at Birmingham	93.855	000520244-SP008-SC025	—	163,352
University of California, Los Angeles	93.855	1560 G YB449	—	89,066
University of California, San Francisco	93.855	15211SC	—	374
University of Michigan	93.855	SUBK00016308	—	310,800
University of Michigan	93.855	SUBK00018317	—	188,328
University of Nevada, Reno	93.855	N/A	—	20,851
Weill Cornell Medical College	93.855	211594	—	946,983
Weill Cornell Medical College	93.855	230143-5	—	84,750
Weill Cornell Medical College	93.855	215334-1	—	15,779
Weill Cornell Medical College	93.855	211027-3	—	451,165
Weill Cornell Medical College	93.855	200543-1	—	135,252
The Wistar Institute	93.855	25900-52-324	—	105,352
Total National Institute of Allergy and Infectious Diseases			5,021,649	41,210,966

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Schedule of Expenditures of Federal Awards
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Federal grants/program title or cluster/Pass-through entity:	Federal assistance listing number	Pass-through entity identifying number	Amount provided to subrecipients	Expenditures
Research and Development Cluster, continued:				
DHHS, continued:				
NIH, continued:				
National Institute of Alcohol Abuse and Alcoholism: Alcohol Research Programs	93.273		\$ —	340,467
National Institute of Human Genome: Human Genome Research	93.172		—	82,267
Trans-NIH Research Support	93.310		—	776,894
Pass-through program from:				
New York University School of Medicine	93.172	22-A0-00-006793	—	44,087
University of California, Santa Cruz	93.172	A20-0450-S004 P0727664	—	969,719
Total National Institute of Human Genome			—	1,872,967
National Institute of Arthritis and Musculoskeletal and Skin Diseases: Arthritis and Musculoskeletal and Skin Diseases Research	93.846		—	2,003,579
Pass-through programs from:				
Stanford University	93.846	62678188-166520	—	538,853
University of California, Los Angeles	93.846	1554GLA512	—	4,280
Rush University	93.846	22021106-Sub04	—	167,119
Rush University	93.846	N/A	—	75,704
Hospital for Special Surgery	93.846	N/A	—	3,098
Total National Institute of Arthritis and Musculoskeletal and Skin Diseases			—	2,792,633
National Institute of Child Health and Human Development: Child Health and Human Development Extramural Research	93.865		—	798,051
Pass-through program from:				
Columbia University	93.865	COLUMBIA-RF1NS128897	—	552,176
Columbia University	93.865	GG014695-01	—	221,008
Total National Institute of Child Health and Human Development			—	1,571,235
National Institute of Deafness and Other Communication Disorders: Research Related to Deafness and Communication Disorders	93.173		—	572,609
National Institute of Diabetes and Digestive and Kidney Diseases: Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		906,189	4,811,838
Pass-through program from:				
Mount Sinai School of Medicine	93.847	0255-E541-4609	—	27,130
Total National Institute of Diabetes and Digestive and Kidney Diseases			906,189	4,838,968
National Institute on Drug Abuse: Drug Abuse and Addiction Research Programs	93.279		—	616,812
Pass-through programs from:				
Mount Sinai School of Medicine	93.279	0255-B353-4609	—	43,063
Total National Institute on Drug Abuse			—	659,875
National Institute of General Medical Sciences: Trans-NIH Research Support	93.310		—	750,705
Biomedical Research and Research Training	93.859		715,317	12,984,228
Pass-through programs from:				
Albert Einstein College of Medicine	93.859	311797	—	73,692
Stanford University	93.859	63067877-135102	—	10,546
Total National Institute of General Medical Sciences			715,317	13,819,171
National Institute of Mental Health: Mental Health Research Grants	93.242		—	563,237
Pass-through programs from:				
Allen Institute	93.242	2022-0627	—	763,034
MicroBrightField	93.242	MH132234-01	—	5,858
NYU School of Medicine	93.242	22-A0-00-1008079	—	12,588
Total National Institute of Mental Health			—	1,344,717
National Institute of Neurological Disorders and Stroke: Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		1,290,517	12,910,086
Pass-through program from:				
University of California, Los Angeles	93.853	1580 G LG241	—	377,213
Mount Sinai School of Medicine	93.853	0255-D181-4609	—	201,836
Total National Institute of Neurological Disorders and Stroke			1,290,517	13,489,135

