CORNELL UNIVERSITY

Consolidated Financial Statements

June 30, 2024 and 2023

Report of Independent Auditors

To The Board of Trustees of Cornell University

Opinion

We have audited the accompanying consolidated financial statements of Cornell University and its subsidiaries (the "University"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities for the year ended June 30, 2024 and of cash flows for the years ended June 30, 2024 and 2023, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024 and 2023, the changes in its net assets for the year ended June 30, 2024, and its cash flows for the years ended June 30, 2024 and 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the 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.

Other Matter

We previously audited the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and of cash flows for the year then ended (the statement of activities is not presented herein), and in our report dated October 20, 2023, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying summarized financial information 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.

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

PricewaterhouseCoopers LLP

Fairport, New York
October 21, 2024

CORNELL UNIVERSITY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND JUNE 30, 2023 (in thousands)

	2024	2023
Assets		
Cash and cash equivalents	$ 967,080	$ 775,832
Accounts receivable, net (note 3-A)	815,797	743,141
Contributions receivable, net (note 3-B)	684,248	747,786
Prepaid expenses and other assets	171,075	162,168
Investments (note 4)	11,510,508	10,723,382
Right of use assets-operating leases, net (note 10)	482,771	388,994
Right of use assets-finance leases, net (note 10)	49,355	49,202
Land, buildings, and equipment, net (note 5)	4,709,867	4,475,002
Funds held in trust by others (note 6)	157,918	155,554
Total assets	$ 19,548,619	$ 18,221,061
Liabilities		
Accounts payable and accrued expenses	$ 434,514	$ 455,836
Deferred revenue and other liabilities	705,734	464,330
Obligations under split interest agreements (note 6)	134,011	136,138
Deferred benefits (note 7)	561,557	563,830
Funds held for others (note 8)	126,580	122,356
Operating lease liabilities (note 10)	507,596	407,651
Finance lease liabilities (note 10)	54,812	54,033
Bonds and notes payable (note 9)	2,497,549	1,978,761
Total liabilities	$ 5,022,353	$ 4,182,935
Net assets (note 12)		
Without donor restrictions	4,056,351	4,181,622
With donor restrictions	10,469,915	9,856,504
Total net assets	14,526,266	14,038,126
Total liabilities and net assets	$ 19,548,619	$ 18,221,061

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

CORNELL UNIVERSITY

CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEAR-ENDED JUNE 30, 2024 (in thousands)

(WITH SUMMARIZED INFORMATION FOR THE YEAR-ENDED JUNE 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	**2024** Total	**2023** Total
Operating revenues and other support				
Tuition and fees (scholarship allowance $575,382 and $536,472)	$ 926,960	$ -	$ 926,960	$ 904,425
State and federal appropriations	157,016	-	157,016	152,674
Grants, contracts and similar agreements				
Direct	939,556	-	939,556	855,341
Indirect cost recoveries	263,765	-	263,765	239,564
Contributions	4,338	338,824	343,162	398,374
Investment return, distributed	144,604	320,937	465,541	418,009
Medical Physician Organization	1,525,818	-	1,525,818	1,361,999
Auxiliary enterprises (housing and dining allowance $24,645 and $16,912)	194,813	-	194,813	184,619
Educational activities and other sales and services	941,732	-	941,732	902,089
Net assets released from restrictions	595,633	(595,633)	-	-
Total operating revenues and other support	5,694,235	64,128	5,758,363	5,417,094
Operating expenses (note 11)				
Compensation and benefits	3,951,141	-	3,951,141	3,589,676
Supplies, services and other	1,378,482	-	1,378,482	1,213,397
Maintenance and facilities	216,456	-	216,456	216,016
Interest (note 9)	78,500	-	78,500	66,194
Depreciation	309,295	-	309,295	308,838
Total operating expenses	5,933,874	-	5,933,874	5,394,121
Change in net assets from operating activities	(239,639)	64,128	(175,511)	22,973
Non-operating revenues and (expenses)				
State appropriations for capital acquisitions	27,924	-	27,924	17,989
Grants, contracts and similar agreements for capital acquisitions	-	-	-	400
Contributions for capital acquisitions, trusts and endowments	-	258,126	258,126	246,542
Investment return, net of amount distributed	134,162	366,802	500,964	(7,764)
Change in value of split interest agreements	1,014	14,858	15,872	4,517
Pension and postretirement changes	3,834	-	3,834	13,833
Swap interest and change in value of interest rate swaps	25,947	-	25,947	42,074
Other	(168,625)	(391)	(169,016)	(16,790)
Net assets released for capital acquisitions and reclassifications	90,112	(90,112)	-	-
Change in net assets from non-operating activities	114,368	549,283	663,651	300,801
Change in net assets	(125,271)	613,411	488,140	323,774
Net assets, beginning of the year	4,181,622	9,856,504	14,038,126	13,714,352
Net assets, end of the year	$ 4,056,351	$ 10,469,915	$ 14,526,266	$ 14,038,126

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

CORNELL UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS-ENDED JUNE 30, 2024 AND JUNE 30, 2023 (in thousands)

	2024	2023
Cash flows from operating activities		
Change in net assets	$ 488,140	$ 323,774
Adjustments to reconcile change in net assets		
to net cash provided/(used) by operating activities		
Proceeds from contributions for capital acquisitions, trusts and endowments	(338,703)	(237,970)
Depreciation and amortization	293,011	293,780
Net realized and unrealized (gain)/loss on investments	(811,692)	(271,938)
Pension and postretirement changes	(3,834)	(13,833)
Change in unrealized (gain)/loss interest rate swaps	(26,116)	(49,981)
Loss on disposals of land, building, and equipment	432	11,288
Non-cash lease expense	7,806	4,652
State appropriations for capital acquisitions	(27,924)	(17,989)
Other adjustments	(12,576)	(26,561)
Change in assets and liabilities		
Accounts receivable, net, other than student loans	(78,348)	(58,811)
Contributions receivable, net	56,395	48,275
Prepaid expenses and other assets	(4,816)	(9,212)
Accounts payable and accrued expenses	(19,751)	28,766
Deferred revenue and other liabilities	244,240	41,878
Funds held in trust by others	(2,774)	(45,674)
Obligations under split interest agreements	(2,127)	(2,316)
Deferred benefits	(166)	90
Net cash provided/(used) by operating activities	(238,803)	18,218
Cash flows from investing activities		
Proceeds from the sale and maturities of investments	5,427,612	5,589,655
Purchase of investments	(5,390,505)	(5,499,641)
Acquisition of land, buildings, and equipment (net)	(504,143)	(358,133)
Student loans granted	(3,728)	(4,365)
Student loans repaid	9,029	9,441
Change in funds held for others, net of unrealized (gain)/loss on investments	(3,128)	(11,805)
Net cash provided/(used) by investing activities	(464,863)	(274,848)
Cash flows from financing activities		
Proceeds from contributions for capital acquisitions, trusts and endowments	338,703	237,970
Proceeds from state appropriations for capital acquisitions	27,924	17,989
Principal payments of bonds, notes payable and finance leases	(738,394)	(46,070)
Proceeds from issuance of bonds and notes payable	1,269,517	-
Government advances for student loans	(2,836)	(4,307)
Net cash provided/(used) by financing activities	894,914	205,582
Net change in cash and cash equivalents	191,248	(51,048)
Cash and cash equivalents, beginning of year	775,832	826,880
Cash and cash equivalents, end of year	$ 967,080	$ 775,832
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 94,659	$ 81,251
Increase/(decrease) in construction payables, non-cash activity	$ 24,545	$ 13,208
Right-of-use assets acquired under finance leases	$ 4,728	$ 958
Right-of-use assets acquired under operating leases	$ 145,858	$ 35,308
Gifts-in-kind	$ 11,329	$ 27,303

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

1. SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Organization

Founded in 1865, Cornell University ("the University") is dedicated to a mission of learning, discovery, and engagement. Cornell is a private university, the federal land-grant institution of New York State, and a member of the Ivy League. Cornell administers four contract colleges, which the University operates on behalf of the State University of New York and the results of their operations are included in the consolidated financial statements. Described as the first truly American university because of its founders' revolutionary egalitarian and practical vision of higher education, the University is dedicated to its land-grant mission of outreach and public engagement. Cornell's community includes nearly 27,700 students, over 4,800 faculty, and approximately 317,500 alumni who live and work across the globe.

