KPMG

INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND MRS. FELIX FULD FOUNDATION

Financial Statements

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)

INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND MRS. FELIX FULD FOUNDATION

Table of Contents

KPMG LLP
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Independent Auditors' Report

The Board of Trustees
Institute for Advanced Study – Louis Bamberger and
Mrs. Felix Fuld Foundation:

We have audited the accompanying financial statements of the Institute for Advanced Study – Louis Bamberger and Mrs. Felix Fuld Foundation, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute for Advanced Study – Louis Bamberger and Mrs. Felix Fuld Foundation as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 29, 2021

INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND MRS. FELIX FULD FOUNDATION

Statements of Financial Position

June 30, 2021 and 2020

Assets	**2021**	**2020**
Cash and cash equivalents	$ 18,197,439	3,814,747
Accounts receivable and other assets	2,971,032	3,933,664
Grants receivable	1,541,672	2,050,628
Contributions receivable, net	4,626,837	7,612,551
Mortgages receivable	3,499,626	5,244,841
Funds held by bond trustee	740,099	886,567
Operating lease right-of-use asset	119,919	—
Land, buildings and improvements, equipment, and rare book collection, net	134,599,181	134,365,491
Investments	1,133,411,467	806,966,477
Total assets	$ 1,299,707,272	964,874,966
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 11,737,370	10,880,698
Deferred revenue	10,023,764	10,330,177
Finance lease liability	2,183,672	—
Operating lease liability	119,919	—
Liabilities under split-interest agreements	1,508,768	1,333,720
Postretirement benefit obligation	22,078,537	24,618,666
Asset retirement obligation	1,230,146	1,198,947
Bond swap liability	2,371,138	3,323,339
Long-term debt, net	79,574,429	83,825,749
Total liabilities	130,827,743	135,511,296
Net assets:		
Net assets without donor restrictions:		
Undesignated	283,061,331	210,745,901
Designated for specific purposes	189,871,765	133,883,663
Total net assets without donor restrictions	472,933,096	344,629,564
Net assets with donor restrictions:		
Purpose restricted	405,966,969	225,473,040
Endowment fund corpus	289,979,464	259,261,066
Total net assets with donor restrictions	695,946,433	484,734,106
Total net assets	1,168,879,529	829,363,670
Total liabilities and net assets	$ 1,299,707,272	964,874,966

See accompanying notes to financial statements.

INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND MRS. FELIX FULD FOUNDATION

Statement of Activities

Year ended June 30, 2021

		Without donor restrictions	With donor restrictions	Total
Operating revenues, gains, and other support:				
Private contributions and grants	$	8,356,258	37,909,407	46,265,665
Government grants		—	4,733,371	4,733,371
Investment income, net		142,656,645	201,864,410	344,521,055
Auxiliary activity		2,943,143	—	2,943,143
Net assets released from restrictions – satisfaction of program restrictions		33,294,861	(33,294,861)	—
Total operating revenues, gains, and other support		187,250,907	211,212,327	398,463,234
Operating expenses:				
School of Mathematics		10,042,850	—	10,042,850
School of Natural Sciences		12,087,171	—	12,087,171
School of Historical Studies		8,945,741	—	8,945,741
School of Social Science		3,607,600	—	3,607,600
Libraries and other academic		3,825,773	—	3,825,773
Administration and general		16,029,563	—	16,029,563
Auxiliary activity		9,548,245	—	9,548,245
Total operating expenses		64,086,943	—	64,086,943
Change in net assets from operating activities		123,163,964	211,212,327	334,376,291
Nonoperating activities:				
Change in fair value of bond swap liability		952,201	—	952,201
Gain on sale of plant assets		471,985	—	471,985
Other components of net periodic pension cost		3,715,382	—	3,715,382
Total nonoperating activities		5,139,568	—	5,139,568
Change in net assets		128,303,532	211,212,327	339,515,859
Net assets – beginning of year		344,629,564	484,734,106	829,363,670
Net assets – end of year	$	472,933,096	695,946,433	1,168,879,529

See accompanying notes to financial statements.

INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND MRS. FELIX FULD FOUNDATION

Statement of Activities

Year ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Operating revenues, gains, and other support:			
Private contributions and grants	$ 52,000	25,804,143	25,856,143
Government grants	—	5,237,232	5,237,232
Investment income, net	19,932,768	24,119,369	44,052,137
Auxiliary activity	3,986,852	—	3,986,852
Net assets released from restrictions – satisfaction of program restrictions	38,036,354	(38,036,354)	—
Total operating revenues, gains, and other support	62,007,974	17,124,390	79,132,364
Operating expenses:			
School of Mathematics	11,411,097	—	11,411,097
School of Natural Sciences	12,672,231	—	12,672,231
School of Historical Studies	9,432,277	—	9,432,277
School of Social Science	3,975,617	—	3,975,617
Libraries and other academic	4,550,307	—	4,550,307
Administration and general	16,993,017	—	16,993,017
Auxiliary activity	10,082,297	—	10,082,297
Total operating expenses	69,116,843	—	69,116,843
Change in net assets from operating activities	(7,108,869)	17,124,390	10,015,521
Nonoperating activities:			
Change in fair value of bond swap liability	(534,395)	—	(534,395)
Gain on sale of plant assets	326,989	—	326,989
Other components of net periodic pension cost	(4,082,325)	—	(4,082,325)
Total nonoperating activities	(4,289,731)	—	(4,289,731)
Change in net assets	(11,398,600)	17,124,390	5,725,790
Net assets – beginning of year	356,028,164	467,609,716	823,637,880
Net assets – end of year	$ 344,629,564	484,734,106	829,363,670

See accompanying notes to financial statements.

INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND MRS. FELIX FULD FOUNDATION

Statements of Cash Flows

Years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 339,515,859	5,725,790
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation of plant assets	7,296,690	6,955,181
Contributions restricted for endowment and plant	(31,006,625)	(6,458,360)
Net appreciation on investments	(354,057,061)	(46,980,004)
Change in fair value of bond swap liability	(952,201)	534,395
Gain on sale of plant assets	(471,985)	(326,989)
Amortization of debt issuance costs	53,738	58,034
Amortization of bond discount	19,942	21,926
Amortization of finance right-of-use assets	518,080	—
Noncash lease expense	191,201	—
Changes in assets/liabilities:		
Receivables and other assets	3,216,803	(58,236)
Contributions receivable	2,985,714	8,338,582
Beneficial interest in remainder trust	—	1,968
Accounts payable and accrued expenses	856,672	1,446,845
Operating lease liability	(191,201)	—
Deferred revenue	(306,413)	2,976,396
Postretirement benefit obligation	(2,540,129)	5,033,884
Asset retirement obligation	31,199	26,584
Net cash used in operating activities	(34,839,717)	(22,704,004)
Cash flows from investing activities:		
Proceeds from sale of plant assets	1,241,418	1,489,392
Purchase of plant assets	(8,817,893)	(12,225,429)
Proceeds from sale of investments	332,397,452	292,127,469
Purchase of investments	(304,785,381)	(261,988,594)
Net cash provided by investing activities	20,035,596	19,402,838
Cash flows from financing activities:		
Contributions restricted for endowment and plant	31,006,625	6,458,360
Increase (decrease) in liabilities under split-interest agreements	175,048	(182,329)
Increase in finance lease liability	2,920,444	—
Principal payments on finance leases	(736,772)	—
Principal payments on long-term debt	(4,325,000)	(4,275,000)
Net cash provided by financing activities	29,040,345	2,001,031
Net increase (decrease) in cash, cash equivalents and restricted cash	14,236,224	(1,300,135)
Cash, cash equivalents and restricted cash – beginning of year	4,701,314	6,001,449
Cash, cash equivalents and restricted cash – end of year	$ 18,937,538	4,701,314
Reconciliation of total cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown above:		
Cash and cash equivalents	$ 18,197,439	3,814,747
Funds held by bond trustee	740,099	886,567
Total cash, cash equivalents and restricted cash shown above	$ 18,937,538	4,701,314
Supplemental data:		
Interest paid	$ 2,871,358	3,073,691
Acquisition of equipment through finance leases	2,920,444	—
Right-of-use assets acquired under operating leases	311,120	—

