



TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Financial Statements

August 31, 2021 and 2020

(With Independent Auditors' Reports Thereon)



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

Independent Auditors' Report

The Trustees
Teachers College, Columbia University:

We have audited the accompanying financial statements of Teachers College, Columbia University, which comprise the balance sheets as of August 31, 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 Teachers College, Columbia University as of August 31, 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

December 21, 2021

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Balance Sheets

August 31, 2021 and 2020

Assets	2021	2020
Cash and cash equivalents	\$ 50,864,226	74,958,755
Student accounts and other receivables, net (note 4)	4,299,720	5,776,822
Grants and contracts receivable (note 5)	13,477,598	16,406,007
Inventories and other assets	2,823,725	2,325,354
Contributions receivable, net (note 5)	11,085,746	15,842,417
Investments (note 3)	512,698,590	385,959,083
Student loans receivable, net (note 4)	2,615,082	2,407,667
Plant assets, net (note 6)	128,459,883	135,662,314
Total assets	<u>\$ 726,324,570</u>	<u>639,338,419</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 23,874,815	16,986,919
Deferred revenues (note 12)	19,036,918	12,906,044
Long-term debt, net (note 7)	94,993,523	98,978,097
Accrued pension and other benefit obligations (note 8)	47,368,226	51,918,221
Other liabilities	3,789,562	3,563,045
Funds held for others	3,781,147	3,783,477
Total liabilities	<u>192,844,191</u>	<u>188,135,803</u>
Commitments and contingencies (notes 3, 8, and 13)		
Net assets (note 9):		
Without donor restrictions	170,899,247	137,648,434
With donor restrictions:		
Purpose or time restricted	222,237,007	179,480,577
Endowment corpus	140,344,125	134,073,605
Total with donor restrictions	<u>362,581,132</u>	<u>313,554,182</u>
Total net assets	<u>533,480,379</u>	<u>451,202,616</u>
Total liabilities and net assets	<u>\$ 726,324,570</u>	<u>639,338,419</u>

See accompanying notes to financial statements.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Statements of Activities

Years ended August 31, 2021 and 2020

	2021	2020
Changes in net assets without donor restrictions:		
Operating revenues:		
Student tuition and fees, net (note 10)	\$ 116,563,674	118,976,321
Grants and contracts	33,398,705	34,521,822
Contributions	2,832,399	3,608,714
Endowment return appropriated and other investment income (notes 3 and 9)	17,974,328	16,767,794
Sales and services of auxiliary enterprises	14,269,924	20,790,824
Other sources	2,997,042	4,075,065
Net assets released from donor restrictions	16,246,421	11,849,129
Total operating revenues	204,282,493	210,589,669
Operating expenses (note 2(e)):		
Instruction	71,950,066	75,555,366
Research, training, and public service	45,177,296	46,883,583
Academic support	15,143,303	16,443,403
Student services	11,732,701	11,468,432
Institutional support (note 11)	38,601,068	36,947,939
Auxiliary enterprises	20,857,313	21,667,638
Total operating expenses	203,461,747	208,966,361
Increase in net assets without donor restrictions from operations, carried forward	820,746	1,623,308

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Statements of Activities

Years ended August 31, 2021 and 2020

	2021	2020
Increase in net assets without donor restrictions from operations, brought forward	\$ 820,746	1,623,308
Nonoperating activities:		
Investment return, net of amounts appropriated (note 3)	28,574,543	12,347,799
Other pension and postretirement changes and net periodic benefit costs other than service costs (note 8)	3,613,550	2,373,913
Net assets released from donor restrictions for capital	199,999	250,000
Other, net	41,975	(854,238)
Increase in net assets without donor restrictions	33,250,813	15,740,782
Changes in net assets with donor restrictions:		
Contributions	6,613,700	5,788,270
Grants and contracts	9,471,613	11,967,391
Investment return, net of amounts appropriated (note 3)	48,972,866	24,265,408
Net assets released from donor restrictions	(16,446,420)	(12,099,129)
Other, net	415,191	1,031,837
Increase in net assets with donor restrictions	49,026,950	30,953,777
Increase in net assets	82,277,763	46,694,559
Net assets at beginning of year	451,202,616	404,508,057
Net assets at end of year	\$ 533,480,379	451,202,616
Certain amounts disaggregated above are presented below in the aggregate:		
Contributions	\$ 9,446,099	9,396,984
Grants and contracts	42,870,318	46,489,213
Endowment and other investment return, net	95,521,737	53,381,001

See accompanying notes to financial statements.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Statements of Cash Flows