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

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

B. Basis of Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("GAAP"). The University classifies net assets into two categories based on the existence or absence of donor-imposed restrictions.

<u>Net assets without donor restrictions</u> are free of explicit donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All operating expenses are reported as decreases in net assets without donor restrictions.

<u>Net assets with donor restrictions</u> are subject to explicit donor-imposed restrictions that will be met either by actions of the University or the passage of time. These net assets include gifts and appropriations from the endowment that can be expended, but for which the donors' purpose restrictions have not yet been met, as well as net assets with explicit or implied time restrictions,

such as pledges and split-interest agreements. Expiration of donor restrictions is reported in the consolidated statements of activities as a reclassification from net assets with donor restrictions to net assets without donor restrictions on the net assets released from restriction lines.

Transfers from net assets without donor restrictions to net assets with donor restrictions are primarily the result of donor redesignations or matching funds that are added to donor gift funds which then take on the same restrictions as the donor gift.

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

The University's non-operating activity within the consolidated statements of activities includes grants, contracts and appropriations for capital acquisition; contributions to the endowment and for building construction and renovation; investment returns net of endowment spending for operations and other activities related to the endowment; swap interest and change in value of interest rate swaps; changes in benefit plan obligations, excluding benefits earned during the period; and certain nonrecurring items.

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

C. Income Taxes

The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code. It is generally exempt from income taxes on related income under the appropriate sections of the Internal Revenue Code. In accordance with the accounting standards, the University evaluates its income tax position each fiscal year to determine whether the position is more likely than not to be sustained if examined by the applicable taxing authority. Based on this review, the University does not believe there would be any material impact on the consolidated financial statements for uncertain tax positions.

D. Fair-Value Hierarchy

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

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

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

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

The University uses net asset value (NAV) per share, or its equivalent, as provided by the fund manager as a practical expedient to estimate the fair values of certain investments, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy and are shown as a separate column in the fair value leveling table.

E. Cash and Cash Equivalents

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

F. Investments

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

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

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

G. Derivative Instruments

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

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

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

H. Endowments

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

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

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

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

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

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

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

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

J. Land, Buildings, and Equipment, Net

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

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

K. Leases

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

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

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

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

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

L. Revenue

Tuition and fees

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

State and Federal Appropriations

Revenue primarily consists of annual New York State appropriations through the legislative process and federal funding to Land Grant institutions via the Hatch, Smith-Lever, and other Acts in support of the contract colleges, and it is recognized over the fiscal year. This funding is considered a nonreciprocal conditional transaction with donor imposed restrictions. Condition(s) and restrictions are met in the same year and revenue is recorded within net assets without donor restrictions.

Grants and Contracts

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

Grants, contracts, and similar agreements typically provide for reimbursement of indirect costs based on predetermined rates negotiated with the University's cognizant federal agency or separately negotiated with a non-federal sponsor. Indirect cost recoveries on federally sponsored programs, such as the recovery of facilities and administrative (F&A) costs, are normally at reimbursement rates negotiated with the University's cognizant agency, the Department of

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

Health and Human Services. The University has entered into agreements with the federal government that define the predetermined rates at which the University can be reimbursed for F&A costs applicable to federal awards through June 30, 2026 (Ithaca campus) and June 30, 2027 (Weill Cornell Medicine).

Additional information regarding grant and contract revenue is presented below.

GRANTS, CONTRACTS AND SIMILAR AGREEMENTS

	Exchange	Non-Exchange	2024 Total
Federal	$ 31,931	$ 793,641	$ 825,572
State & local	47,297	23,440	70,737
Private	235,575	71,437	307,012
Total Grants, contracts and similar agreements	$ 314,803	$ 888,518	$ 1,203,321

	Exchange	Non-Exchange	2023 Total
Federal	$ 22,169	$ 714,173	$ 736,342
State & local	33,720	30,895	64,615
Private	226,853	67,095	293,948
Total Grants, contracts and similar agreements	$ 282,742	$ 812,163	$ 1,094,905

Federal revenue is primarily nonreciprocal and conditional. A significant portion of private revenue is received for the benefit of Weill Cornell Medicine - Qatar, which operates under an agreement between Cornell University and the Qatar Foundation. On June 30, 2024, the University has unrecorded conditional agreements of $2,015,345.

Contributions

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

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

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

Medical Physician Organization

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

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

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

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

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

Additional information regarding MPO revenue is presented below.

MEDICAL PHYSICIAN ORGANIZATION REVENUE

	2024	**2023**
Outpatient Services		
Commercial	$ 819,490	$ 755,469
Government	130,817	103,694
Patient and other	240,303	216,510
	1,190,610	1,075,673
Management Service Agreements	335,208	286,326
Total	$1,525,818	$1,361,999

Auxiliary enterprises

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

Educational Activities and Other Sales and Services

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

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

M. Comparative Financial Information

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

N. Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans and certain other instruments, entities will be required to use a new forward looking "expected loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The University adopted ASU 2016-13 in the fiscal year 2024, and there was no material impact on the University's consolidated financial statements.

O. Reclassifications

Certain June 30, 2023, balances and amounts previously reported have been reclassified to conform to the June 30, 2024, presentation.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

2. LIQUIDITY AND AVAILABILITY

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

LIQUIDITY AND AVAILABILITY

	2024	2023
Cash and cash equivalents	$ 967,080	$ 775,832
Accounts receivable, net, due within one year	568,772	540,732
Contributions receivable available for operations, net, due within one year	143,421	119,754
Liquid operating investments	-	147,668
Endowment payout for subsequent year	353,226	333,203
Financial assets available within one year	$ 2,032,499	$ 1,917,189

In addition, the University had $1,729,308 and $1,698,435 in funds functioning as endowment (FFE) as of June 30, 2024, and 2023, respectively. These represent unrestricted operating funds that the University has internally designated. These could be liquidated over time, if necessary, to support operations.

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

As of June 30,2024, the University maintained four lines of credit totaling $350 million with $100 million expiring July 2025, $125 million expiring February 2026, $25 million expiring January 2027, and $100 million expiring June 2027. There were no outstanding borrowings under these agreements.

As of June 30, 2023, the University maintained four lines of credit totaling $450 million with $25 million expiring January 2024, $125 million expiring February 2024, $200 million expiring May 2024, and $100 million expiring July 2025. There were no outstanding borrowings under these agreements.

In addition, the University has a taxable commercial paper program with an undrawn available balance of $201.7 million as of June 30, 2024, and $225.8 million as of June 30, 2023.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

3. RECEIVABLES

A. Accounts Receivable

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

SUMMARY OF ACCOUNTS RECEIVABLE

	2024	2023
Grants and contracts	$ 223,972	$ 197,380
NewYork-Presbyterian Hospital and other affiliates	97,524	103,494
Patients and payors	113,517	123,289
Reinsurance receivable	210,188	159,880
Federal revolving student loans	7,258	9,835
Institutional student loans	29,579	32,694
Student accounts	23,116	16,178
Other	110,643	100,391
Net accounts receivable	$ 815,797	$ 743,141

The University's receivables are reviewed and monitored for aging and other factors that affect collectability. Receivables are reduced by an allowance for credit losses of $44,535 and $38,913 at June 30, 2024, and 2023, respectively. The University measures the expected credit losses on a collective (pool) basis, separating the accounts receivable by type based on similar risk characteristics. Management quantifies the loss rate based on historical collection experience, adjusted for management's expectations about current and future economic conditions.

The accounts receivable from patients and payors for medical services comprises the following on June 30, 2024, and 2023, respectively: commercial third parties 79.7 percent and 81.6 percent; federal and state government 15.6 percent and 14.9 percent; and patients 4.7 percent and 3.5 percent. Note 13 provides additional information related to the reinsurance receivable.