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The Institute for Advanced Study – Louis Bamberger and Mrs. Felix Fuld Foundation (the Institute), an independent, private institution devoted to the encouragement, support, and patronage of learning, was founded in 1930 as a community of scholars where intellectual inquiry could be carried out in the most favorable circumstances.

Focused on mathematics and classical studies at the outset, the Institute today consists of the School of Historical Studies, the School of Mathematics, the School of Natural Sciences, and the School of Social Science. Each school has a small permanent faculty, and some 190 fellowships are awarded annually to members visiting the Institute from other research institutions and universities throughout the world.

The Founders' original letter to the first trustees described the objectives of the Institute as follows: "The primary purpose is the pursuit of advanced learning and exploration in fields of pure science and high scholarship to the utmost degree that the facilities of the institution and the ability of the faculty and students will permit."

(b) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Institute as a whole and to present net assets and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Without Donor Restrictions – Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees.
- With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Institute or the passage of time. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Institute, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income be made available for specific purposes. Other restricted items in this net asset category include annuity and life income gifts for which the ultimate purpose of the proceeds is subject to donor-imposed restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expiration of donor-imposed restrictions that simultaneously increase net assets without donor restrictions and decrease net assets with donor restrictions are reported as net assets released from restrictions.

(Continued)

In the statements of activities, the Institute includes in operations all revenue and expenses that are an integral part of its program and supporting activities. Change in the fair value of bond swap liability, gain on sale of plant assets and other components of net periodic pension cost are recognized as nonoperating activities.

(i) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments with an original maturity of three months or less, except for those managed as a component of the Institute's investment portfolio.

(ii) Mortgages Receivable

The Institute regularly offers first mortgages on primary residences to full-time faculty and senior administrative employees who have met certain requirements stipulated by the Board of Trustees.

(iii) Investments

Investments in marketable securities are reported in the financial statements at fair value based on published market quotations. Investments in limited partnerships and hedge funds are reported in the financial statements at estimated fair value using net asset value (NAV) or its equivalent as a practical expedient, based upon values provided by external investment managers or general partners, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. The Institute reviews and evaluates the values provided by external investment managers and general partners and agrees with the valuation methods and assumptions used in determining the fair value of funds. These estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed. As of June 30, 2021 and 2020, the Institute had no plans or intentions to sell investments at amounts different from NAV.

The statements of activities recognize unrealized gains and losses on investments as increases and decreases, respectively, in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law. Gains and losses on the sale of investment securities are calculated using the specific-identification method.

(iv) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. 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 three levels of inputs used to measure fair value are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities

- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

Fair value estimates are made at a specific point in time based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset and does not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

NAV is used as a practical expedient for certain commingled funds, privately held investments, and securities held in partnership format for which a readily determinable fair value is not available, unless the Institute believes such NAV calculation is not measured in accordance with fair value.

These values may differ significantly from values that would have been used had a readily available market existed for such investments, and that difference could be material to the change in net assets of the Institute.

(v) Plant Assets and Depreciation

Proceeds from the sale of plant assets, if there are no donor-imposed restrictions, are transferred to operating funds or, if subject to donor-imposed restrictions, to amounts with donor restrictions for plant acquisitions. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis (buildings and capital improvements 20-40 years, equipment 3-6 years).

(vi) Leases

The Institute determines if an arrangement is or contains a lease at inception of the contract. The right-of-use (ROU) assets represents the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and ROU liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. A ROU asset and liability are not recognized for short-term leases with an initial term of twelve months or less. Operating leases are included in ROU assets and liabilities in the statements of financial position. finance leases where the Institute is a lessee are included in land, buildings and improvements, equipment and rare book collections, net and in liabilities in the statements of financial position.

(Continued)

(vii) Split-Interest Agreements

The Institute is the beneficiary of various unitrusts, a pooled income fund, and a gift annuity fund. The Institute's interest in these split-interest agreements is reported as a contribution in the year received and is calculated as the difference between the fair value of the assets contributed to the Institute and the estimated liability to the beneficiary. This liability is computed using actuarially determined rates and is adjusted annually to reflect changes in the life expectancy of the donor or annuitant, amortization of the discount, and other changes in the estimates of future payments. The assets held by the Institute under these arrangements are recorded at fair value as determined by quoted market prices and are included as a component of investments. The split-interest agreement assets that are held by the Institute are recorded at the fair value of the assets contributed to the trust and are classified in the fair value hierarchy based on the based on the lowest level of any input that is significant to the fair value measurement as discussed in note 1(b)(iv). The split-interest agreement assets that are held by third party trustees are recorded at the fair value of the assets contributed to the trust and are classified within Level 3 of the fair value hierarchy.

(viii) Unamortized Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with debt financing. Amortization of these costs is provided on the effective interest method extending over the remaining term of the applicable indebtedness.

(ix) Asset Retirement Obligation

The Institute recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the Institute capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. The liability is accreted to its present value each period and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statements of activities.

(x) Contributions

Contributions, including unconditional promises to give, are recognized initially at fair value as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are met. Contributions of assets other than cash are recorded at their estimated fair value. Pledges of contributions to be received after one year are discounted at a risk-adjusted discount rate. The discount rates range from 0.16% to 0.29%. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. The inputs to the fair value estimate are considered Level 3 in the fair value hierarchy.

(Continued)

Contributions of long-lived assets are reported as unconditional contribution revenue. Contributions restricted for the acquisition of grounds, buildings, and equipment are reported as revenue with donor restrictions. These contributions are reclassified to net assets without donor restrictions when the associated long-lived asset is placed in service.

Included in contributions are gifts from members of the Board of Trustees which are received in the normal course of business.

(xi) Grants

The Institute receives grants from a number of sources including corporations, foundations and governmental agencies. Grants are evaluated as to whether they qualify as contributions or exchange transactions as defined by U.S. GAAP and to determine if there are any donor restrictions.

Based on the Institute's review of grants received, the granting agency does not receive commensurate value for the grant and therefore grant income is considered a voluntary, nonreciprocal transaction that meets the definition of a contribution. Each grant also has one or more barriers that must be overcome which therefore categorize them as conditional contributions for the Institute. Grant revenue with donor imposed conditions is recorded initially as deferred revenue (if the funds are received in advance) and is reported as revenue as the conditions are satisfied. At the same time, the Institute records net assets released from restrictions to match the expenses incurred in satisfying the donor restrictions.

(xii) Auxiliary Activity

The Institute receives income and incurs expenses relating to the operations of a dining services facility and a housing complex on campus for the use by our community of scholars. The income and expenses are displayed on the statement of activities as Auxiliary Activity.