Years ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase in net assets	\$ 82,277,763	46,694,559
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net appreciation in fair value of investments	(101,868,083)	(56,921,574)
Depreciation	10,944,260	11,596,861
Provision (recovery) for uncollectible amounts	1,168,305	2,932,655
Amortization of bond issuance costs	85,737	85,737
Amortization of net bond premiums	(560,311)	(560,312)
Contributions restricted for permanent investment and plant assets	(3,408,733)	(3,423,950)
Change in value of split-interest agreements	602,041	(167,492)
Pension and postretirement changes	(3,613,550)	(2,373,913)
Changes in operating assets and liabilities:		
Student accounts and other receivables	1,113,569	(2,181,957)
Grants and contracts receivable	2,928,409	1,896,052
Inventories and other assets	(498,291)	(210,298)
Contributions receivable, except for amounts restricted for permanent investment and plant assets	1,113,110	1,389,518
Accounts payable and accrued expenses and other liabilities	6,755,125	5,350,968
Deferred revenues	6,130,874	(1,883,666)
Accrued pension and other benefit obligations	(936,445)	475,099
Funds held for others	(2,330)	(371,878)
Net cash provided by operating activities	<u>2,231,450</u>	<u>2,326,409</u>
Cash flows from investing activities:		
Loans made to students	(463,986)	(442,215)
Repayments received on student loans	306,020	401,893
Purchase of plant assets	(3,741,829)	(3,421,806)
Change in amounts related to plant assets included in accounts payable and accrued expenses	247,787	(431,036)
Purchases of investments	(144,124,266)	(86,608,858)
Proceeds from sales of investments	<u>119,632,495</u>	<u>120,298,445</u>
Net cash (used in) provided by investing activities	<u>(28,143,779)</u>	<u>29,796,423</u>
Cash flows from financing activities:		
Contributions restricted for permanent investment and plant assets	3,408,733	3,423,950
Decrease in contributions receivable restricted for permanent investment and plant assets	2,072,754	1,420,269
Repayment of indebtedness	(3,510,000)	(3,365,000)
Change in funds held by bond trustees	(80)	(2,379)
Investment income on split-interest agreements, net of payments to annuitants	<u>(153,607)</u>	<u>(156,561)</u>
Net cash provided by financing activities	<u>1,817,800</u>	<u>1,320,279</u>
Net (decrease) increase in cash and cash equivalents	(24,094,529)	33,443,111
Cash and cash equivalents at beginning of year	<u>74,958,755</u>	<u>41,515,644</u>
Cash and cash equivalents at end of year	\$ <u>50,864,226</u>	\$ <u>74,958,755</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 4,380,063	4,528,111

See accompanying notes to financial statements.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

(1) Description of Business

(a) Discussion of Operations

Teachers College, Columbia University (the College) is a graduate and professional school of education. The College engages in five basic activities: (1) research on critical issues of education; (2) instruction of future leaders-practitioners, policymakers, and academicians; (3) education of current leaders-teachers, principals, superintendents, board members, legislators, presidents, members of the media, and representatives of foundations and corporations; (4) development of the public discourse and national agenda for education; and (5) improvement of the practice of educational institutions via laboratories, models, and demonstration projects. The College was founded in 1887 and became affiliated with Columbia University in 1898. Under an arrangement with Columbia University, the faculty of the College was designated as faculty of Columbia University, but the College retained its legal and financial independence. The College remains a separate corporation.

(b) Tax Status

The College is qualified as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, as amended. Accordingly, it is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. The College recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. No provision for income taxes was required for fiscal years 2021 or 2020.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP). Net assets of the College and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions, including those designated by the Board of Trustees of the College (the Board) to function as endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met by either actions of the College or the passage of time, and net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by the College, but permit the College to expend part or all of the income derived therefrom for general or donor-specified purposes.

Revenues and gains and losses on investments and other assets are reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions or by law. Expirations of donor restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as increases in net assets without donor restrictions if the purpose or time restrictions are met in the same reporting period that such assets are received; otherwise, they are reported as net assets released from donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

(i) *Revenue Recognition and Nature of Goods and Services*

The College accounts for revenue from contracts with customers when both parties have approved the contract and are committed to perform their respective obligations, each party's rights and the contract payment terms can be identified, the contract has commercial substance, and it is probable the College will collect substantially all of the consideration to which it is entitled.

<u>Products and services</u>	<u>Nature, timing of satisfaction of performance obligations, and significant payment terms</u>
Tuition and fees	<p>Consists of the following:</p> <p>Tuition and fees – derived from a variety of degree, executive and continuing educational programs and includes ancillary charges to the customers (students) of the College. Revenue is recognized when the performance obligations are met by both the College and the customers, which is within the College's fiscal year.</p>
Auxiliary enterprises	<p>Consists of the following:</p> <p>Housing services – provides a variety of housing accommodations in support of the educational needs of the College. Student housing contracts are for a one year term. Revenue is recognized when the performance obligations are met by both the College and the customers, which is within the College's fiscal year.</p> <p>Publishing services – provides customers a variety of professional and classroom books and materials covering all areas of education. Revenue is recognized when the performance obligations are met by both the College and the customers, which are primarily within the College's fiscal year.</p>

(b) Cash Equivalents

All highly liquid debt instruments with an original maturity of three months or less are considered to be cash equivalents, except for such assets that are part of the College's investment portfolio managed by external investment managers for long-term purposes which are reported as investments (note 3).

(c) Contributions

Contributions, including unconditional promises to give, are reported initially at fair value as revenues in the appropriate category of net assets in the period received or pledged. The College reports contributions of plant assets as increases in net assets without donor restrictions unless the donor places restrictions on their use. Contributions to be received after one year are discounted at a risk-adjusted rate. Amortization of the discount is recorded as contribution revenue in accordance with the donor-imposed restrictions. An allowance is recorded for uncollectible contributions based on management's judgment, past collection experience, and other relevant factors.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are met. At August 31, 2021 and 2020, respectively, conditional promises to give not reflected in the accompanying financial statements approximate \$4.0 million and \$1.3 million and primarily represent bequest intentions and agreements that are contingent upon the College meeting certain barriers or conditions not fulfilled as of year-end.