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

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

B. Contributions Receivable

Unconditional promises to give, or pledges, are recorded in the consolidated financial statements at the present value using discount rates ranging from 1.2 percent to 5.3 percent. The methodology for estimating uncollectible amounts is based on an analysis of the historical collectability of contributions receivable. Contributions are expected to be realized as follows:

SUMMARY OF CONTRIBUTIONS RECEIVABLE

	2024	2023
Less than one year	$ 294,307	$ 327,489
Between one and five years	383,128	412,972
More than five years	90,663	103,713
Gross contributions receivable	$ 768,098	$ 844,174
Less: unamortized discount	(59,033)	(65,230)
Less: allowance for uncollectible amounts	(24,817)	(31,158)
Net contributions receivable	$ 684,248	$ 747,786

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

EXPECTED PURPOSE OF CONTRIBUTIONS RECEIVABLE

	2024	2023
Program support	$ 287,081	$ 259,452
Capital purposes	64,667	130,158
Long-term support	332,500	358,176
Net contributions receivable	$ 684,248	$ 747,786

On June 30, 2024, conditional promises not reflected in the consolidated financial statements, which consist primarily of bequest intentions and conditional promises with unfulfilled requirements, were $1,235,460. When conditional promises to give or bequests become unconditional, they are recorded and generally will be restricted for long-term support, program support, and capital projects as stipulated by the donors.

4. INVESTMENTS

A. General Information

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

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

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

INVESTMENT POOLS/CATEGORIES AT FAIR VALUE

	2024	2023
Long-term investments (LTI)		
Long-term investment pool (LTIP)	$ 9,933,939	$ 9,357,061
Other LTI	724,231	669,921
Total LTI	$ 10,658,170	$ 10,026,982
Separately invested and other assets	852,338	696,400
Total investments	$ 11,510,508	$ 10,723,382

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

SUMMARY OF INVESTMENT RETURN

	2024	2023
Interest and dividends, net of investment fees	$ 154,813	$ 138,307
Net realized gain/(loss)	510,937	248,882
Net unrealized gain/(loss)	300,755	23,056
Total investment return	$ 966,505	$ 410,245

Total investment return equals investment return, distributed plus investment return, net of amount distributed recorded on the consolidated statements of activities.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

B. Fair Value

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

INVESTMENTS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	Net asset value	**2024** Total
Short-term investments	$ 741,314	$ 3,080	$ -	$ -	$ 744,394
Derivatives	-	6,889	-	-	6,889
Equity					
Domestic equity	517,924	339,330	149	-	857,403
Foreign equity	519,756	296,330	1,219	472,581	1,289,886
Hedged equity	-	-	538	-	538
Private equity	-	-	123,026	2,833,358	2,956,384
Fixed income					
Asset backed fixed income	-	8,699	-	-	8,699
Corporate bonds	-	20,233	-	-	20,233
Equity partnership	-	-	-	894,172	894,172
International	-	5,354	-	-	5,354
Municipals	-	2,164	-	-	2,164
Mutual funds (non-equity)	7,560	5,554	-	-	13,114
Preferred/convertible	3,422	-	1,067	-	4,489
Other fixed income	-	201	-	-	201
US government	663,540	35,654	-	-	699,194
Marketable alternatives	-	95,847	-	1,984,267	2,080,114
Diversifying assets	-	-	-	266,721	266,721
Real assets	34,801	25,671	17,502	1,456,785	1,534,759
Receivable for investments sold	12,276	-	-	-	12,276
Payable for investments purchased	(14,137)	-	-	-	(14,137)
Other	-	-	25,699	5,883	31,582
Total	$2,486,456	$ 845,006	$ 169,200	$ 7,913,767	$11,414,429
				Equity method	96,079
				Total investments	$11,510,508

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

INVESTMENTS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	Net asset value	**2023** Total
Short-term investments	$ 471,293	$ 3,312	$ -	$ -	$ 474,605
Derivatives	-	10,384	-	-	10,384
Equity					
Domestic equity	440,211	333,831	209	-	774,251
Foreign equity	553,224	287,453	1,177	351,294	1,193,148
Hedged equity	-	-	515	-	515
Private equity	-	-	102,926	2,957,298	3,060,224
Fixed income					
Asset backed fixed income	-	10,211	-	-	10,211
Corporate bonds	-	116,024	-	-	116,024
Equity partnership	-	-	-	809,569	809,569
International	-	5,230	-	-	5,230
Municipals	-	1,830	-	-	1,830
Mutual funds (non-equity)	8,283	4,526	-	-	12,809
Preferred/convertible	7,600	-	1,164	-	8,764
Other fixed income	-	185	-	-	185
US government	389,978	65,981	-	-	455,959
Marketable alternatives	-	85,954	-	1,933,553	2,019,507
Diversifying assets	-	-	-	50,773	50,773
Real assets	38,228	28,849	18,042	1,490,648	1,575,767
Receivable for investments sold	40,527	-	-	-	40,527
Payable for investments purchased	(13,171)	-	-	-	(13,171)
Other	-	-	22,270	6,540	28,810
Total	$1,936,173	$ 953,770	$ 146,303	$ 7,599,675	$10,635,921
				Equity method	87,461
				Total investments	$10,723,382

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

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

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

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

C. Investments Using Net Asset Value

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

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

The following tables provide additional information about alternative investments measured at NAV as of June 30, 2024, and 2023, respectively:

SUMMARY OF ALTERNATIVE INVESTMENTS MEASURED USING NET ASSET VALUE

2024

Asset class	NAV in funds	Unfunded commitments	Timing to draw commitments	Redemption terms*
Private equity	$ 2,833,358	$ 717,218	1 to 10 years	Unknown - These funds are in private structures, with no ability to be redeemed
Real assets	1,456,785	481,622	1 to 10 years	Unknown - These funds are in private structures, with no ability to be redeemed
Fixed income	894,172	249,074	1 to 10 years	No redemptions available for funds in a private equity structure; balance includes 3.4% available daily, 9.7% within 7 to 15 days, 4.8% monthly with 30 days notice, 7.0% 1-year redemptions with 90-days notice, 4.3% available within 2-5 years
Foreign equity	472,581	None	N.A.	Ranges between thrice-monthly redemption with 2-days notice, to rolling 3-year redemption with 90-days notice
Marketable alternatives	1,984,267	6,558	1 to 10 years	Ranges between quarterly redemption with 30 days notice to annual redemptions with 60-90 days notice
Diversifying assets	266,721	120,603	1 to 10 years	No redemptions available for funds in a private equity structure; balance includes 18.8% available within 7 to 15 days, 17.6% monthly with 30 days notice, 40.7% quarterly with 90 days notice
Other	5,883	None	N.A.	Unknown - These funds are in private structures, with no ability to be redeemed
Total	$ 7,913,767	$ 1,575,075		

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

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

SUMMARY OF ALTERNATIVE INVESTMENTS MEASURED USING NET ASSET VALUE

2023

Asset class	NAV in funds	Unfunded commitments	Timing to draw commitments	Redemption terms*
Private equity	$ 2,957,298	$ 726,560	1 to 10 years	Unknown - These funds are in private structures, with no ability to be redeemed
Real assets	1,490,648	504,149	1 to 10 years	Unknown - These funds are in private structures, with no ability to be redeemed
Fixed income	809,569	230,601	1 to 10 years	No redemptions available for funds in a private equity structure; balance includes 3% available daily, 9% within 7 to 15 days, 5% monthly with 30-days notice, 10% 1-year redemptions with 90-days notice, less than 1% with rolling 2-year redemptions with 90-days notice, and less than 1% within 5 years
Foreign equity	351,294	None	N.A.	Ranges between thrice-monthly redemption with 2-days notice, to rolling 3-year redemption with 90-days notice
Marketable alternatives	1,933,553	5,941	1 to 10 years	Ranges between quarterly redemption with 30 days notice to annual redemptions with 60-90 days notice
Diversifying assets	50,773	78,488	1 to 10 years	No redemptions available for funds in a private equity structure; balance includes 86% available within 7 days
Other	6,540	None	N.A.	Unknown - These funds are in private structures, with no ability to be redeemed
Total	$ 7,599,675	$ 1,545,739		

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

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

D. Level 3 Investments

The tables below present a summary of Level 3 investment activity. All net realized and unrealized gains/(losses) in the tables are reflected in the accompanying consolidated statements of activities. Net unrealized gains/(losses) relate to those financial instruments held by the University on June 30, 2024, and 2023, respectively. During the fiscal year ended June 30, 2024, transfers out of Level 3 and into Level 1 include $113 of other investments. The transfers were a result of a change in observable inputs used in the pricing methodology. During the fiscal year ended June 30, 2023, transfers out of Level 3 and into Level 1 include $2,807 of foreign equity. The transfers were a result of a change in observable inputs used in the pricing methodology.