The revenue streams include income from the sale of food and beverages, rental income, laundry income and pet registration fees. These revenue streams, except for rental income, are recognized at the point in time in which the service is provided. Rental income is recognized over a period of time since the tenants are simultaneously receiving and consuming the benefit of the service provided. Auxiliary income is recognized in the fiscal year in which the service is delivered.

(xiii) Functional Allocation of Expenses

The costs of providing program services and support services of the Institute have been summarized on a functional basis in the statements of activities. These costs include direct and indirect costs that have been allocated, on a consistent basis, among the programs and administrative expenses. Natural expenses are accounted for on a direct cost basis to the school or department upon which the expenses is incurred.

There are certain indirect costs that cannot be charged on a direct basis. The Institute allocates these costs (academic building expenses including costs to maintain the academic buildings, interest and depreciation) to the schools and supporting departments reported in the accompanying statement of activities on a square footage basis. Note 10 shows the relationship between the functional and natural classifications of expenses.

Fundraising expenses incurred by the Institute amounted to $2,473,780 and $2,265,661 for the years ended June 30, 2021 and 2020, respectively. This amount is included in administration and general expenses in the accompanying statements of activities.

(xiv) *Tax Status*

The Institute is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code (the Code) and is listed in the Internal Revenue Service Publication 78. The Institute has been classified as a public charity under Section 509(a) of the Code.

There are certain transactions that could be deemed unrelated business income and would result in a tax liability. Management reviews transactions to estimate potential tax liabilities using a threshold of more likely than not. It is management's estimation that there are no material tax liabilities that need to be recorded.

(xv) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

(xvi) *New Accounting Standards Adopted*

In fiscal year 2021, the Institute adopted the provisions of the applicable Accounting Standards Updates (ASU), as follows:

ASU 2016-02, *Leases (Topic 842)*, which is effective for the Institute's fiscal year ended June 30, 2021 (as amended), and is designed to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The Institute has adopted this ASU using the modified retrospective transition approach and the effective date method which allowed the Institute to apply the new leases standard at the adoption date of July 1, 2020. As such, the Institute is not required to adjust comparative periods or provide comparative period disclosures. The Institute also elected to use the transition package of practical expedients and short-term lease exemption. The discount rate is based on the risk-free rate using a period comparable with the remaining lease term. The Institute recognized right-of-use assets and lease liabilities of $311,120 for operating leases and right-of-use assets and lease liabilities of $1,967,353 for finance leases on July 1, 2020.

ASU 2018-13, *Fair Value Measurement Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)*, which eliminate, modify and add additional disclosure requirements on fair value measurements. The two main amendments of future ASU include (1) removal of the requirement to report the amount and reason for transfer between Level 1 and Level 2 investments, and (2) remove the requirement to disclose the valuation process for Level 3 fair value measurements. The Institute applied these changes to the disclosures retrospectively.

ASU 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General, Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans (Subtopic 715-20)*, which modifies the disclosure requirements for employers that sponsor defined benefit pension and/or other postretirement benefit plans. The ASU eliminates requirements for certain disclosures that are no longer considered cost beneficial, requires new disclosures that the Financial Accounting Standards Board considers pertinent and clarifies certain disclosure requirements. The Institute applied these changes to the disclosures retrospectively.

(xvii) Reclassifications

Certain reclassifications have been made to prior year amounts to conform with the current year presentation and as a result of the adoption of the new accounting standards.

(2) Contributions Receivable

Contributions receivable at June 30, 2021 and 2020 were as follows:

		2021	2020
Amounts expected to be collected:			
Less than one year	$	3,050,000	3,050,000
One to five years		1,600,000	4,650,000
		4,650,000	7,700,000
Discount for present value (0.16%–0.29%)		(23,163)	(87,449)
Total	$	4,626,837	7,612,551

At June 30, 2021, 97% of gross contributions receivable and 3.5% of contributions revenue are from one donor. At June 30, 2020, 97% of gross contributions receivable and 7% of contributions revenue are from one donor.

During fiscal year 2011, the Institute received two conditional pledges totaling $100 million to enhance the Institute's endowment fund. The pledges were conditioned on the Institute raising an additional $100 million in cash or pledges from third-party donors in the period January 1, 2011 through June 30, 2015, which have been met. The conditional pledge payments began in June 2011 and the last payment was received in the fiscal year ended June 30,2020. As of June 30, 2020, all conditional pledge payments have been fully received and the Institute has recorded revenue totaling approximately $100.5 million relating to the pledges.

(3) Liquidity and Availability of Resources

Resources available to the Institute to fund general expenditures have seasonal variations during the year attributable to a concentration of contributions received at calendar and fiscal year-end and transfers from the endowment. The Institute actively manages its resources to align its cash inflows with anticipated outflows, including approving the endowment draw rate in accordance with policies approved by its Board of Trustees. As further described in note 8, the Institute has lines of credit which may be drawn on, if needed, to manage cash flows.

Financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal and interest payments on debt, and capital constructions costs not financed with debt, at June 30, 2021 and 2020 were as follows:

		2021	2020
Financial assets:			
Cash and cash equivalents	$	18,197,439	3,814,747
Accounts receivable due less than 1 year		82,148	311,883
Mortgage receivable due less than 1 year		214,908	280,982
Contributions receivable due less than 1 year, net		3,050,000	3,050,000
Endowment appropriated for expenditure – operations		37,384,400	44,643,800
Total financial assets available within one year		58,928,895	52,101,412
Liquidity resources:			
Lines of credit		50,000,000	50,000,000
Total financial assets and liquidity resources available within one year	$	108,928,895	102,101,412

(4) Investments, Funds Held by Bond Trustee, and Beneficial Interest in Remainder Trust

(a) Overall Investment Objective

The overall investment objective of the Institute is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and capital preservation. The Institute diversifies its investments among various managers and investment opportunities. Substantially all of the investments are pooled with each individual fund subscribing to or disposing of units on the basis of the market value per unit, determined on a quarterly basis. Major investment decisions are authorized by the Board's Investment Committee, which oversees the Institute's investment program in accordance with established guidelines.

(b) Allocation of Investment Strategies

The Institute may hold shares or units in traditional institutional funds, traditional stocks and fixed-income securities, as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments and are valued accordingly. Private equity funds employ buyout and venture capital strategies and focus on investments in turn-around situations. Real asset funds generally hold interests in public real estate investment trusts or commercial real estate through sole-member entities. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information and may reflect discounts for the illiquid nature of certain investments held.