(d) Grants and Contracts

Grants, contracts, and similar agreements comprise federal and non-federal (state, private foundation, etc.) contracts. The activity may represent a reciprocal transaction where commensurate value is exchanged or a nonreciprocal transaction where the resources provided are for the public at large, further support the funding organization's mission or more directly benefit the College. Revenue from exchange transactions are recognized as performance obligations are satisfied, which may be as milestones are met or as related costs are incurred. Federal and certain nonfederal grants with specific restrictions on spending are classified as conditional transactions and the related revenue is recognized at the time expenditures are incurred. Unconditional revenue is recognized in full when a qualifying promise to give has been made and generally occurs when the agreement is executed.

At August 31, 2021 and 2020, the conditional promises to give approximate \$23.5 million and \$19.8 million, respectively, in the form of measureable performance related or other barriers that have not been reflected as revenue in the accompanying financial statements because the conditions on which they depend have not been met. These conditional promises are net of any advance payments received which are recorded within deferred revenues in the accompanying financial statements until the respective barriers are overcome.

(e) Functional Expense Allocation

The College's primary functional programs are instruction and research. Other functional expenses are primarily incurred in support of the College's core mission. Expenses for the operation and maintenance of facilities, depreciation, and interest are first allocated to auxiliary enterprises based on square footage compared to total plant. The remainder is then allocated to other functional programs based on total headcount in each program.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

Expenses by functional classification consist of the following for the years ending August 31, 2021 and 2020:

	Instruction	Research training, and public service	Academic support	Student services	Institutional support	Auxiliary enterprises	Total 2021
Salaries	\$ 45,324,759	22,426,040	8,310,734	6,097,786	19,223,464	4,850,391	106,233,174
Payroll taxes and benefits	<u>18,079,266</u>	<u>8,527,721</u>	<u>3,203,642</u>	<u>2,423,452</u>	<u>8,165,625</u>	<u>2,248,916</u>	<u>42,648,622</u>
Total compensation	<u>63,404,025</u>	<u>30,953,761</u>	<u>11,514,376</u>	<u>8,521,238</u>	<u>27,389,089</u>	<u>7,099,307</u>	<u>148,881,796</u>
Professional, contracted services, and subcontracts	3,366,572	11,753,075	1,622,041	1,931,238	5,721,305	1,111,954	25,506,185
Office supplies, equipment, and related services	904,500	835,045	1,126,251	535,858	4,381,786	2,989,073	10,772,513
Travel, conferences, meetings, and events	177,000	31,704	41,658	17,748	52,258	36,756	357,124
Utilities, alterations, and repairs	805,619	315,973	177,056	164,150	211,746	1,534,825	3,209,369
Depreciation	2,983,751	1,167,036	599,878	509,748	765,691	4,918,156	10,944,260
Interest	<u>308,599</u>	<u>120,702</u>	<u>62,043</u>	<u>52,721</u>	<u>79,193</u>	<u>3,167,242</u>	<u>3,790,500</u>
Total other operating expenses	<u>8,546,041</u>	<u>14,223,535</u>	<u>3,628,927</u>	<u>3,211,463</u>	<u>11,211,979</u>	<u>13,758,006</u>	<u>54,579,951</u>
Total operating expenses	<u>\$ 71,950,066</u>	<u>45,177,296</u>	<u>15,143,303</u>	<u>11,732,701</u>	<u>38,601,068</u>	<u>20,857,313</u>	<u>203,461,747</u>

	Instruction	Research training, and public service	Academic support	Student services	Institutional support	Auxiliary enterprises	Total 2020
Salaries	\$ 47,780,096	25,071,598	9,533,593	5,743,087	18,415,101	5,267,831	111,811,306
Payroll taxes and benefits	<u>17,978,956</u>	<u>9,062,860</u>	<u>3,496,721</u>	<u>2,158,757</u>	<u>7,254,121</u>	<u>2,406,184</u>	<u>42,357,599</u>
Total compensation	<u>65,759,052</u>	<u>34,134,458</u>	<u>13,030,314</u>	<u>7,901,844</u>	<u>25,669,222</u>	<u>7,674,015</u>	<u>154,168,905</u>
Professional, contracted services, and subcontracts	3,185,559	8,564,295	1,073,506	2,179,324	5,929,033	1,535,064	22,466,781
Office supplies, equipment, and related services	1,569,364	1,196,058	1,320,267	470,666	3,898,320	2,219,472	10,674,147
Travel, conferences, meetings, and events	694,518	1,274,068	137,334	141,216	339,957	60,271	2,647,364
Utilities, alterations, and repairs	852,795	348,063	179,503	178,449	214,755	1,695,613	3,469,178
Depreciation	3,161,669	1,236,626	635,649	540,144	811,349	5,211,424	11,596,861
Interest	<u>332,409</u>	<u>130,015</u>	<u>66,830</u>	<u>56,789</u>	<u>85,303</u>	<u>3,271,779</u>	<u>3,943,125</u>
Total other operating expenses	<u>9,796,314</u>	<u>12,749,125</u>	<u>3,413,089</u>	<u>3,566,588</u>	<u>11,278,717</u>	<u>13,993,623</u>	<u>54,797,456</u>
Total operating expenses	<u>\$ 75,555,366</u>	<u>46,883,583</u>	<u>16,443,403</u>	<u>11,468,432</u>	<u>36,947,939</u>	<u>21,667,638</u>	<u>208,966,361</u>

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

Other pension and postretirement changes and net periodic benefit costs other than service costs, included within nonoperating activities within the accompanying financial statements, are allocated by functional classification consistent with the allocation of payroll taxes and benefits as specified above.