SUMMARY OF LEVEL 3 INVESTMENT ACTIVITY

	Fair value at June 30, **2023**	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value at June 30, **2024**
Equity							
Domestic equity	$ 209	$ -	$ (60)	$ -	$ -	$ -	$ 149
Foreign equity	1,177	(349)	452	-	(61)	-	1,219
Hedged equity	515	-	23	-	-	-	538
Private equity	102,926	-	13,424	6,676	-	-	123,026
Fixed income							
International	-	-	-	-	-	-	-
Preferred/convertible	1,164	4	(97)	-	(4)	-	1,067
Real assets	18,042	69	(1,172)	997	(434)	-	17,502
Other	22,270	-	856	2,686	-	(113)	25,699
Total level 3 investments	$ 146,303	$ (276)	$ 13,426	$ 10,359	$ (499)	$ (113)	$ 169,200

SUMMARY OF LEVEL 3 INVESTMENT ACTIVITY

	Fair value at June 30, **2022**	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value at June 30, **2023**
Equity							
Domestic equity	$ 209	$ -	$ -	$ -	$ -	$ -	$ 209
Foreign equity	5,044	115	(177)	504	(1,502)	(2,807)	1,177
Hedged equity	785	(250)	110	-	(130)	-	515
Private equity	85,874	-	(2,275)	19,334	(7)	-	102,926
Fixed income							
International	1,064	(273)	73	350	(1,214)	-	-
Preferred/convertible	1,137	1	(8)	39	(5)	-	1,164
Real assets	18,832	37	(840)	888	(875)	-	18,042
Other	24,360	(985)	(1,582)	4,091	(3,614)	-	22,270
Total level 3 investments	$ 137,305	$ (1,355)	$ (4,699)	$ 25,206	$ (7,347)	$ (2,807)	$ 146,303

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

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

Level 3 asset-backed fixed-income investments are valued using discounted cash flows. Preferred or convertible fixed-income investments are valued using discounted cash flows or a market approach using a dividend multiplier.

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

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

QUANTITATIVE INFORMATION ABOUT LEVEL 3 FAIR VALUE MEASUREMENT

2024

	Level 3 fair value [a]	Valuation technique(s)	Unobservable inputs	Range (weighted average)[b]
Equity	$ 37,004	Discounted cash flow	Discount rate	7.1% - 7.5% (7.4%)
			Discount for lack of marketability	0%-20% (6.8%)
Fixed income	1,003	Market comparable	Dividend multiple	15.8x - 16.5x (16.0x)
Real assets	559	Sales comparison approach	Recent transactions	
	9,673	Cap rate valuation model	Capitalization rate	5.8%
	1,646	Income approach	Annual multiple	5.0x
Other	9,858	Discounted cash flow	Discount rate	4.2% - 5.3% (4.9%)
			Years to maturity	1 - 14 (2.4)
Total	$ 59,743			

(a) Certain Level 3 assets totaling $109,457 as of June 30, 2024, have been valued at cost or using unadjusted third party quotations and thus have been excluded from this table.

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

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

QUANTITATIVE INFORMATION ABOUT LEVEL 3 FAIR VALUE MEASUREMENT

2023

	Level 3 fair value [a]	Valuation technique(s)	Unobservable inputs	Range (weighted average)[b]
Equity	$ 34,347	Discounted cash flow	Discount rate	4.3% - 7.1% (6.7%)
			Discount for lack of marketability	0%-20% (7.5%)
Fixed income	1,036	Market comparable	Dividend multiple	16.3x - 17.0x (16.5x)
Real assets	4,286	Discounted cash flow	Discount rate	4.6% - 15% (7.7%)
	513	Sales comparison	Recent transactions	
	10,024	Cap rate valuation model	Capitalization rate	5.8%
Other	8,952	Discounted cash flow	Discount rate	4.1% - 5.6% (4.7%)
			Years to maturity	2 - 14 (3.5)
Total	$ 59,158			

(a) Certain Level 3 assets totaling $87,145 as of June 30, 2023, have been valued at cost or using unadjusted third party quotations and thus have been excluded from this table.

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

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

E. Derivative Holdings

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

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

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

FAIR VALUE OF DERIVATIVE HOLDINGS IN STATEMENT OF FINANCIAL POSITION

		2024			**2023**		
Location	Derivative type	Notional amount	# of Contracts	Fair value	Notional amount	# of Contracts	Fair value
Investments							
	Foreign currency	$ -	27	$ (125)	$ -	29	$ 40
	Commodity	311,596	66	(3,629)	189,554	59	(6,408)
	Synthetic	1,441,451	18	10,643	1,016,981	10	16,752
Total fair value		$ 1,753,047	111	$ 6,889	$ 1,206,535	98	$ 10,384

5. LAND, BUILDINGS, AND EQUIPMENT, NET

A. General Information

Land, buildings, and equipment are detailed as follows:

LAND, BUILDINGS, AND EQUIPMENT

	Book value at June 30, **2024**	Book value at June 30, **2023**
Land, buildings, and equipment	$ 7,536,918	$ 7,380,752
Furniture, equipment, books, and collections	1,718,815	1,628,600
Construction in progress	682,701	423,321
Total before accumulated depreciation	$ 9,938,434	$ 9,432,673
Accumulated depreciation	(5,228,567)	(4,957,671)
Net land, buildings, and equipment	$ 4,709,867	$ 4,475,002

Certain properties, for which the University has possession and beneficial use for an indefinite period and which other entities may also record as assets, are included in the consolidated statements of financial position, as follows: (1) land, buildings, and equipment of the contract colleges aggregating $737,852 and $721,830 on June 30, 2024, and 2023, respectively, the acquisition cost of which was borne primarily by New York State, and (2) land, buildings, and equipment for which titles rest with government and corporate agencies aggregating $1,122 and $1,236 on June 30, 2024, and 2023, respectively.

The future commitments on capital projects in progress, excluding projects funded by New York State, are approximately $164,153 on June 30, 2024.

B. Cornell Tech Campus

In December 2011, in partnership with Technion-Israel Institute of Technology, the University won the Applied Sciences NYC competition to build and operate a new applied sciences and engineering campus in New York City. The city committed, through the New York City

Economic Development Corporation ("NYCEDC"), a location and seed funding for the initial construction of the new campus. Under the terms of the agreement with the NYCEDC and the ninety-nine-year ground lease on Roosevelt Island, the University committed to creating the new applied sciences campus in three phases, with milestones in 2017, 2027, and 2037. In addition, the University has enrollment, faculty, and other operational commitments as part of the agreement.

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

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

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

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

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

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

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

	2024 Total	Valuation methodologies	Unobservable inputs	Range (weighted average)
Funds held in trust by others				
Remainder	$ 93,710	Present value calculation	Discount rate	5.14%
			Years to maturity	0-49 (8)
Lead and perpetual	64,208	Discounted cash flow	Discount rate	5.41%
Total funds held in trust by others	$ 157,918			
Obligations under split-interest agreements	$ 134,011	Discounted cash flow	Discount rate	5.84%
			Years to maturity	0-74 (15)

	2023 Total	Valuation methodologies	Unobservable inputs	Range (weighted average)
Funds held in trust by others				
Remainder	$ 89,455	Present value calculation	Discount rate	5.00%
			Years to maturity	0-50 (10)
Lead and perpetual	66,099	Discounted cash flow	Discount rate	5.01%
Total funds held in trust by others	$ 155,554			
Obligations under split-interest agreements	$ 136,138	Discounted cash flow	Discount rate	5.78%
			Years to maturity	0-61 (16)

SUMMARY OF LEVEL 3 SPLIT-INTEREST AGREEMENT ACTIVITY

	Fair value at June 30, **2023**	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value at June 30, **2024**
Funds held in trust by others							
Remainder	$ 89,455	$ 2,870	$ 1,385	$ -	$ -	$ -	$ 93,710
Lead and perpetual	66,099	(96)	(1,795)	-	-	-	64,208
Total funds held in trust by others	$ 155,554	$ 2,774	$ (410)	$ -	$ -	$ -	$ 157,918
Obligations under split-interest agreements	$ 136,138	$ -	$ (2,127)	$ -	$ -	$ -	$ 134,011

	Fair value at June 30, **2022**	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value at June 30, **2023**
Funds held in trust by others							
Remainder	$ 45,642	$ 1,592	$ (1,950)	$ 45,121	$ (950)	$ -	$ 89,455
Lead and perpetual	66,302	(88)	(115)	-	-	-	66,099
Total funds held in trust by others	$ 111,944	$ 1,504	$ (2,065)	$ 45,121	$ (950)	$ -	$ 155,554
Obligations under split-interest agreements	$ 138,454	$ -	$ (2,316)	$ -	$ -	$ -	$ 136,138

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

7. DEFERRED BENEFITS

A. General Information

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

SUMMARY OF DEFERRED BENEFITS

		2024		2023
Postemployment benefits	$	31,105	$	31,683
Pension and other postretirement benefits		294,936		307,386
Other deferred benefits		235,516		224,761
Total deferred benefits	$	561,557	$	563,830

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

B. Pension and Postretirement Plans

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

The defined contribution plans for endowed colleges and exempt employees (those not subject to the overtime provisions of the Fair Labor Standards Act) at WCM are funded either by employer contributions based on a percentage of salary or by voluntary employee contributions. The contributions to the defined contribution plans are held on investment platforms with record keeping services performed by the Teachers Insurance and Annuity Association and Fidelity Investments (endowed colleges only). Total contributions of the endowed colleges and WCM plans for the fiscal years ended June 30, 2024, and 2023 amounted to $156,104 and $143,015, respectively.