The following tables summarize the Institute's investments and other assets at fair value by major category in the fair value hierarchy as of June 30, 2021 and 2020, as well as related strategy, liquidity, and funding commitments:

	2021				
	Total	**Level 1**	**Level 2**	**Level 3**	**Investment at NAV**
Investments:					
Hedge funds – onshore:					
Emerging markets	$ 434,064	—	—	—	434,064
Multiple strategies	41,492,582	—	—	—	41,492,582
Hedge funds – offshore:					
Structured credit	16,047,789	—	—	—	16,047,789
Distressed/high-yield	188,041	—	—	—	188,041
Emerging markets	4,448	—	—	—	4,448
Equities – long bias	80,170,261	—	—	—	80,170,261
Equities – long/short	32,282,816	—	—	—	32,282,816
Fixed income arbitrage	4,129,649	—	—	—	4,129,649
Multiple strategies	162,802,291	—	—	—	162,802,291
Quantitative/CTA	78,621,456	—	—	—	78,621,456
Insurance	41,704,903	—	—	—	41,704,903
Bio tech/healthcare	22,343,516	—	—	—	22,343,516
Energy trading	43,988	—	—	—	43,988
Total	480,265,804	—	—	—	480,265,804
Limited partnerships	416,378,136	—	—	—	416,378,136
Exchange-traded funds	6,169,289	6,169,289	—	—	—
Cash equivalents	226,595,608	226,595,608	—	—	—
Other investments:					
Assets held under					
split-interest agreements:	4,002,630	2,624,380	—	651,474	726,776
Total investments	$ 1,133,411,467	235,389,277	—	651,474	897,370,716
Other assets:					
Funds held by bond trustee:					
Cash equivalents	$ 740,099	—	740,099	—	—
Total other assets	$ 740,099	—	740,099	—	—

	2020				
	Total	Level 1	Level 2	Level 3	Investment at NAV
Investments:					
Hedge funds – onshore:					
Emerging markets	$ 469,055	—	—	—	469,055
Multiple strategies	45,665,352	—	—	—	45,665,352
Hedge funds – offshore:					
Structured credit	12,497,447	—	—	—	12,497,447
Distressed/high-yield	881,523	—	—	—	881,523
Emerging markets	4,392	—	—	—	4,392
Equities – long bias	46,341,332	—	—	—	46,341,332
Equities – long/short	29,101,146	—	—	—	29,101,146
Fixed income arbitrage	15,981,337	—	—	—	15,981,337
Multiple strategies	158,723,859	—	—	—	158,723,859
Quantitative/CTA	66,419,641	—	—	—	66,419,641
Insurance	38,516,308	—	—	—	38,516,308
Bio tech/healthcare	18,938,505	—	—	—	18,938,505
Discretionary macro	12,835,007	—	—	—	12,835,007
Energy trading	43,988	—	—	—	43,988
Total	446,418,892	—	—	—	446,418,892
Limited partnerships	252,517,353	—	—	—	252,517,353
Exchange-traded funds	6,168,474	6,168,474	—	—	—
Cash equivalents	98,473,417	98,473,417	—	—	—
Other investments:					
Assets held under split-interest agreements:	3,388,341	2,230,468	—	533,632	624,241
Total investments	$ 806,966,477	106,872,359	—	533,632	699,560,486
Other assets:					
Funds held by bond trustee:					
Cash equivalents	$ 886,567	—	886,567	—	—
Total other assets	$ 886,567	—	886,567	—	—

The following tables present the Institute's activities for the years ended June 30, 2021 and 2020 for investments classified in Level 3:

		2021
		Assets held under split-interest agreement
Level 3 roll forward		**Fixed income securities**
Fair value at June 30, 2020	$	533,632
Dispositions		(24,904)
Net appreciation (realized and unrealized)		142,746
Fair value at June 30, 2021	$	651,474

		2020
		Assets held under split-interest agreement
Level 3 roll forward		**Fixed income securities**
Fair value at June 30, 2019	$	571,475
Dispositions		(17,862)
Net appreciation (realized and unrealized)		(19,981)
Fair value at June 30, 2020	$	533,632

The Institute's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers between investments classified as Level 3 for the years ended June 30, 2021 and 2020. The total dispositions of investments classified as Level 3 are $24,904 and $17,862 for the years ended June 30, 2021 and 2020, respectively.

Private equity and venture capital investments are generally made through limited partnerships. Under the terms of such agreements, the Institute may be required to provide additional funding when capital or liquidity calls are made by fund managers. These partnerships have a limited existence, and they may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy or other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The Institute cannot anticipate such changes because they generally arise from unforeseeable events, but should they occur, they could reduce liquidity or originally anticipated investment returns. Accordingly, the timing and amount of future capital or liquidity calls in any particular future year are uncertain. As of June 30, 2021, the Institute is obligated under certain limited partnership agreements to advance additional funding in the amount of $122,150,459, which is anticipated to be called over the next 10 years.

Investment liquidity for the years ended June 30, 2021 and June 30, 2020 are aggregated below based on redemption or sale period:

	2021				
	Fair value		Percent not eligible for redemption	Redemption frequency (if available)	Redemption notice period
Investments:					
Hedge funds – onshore:					
Emerging markets	$ 434,064	(a)	100%	Illiquid	Fund in liquidation
Multiple strategies	41,492,582	(b)	3%	Semi-Annual; Lockup	90 days notice; Fund in liquidation
Hedge funds – offshore:					
Structured credit	16,047,789	(c)	100%	Lockup	Fund subject to lockup
Distressed/high-yield	188,041	(d)	100%	Illiquid	Fund in liquidation
Emerging markets	4,448	(a)	100%	Illiquid	Fund in liquidation
Equities – long bias	80,170,261	(e)	80%	Annual; Lockup	Fund in liquidation; 3 year rolling lockup
Equities – long/short	32,282,816	(f)	19%	Quarterly; Illiquid	90 days notice; Fund in liquidation
Fixed income arbitrage	4,129,649	(g)		Quarterly	90 days notice
Multiple strategies	162,802,291	(b)	63%	Quarterly, Annual, Lockup, Illiquid	15-90 days notice; Fund in liquidiation; Fund subject to lockup
Quantitative/CTA	78,621,456	(h)		Monthly, Quarterly	15-60 days notice
Insurance	41,704,903	(i)		Quarterly	60 days notice
Bio tech/healthcare	22,343,516	(j)		Quarterly	30-60 days notice
Energy trading	43,988	(k)	100%	Illiquid	Fund in liquidation
Total	480,265,804				
Limited partnerships	416,378,136	(l)	100%	Illiquid	Funds lockup up by agreement
Exchange-traded funds	6,169,289			Daily	
Cash equivalents	226,595,608			Daily	
Other investments:					
Assets held under split-interest agreements:	4,002,630		100%	Illiquid	Funds lockup up by agreement
Total investments	$ 1,133,411,467				

	2020					
	Fair value		Percent not eligible for redemption	Redemption frequency (if available)	Redemption notice period
Investments:					
Hedge funds – onshore:					
Emerging markets	$ 469,055	(a)	100%	Illiquid	Fund in liquidation
Multiple strategies	45,665,352	(b)	2%	Semi-Annual; Lockup	90 days notice; Fund in liquidation
Hedge funds – offshore:					
Structured credit	12,497,447	(c)	100%	Lockup	Fund subject to lockup
Distressed/high-yield	881,523	(d)	100%	Illiquid	Fund in liquidation
Emerging markets	4,392	(a)	100%	Illiquid	Fund in liquidation
Equities – long bias	46,341,332	(e)	80%	Annual; Lockup	Fund in liquidation; 3 year rolling lockup
Equities – long/short	29,101,146	(f)	29%	Quarterly; Illiquid	90 days notice; Fund in liquidation
Fixed income arbitrage	15,981,337	(g)		Quarterly	90 days notice
Multiple strategies	158,723,859	(b)	62%	Quarterly, Annual, Lockup, Illiquid	15-90 days notice; Fund in liquidiation; Fund subject to lockup
Quantitative/CTA	66,419,641	(h)		Monthly, Quarterly	15-60 days notice
Insurance	38,516,308	(i)		Annual	60 days notice
Bio tech/healthcare	18,938,505	(j)		Quarterly	30-60 days notice
Discretionary macro	12,835,007	(m)		Monthly	5 days notice
Energy trading	43,988	(k)	100%	Illiquid	Fund in liquidation
Total	446,418,892				
Limited partnerships	252,517,353	(l)	100%	Illiquid	Funds lockup up by agreement
Exchange-traded funds	6,168,474			Daily	
Cash equivalents	98,473,417			Daily	
Other investments:					
Assets held under split-interest agreements:	3,388,341		100%	Illiquid	Funds lockup up by agreement
Total investments	$ 806,966,477				

(a) Emerging markets – This category includes investments in hedge funds that primarily invest in listed and non-listed equities primarily in emerging markets. The funds may also hold real estate and other non-traded non-corporate assets.