(f) Inventories

Inventories, including books published by the Teachers College Press, are valued at the lower of average cost or market (net realizable value).

(g) Plant Assets

Plant assets, including land, buildings, building improvements, and furniture and equipment, as well as assets under capital lease with the Dormitory Authority of the State of New York (DASNY) are stated at cost or fair value at the date of gift for assets contributed. All plant assets, other than land, are depreciated over the following useful lives using the straight-line method:

Buildings	50 years
Building improvements	20 years
Furniture and equipment	5 years

(h) Fair Value Measurements

Investments (note 3) and funds held by bond trustees are reported at fair value in the College's financial statements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an ordinary transaction between market participants as of the measurement date. GAAP establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels:

Level 1 Inputs that reflect unadjusted quoted prices or published net asset value (NAV) in active markets for identical assets or liabilities that the College has the ability to access at the measurement date.

Level 2 Inputs other than quoted or published prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 820, *Fair Value Measurement*, the College excludes from the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

(i) Collections

Collections at the College include works of art, literary works, historical treasures, and artifacts that are maintained in the College's library and buildings. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service and, therefore, are not recognized as assets on the balance sheets. The College does not sell its collections and any costs associated with purchasing additions to and maintaining these collections are recorded as operating expenses in the period in which the items are acquired.

(j) U.S. Government Grants Refundable

Funds provided by the U.S. government under the Federal Perkins and Nursing Faculty Loan programs are loaned to qualified students. These funds are ultimately refundable to the U.S. government and are presented in the accompanying balance sheets as a liability in funds held for others.

(k) Split-Interest Agreements

In fiscal years 2021 and 2020, the College's split-interest agreements with donors consist of charitable gift annuities (CGA), irrevocable charitable remainder trusts, perpetual trusts, and pooled life income funds (PLIF).

CGA and PLIF assets are reported in investments in the accompanying balance sheets. Assets from charitable remainder trusts and perpetual trusts are reflected as contributions receivable in the accompanying balance sheets. Contributions are recognized at the date the trusts or pooled life income funds are established at the present value of the estimated future cash flows expected to be received by the College. The College's interest in such split-interest gifts is adjusted annually for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

In addition, the College has the irrevocable right to receive income earned on two perpetual trusts at August 31, 2021 and August 31, 2020. The College's beneficial interest in the value of the trusts' assets is classified as net assets with donor restrictions. Changes in the value of the College's interest are recorded as changes in net assets with donor restrictions in the accompanying statements of activities.

(l) Operations

The accompanying statements of activities distinguish between operating and nonoperating activities. Nonoperating activities represent changes in net assets without donor restrictions other than annual fund contributions, investment return on endowments in excess of or less than the amounts authorized for spending by the Board (note 9) on those funds, pension and postretirement changes and net periodic benefit costs other than service costs (note 8), net assets released from donor restrictions for capital, and certain nonrecurring activities.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

(m) Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates made in the preparation of the financial statements include the valuation of investments and accrued postretirement pension and other benefit obligations, the allocation of functional expenses, and the net realizable value of receivables. Actual results could differ from those estimates.

(n) COVID-19 Pandemic

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic. The pandemic has negatively affected national, state, and local economies, global financial markets and the higher education landscape in general.

In response to the pandemic, beginning in March 2020, all course instruction was conducted virtually with some faculty and staff working on-campus to ensure continuity of essential operations, which continued through fiscal year 2021. In September 2021, nearly all courses resumed in person. Similar plans are in place for the remainder of fiscal year 2022.

During fiscal years 2021 and 2020, the College was awarded funds under the Higher Education Emergency Relief Funds (HEERF) Programs, which were authorized by the Coronavirus Aid, Relief and Economic Security Act (CARES Act), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) and American Rescue Plan Act (ARP Act). These Acts provided the College's students with emergency financial assistance and the College with funding to mitigate financial losses associated with changes to the delivery of instruction due to the coronavirus outbreak. The College was awarded a total of \$5.9 million. The CARES and ARP Acts each designated 50% of the awards for emergency student financial assistance, while the CRSSA Act designated 33% of the awards for emergency student financial assistance.

Approximately \$868,000 of ARP Act and \$819,000 of CARES Act funding received is included in cash and cash equivalents and deferred revenues at August 31, 2021 and August 31, 2020, respectively. The remainder of the CARES and CRSSA Act awards were fully recognized in fiscal year 2021.

(o) Authoritative Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. Under the new guidance, lessees are required to recognize the following for all leases (with the exception of leases with a term of 12 months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and (b) a right-of-use asset, representing the lessee's right to use, or control the use of, a specified asset for the lease term. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842) Targeted Improvements*, to provide an additional transition method to adopt the guidance by allowing entities to initially apply the new leases standard at the adoption date and recognize a cumulative effect to the opening balance of net assets. ASU No. 2020-05: *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* deferred the effective date of this ASU for one year, in which the standard is