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

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

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

C. Obligations and Funded Status

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

SUMMARY OF OBLIGATIONS AND FUNDED STATUS

	Pension benefits		Other postretirement	
	2024	**2023**	**2024**	**2023**
Change in plan assets				
Fair value of plan assets at beginning of year	$ 168,622	$ 156,990	$ 408,915	$ 369,042
Actual return on plan assets	23,370	13,731	42,272	39,873
Employer contribution	13,144	6,500	38,385	33,837
Benefits paid	(8,787)	(8,599)	(38,385)	(33,837)
Fair value of plan assets at end of year	$ 196,349	$ 168,622	$ 451,187	$ 408,915
Change in benefit obligation				
Benefit obligation at beginning of year	$ 207,536	$ 208,790	$ 677,387	$ 636,987
Service cost (benefits earned during the period)	12,153	12,966	25,744	23,943
Interest cost	12,327	11,138	37,977	32,581
Actuarial (gain)/loss	(1,114)	(16,759)	12,617	12,811
Benefits paid net of participant contributions	(8,787)	(8,599)	(34,939)	(29,816)
Less: federal subsidy on benefits paid	-	-	1,571	881
Projected benefit obligation at end of year	$ 222,115	$ 207,536	$ 720,357	$ 677,387
Funded status	$ (25,766)	$ (38,914)	$ (269,170)	$ (268,472)
Amounts recognized in the consolidated statements of financial position	$ (25,766)	$ (38,914)	$ (269,170)	$ (268,472)
Amounts recorded in net assets without donor restrictions not yet amortized as components of net periodic benefit cost				
Prior service cost	$ -	$ -	$ (6,621)	$ (19,248)
Net actuarial (gain)/loss	(41,378)	(29,449)	15,444	14,861
Amount recognized as reduction in net assets without donor restrictions	$ (41,378)	$ (29,449)	$ 8,823	$ (4,387)
Amounts recorded in non-operating pension and postretirement changes				
Change in amounts not yet amortized as components of net periodic benefit cost	$ 11,929	$ 19,111	$ (13,210)	$ (12,505)
Other components of net periodic benefit cost	228	241	4,887	6,986
Total non-operating pension and postretirement changes	$ 12,157	$ 19,352	$ (8,323)	$ (5,519)

The accumulated benefit obligation for the pension plans was $195,945 and $184,302 on June 30, 2024, and 2023, respectively. The accumulated benefit obligation differs from the projected benefit obligation in the table above in that it includes no assumptions about future compensation levels. It represents the actuarial present value of future payments to plan participants using current and past compensation levels. For postretirement plans, the accumulated benefit obligation is the same as the projected benefit obligations because the liabilities are not compensation related.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

During the fiscal year ended June 30, 2024, the actuarial gain for the pension plan was primarily driven by the increase in the discount rate which was significantly offset by other losses due to updated census data. The actuarial loss for the postretirement plan was primarily driven by updated claims and census data which was partially offset by other gains due to the increase in the discount rate.

During the fiscal year ended June 30, 2023, the actuarial gain for the pension plan was primarily driven by the increase in the discount rate. The actuarial loss for the postretirement plan was primarily driven by updated trend rates and claims data which was partially offset by other gains due to the increase in the discount rate.

D. Net Periodic Benefit Cost

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

NET PERIODIC BENEFIT COST

	Pension benefits		Other postretirement	
	2024	**2023**	**2024**	**2023**
Service cost (benefits earned during the period)	$ 12,153	$ 12,966	$ 25,744	$ 23,943
Interest cost	12,327	11,138	37,977	32,581
Expected return on plan assets	(12,419)	(11,379)	(29,851)	(26,940)
Amortization of prior service cost	-	-	(12,627)	(12,627)
Amortization of net (gain)/loss	(136)	-	(386)	-
Net periodic benefit cost	$ 11,925	$ 12,725	$ 20,857	$ 16,957

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

E. Actuarial Assumptions

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

SUMMARY OF ACTUARIAL ASSUMPTIONS

	Pension benefits		Other postretirement	
	2024	**2023**	**2024**	**2023**
Used to calculate benefit obligations at June 30				
Discount rate	5.81%	5.61%	5.74% / 5.61%	5.52% / 5.46%
Rate of compensation increase	3.00%	3.00%	n/a	n/a
Used to calculate net periodic cost at July 1				
Discount rate	5.61%	5.13%	5.52% / 5.46%	5.04% / 4.92%
Expected return on plan assets	7.30%	7.30%	7.30%	7.30%
Rate of compensation increase	3.00%	3.00%	n/a	n/a
Assumed health care cost trend rates				
Health care cost trend rate assumed for next year	n/a	n/a	6.50%	6.50%
Ultimate trend rate	n/a	n/a	4.50%	4.50%
Years to reach ultimate trend rate	n/a	n/a	5	6

F. Plan Assets

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

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

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

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

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

SUMMARY OF PLAN ASSETS

	Target allocation	Pension benefits 2024	Pension benefits 2023	Other postretirement 2024	Other postretirement 2023
Percentage of plan assets					
Equity securities	39-85%	65%	59%	64%	62%
Fixed income securities	15-55%	30%	34%	36%	38%
Real estate	0-10%	5%	7%	0%	0%
Total		100%	100%	100%	100%

PENSION PLAN ASSETS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	**2024** Total
Cash and cash equivalents				
Money market	$ 424	$ -	$ -	$ 424
Equity securities				
U.S. small cap	-	8,779	-	8,779
U.S. large cap	-	38,270	-	38,270
U.S. multi cap	-	6,613	-	6,613
U.S. REITS	-	5,070	-	5,070
Emerging markets	-	11,813	-	11,813
International equity	-	57,812	-	57,812
Fixed income securities				
U.S. high yield bonds	-	15,838	-	15,838
Corporate bonds	-	38,412	-	38,412
International fixed income	-	3,946	-	3,946
Other types of investments				
Real estate	-	-	9,370	9,370
Receivable for investments sold	2	-	-	2
Total assets	$ 426	$ 186,553	$ 9,370	$ 196,349

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

PENSION PLAN ASSETS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	**2023** Total
Cash and cash equivalents				
Money market	$ 503	$ -	$ -	$ 503
Equity securities				
U.S. small cap	-	5,645	-	5,645
U.S. large cap	-	33,658	-	33,658
U.S. multi cap	-	6,108	-	6,108
U.S. REITS	-	3,878	-	3,878
Emerging markets	-	10,065	-	10,065
International equity	-	40,801	-	40,801
Fixed income securities				
U.S. high yield bonds	-	6,591	-	6,591
Corporate bonds	-	46,185	-	46,185
International fixed income	-	3,382	-	3,382
Other types of investments				
Real estate	-	-	11,804	11,804
Receivable for investments sold	2	-	-	2
Total assets	$ 505	$ 156,313	$ 11,804	$ 168,622

SUMMARY OF LEVEL 3 PENSION PLAN ACTIVITY

	Fair value, June 30, **2023**	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value, June 30, **2024**
Real estate	$ 11,804	$ 262	$ (1,883)	$ -	$(813)	$ -	$ 9,370
Total Level 3 assets	$ 11,804	$ 262	$ (1,883)	$ -	$(813)	$ -	$ 9,370