(b) Multiple strategies – This category includes investments in hedge funds that invest in event-related equity and credit, arbitrage, fixed income relative value, quantitative strategies, and other marketable assets and strategies.

(c) Structured credit – This category includes investments in hedge funds that preliminary invest in structured credit and/or structured credit derivative markets, both long and short.

(d) Distressed/high-yield – This category includes investments in hedge funds that primarily invest in distressed and/or high yield bonds.

(e) Equities – long bias – This category includes investments in hedge funds that invest primarily long listed equities with either minimal or no ability to short. The funds may also own non-listed equities up to certain thresholds of NAV.

(f) Equities – long/short – This category includes investments in hedge funds that invest primarily in long and short listed equities. The funds may also own non-listed equities up to certain thresholds of NAV.

(g) Fixed income arbitrage – This category includes investments in hedge funds that invest primarily in fixed-income markets using quantitative and/or fundamental strategies.

(h) Quantitative/CTA – This category includes investments in hedge funds that invest across multiple sectors and asset classes using quantitative tools to inform trading decisions. The funds may also own non-listed equities up to certain thresholds of NAV.

(i) Insurance – This category includes investments in hedge funds that write reinsurance and retrocessional contracts and/or invest in insurance linked securities, both long and short.

(j) Bio tech/healthcare – This category includes investments in hedge funds that invest in primarily in long and short listed equities focused on the healthcare sector. The funds may also own non-listed equities up to certain thresholds of NAV.

(k) Energy trading - This category includes investments in hedge funds that invest in energy and natural resources related equities and commodities.

(l) Limited partnerships – This category includes private equity partnerships, including buyout, growth, venture capital, and distressed investment funds, as well as natural resources and real estate funds. These investments cannot be redeemed but do make distributions as the underlying investments are liquidated. Most funds have a primary term of ten years.

(m) Discretionary macro – The category includes investments in hedge funds that invest across multiple sectors, asset classes, and geographies using fundamental analyses to inform thematic views which drive driving trading and investing decisions.

(c) Redemption Restrictions – Hedge Funds

At June 30, 2021, the Institute had hedge fund investments of approximately $480,265,800, of which approximately $121,660,800 was restricted from redemption for lock-up periods. At June 30, 2020, the Institute had hedge fund investments of approximately $446,419,000, of which approximately $95,504,900 was restricted from redemption for lock-up periods. Some of the investments with redemption restrictions allow early redemption for specified fees. The terms and conditions upon which an investor may redeem an investment vary, usually with the majority requiring 30 to 180 days' notice after the initial lock-up period.

The expirations of redemption lock-up periods are summarized in the table below:

		Amount
Fiscal year:		
2022	$	42,209,900
2023		70,326,400
2024 and thereafter		9,124,500
Total	$	121,660,800

(d) Redemption Restrictions – Limited Partnerships

At June 30, 2021 and 2020, the Institute had limited partnership investments of approximately $416,378,100 and $252,517,200, respectively, which were restricted from redemption for lock-up periods. Some of the investments with redemption restrictions allow early redemption for specified fees. The terms and conditions upon which an investor may redeem an investment vary, usually with the majority requiring 30 to 180 days' notice after the initial lock-up period.

The expirations of redemption lock-up periods are summarized in the table below:

		Amount
Fiscal year:		
2022	$	84,531,100
2023		14,929,300
2024		19,212,600
2025		61,235,000
2026		77,619,200
2027 and thereafter		158,850,900
Total	$	416,378,100

(e) Funds Held by Bond Trustee

Funds held by bond trustee represent funds held for debt service payments to be made for the various bond indentures. These funds are being held in trust by U.S. Bank.

(5) Investment Return and Endowment Spending Policy

Investment return consists of interest, dividends, and realized and unrealized gains and losses on investments. Each year, the Institute includes a portion of its endowment return in its operating budget, with the amount of such planned support determined using its spending policy. The policy of the Institute is to distribute for current spending a percentage of the fair value of pooled investments, which is determined by the Board of Trustees annually. The budgeted spending rate for operating and capital purposes was 6.04% and 6.64% for 2021 and 2020, respectively. The actual spending rate for operating and capital purposes was 5.20% and 5.97% for 2021 and 2020, respectively.

The following tables summarize the investment return and its classification in the statements of activities for the years ended June 30, 2021 and 2020:

		2021		
		Without donor restrictions	**With donor restrictions**	**Total**
Investment income, net of investment expenses	$	(3,592,028)	(5,943,978)	(9,536,006)
Net appreciation (realized and unrealized)		146,248,673	207,808,388	354,057,061
	$	142,656,645	201,864,410	344,521,055

		2020		
		Without donor restrictions	**With donor restrictions**	**Total**
Investment income, net of investment expenses	$	(901,203)	(2,026,664)	(2,927,867)
Net appreciation (realized and unrealized)		20,833,971	26,146,033	46,980,004
	$	19,932,768	24,119,369	44,052,137

(6) Endowment

The Institute’s endowment consists of approximately 120 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowments, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The Institute has interpreted the New Jersey-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Institute to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as the Institute determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in a donor-restricted endowment fund are donor-restricted assets until appropriated for expenditure by the Board of Trustees of the Institute. As a result of applicable accounting guidance, the Institute classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) the accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as endowment fund corpus within the net assets with donor restrictions is classified as net assets with donor purpose restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the original corpus the fund included in net assets with donor restrictions due to unfavorable market fluctuations subsequent to the investment of the gift. Under the provisions of UPMIFA, spending from such endowment funds with deficiencies would be permitted. Deficiencies of this nature, which are reported in net assets with donor restrictions, totaled approximately $1,690,400 and $2,127,800 at June 30, 2021 and 2020, respectively. Subsequent gains that restore the fair value of the assets of the donor-purpose restricted endowment fund are classified as an increase in net assets with donor restrictions.