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THE ROCKEFELLER UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Federal grants/program title or cluster/Pass-through entity:	Federal assistance listing number	Pass-through entity identifying number	Amount provided to subrecipients	Expenditures
Research and Development Cluster, continued:				
DHHS, continued:				
NIH, continued:				
National Institute on Aging:				
Aging Research	93.866		\$ 321,389	2,686,504
Pass-through programs from:				
California Pacific Medical Center Research Institute	93.866	5U19AG023122-15	—	46,667
University of Kentucky Research Foundation	93.866	3200002798-20-052	—	31,693
Mount Sinai School of Medicine	93.866	0255-D081-4609	—	12,908
Mount Sinai School of Medicine	93.866	0255-E221-4609	—	352,785
Mount Sinai School of Medicine	93.866	0255-F961-4609	—	276,833
Total National Institute on Aging			<u>321,389</u>	<u>3,407,390</u>
National Center for Advancing Translational Sciences:				
National Center for Advancing Translational Sciences	93.350		417,246	5,189,186
Pass-through programs from:				
Vanderbilt University	93.350	VUMC117153	—	64,818
Total National Center for Advancing Translational Sciences			<u>417,246</u>	<u>5,254,004</u>
National Center for Complementary and Integrative Health:				
Research and Training in Complementary and Alternative Medicine	93.213		—	8,430
Pass-through program from:				
Mount Sinai School of Medicine	93.UNK	75N93019C00051	—	468,997
Total National Center for Complementary and Integrative Health			<u>—</u>	<u>477,427</u>
National Institute of Dental and Craniofacial Research				
Trans-NIH Research Support	93.310		—	602,190
Total DHHS			<u>11,317,580</u>	<u>106,602,426</u>
U.S. Department of Defense:				
Basic and Applied Scientific Research	12.300		—	821,776
Pass-through programs from:				
Harvard Medical School	12.UNK	138076-5098503	—	(1,511)
Ventus Therapeutics US, Inc.	12.420	001	—	95,766
Total Military Medical Research and Development			<u>—</u>	<u>94,255</u>
Total U.S. Department of Defense			<u>—</u>	<u>916,031</u>
National Science Foundation:				
Education and Human Resources	47.076		—	584,073
Biological Sciences:				
Biological Sciences	47.074		—	(1,102)
Pass-through programs from:				
University of North Carolina, Chapel Hill	47.074	5122605	—	14,963
University of California, Los Angeles	47.074	1580 G VC929	—	204,145
Total Biological Sciences			<u>—</u>	<u>218,006</u>
Computer and Information Science and Engineering:				
Computer and Information Science and Engineering	47.070		—	248,852
Pass-through programs from:				
Massachusetts Institute of Technology	47.070	S3377; PO 508269	—	30,479
Total Computer and Information Science and Engineering			<u>—</u>	<u>279,331</u>
Engineering				
Pass-through programs from:				
Research Foundation of CUNY	47.041	CM00007253-01	—	12,969
Research Foundation of CUNY	47.041	CM00007253-02	—	12,969
Total Engineering			<u>—</u>	<u>25,938</u>
Mathematical and Physical Sciences	47.049		—	184,982
Total National Science Foundation			<u>—</u>	<u>1,292,330</u>
U.S. Department of Commerce:				
National Oceanic and Atmospheric Administration:				
Ocean Exploration	11.011		—	97,851
National Aeronautics and Space Administration:				
Exploration	43.003		—	33,395
U.S. Department of Agriculture:				
Pass-through programs from:				
Broad Institute	10.001	5001669-5500002320	—	75,907

(Continued)

THE ROCKEFELLER UNIVERSITY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Federal grants/program title or cluster	Federal assistance listing number	Pass-through entity identifying number	Amount provided to subrecipients	Expenditures
Research and Development Cluster, continued:				
Research Training Programs:				
U.S. Department of Health and Human Services:				
National Institutes of Health:				
National Institute of Allergy and Infectious Diseases	93.855		\$ —	201,316
National Institute of General Medical Sciences	93.859		—	402,151
Total Research Training Programs			—	603,467
Fellowships Programs:				
U.S. Department of Health and Human Services:				
National Institutes of Health:				
National Institute of Mental Health	93.242		—	84,351
National Institute of Cancer	93.398		—	103,845
National Heart, Lung and Blood Institute	93.837		—	47,535
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846		—	12,194
National Institute of Diabetes and Digestive and Kidney Diseases	93.847		—	66,987
National Institute of Neurological Disorders and Stroke	93.853		—	51,619
National Institute of Allergy and Infectious Diseases	93.855		—	70,235
National Institute of General Medical Sciences	93.859		—	218,762
National Eye Institute	93.867		—	13,966
Total National Institutes of Health			—	669,494
National Science Foundation	47.074		—	600
Total Fellowships Programs			—	670,094
Total Expenditures of Federal Awards – Research and Development Cluster			\$ 11,317,580	110,291,501

See accompanying notes to schedule of expenditures of federal awards.