SUMMARY OF LEVEL 3 PENSION PLAN ACTIVITY

	Fair value, June 30, **2022**	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value, June 30, **2023**
Real estate	$ 14,092	$ 383	$ (1,787)	$ -	$(884)	$ -	$ 11,804
Total Level 3 assets	$ 14,092	$ 383	$ (1,787)	$ -	$(884)	$ -	$ 11,804

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

POSTRETIREMENT PLAN ASSETS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	**2024** Total
Cash and cash equivalents				
Money market	$ 6,669	$ -	$ -	$ 6,669
Equity securities				
U.S. small cap	-	35,801	-	35,801
U.S. large cap	-	166,264	-	166,264
U.S. multi cap	-	16,294	-	16,294
Emerging markets	-	19,567	-	19,567
International equity	-	48,813	-	48,813
Fixed income securities				
U.S. high yield bonds	-	61,761	-	61,761
Corporate bonds	-	78,089	-	78,089
Emerging markets debt	-	17,929	-	17,929
Total assets	$ 6,669	$ 444,518	$ -	$ 451,187

POSTRETIREMENT PLAN ASSETS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	**2023** Total
Cash and cash equivalents				
Money market	$ 12,004	$ -	$ -	$ 12,004
Equity securities				
U.S. small cap	-	39,203	-	39,203
U.S. large cap	-	137,348	-	137,348
U.S. multi cap	-	14,287	-	14,287
Emerging markets	-	18,017	-	18,017
International equity	-	45,273	-	45,273
Fixed income securities				
U.S. high yield bonds	-	53,101	-	53,101
Corporate bonds	-	74,293	-	74,293
Emerging markets debt	-	15,389	-	15,389
Total assets	$ 12,004	$ 396,911	$ -	$ 408,915

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

G. Expected Contributions and Benefit Payments

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

EXPECTED CONTRIBUTIONS AND BENEFIT PAYMENTS

		Other postretirement	
	Pension benefits	Employer paid	Government subsidy
University contributions			
2025	$ 15,706	$ 33,265	n/a
Future benefit payments			
2025	9,705	34,708	1,443
2026	10,358	37,112	1,545
2027	11,047	39,640	1,649
2028	11,482	41,997	1,762
2029	12,774	44,319	1,870
2030-2034	74,670	263,044	10,886

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

H. Contract College Employees

Employees of the contract colleges are covered under the New York State pension plans. Contributions to the state retirement system and other fringe benefit costs are paid directly by the state. The amount of the direct payments applicable to the University as revenue and expenditures is not currently determinable and is not included in the consolidated financial statements. The University reimburses the state for fringe benefit costs on certain salaries, principally those associated with externally sponsored programs. The amounts reimbursed to the state during the fiscal years ended June 30, 2024, and 2023 were $20,039 and $20,121, respectively, and are included in operating expenses.

8. RELATED PARTIES AND FUNDS HELD FOR OTHERS

Transactions between the University and any of its trustees, officers or employees are subject to the University’s conflict of interest policies, which require disclosure of conflicting interests and abstention by the conflicted persons from associated University decision making. The University assesses related party transactions, including those with external organizations.

The University, in limited instances, invests funds on behalf of related parties. Independent trustees are responsible for the designation of income distribution. The value of the funds held for others included in investments in the consolidated statements of financial position was $289,937 and $278,236 for the fiscal years ended June 30, 2024, and 2023, respectively. The University recognizes an offsetting liability for funds held for others, with one adjustment described below.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

The New York Hospital-Cornell Medical Center Fund, Inc. ("Center Fund"), which benefits WCM and the New York-Presbyterian Hospital, is the major external organization invested in the University's long-term investment portfolio with assets of $248,627 and $236,792 for the fiscal years ended June 30, 2024, and 2023, respectively. WCM holds a significant beneficial interest in the assets of the Center Fund of $163,357 and $155,880, for the fiscal years ended June 30, 2024, and 2023, respectively. The liability related to New York-Presbyterian's interest is $85,270 and $80,912 for the fiscal years ended June 30, 2024, and 2023, respectively.

9. BONDS AND NOTES PAYABLE

A. General Information

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

SUMMARY OF BONDS AND NOTES PAYABLE

	2024	2023	Interest rates (%)	Final maturity (fiscal year)
Dormitory Authority of the State of New York (DASNY)				
Revenue Bond Series				
2000A-variable rate/monthly	$ -	$ 21,160	4.91 to 5.78	2029
2000B-variable rate/monthly	-	31,585	4.91 to 5.78	2030
2004A&B-variable rate/weekly	-	45,875	1.84 to 4.85	2033
2016A-fixed rate	84,345	90,430	4.00 to 5.00	2035
2019A-fixed rate	64,420	75,520	5.00	2029
2019B-variable rate/daily	-	92,210	0.40 to 4.70	2039
2019C-variable rate/monthly	-	79,370	4.68 to 4.87	2034
2019D-fixed rate	103,675	109,880	5.00	2036
2020A-fixed rate	233,000	233,000	4.00 to 5.00	2050
2020A2-fixed rate	77,840	77,840	5.00	2031
2024A-fixed rate	600,000	-	5.50	2054
Empire State Development	625	750	-	2029
2018A-fixed rate	150,000	150,000	3.85	2049
2007A Taxable commercial paper	98,300	74,200	5.35 to 5.65	-
2020B-variable rate/monthly	-	138,000	5.89 to 6.13	2030
2020C-variable rate/monthly	-	23,000	5.89 to 6.13	2031
2020D-variable rate/monthly	-	107,653	5.92 to 6.18	2032
2020E-fixed rate	75,000	75,000	2.85	2053
2022A-fixed rate	345,000	345,000	3.41	2042
2024B-fixed rate	500,000	-	4.84	2034
Hudson Cornell Residential JV LLC	-	97,550	6.71 to 6.94	2024
Other	4,954	5,280	2.75 to 5.50	2053
Outstanding bonds and notes payable	$ 2,337,159	$ 1,873,303		
Unamortized premium and issuance costs	160,390	105,458		
Total bonds and notes payable	$ 2,497,549	$ 1,978,761		

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

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

In fiscal year 2024, the University issued Series 2024A of tax-exempt debt in the amount of $600 million to fund capital projects for the Ithaca, Cornell Tech, and Weill Cornell Medicine campuses. The bond proceeds were also used to redeem all or a portion of DASNY Cornell University Revenue Bonds, Series 2000A, Series 2004A&B, Series 2019B, Series 2019C, a portion of the University's Series 2020D taxable loan and a portion of the University's taxable commercial paper program. The University also repaid DASNY Series 2000B, Series 2020B taxable loan, Series 2020C taxable loan and any remaining portion of the outstanding bonds listed above. The University directly issued Series 2024B of taxable bonds in the amount of $500 million for general corporate purposes. In fiscal year 2024, the University also issued $98.3 million of taxable commercial paper to refinance the Hudson Cornell Residential JV LLC subsidiary debt.

In fiscal year 2023, the University amended Series 2000A, 2000B, Series 2019C, Series 2020B, Series 2020C, and Series 2020D taxable loans with various private lenders to make changes in interest rates that benefited the University. The University also removed the revenue pledge on the DASNY tax-exempt commercial paper program.

The University maintains tax-exempt and taxable commercial paper programs. Tax-exempt commercial paper is used to finance qualified capital projects and equipment purchases. Taxable commercial paper is also used for these purposes and can also finance short-term working capital needs. During the fiscal year ended June 30, 2024, the maximum authorized amount for the taxable commercial paper program is $300 million. The maximum authorized amount for the tax-exempt commercial paper program is $200 million. On June 30, 2024, and 2023, the University had no outstanding balance on the tax-exempt commercial paper.

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

ANNUAL DEBT SERVICE REQUIREMENTS

Year	Principal	Interest	Total
2025	$ 25,003	$ 87,423	$ 112,426
2026	76,926	85,345	162,271
2027	27,005	83,874	110,879
2028	28,339	82,458	110,797
2029	29,750	80,991	110,741
Thereafter	2,150,136	1,382,711	3,532,847
Total	$ 2,337,159	$ 1,802,802	$ 4,139,961

The University estimates future interest payments on taxable variable-rate debt based on the Secured Overnight Financing (SOFR) rate.