Below is a schedule which represents the composition of the Institute's endowment funds and funds designated by the Board of Trustees to function as endowments by type of fund as of June 30, 2021 and 2020:

	2021			
		With donor restrictions		
	Without donor restrictions	Original gift	Accumulated gains	Total
Undesignated	$ 267,483,100	—	—	267,483,100
Specific purpose			—	
designated funds	189,871,765	—	—	189,871,765
Donor – purpose				
restricted funds	—	32,036,804	345,972,520	378,009,324
Endowment fund corpus	—	289,979,464	—	289,979,464
	$ 457,354,865	322,016,268	345,972,520	1,125,343,653

	2020			
		With donor restrictions		
	Without donor restrictions	Original gift	Accumulated gains	Total
Undesignated	$ 195,167,670	—	—	195,167,670
Specific purpose				
designated funds	133,883,663	—	—	133,883,663
Donor – purpose				
restricted funds	—	28,936,721	167,170,268	196,106,989
Endowment fund corpus	—	259,261,066	—	259,261,066
	$ 329,051,333	288,197,787	167,170,268	784,419,388

Changes in the Institute's endowment funds and funds designated by the Board of Trustees to function as endowments for the fiscal years ended June 30, 2021 and 2020 were as follows:

	Without donor restrictions	With donor restrictions		Total
		Original gift	Accumulated gains	
Net assets, June 30, 2019	$ 340,453,885	269,782,957	166,145,736	776,382,578
Investment returns:				
Investment income, net	(1,559,997)	—	(2,015,900)	(3,575,897)
Net appreciation (realized and unrealized)	20,833,971	—	26,255,188	47,089,159
Total investment return	19,273,974	—	24,239,288	43,513,262
Contributions	52,000	18,414,830	—	18,466,830
Appropriation for expenditure – operations	(30,728,526)	—	(23,214,756)	(53,943,282)
Net assets, June 30, 2020	329,051,333	288,197,787	167,170,268	784,419,388
Investment returns:				
Investment income, net	(3,592,115)	—	(5,543,114)	(9,135,229)
Net appreciation (realized and unrealized)	146,248,673	—	206,965,782	353,214,455
Total investment return	142,656,558	—	201,422,668	344,079,226
Contributions	1,047,693	33,818,481	—	34,866,174
Appropriation for expenditure – operations	(15,400,719)	—	(22,620,416)	(38,021,135)
Net assets, June 30, 2021	$ 457,354,865	322,016,268	345,972,520	1,125,343,653

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted "true" endowment funds may fall below the level of the donor or UPMIFA requires to be retained as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2021, eight funds with an original gift of $3,137,675 were "underwater" by $1,690,439. As of June 30, 2020, eight funds with an original gift of $3,137,675 were "underwater" by $2,127,812.

(c) Return Objectives and Risk Parameters

The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

(Continued)

(d) Strategies Employed for Achieving Objectives

The Institute manages its investments in accordance with a total return concept and the goal of maximizing returns within acceptable levels of risk. The Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (dividends and interest). The Institute's spending policy is designed to provide a stable level of financial support and to preserve the real value of its endowment.

(7) Physical Plant

Physical plant and equipment are stated at cost at date of acquisition, less accumulated depreciation.

A summary of plant assets at June 30, 2021 and 2020 is as follows:

		2021	2020
Land	$	373,738	373,738
Land improvements		3,087,965	3,041,804
Buildings and improvements		201,631,562	197,630,912
Equipment		40,898,223	39,804,806
Rare book collection		203,508	203,508
Joint ownership property		5,054,512	5,361,177
Finance lease right-of-use asset		2,920,444	—
		254,169,952	246,415,945
Accumulated depreciation		(119,052,691)	(112,050,454)
Accumulated amortization - Finance lease right-of-use asset		(518,080)	—
Net book value	$	134,599,181	134,365,491

(8) Long-Term Debt

A summary of long-term debt at June 30, 2021 and 2020 is as follows:

		2021	2020
2006 Series B – NJEFA	$	16,100,000	17,800,000
2006 Series C – NJEFA		13,100,000	13,700,000
2008 Series C – NJEFA		—	725,000
2012 Taxable		14,070,000	14,495,000
2015 Taxable		13,700,000	14,030,000
2017 Taxable		23,415,000	23,960,000
Long-term debt		80,385,000	84,710,000
Less:			
Unamortized bond discount		(232,247)	(252,189)
Unamortized debt issuance costs		(578,324)	(632,062)
Total long-term debt	$	79,574,429	83,825,749

Interest expense on long-term debt for the years ended June 30, 2021 and 2020 was $2,839,410 and $3,011,400, respectively.

(a) 2006 Series B

In July 2006, the Institute received proceeds of the New Jersey Educational Facilities Authority (the Authority) offering of $29,600,000 Revenue Bonds, 2006 Series B of the Institute for Advanced Study Issue. The 2006 Series B Bonds were issued to finance the advance refunding of the outstanding 1997 Series G Bonds, the partial advance refunding of the 2001 Series A Bonds, and to pay a portion of certain costs incidental to the sale and issuance of the 2006 Series B Bonds.

(b) 2006 Series C

In March 2007, the Institute received proceeds of the Authority offering of $20,000,000 Revenue Bonds, 2006 Series C of the Institute for Advanced Study Issue. Proceeds were used to finance the costs of construction, renovating, and equipping certain educational facilities of the Institute to fund capitalized interest on the 2006 Series C Bonds during the renovation and construction and to pay certain costs incidental to the sale and issuance of the 2006 Series C Bonds.

(c) 2008 Series C

In March 2008, the Institute received proceeds of the Authority offering of $11,255,000 Revenue Bonds, 2008 Series C of the Institute for Advanced Study Issue. The 2008 Series C Bonds were issued to finance the advance refunding of outstanding 1997 Series F Bonds, the advance refunding of outstanding 1997 Series G, and to pay a portion of certain costs incidental to the sale and issuance of the 2008 Series C Bonds.

(d) 2012 Taxable

In December 2012, the Institute received proceeds of $17,320,000 Taxable Bonds, 2012 Series of the Institute for Advanced Study Issue, which were issued at a discount of approximately $92,000. The 2012 Taxable Bonds were used to finance the advance refunding of outstanding 2001 Series A Bonds, to fund renovations to the Members Housing facility and the costs of renovation and equipping certain educational facilities of the Institute and to pay certain costs incidental to the sale and issuance of the 2012 Taxable Bonds.

(e) 2015 Taxable

In November 2015, the Institute received proceeds of $15,300,000 Taxable Bonds, 2015 Series of the Institute for Advanced Study Issue, which were issued at a discount of approximately $80,000. The 2015 Taxable Bonds were used to fund capital projects at the Institute and for other corporate purposes of the Institute and to pay certain costs incidental to the sale and issuance of the 2015 Taxable Bonds.

(f) 2017 Taxable

In November 2017, the Institute received proceeds of $25,000,000 Taxable Bonds, 2017 Series of the Institute for Advanced Study Issue, which were issued at a discount of approximately $84,000. The 2017 Taxable Bonds were used to fund capital projects at the Institute and for other corporate purposes of the Institute and to pay certain costs incidental to the sale and issuance of the 2017 Taxable Bonds.

(g) Interest Rates

The 2006 Series B and C Bonds bear interest at variable rates. The bonds were issued in the weekly mode with weekly rates determined by Lehman Brothers Inc., as a Remarketing Agent and paid monthly. The maximum interest rate on the 2006 Bonds shall be twelve percent (12%) per annum. The 2006 bonds are subject to redemption at various prices and require principal payments and sinking fund installments through July 1, 2031 (Series B) and July 1, 2036 (Series C). The obligation to pay the Authority on a periodic basis, in the amounts sufficient to cover principal and interest due on the bonds, is a general obligation of the Institute. On September 18, 2008, the Institute entered into a contract with JPMorgan Chase Bank to take over as a remarketing agent, replacing Lehman Brothers Inc.

The 2008 Series C Bonds bear interest at rates ranging from 3% to 5% per annum, payable semiannually, are subject to redemption at various prices and require principal payments and sinking fund installments through July 1, 2021. The obligation to pay the Authority on a periodic basis, in the amounts sufficient to cover principal and interest due on the bonds, is a general obligation of the Institute.