THE ROCKEFELLER UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards for the year ended June 30, 2024 (the Schedule) presents expenditures of The Rockefeller University (the University) charged to federal awards programs. The information in this schedule is presented on the accrual basis of accounting and is in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Expenditures are accrued when they are reviewed for eligibility under the grant. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the University.

(2) Summary of Significant Accounting Policies for Federal Awards Expenditures

Expenditures for federal awards programs of the University are determined using cost accounting principles and procedures. Under these cost principles, certain expenditures are not allowable or are limited as to reimbursement.

Expenditures include indirect costs, relating primarily to facilities operation and maintenance, and general and departmental administration services, which are allocated to direct cost objectives (including federal awards) based on negotiated formulas commonly referred to as indirect cost rates. Indirect costs allocated to such awards for the year ended June 30, 2024 were based on fixed rates negotiated with the cognizant federal agency, the Department of Health and Human Services. The University has not elected to use the 10-percent de minimis cost rate allowed under the Uniform Guidance.

(3) Summary of Indirect Costs

Indirect cost recoveries of the University for the year ended June 30, 2024 are summarized as follows:

Research and development	\$	35,882,293
Research training and fellowships		2,347,479
	\$	38,229,772



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

II-1

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

The Board of Trustees
The Rockefeller University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Rockefeller University and its subsidiary (the University), which comprise the University's consolidated balance sheet as of June 30, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 13, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

**Purpose of This Report**

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

KPMG LLP

New York, New York
November 13, 2024



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

II-3

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

The Board of Trustees
The Rockefeller University

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Rockefeller University and its subsidiaries (the University's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the University's major federal program for the year ended June 30, 2024. The University's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not

absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the University's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's responses and corrective action plans were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plans.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.



A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's responses and corrective action plans were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plans.

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

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

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2024, and have issued our report thereon dated November 13, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

New York, New York
March 6, 2025

THE ROCKEFELLER UNIVERSITY
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2024

(1) Summary of Auditors' Results

- (a) Type of report issued on whether the financial statements were prepared in accordance with U.S. generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
- Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- (c) Noncompliance material to the financial statements: **No**
- (d) Internal control deficiencies over the major program disclosed by the audit:
- Material weaknesses: **No**
 - Significant deficiencies: **Yes (2024-002)**
- (e) Type of report issued on compliance for major programs: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **Yes (2024-001 and 2024-002)**
- (g) Major program: Research and Development Cluster (various federal assistance listing numbers)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee: **Yes**

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

None

(3) Findings and Questioned Costs Relating to Federal Awards

2024-001 Activities Allowed or Unallowed and Allowable Costs / Cost Principles

Research and Development Cluster:

National Institutes of Health:

Institutional Career Development Costs (ALN 93.350, grant number 5 UL1 TR001866)

Statistically valid sample: No, and it was not intended to be.

Repeat finding: Not a repeat finding.

Finding Type: Noncompliance

(Continued)

THE ROCKEFELLER UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Criteria:

Non-federal entities should ensure that costs are reasonable and necessary for the performance of the Research and Development effort identified in the applicable award.

In accordance with the documentation standards of 2 CFR section s200.430(i), costs of compensation for personal services are allowable to the extent total compensation for individual employees:

- (a) Is reasonable for the services rendered and conforms to the established written policy of the non-federal entity consistently applied to both federal and non-federal activities.
- (b) Follows an appointment made in accordance with a non-federal entity's rules or written policies and meets the requirements of federal statute, where applicable; and
- (c) Is determined and supported as provided in 2 CFR section 200.430(i), including the charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed.

Condition and context:

In April 2024, University management became aware that a full-time employee of the University was concurrently employed by Duke-NUS Medical School in Singapore since early 2021. The employee had not previously disclosed to the University his affiliation with, and income from, Duke-NUS Medical School, including on his financial conflict of interest in research disclosure forms that the University requires all researchers to complete and in various documents and certifications in connection with several National Institutes of Health (NIH) grants, which supported a portion of his salary.