B. Interest-Rate Swaps

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

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

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

The University's swap agreements contain a credit-rating-contingent feature in which the counterparties can request collateral on agreements in net liability positions. On June 30, 2024, and 2023, the University did not have collateral on deposit with any counterparty.

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

On June 30, 2023, the University had five interest-rate swap agreements to exchange variable-rate cash flows for fixed-rate cash flows without exchanging the underlying principal amount. Net payments or receipts of the swap agreements are recorded as adjustments to the swap interest and change in value of interest-rate swaps line in the consolidated statements of activities. In all agreements in effect on June 30, 2023, the counterparty pays a variable interest rate equal to a percentage of the one-month LIBOR. In March 2023, the University adhered to the International Swaps and Derivatives Association, Inc (ISDA) 2020 Interbank Offered Rates (IBOR) fallbacks protocol which changed the swap basis index to SOFR beginning July 1, 2023.

In fiscal year 2024, the University terminated all five swap positions.

The following table provides detailed information on the interest-rate swaps on June 30, 2023.

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

Location	Notional amount	Interest rate	Termination date	Basis	2023 Level 2 fair value
Swap interest and change in value of interest-rate swaps					
	$ 21,965	4.52	July 1, 2030	SOFR	$ (1,262)
	74,011	3.92	July 1, 2038	SOFR	(6,727)
	275,000	3.88	July 1, 2040	SOFR	(46,362)
	165,060	3.48	July 1, 2041	SOFR	(12,360)
	171,254	3.77	July 1, 2044	SOFR	(19,473)
Total fair value					$ (86,184)

C. Variable Rate Debt Subject to Remarketing or Tender

At June 30, 2024, the University had $98.3 million of taxable commercial paper notes outstanding. If maturing taxable commercial paper notes are not resold, the University maintains sufficient liquidity to provide for the full and timely purchase of any notes.

D. Lines of Credit

The University maintains four lines of credit totaling $350 million: $25 million expiring January 2027, $125 million expiring February 2026, $100 million expiring July 2025, and $100 million expiring June 2027. The lines are used to support University liquidity. The University records the short-term working capital lines of credit activity and outstanding balances as Deferred Revenue and Other Liabilities and the long-term line of credit activity in Bonds and Notes Payable in the consolidated statements of financial position. As of June 30, 2024, and 2023 the University had no outstanding balances.

10. LEASES

A. Nature of Leases

The University has entered into the following lease arrangements:

Finance Leases

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

Operating Leases

The University has various real estate leases for office and instructional space, housing, land and storage space that expire in various years through 2069. These leases generally contain renewal options for periods ranging from two to ten years and require the University to pay all executory costs (i.e., property taxes, maintenance, and insurance). Some leases have an escalating fee schedule, which ranges up to a 5 percent increase each year. A portion of the leased space is subleased under leases expiring over the next 13 years.

The University entered into two new 30 year lease agreements for clinical and research space in New York City on behalf of WCM. One lease was signed in May 2023 with contingencies that were satisfied as of September 27, 2023. The second lease was signed on September 20, 2023. The right of use assets and lease liabilities of $108 million and $65 million, respectively, were recorded in fiscal year 2024 at the time the leased premises were turned over to WCM. An additional $34 million for the second lease will be recorded in fiscal year 2025, when the space is turned over to WCM. In conjunction with the commencement of the new leases, approximately $34 million of existing leases were terminated in fiscal year 2024. Additionally, approximately $157 million is expected to be recorded as a right of use asset and lease liability during fiscal year 2028 when additional research space is made available for use.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

Short-Term Leases

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

B. Quantitative Disclosures

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

QUANTITATIVE DISCLOSURES

	2024	2023
Lease cost		
Finance lease cost		
Amortization of right of use asset	$ 4,005	$ 3,373
Interest on lease liabilities	2,542	2,178
Operating lease cost	69,559	73,612
Short-term lease cost	1,710	1,642
Variable lease cost	65	58
Sublease income	(188)	(248)
Total lease cost	$ 77,693	$ 80,615

	2024	2023
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	$ 2,542	$ 2,178
Financing cash flows from finance leases	3,949	3,093
Operating cash flows from operating leases	63,341	70,412
Right of use assets obtained in exchange for new finance lease liabilities	4,728	958
Right of use assets obtained in exchange for new operating lease liabilities	145,858	35,308
Weighted-average remaining lease term		
Finance leases	21.8 years	23.5 years
Operating leases	23.4 years	12.7 years
Weighted-average discount rate		
Finance leases	3.9%	3.7%
Operating leases	4.6%	3.5%

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

C. Future Minimum Lease Payments

Future minimum lease payments and reconciliation to the consolidated statements of financial position on June 30, 2024, are as follows:

ANNUAL MINIMUM LEASE PAYMENTS

	Finance	Operating
2025	$ 5,197	$ 57,284
2026	4,533	50,684
2027	4,429	48,115
2028	3,785	44,379
2029	3,165	39,002
Thereafter	60,224	615,939
Total minimum lease payments	$ 81,333	$ 855,403
Less: Amount representing interest	(26,521)	(347,807)
Present value of net minimum lease payments	$ 54,812	$ 507,596

11. FUNCTIONAL EXPENSES AND STUDENT AID

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

FUNCTIONAL EXPENSES

	Instruction, student services and academic support	Research	Public service	Healthcare services	Institutional support	Enterprises and subsidiaries	**2024** Total
Compensation and benefits	$ 1,336,694	$ 481,268	$ 108,197	$ 1,339,074	$ 539,278	$ 146,630	$ 3,951,141
Supplies, services and other	444,914	282,451	44,073	315,590	182,655	108,799	1,378,482
Maintenance and facilities	34,913	27,437	9,372	55,164	47,846	41,724	216,456
Interest	28,420	5,880	396	55	28,401	15,348	78,500
Depreciation	150,584	53,173	5,856	16,777	23,289	59,616	309,295
Total operating expenses	$ 1,995,525	$ 850,209	$ 167,894	$ 1,726,660	$ 821,469	$ 372,117	$ 5,933,874
Non-Operating expenses	474	346	136	153,723	(425)	4,899	159,153
Total	$ 1,995,999	$ 850,555	$ 168,030	$ 1,880,383	$ 821,044	$ 377,016	$ 6,093,027

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

FUNCTIONAL EXPENSES

	Instruction, student services and academic support	Research	Public service	Healthcare services	Institutional support	Enterprises and subsidiaries	**2023** Total
Compensation and benefits	$ 1,241,847	$ 437,792	$ 99,789	$ 1,204,713	$ 471,889	$ 133,646	$ 3,589,676
Supplies, services and other	424,190	255,532	41,918	261,343	102,160	128,254	1,213,397
Maintenance and facilities	31,262	21,003	8,758	60,127	56,265	38,601	216,016
Interest	26,174	5,145	358	607	19,732	14,178	66,194
Depreciation	149,474	55,391	5,671	15,641	24,023	58,638	308,838
Total operating expenses	$ 1,872,947	$ 774,863	$ 156,494	$ 1,542,431	$ 674,069	$ 373,317	$ 5,394,121
Non-Operating expenses	603	232	33	(3,542)	(283)	15,649	12,692
Total	$ 1,873,550	$ 775,095	$ 156,527	$ 1,538,889	$ 673,786	$ 388,966	$ 5,406,813

The expenses for operations and maintenance of facilities, depreciation, and interest related to capital projects are allocated to functional categories based on square footage. The amounts allocated for operations and maintenance were approximately $212,514 and $211,749 for the fiscal years ended June 30, 2024, and 2023, respectively.