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

effective for fiscal years beginning after December 15, 2019. The College implemented this standard in 2021 which had no material impact on the financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurements (Topic 820) Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurements*. The ASU improves the effectiveness of disclosures about fair value measurements required under ASC 820. The College adopted the ASU effective for the fiscal year ended August 31, 2021. There was no material impact to the financial statements resulting from the adoption.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. In January 2021, the FASB subsequently issued ASU No. 2021-01, *Reference Rate Reform (Topic 848)*, to amend the scope of the original guidance. The collective guidance provides temporary optional guidance to ease the potential burden in accounting for reference rate reform due to the discontinuation of the London Interbank Offered Rate (LIBOR). The amendments apply to contracts, hedges, and other transactions affected by reference rate reform due to LIBOR or another reference rate expected to be discontinued. The standard is effective immediately and can be applied through December 31, 2022. The College assessed the impact of this transition across its investment holdings and related activity. The LIBOR exposure in the College's long-term investment portfolio is considered minimal. Benchmarks, manager fees, and underlying or indirect contracts associated with the portfolio are not expected to be impacted by the transition.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial assets, and disclose contributed nonfinancial assets. Not-for-profit entities are required to disclose the disaggregation of the amount of contributed nonfinancial assets, which is recognized within the statements of activities, by the category that depicts the type of contributed nonfinancial asset. The ASU is effective for College's fiscal year ending August 31, 2022 and is being evaluated to determine the impact on the financial statements.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

(3) Investments

The following tables present the fair value of the College's investments by type at August 31, 2021 and 2020:

<u>Asset</u>	2021			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash and money market funds	\$ 3,898,858	—	—	3,898,858
Fixed income securities	424,894	—	—	424,894
Domestic common stock	54,321,707	—	—	54,321,707
Mutual funds:				
Bond mutual funds	10,572,400	—	—	10,572,400
Equity mutual funds	65,616,572	—	—	65,616,572
Exchange traded funds	153,304	—	—	153,304
Common trust funds	33,812,673	—	—	33,812,673
Nonpublic equity	13,091,337	—	—	13,091,337
	<u>\$ 181,891,745</u>	<u>—</u>	<u>—</u>	<u>181,891,745</u>
Investments measured at NAV (or its equivalent):				
Nonpublic equity				251,593,929
Private equity				56,532,650
Real estate				<u>22,680,266</u>
Total investments measured at NAV (or its equivalent)				<u>330,806,845</u>
Total investments				<u>\$ 512,698,590</u>

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

<u>Asset</u>	2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds	\$ 3,732,227	—	—	3,732,227
Fixed income securities	480,164	—	—	480,164
Domestic common stock	56,216,017	—	—	56,216,017
Mutual funds:				
Bond mutual funds	17,555,469	—	—	17,555,469
Equity mutual funds	41,179,852	—	—	41,179,852
Exchange traded funds	128,942	—	—	128,942
Common trust funds	26,367,083	—	—	26,367,083
Nonpublic equity	11,747,130	—	—	11,747,130
	<u>\$ 157,406,884</u>	<u>—</u>	<u>—</u>	<u>157,406,884</u>
Investments measured at NAV (or its equivalent):				
Nonpublic equity				184,835,541
Private equity				27,839,539
Real estate				<u>15,877,119</u>
Total investments measured at NAV (or its equivalent)				<u>228,552,199</u>
Total investments				<u>\$ 385,959,083</u>

Money market funds, fixed income securities, domestic common stock, mutual funds, exchange traded funds, and nonpublic equities are reported at fair value based upon quoted market prices or published NAV for investments in funds with characteristics similar to a mutual fund.

Common trust funds represent a pool of collective investment funds with underlying investments held in publicly traded stocks, bonds, or other securities. These funds are redeemable with two days' notice.

Investments measured at NAV or its equivalent include nonpublic equity, private equity, and real estate funds:

Nonpublic equities include funds whose underlying investments are publicly traded domestic and international equities and interests in limited partnerships and limited liability corporations that may employ both long and short strategies and invest in public equities, internationally developed and emerging markets, and other marketable securities. These interests have varying degrees of liquidity, generally ranging from monthly to annually with up to 90 days' notice, except for four funds with an approximate value of \$30.2 million, which remain subject to lockup. Private equity and real estate funds include interests in limited partnerships and limited liability corporations that invest in private equity buyouts, distressed credit opportunities, real estate, and other private equity strategies. Under the terms of certain limited partnership agreements, the College is obligated to periodically advance

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

additional funding for these limited partnership investments. At August 31, 2021 and 2020, the College had outstanding commitments of approximately \$61.7 million and \$53.4 million, respectively. The College maintains sufficient liquidity in its investment portfolio to cover such calls. Such commitments, generally, have fixed expiration dates or other termination clauses through July 2032. These funds offer no redemptions.

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in their values will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets.

Investments include approximately \$2.4 million and \$2.0 million of assets relating to split-interest agreements at August 31, 2021 and 2020, respectively.

The following summarizes the College's total return on investments and its classification in the financial statements for the years ended August 31, 2021 and 2020:

	2021	2020
Dividends and interest	\$ (1,630,325)	74,156
Net appreciation in fair value of investments	101,868,083	56,921,574
Investment fees and expenses	(4,716,021)	(3,614,729)
Net investment return	95,521,737	53,381,001
Investment return appropriated as operating – without donor restriction	17,974,328	16,767,794
Investment return reported as nonoperating and with donor restriction	\$ 77,547,409	36,613,207

(4) Allowances for Uncollectible Accounts and Loans Receivable

Student accounts and other receivables are reported net of an allowance for uncollectible amounts and a reserve for returned sales of approximately \$849,000 and \$481,000 at August 31, 2021 and 2020, respectively.