The 2012 Taxable bonds bear interest at rates ranging from 0.388% to 3.892% per annum, payable semiannually, are subject to redemption at various prices and require principal payments and sinking fund installments through December 1, 2042. The obligation to make the interest payments on a periodic basis, in the amounts sufficient to cover principal and interest due on the bonds, is a general obligation to the Institute.

(Continued)

The 2015 Taxable bonds bear interest at rates ranging from 0.906% to 4.394% per annum, payable semiannually, are subject to redemption at various prices and require principal payments and sinking fund installments through December 1, 2045. The obligation to make the interest payments on a periodic basis, in the amounts sufficient to cover principal and interest due on the bonds, is a general obligation to the Institute.

The 2017 Taxable bonds bear interest at rates ranging from 1.713% to 3.732% per annum, payable semiannually, are subject to redemption at various prices and require principal payments and sinking fund installments through November 1, 2047. The obligation to make the interest payments on a periodic basis, in the amounts sufficient to cover principal and interest due on the bonds, is a general obligation to the Institute.

(h) Bond Swap Agreement

On December 22, 2008, the Institute entered into a swap agreement with Wells Fargo Bank covering $28,900,000 of outstanding 2006 Series B Bonds that required the Institute to pay a fixed rate of 3.7702% to Wells Fargo Bank in exchange for Wells Fargo Bank agreeing to pay the Institute a variable rate equal to 67% of the USD-LIBOR-BBA rate with a term of three months, payable monthly, on an identical notional amount. The notional value of the 2006 Series B Bond is $22,300,000. The effective date of the swap was December 22, 2008, and the termination date of the swap agreement coincides with the maturity of the bonds, which is July 1, 2031.

The Institute entered into this swap agreement with the intention of lowering its effective interest rate. At June 30, 2021 and 2020, the fair value of the interest rate swap was ($2,371,138) and ($3,323,339), respectively. The change in fair value recognized during the years ended June 30, 2021 and 2020 in the amount of $952,201 and ($534,395), respectively, is reported in the statements of activities in change in fair value of bond swap liability. The swap agreement utilizes Level 2 inputs to measure fair value. The fair value of the interest rate swap was determined using pricing models developed based on the LIBOR swap rate and other market data. Under the swap agreement, the Institute may be required to post collateral to the counterparty if certain triggering events (rates and dollar thresholds) are met. As of June 30, 2021 and 2020, there was no requirement to post collateral imposed by the swap counterparty.

The bonds are repayable as follows at June 30, 2021:

	Amount
Year ending June 30:	
2022	$ 3,735,000
2023	3,965,000
2024	4,105,000
2025	4,145,000
2026	4,385,000
2027 through 2048	60,050,000
Total	$ 80,385,000

The 2006 Series B, 2006 Series C, and 2008 Series C bonds are secured by a pledge of revenues pursuant to the respective Loan Agreements.

(i) Lines of Credit

As of June 30, 2021 and 2020, the Institute had unsecured loan agreements representing a line of credit. As of June 30, 2021 and 2020, the agreements provide for borrowings up to $50,000,000, of which $30,000,000 is available through June 2021 and $20,000,000 is available through March 2022. The $30,000,000 line of credit, which expired in June 2021, was replaced with a new line of credit in July 2021. The new line of credit is available through July 2024. Interest payments are due on demand and interest accrues for the $30,000,000 line of credit at LIBOR rate plus 50 basis points, which is 0.74% as of June 30, 2021 and for the $20,000,000 line of credit at the LIBOR rate plus 90 basis points, which was 1.14% as of June 30, 2021. There were no borrowings in fiscal year 2021 or 2020 against the lines of credit. No interest expense was incurred for the years ended June 30, 2021 and 2020.

(j) Standby Bond Purchase Agreement

On July 17, 2017, in connection with the substitution of the Standby Bond Purchase Agreements, the 2006 Bonds were subject to mandatory tender for purchase and were remarketed with an alternate liquidity facility on July 17, 2017. The 2006 Bonds continue to be in the Weekly Mode, with J.P. Morgan Securities LLC serving as a Remarketing Agent for the Bonds. Each Series of the 2006 Bonds are secured by a new Standby Bond Purchase Agreement issued by TD Bank, N.A.

(9) Pension Plans and Other Postretirement Benefits

Separate voluntary defined-contribution retirement plans are in effect for faculty members and eligible staff personnel, both of which provide for annuities, which are funded, to the Teachers Insurance and Annuity Association and/or the College Retirement Equities Fund. Contributions are based on the individual participant's compensation in accordance with the formula set forth in the plan documents on a nondiscriminatory basis. Contributions for the years ended June 30, 2021 and 2020 totaled approximately $2,258,600 and $2,692,000, respectively.

In addition to providing pension benefits, the Institute provides certain health care and life insurance benefits for retired employees and faculty. Substantially all of the Institute's employees may become eligible for these benefits if they meet minimum age and service requirements. The Institute accrues these benefits over a period in which active employees become eligible under existing benefit plans.

The components of net periodic postretirement benefit cost other than the service cost component are included in a line item in the nonoperating activities section of the statement of activities.

The following table provides a reconciliation of the change in benefit obligation of the plan at June 30, 2021 and 2020. There are no plan assets at June 30, 2021 or 2020.

		2021	2020
Postretirement benefit obligation:			
Retirees	$	7,779,523	6,957,427
Fully eligible active plan participants		2,791,592	4,628,169
Other active plan participants		11,507,422	13,033,070
Postretirement benefit obligation	$	22,078,537	24,618,666
Change in benefit obligation:			
Benefit obligation at beginning of year	$	24,618,666	19,584,782
Service cost		1,175,253	951,559
Interest cost		648,132	676,845
Benefits paid		(391,984)	(426,711)
Actuarial (gain)/loss		(3,971,530)	3,832,191
Benefit obligation at end of year		22,078,537	24,618,666
Change in plan assets:			
Plan assets at beginning of year		—	—
Actual return on assets		—	—
Employer contributions		391,984	426,711
Benefits paid		(391,984)	(426,711)
Plan assets at end of year		—	—
Funded states at end of year	$	22,078,537	24,618,666
Components of net periodic benefit cost:			
Service cost	$	1,175,253	951,559
Interest cost		648,132	676,845
Amortization of net (gain)/loss		(3,971,530)	3,832,191
Net periodic postretirement benefit cost	$	(2,148,145)	5,460,595
Amounts recognized in the statement of financial position consist of the following:			
Postretirement benefit obligation liability	$	(22,078,537)	(24,618,666)

	2021	2020
Benefit obligation assumptions		
Weighted average discount rate	2.80 %	2.66 %
Net periodic cost benefit assumptions		
Weighted average discount rate	2.66 %	3.50 %

Assumed health care cost trend rates at June 30:

	2021	2020
Health care cost trend rate assumed for next year	6.20 %	6.50 %
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	5.00 %	5.00 %
Year that the rate reaches the ultimate trend rate	2030	2030

Projected payments for each of the next five fiscal years and thereafter through 2031 are as follows:

	Amount
Year ending June 30:	
2022	$ 494,000
2023	516,000
2024	544,000
2025	566,000
2026	593,000
2027 through 2031	3,650,000

The Institute funds claims as they are incurred. The Institute does not expect to contribute any amounts in fiscal year 2021 or 2020, except as needed to provide for benefit payments.