Student financial assistance is shown as a component of instruction expense unless the assistance is for tuition and mandatory fees. If the assistance is for tuition and mandatory fees, the amounts are recorded as scholarship allowance, which reduces tuition revenue. If the assistance is for housing and dining, the amounts are recorded as a reduction of auxiliary enterprises revenue. Total financial assistance amounts classified as instruction expense were $62,198 and $54,457 for the fiscal years ended June 30, 2024, and 2023, respectively.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

12. NET ASSETS

A. General Information

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

SUMMARY OF NET ASSETS

	Without donor restrictions	With donor restrictions	**2024** Total
Endowment			
True endowment	$ -	$ 7,695,391	$ 7,695,391
Funds functioning as endowment (FFE)	1,729,308	501,035	2,230,343
Total true endowment and FFE	$ 1,729,308	$ 8,196,426	$ 9,925,734
Perpetual beneficial interests	-	251,947	251,947
Total University endowment	$ 1,729,308	$ 8,448,373	$ 10,177,681
Other net assets			
Operations	$ 20,831	$ 681,342	$ 702,173
Student loans	11,063	64,565	75,628
Facilities and equipment	2,770,287	368,887	3,139,174
Annuity and other split-interest agreements	-	222,500	222,500
Contributions receivable, net	-	684,248	684,248
Long-term accruals	(475,138)	-	(475,138)
Total net assets	$ 4,056,351	$ 10,469,915	$ 14,526,266

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

SUMMARY OF NET ASSETS

	Without donor restrictions	With donor restrictions	**2023** Total
Endowment			
True endowment	$ -	$ 7,148,935	$ 7,148,935
Funds functioning as endowment (FFE)	1,698,435	475,272	2,173,707
Total true endowment and FFE	$ 1,698,435	$ 7,624,207	$ 9,322,642
Perpetual beneficial interests	-	230,637	230,637
Total University endowment	$ 1,698,435	$ 7,854,844	$ 9,553,279
Other net assets			
Operations	$ 422,400	$ 670,153	$ 1,092,553
Student loans	10,846	60,193	71,039
Facilities and equipment	2,615,370	306,772	2,922,142
Annuity and other split-interest agreements	-	216,756	216,756
Contributions receivable, net	-	747,786	747,786
Long-term accruals	(565,429)	-	(565,429)
Total net assets	$ 4,181,622	$ 9,856,504	$ 14,038,126

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

The balance of net assets permanently restricted for the fiscal years ended June 30, 2024, and 2023 were $5,150,892 and $4,906,947, respectively, and included in net assets with donor restrictions.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

B. Endowment

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

SUMMARY OF ENDOWMENT PURPOSE

	2024	2023
Academic programs and research	$ 2,916,217	$ 2,709,863
Financial aid	2,831,695	2,621,279
General purpose and facilities support	1,965,488	1,921,617
Professorships	2,026,840	1,893,196
CU Foundation	185,494	176,687
Total true endowment and FFE, end of year	$ 9,925,734	$ 9,322,642

Of the endowment assets held at the University, 98 percent were invested in the long term investment pool (LTIP) at June 30, 2024, and 2023. The LTIP is a mutual-fund-like vehicle used for investing the University’s true endowments, funds functioning as endowments, and other funds that are not expected to be expended for at least five years. The University employs a unit method of accounting for the LTIP. Each participating fund enters into and withdraws from the pooled investment account based on monthly unit fair values. Participation in the LTIP using unrestricted funds requires a minimum investment of one hundred thousand dollars and a commitment of at least five years.

On June 30, 2024, 98 of 8,208 true endowment funds invested in the LTIP had a total historic dollar value of $139,085 and a fair value of $136,229, resulting in these endowments being underwater by a total of $2,856. On June 30, 2023, 297 of 8,053 true endowment funds invested in the LTIP had a total historic dollar value of $233,853 and a fair value of $223,529, resulting in these endowments being underwater by a total of $10,324

Changes in the endowment net assets, exclusive of perpetual beneficial interests, for the fiscal years ended June 30 are presented below:

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

SUMMARY OF ENDOWMENT ACTIVITY

	Without donor restrictions	With donor restrictions	**2024** Total
True endowment and FFE, beginning of year	$1,698,435	$7,624,207	$ 9,322,642
Investment return			
Net investment income	9,829	53,411	63,240
Net realized and unrealized gain/(loss)	120,838	607,760	728,598
Total investment return	$ 130,667	$ 661,171	$ 791,838
New gifts	1,431	215,292	216,723
Amounts appropriated for expenditure/reinvestment	(65,213)	(319,970)	(385,183)
Other changes and reclassifications	(36,012)	15,726	(20,286)
Total true endowment and FFE, end of year	$1,729,308	$8,196,426	$ 9,925,734

SUMMARY OF ENDOWMENT ACTIVITY

	Without donor restrictions	With donor restrictions	**2023** Total
True endowment and FFE, beginning of year	$1,669,735	$7,458,784	$ 9,128,519
Investment return			
Net investment income	12,528	58,141	70,669
Net realized and unrealized gain/(loss)	43,567	204,551	248,118
Total investment return	$ 56,095	$ 262,692	$ 318,787
New gifts	43,796	198,210	242,006
Amounts appropriated for expenditure/reinvestment	(63,617)	(297,634)	(361,251)
Other changes and reclassifications	(7,574)	2,155	(5,419)
Total true endowment and FFE, end of year	$1,698,435	$7,624,207	$ 9,322,642

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

13. SELF-INSURANCE

The University retains some general liability and property risk through self-insured, deductible limits but purchases annual policies from third parties to provide coverage for the majority of those risks. In addition, the University has a self-funded student health plan and has an equity interest in a multi-provider captive insurance company for medical malpractice.

A. Medical Malpractice

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

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

WCM has recorded medical malpractice liabilities of $417,132 and $212,556 on June 30, 2024, and 2023, respectively, as deferred revenue and other liabilities in the consolidated statements of financial position. In addition, WCM maintains a reinsurance program with MCIC with anticipated recoveries of $210,188 and $159,880, respectively, recorded as accounts receivable (Note 3A).

B. Student Health Plan

The University has established a self-funded student health plan under Section 1124 of the New York State Insurance Law ("NYSIL"). The Student Health Plan ("SHP") provides health insurance coverage to students at Cornell University. The table below summarizes of SHP operations occurring during the University's fiscal years ended June 30.

SUMMARY OF STUDENT HEALTH PLAN OPERATIONS

	2024	2023
Total revenue	$ 57,647	$ 56,269
Expenses		
Medical and prescription drug expense	48,103	49,794
Administrative fees	5,433	5,807
Total expenses	$ 53,536	$ 55,601
Net income from health plan operations	$ 4,111	$ 668

The University has established reserves with the amounts necessary to satisfy obligations of the plan. Based on an analysis and recommendation of a qualified actuary, and with the approval of NYS DFS, the reserve for incurred-but-not-reported ("IBNR") medical claims and claims reported-but-not-paid ("RBNP") is maintained at an amount not less than 14.5 percent of expected medical claims and 5 percent of expected pharmacy drug claims. In addition, a separate contingency reserve has been established to satisfy unexpected obligations in the event of termination of the plan. The contingency reserve is maintained at an amount not less than 5 percent of the total current plan year premiums. NYS requires that the assets of the contingency reserve consist of certain investments of the types specified in Section 1404 of NYSIL. The cash value of the contingent reserve funds was $4,345 and $3,767 as of June 30, 2024, and 2023 respectively. Premium revenue is billed in advance of the plan year (unearned) and recognized as revenue monthly as coverage is provided. The changes in the unearned premiums and SHP reserves during the fiscal years ended June 30 are presented below.

Notes to Consolidated Financial Statements (dollars in thousands) June 30, 2024 and 2023

SUMMARY OF STUDENT HEALTH PLAN UNEARNED PREMIUMS

	2024	2023
Balance as of July 1	$ 249	$ -
Balance as of June 30	324	249
Net change	$ 75	$ 249

SUMMARY OF STUDENT HEALTH PLAN RESERVES

	IBNR/RBNP reserve		Contingency reserve	
	2024	2023	2024	2023
Balance as of July 1	$ 5,437	$ 4,260	$ 3,767	$ 3,631
Balance as of June 30	5,825	5,437	4,345	3,767
Net change	$ 388	$ 1,177	$ 578	$ 136

14. CONTINGENT LIABILITIES

The University is involved in various legal proceedings, some of which involve claims for substantial monetary amounts arising in the normal course of its operations. Notably, the University, along with other defendants, has been named in lawsuits alleging sexual misconduct by a former physician. For certain contingencies, the University estimates a potential range of losses. If no specific loss within the range is more likely than others, the University accrues a liability at the low end of the range for the estimated probable loss. While the final outcomes of these legal matters cannot be predicted as of the date the consolidated financial statements were issued, after considering insurance coverage, the University's administration believes that resulting losses, if any, will not have a material impact on the University's financial position.

15. SUBSEQUENT EVENTS

Based on the University's evaluation of subsequent events through October 21, 2024, the date on which the consolidated financial statements were issued, there were no other events with material impact on the University's consolidated financial statements.