The University retained external legal counsel to conduct an investigation. After this investigation by external counsel, several actions were taken. First, the University stopped drawing NIH grant funds to support this employee's salary. The employee's employment ended. The University conducted a financial conflict of interest in research review as to the employee's previously undisclosed significant financial interests for the period 2021 to 2024, and other payments from Duke-NUS Medical School, dating back to 2019 and found no evidence that the design, conduct, or reporting of the employee's NIH-funded work at the University had been adversely affected. Lastly, the University informed NIH of the matter and offered to repay half of the employee's salary, fringe benefits, and indirect cost recovery charges that had been charged to NIH grants during the time period from January 2021 through May 2024. The proposed repayment amounts to \$299,805.

The amount charged to NIH grants during fiscal year 2024 was \$178,084.

Cause:

The employee failed to disclose to the University that he was concurrently employed by Duke-NUS Medical School including on his financial conflict of interest in research forms that he was required to complete and in documents and certifications in connection with various NIH grants that supported his salary.

(Continued)

THE ROCKEFELLER UNIVERSITY
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2024

Effect:

Because the University assumed when calculating the employee's salary that he was a full-time employee of the University and drew from NIH grants on that basis, but in reality, he was also working at Duke-NUS Medical School, some of the employee's salary, related fringe benefits and indirect cost charges likely were unallowable under federal grant principles.

Questioned Costs:

The likely questioned costs are \$178,084. Known questioned costs are indeterminable.

Recommendation:

The University should continue to communicate to University investigators the importance of accurately completing the financial conflicts of interest in research disclosure forms pursuant to applicable, long-standing University policies.

Views of Responsible Officials:

The University recognizes the seriousness of this matter, involving a former employee who accepted employment and worked at Duke-NUS Medical School in Singapore, without disclosing to the University this concurrent position. Under the University's Code of Conduct, all members of the University community should conduct themselves ethically, honestly, and with integrity in all dealings and should act with due recognition of their position of trust with respect to the University's research sponsors. Upon discovering that the employee had a concurrent employment at Duke-NUS, the University acted responsibly in investigating the matter and taking appropriate action, including notifying NIH, offering repayment, and fully cooperating with NIH. No internal controls or protocols were compromised as a result of this matter.

2024-002 Subrecipient Monitoring

Research and Development Cluster:

National Institutes of Health:

Allergy and Infectious Diseases Research (ALN 93.855)

Statistically valid sample: No, and it was not intended to be.

Repeat finding: Not a repeat finding.

Finding Type: Noncompliance and Significant Deficiency

Criteria:

A pass-through entity is required to evaluate each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward. This evaluation of risk may include consideration of such factors as the subrecipient's prior experience with similar subawards, whether the subrecipient has new personnel or new or substantially changed systems and the extent and results of federal awarding agency monitoring. Additionally, in accordance with federal requirements, a non-federal entity shall maintain internal controls over federal programs designed to provide reasonable assurance that transactions are executed in compliance with federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a federal program.

(Continued)

THE ROCKEFELLER UNIVERSITY
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

Condition and context:

Prior to executing a subaward, the University performs a risk assessment over the potential subrecipient to evaluate the risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward by the subrecipient. This risk assessment includes the review of a commitment form. The commitment form is prepared by the subrecipient and reviewed by the Principal Investigator and includes an evaluation of the results of previous audits, whether the subrecipient has new personnel or new or substantially changed systems and the extent and results of federal awarding agency monitoring.

We selected seven subrecipients out of a population of 50 subrecipients for test work who had subaward agreements with the University during the fiscal year 2024 and noted for two subrecipients, the commitment form was not received and reviewed prior to the University entering into the subawardee agreement.

Cause:

The Principal Investigators did not obtain the commitment forms from two subrecipients and therefore, could not provide evidence that a risk assessment was performed prior to the University entering into the subaward.

Effect:

The University could provide a subaward to a subrecipient that is considered to have a higher risk of noncompliance and require additional monitoring, and not perform that additional monitoring.

Questioned Costs:

None.

Recommendation:

The University should strengthen its policies and procedures over its subrecipient monitoring process over the Research and Development Cluster programs and provide training to the staff responsible for this federal requirement to ensure all necessary documentation is received and reviewed in accordance with the University's policies and procedures.

Views of Responsible Officials:

As of March 2021, Rockefeller University's Office of Sponsored Programs Administration (OSPA) requires collection of the subrecipient commitment form for all applications including outgoing subawards, regardless of FDP Clearinghouse or membership status. All OSPA staff have been trained on this requirement, and we continue to emphasize this requirement in our team meetings. In addition, the requirements were sent to the university community in March 2021 and posted on the OSPA website. If a university applicant resists this requirement, all OSPA staff are required to forward that information to the Director, who communicates the requirement to the applicant. OSPA will be re-educating the laboratories on this requirement in the coming weeks via email and will repeat on a semi-annual basis.