Student loans receivable are reported net of an allowance for uncollectible amounts of approximately \$150,000 and \$200,000 at August 31, 2021 and 2020, respectively.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

(5) Grants and Contracts and Contributions Receivable, Net

Grants and contracts receivable consist of the following at August 31, 2021 and 2020:

	2021	2020
Amounts expected to be collected in:		
Less than one year	\$ 9,720,511	10,659,134
One to five years	3,757,087	5,746,873
	\$ 13,477,598	16,406,007

At August 31, 2021 and 2020, amounts due from three sponsors represent approximately 27% and 28% of the College's grants and contracts receivable, respectively.

Approximately 40% and 37% of grants and contracts revenue relates to activity with three sponsors in 2021 and 2020, respectively.

Contributions receivable consist of the following at August 31, 2021 and 2020:

	2021	2020
Unconditional promises expected to be collected in:		
Less than one year	\$ 5,751,087	8,231,172
One to five years	3,516,368	5,162,979
	9,267,455	13,394,151
Less:		
Allowance for uncollectible amounts	(1,000)	(45,000)
Discount to present value (at discount rates ranging from 0.27% to 1.7%)	(54,540)	(97,151)
	9,211,915	13,252,000
Interest in perpetual and other trusts, net	1,873,831	2,590,417
	\$ 11,085,746	15,842,417

At August 31, 2021 and 2020, three outstanding donor pledge balances represented approximately 46% and 53% of the College's gross contributions receivable, respectively.

Contributions from five donors represent 39% and 55% of contributions revenue in 2021 and 2020, respectively.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

(6) Plant Assets, Net

Plant assets consist of the following at August 31, 2021 and 2020:

	2021	2020
Land	\$ 642,443	642,443
Buildings and improvements	154,852,777	150,982,992
Furniture and equipment	50,488,197	48,769,000
Under capital lease with DASNY and other lenders:		
Land	50,000	50,000
Buildings and improvements	146,861,867	146,861,867
Furniture and equipment	12,056,022	12,056,022
	364,951,306	359,362,324
Less accumulated depreciation	(237,847,066)	(226,902,806)
Construction in progress	1,355,643	3,202,796
	\$ 128,459,883	135,662,314

Plant assets under capital lease with DASNY and other lenders, other than land, were fully depreciated as of August 31, 2021 and 2020, respectively.

(7) Long-Term Debt, Net

Long-term debt at August 31, 2021 and 2020 consists of the following:

	2021	2020
DASNY:		
Series 2012A Revenue Bonds, including unamortized bond premium of \$2,222,895 and \$2,454,247, respectively (a)	\$ 20,867,895	22,514,247
Series 2012B Revenue Bonds, including unamortized bond premium of \$2,171,303 and \$2,276,357, respectively (b)	32,531,303	32,636,357
Series 2017 Revenue Bonds, including unamortized bond premium of \$3,935,202 and \$4,159,107, respectively (c)	42,905,202	45,224,107
Total debt outstanding	96,304,400	100,374,711
Less unamortized bond issuance costs	(1,310,877)	(1,396,614)
	\$ 94,993,523	98,978,097

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

- (a) In April 2012, DASNY issued Revenue Bonds, Series 2012A (Series 2012A Bonds) in the amount of \$30,115,000 on behalf of the College at a premium of \$4,395,715. The College used the proceeds from the Series 2012A Bonds to refinance the DASNY Insured Revenue Bonds, Series 2002. The Series 2012A Bonds are due through 2039 with interest rates ranging from 3.0% to 5.0%. Payments toward principal began on July 1, 2013. Interest is payable semiannually on January 1 and July 1. In issuing the Series 2012A Bonds, the College incurred costs of \$695,582, which have been deferred and are being amortized over the life of the related debt. At August 31, 2021 and 2020, the College had unamortized bond issuance costs of \$354,196 and \$389,567, respectively. The Series 2012A Bonds are secured by the pledge of revenues, the proceeds of the Series 2012A Bonds, and certain funds and accounts established by the Series 2012A Bond Resolution.
- (b) In May 2012, DASNY issued Revenue Bonds, Series 2012B (Series 2012B Bonds) in the amount of \$30,360,000 on behalf of the College at a premium of \$3,151,613. The College used the proceeds from the Series 2012B Bonds to finance certain capital improvements including the renovation, alteration, upgrading, and rehabilitation of Bancroft Hall, an eight story, 108 unit residence hall on the College's campus. The Series 2012B Bonds are due through 2042 at a fixed rate of 5.0%. Principal amounts are payable annually beginning on July 1, 2029. Interest is payable semiannually on January 1 and July 1. In issuing the Series 2012B Bonds, the College incurred costs of \$637,256, which have been deferred and are being amortized over the life of the related debt. At August 31, 2021 and 2020, the College had unamortized bond issuance costs of \$437,979 and \$458,830, respectively. The Series 2012B Bonds are secured by the pledge of revenues, the proceeds of the Series 2012B Bonds, and certain funds and accounts established by the Series 2012B Bond Resolution.
- (c) In March 2017, DASNY issued Revenue Bonds, Series 2017 (Series 2017 Bonds) in the amount of \$43,390,000 on behalf of the College at a premium of \$4,925,908. The College used the proceeds from the Series 2017 Bonds to advance refund (legally defease) the Series 2009 Bonds. The Series 2017 Bonds are due through 2039 with interest rates ranging from 3.0% to 5.0%. Payments toward principal began on July 1, 2018. Interest is payable semiannually on January 1 and July 1. In issuing the Series 2017 Bonds, the College incurred costs of \$649,339, which have been deferred and are being amortized over the life of the related debt. At August 31, 2021 and 2020, the College had unamortized bond issuance costs of \$518,702 and \$548,217, respectively. The Series 2017 Bonds are secured by the pledge of revenues, the proceeds of the Series 2017 Bonds, and certain funds and accounts established by the Series 2017 Bond Resolution.