(10) Natural Allocation of Expenses

The costs of providing program services and support services of the Institute have been summarized on a functional basis in the statement of activities. The following chart shows the relationship between the functional and natural classifications of expenses. Certain operating costs have been allocated among the functional categories as disclosed in note 1(b).

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

	2021							
	Schools of				Library and other academic	Administration and general	Auxiliary Activity	Total
	Mathematics	Natural Sciences	Historical Studies	Social Science				
Salaries	$ 2,885,756	4,068,140	3,627,974	1,090,492	1,517,521	9,031,224	1,447,366	23,668,473
Stipends	4,096,875	3,611,427	2,363,803	1,347,963	112,500	—	—	11,532,568
Employee benefits and taxes	853,579	1,252,073	1,244,477	295,703	495,731	3,515,152	475,134	8,131,849
Materials and supplies	29,500	43,609	43,034	32,532	28,588	576,885	246,180	1,000,328
Conferences and travel	205,002	180,933	269,738	132,077	68,940	145,144	222,875	1,224,709
Insurance, legal and professional fees	19,236	3,965	77,404	—	351,232	2,181,308	168,829	2,801,974
Occupancy (inc. utilities and real estate taxes)	—	—	—	—	—	1,043,528	1,453,727	2,497,255
Interest expense	—	—	—	—	—	1,438,226	1,405,158	2,843,384
Books and periodicals	—	1,026	—	—	681,200	2,966	339	685,531
Other expenses	742,461	1,099,772	268,151	193,966	409,672	(871,328)	43,408	1,886,102
Depreciation	58,232	350,751	58,969	17,662	160,389	3,083,538	4,085,229	7,814,770
Subtotal	8,890,641	10,611,696	7,953,550	3,110,395	3,825,773	20,146,643	9,548,245	64,086,943
Academic building allocation	1,152,209	1,475,475	992,191	497,205	—	(4,117,080)	—	—
	$ 10,042,850	12,087,171	8,945,741	3,607,600	3,825,773	16,029,563	9,548,245	64,086,943

Expenses by natural classification for the year ended June 30, 2020 consist of the following:

	2020							
	Schools of				Library and other academic	Administration and general	Auxiliary Activity	Total
	Mathematics	Natural Sciences	Historical Studies	Social Science				
Salaries	$ 2,886,231	4,505,316	3,630,502	1,098,726	1,528,996	9,663,125	1,783,160	25,096,056
Stipends	5,081,973	3,309,575	2,560,054	1,533,777	109,200	—	—	12,594,579
Employee benefits and taxes	1,069,198	1,590,453	1,312,528	379,580	512,096	3,307,260	549,624	8,720,739
Materials and supplies	30,018	44,610	35,814	40,623	41,961	540,381	277,902	1,011,309
Conferences and travel	438,823	522,008	427,316	177,011	702,050	645,088	396,166	3,308,462
Insurance, legal and professional fees	38,803	140,329	161,115	—	535,122	2,302,334	167,060	3,344,763
Occupancy (inc. utilities and real estate taxes)	—	—	—	—	—	957,715	1,443,666	2,401,381
Interest expense	—	—	—	—	—	1,564,092	1,447,308	3,011,400
Books and periodicals	285	3,863	939	—	720,961	13,192	386	739,626
Other expenses	616,015	805,873	215,604	213,881	247,947	(208,876)	42,903	1,933,347
Depreciation	40,132	201,204	46,774	10,044	151,974	2,530,931	3,974,122	6,955,181
Subtotal	10,201,478	11,123,231	8,390,646	3,453,642	4,550,307	21,315,242	10,082,297	69,116,843
Academic building allocation	1,209,619	1,549,000	1,041,631	521,975	—	(4,322,225)	—	—
	$ 11,411,097	12,672,231	9,432,277	3,975,617	4,550,307	16,993,017	10,082,297	69,116,843

(11) Net Assets

Net assets are comprised of the following at June 30, 2021 and 2020:

	2021	2020
Net assets without donor restrictions:		
Undesignated	$ 283,061,331	210,745,901
Designated for specific purpose funds:		
School of Mathematics	23,567,195	16,550,293
School of Natural Sciences	30,503,136	21,940,767
School of Historical Studies	24,623,032	17,511,076
School of Social Science	2,304,745	1,592,425
Libraries and other academic	100,595,920	71,394,109
Administration and general	8,277,737	4,894,993
Designated for specific purpose funds	189,871,765	133,883,663
Total net assets without donor restrictions	$ 472,933,096	344,629,564
Net assets with donor restrictions and appropriation through endowment spending policy:		
Subject to expenditure for specific purpose:		
School of Mathematics	$ 49,290,773	28,587,218
School of Natural Sciences	56,772,548	22,918,517
School of Historical Studies	60,817,527	36,239,165
School of Social Science	87,402,028	57,761,434
Libraries and other academic	16,744,384	7,227,021
Administration and general	134,939,709	72,739,685
Net assets with donor-purpose restrictions	405,966,969	225,473,040
Net assets held as endowed fund corpus to generate income for specified purposes	289,979,464	259,261,066
Total net assets with donor restrictions	$ 695,946,433	484,734,106

(12) Leases

The Institute evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Institute's right to use the underlying assets for the lease term, and the lease liabilities represent the Institute's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms at the time of implementation. The Institute has made an accounting policy election to utilize a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The Institute has elected the practical expedient package to not reassess at adoption (i) expired contracts for whether they contain a lease, (ii) the lease classification of any existing leases, or (iii) initial indirect costs for existing leases.

The components of lease expense for the year ended June 30, 2021 consist of the following:

Finance lease cost:		
Amortization of right-of-use assets	$	518,080
Interest on lease liabilities		3,975
Operating lease cost		191,201
Total lease cost	$	713,256

Total cash paid for amounts included in the measurement of lease liabilities, which is recorded as operating cash flows from operating leases, is $191,201. Total cash paid for amounts included in the measurement of lease liabilities, which is recorded as financing cash flows from operating leases, is $736,772.

The following table displays the undiscounted cash flows due related to operating and finance leases, along with a reconciliation to the discounted amount recorded on the Statements of Financial Position:

		Operating lease	Finance lease
Year ending June 30:			
2022	$	68,568	740,747
2023		30,061	677,919
2024		17,091	593,795
2025		4,455	193,831
Total lease payments		120,175	2,206,292
Less present value discount		(256)	(22,620)
Present value of lease liabilities	$	119,919	2,183,672

The following table displays the weighted average remaining lease term and discount rates for the year ended June 30, 2021:

	Operating lease	Finance lease
Weighted-average remaining lease term	2 years	3 years
Weighted-average discount rate	0.21%	0.46%

(13) COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a public health emergency. In response, various governmental agencies mandated stringent regulations and guidelines to help organizations promote the health and safety of their communities. In connection with this event and restrictions by state and local governments, the Institute's members, faculty, and staff were transitioned to remote operations, which in some cases disrupted planned programmatic activity.

The United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020. The Institute recognized Employee Retention Credits through June 30, 2021 under the CARES Act of approximately $463,150. Those credits were used to offset a portion of the cost of keeping faculty and staff on payroll during the mandated shutdown. The Institute has been able to continue its academic mission to date but uncertainty around the breadth and duration of other business disruptions related to the pandemic could potentially impact operations in the future.

(14) Subsequent Events

The Institute evaluated events subsequent to June 30, 2021 through October 29, 2021, the date on which the financial statements were issued, and determined there were no subsequent events required to be disclosed.