The DASNY bonds require compliance with certain financial and nonfinancial debt covenants. The College is in compliance with such covenants as of August 31, 2021 and 2020.

On June 17, 2021 (the Initial Closing Date), the College entered into a Forward Delivery Bond Purchase Agreement with DASNY and an Underwriter for the Series 2022 Forward Delivery Revenue Bonds (Series 2022 Bonds). The Series 2022 Bonds were sold to investors and the Underwriter agreed to accept delivery and pay the purchase price on the Settlement Date, which is expected to be April 5, 2022. The par value of the Series 2022 Bonds is \$50,910,000 and were issued at a premium of \$10,286,777. The proceeds will be used to refund the outstanding Series 2012A and 2012B Bonds and to finance various capital improvements including roof replacements, classroom renovations and other improvements. The Series 2022 Bonds have a final maturity in July 2052 and will be reflected in the College's financial statements in fiscal year 2022.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

The minimum annual payments for principal are as follows:

Year ending August 31:		
2022	\$	3,685,000
2023		3,840,000
2024		4,030,000
2025		4,175,000
2026		4,380,000
Thereafter		<u>67,865,000</u>
Total principal payments		87,975,000
Unamortized bond premium		8,329,400
Less unamortized bond issuance costs		<u>(1,310,877)</u>
Total debt outstanding	\$	<u><u>94,993,523</u></u>

Interest expense totaled approximately \$3.8 million in 2021 and \$3.9 million in 2020.

(8) Pension and Postretirement Benefit Plans

The College has a contributory defined contribution plan covering academic and professional employees. The College incurred expenses for the years ended August 31, 2021 and 2020 of approximately \$7,948,000 and \$7,945,000, respectively.

In addition, the College has a deferred compensation plan covering a select group employees. The amounts deferred under this plan are reported in inventories and other assets and funds held for others at August 31, 2021 and 2020.

The College also has a noncontributory defined benefit pension plan covering nonacademic union employees. Benefits under this plan are based on years of service and the employee's regular remuneration averaged over the period of the highest five consecutive years during the last 10 years of service.

In addition, the College provides health insurance coverage to retired faculty and professional staff and their dependents. Faculty and professional staff hired before January 1, 2006 become eligible for these benefits if they are at least 55 years of age and have a minimum of 15 years of service. This plan was amended on June 16, 2010 whereby eligible professional staff who retire after August 31, 2011 and eligible faculty who retire after August 31, 2013 may participate in the plan, but will contribute to the plan based upon their age and years of service.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

The following table provides information with respect to the defined benefit pension and postretirement benefit plans as of and for the years ended August 31, 2021 and 2020:

	Pension benefits		Postretirement benefits	
	2021	2020	2021	2020
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 73,223,648	69,983,191	40,349,595	39,785,074
Service cost	2,318,636	2,264,076	256,173	497,756
Interest cost	2,112,273	2,198,332	1,167,868	1,260,843
Actuarial loss	18,244	1,477,713	640,608	125,988
Benefits paid	<u>(2,634,665)</u>	<u>(2,699,664)</u>	<u>(1,311,254)</u>	<u>(1,320,066)</u>
Benefit obligation at end of year	<u>75,038,136</u>	<u>73,223,648</u>	<u>41,102,990</u>	<u>40,349,595</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	61,655,022	55,951,230	—	—
Actual return on plan assets	7,552,543	7,436,789	—	—
Employer contribution	2,200,000	966,667	1,513,070	1,495,815
Benefits paid	<u>(2,634,665)</u>	<u>(2,699,664)</u>	<u>(1,513,070)</u>	<u>(1,495,815)</u>
Fair value of plan assets at end of year	<u>68,772,900</u>	<u>61,655,022</u>	<u>—</u>	<u>—</u>
Funded status, recognized in the balance sheets	\$ <u><u>(6,265,236)</u></u>	<u><u>(11,568,626)</u></u>	<u><u>(41,102,990)</u></u>	<u><u>(40,349,595)</u></u>

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

The following table provides the components of net periodic benefit cost recognized in the accompanying statements of activities:

	Pension benefits		Postretirement benefits	
	2021	2020	2021	2020
Operating:				
Service cost	\$ 2,318,636	2,264,076	256,173	497,756
Nonoperating:				
Interest cost	2,112,273	2,198,332	1,167,868	1,260,843
Expected return on plan assets	(3,061,645)	(3,027,242)	—	—
Amortization of prior service cost	7,757	8,403	—	—
Net loss recognized	237,816	700,029	1,183,333	1,395,397
Total nonoperating	(703,799)	(120,478)	2,351,201	2,656,240
Net periodic benefit cost	\$ 1,614,837	2,143,598	2,607,374	3,153,996

Accumulated amounts recorded in net assets without donor restrictions other than through net periodic benefit cost at August 31, 2021 and 2020 consist of the following:

	Pension benefits		Postretirement benefits	
	2021	2020	2021	2020
Prior service cost	\$ —	(7,757)	—	—
Net actuarial loss	(5,638,403)	(10,348,873)	(10,399,794)	(10,942,519)
	\$ (5,638,403)	(10,356,630)	(10,399,794)	(10,942,519)

The estimated net gain (loss) and prior service credit (cost) for the pension plan that will be amortized from net assets without donor restrictions into net periodic benefit cost in fiscal year 2022 is \$0. The estimated net loss for the postretirement plan that will be amortized from net assets without donor restrictions into net periodic benefit cost in fiscal year 2022 is \$1,043,034.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

The following table provides the actuarial assumptions:

	<u>Pension benefits</u>		<u>Postretirement benefits</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Weighted average assumptions used to determine benefit obligations:				
Discount rate	2.90 %	2.99 %	2.82 %	2.93 %
Rate of compensation increase	4.00	4.00	—	—
Weighted average assumptions used to determine net periodic benefit cost:				
Discount rate	2.99	3.24	2.93	3.19
Expected return on plan assets	5.00	5.50	—	—
Rate of compensation increase	4.00	4.00	—	—

For measurement purposes, the annual rate of increase in the per capita cost of covered healthcare benefits is as follows:

	<u>2021</u>	<u>2020</u>
Assumed healthcare cost trend rates:		
Healthcare cost trend rate assumed for next year	6.93 %	7.10 %
Healthcare cost trend assumed to decline	3.75	3.75
Ultimate trend rate achieved	2,044	2,044

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions at August 31, 2021 and 2020 are as follows:

	Pension benefits		Postretirement benefits	
	2021	2020	2021	2020
Pension and postretirement changes other than net periodic benefit cost:				
Net (loss) gain	\$ (4,472,654)	(2,931,834)	640,608	125,988
Amortization of prior service (cost) credit	(7,757)	(8,403)	—	—
Amortization of net loss	(237,816)	(700,029)	(1,183,333)	(1,395,397)
Total amount recognized in net assets without donor restrictions	\$ <u>(4,718,227)</u>	<u>(3,640,266)</u>	<u>(542,725)</u>	<u>(1,269,409)</u>

The accumulated benefit obligation for the pension plan at August 31, 2021 and 2020 was \$67,064,207 and \$65,089,533, respectively.

Pension plan assets consist of an interest in a diversified fund, which is reported at NAV as determined and published by the fund manager and is reviewed by management for reasonableness. The fund is classified as Level 1 within the fair value hierarchy. The College's overall investment strategy is to provide liquidity to fund current benefit payments as well as to provide for long-term growth through appreciation. The target allocations for plan assets are 29% equity securities, 65% fixed income, and 6% other investment types.

As of August 31, 2021 and 2020, the diversified fund's composition was as follows:

	2021	2020
Cash	2 %	— %
Domestic equities	16	12
International equities/emerging markets equities	18	17
Fixed income – domestic and international	56	58
Debt	3	3
Alternative	—	4
Real estate	5	6
	100 %	100 %

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

The expected long-term rate of return on assets assumption is 5.0%. The assumption has been determined by developing expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid under the pension plan for the year(s) ending August 31:

2022	\$	3,036,667
2023		2,972,894
2024		3,083,163
2025		3,200,352
2026		3,374,526
2027–2031		18,345,236

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 has been reflected, assuming that the College will continue to provide a prescription drug benefit to plan participants that is at least actuarially equivalent to Medicare Part D and that the College will receive the federal subsidy.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid under the postretirement plan for the year(s) ending August 31:

		Expected benefits reflecting Medicare subsidy
2022	\$	1,721,714
2023		1,911,568
2024		2,071,575
2025		2,192,719
2026		2,266,355
2027–2031		11,872,485

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

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

	<u>One- percentage- point increase</u>	<u>One- percentage- point decrease</u>
Impact of 1% change in healthcare cost trend rates:		
Effect on total service and interest cost components	\$ 196,793	(163,796)
Effect on postretirement benefit obligation	5,769,470	(4,807,064)

(9) Net Assets

(a) Net Assets with Donor Restrictions

Net assets with donor restrictions include those subject to donor-imposed restrictions that will be met by either actions of the College or the passage of time, and net assets subject to donor-imposed restrictions that stipulate that the corpus of the gift be held in perpetuity, but permit the College to expend part or all of the income derived therefrom for general or donor-specified purposes.

Net assets with donor restrictions of purpose or time consist of the following:

	<u>2021</u>	<u>2020</u>
Endowment earnings for:		
Scholarships and financial aid	\$ 43,774,982	26,364,095
Professorships and lectureships	39,632,525	28,039,126
Research and experimentation	50,106,081	40,441,200
Without restrictions and other	36,127,020	25,823,321
Other restrictions:		
Scholarships, fellowships, professorships, and lectureships	25,718,388	27,642,051
Research and training	20,821,788	22,118,425
Capital projects	250,000	400,000
Future periods	743,810	1,015,585
Total	<u>\$ 217,174,594</u>	<u>171,843,803</u>

Net assets with donor restrictions of purpose or time include \$230,963 of life income, annuity funds and charitable remainder trusts.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

Net assets restricted to investment in perpetuity at August 31, 2021 and 2020 are as follows:

	2021	2020
Scholarships and financial aid	\$ 71,333,958	69,489,876
Professorships and lectureships	32,910,565	32,410,207
Research and experimentation	10,373,430	10,369,475
Other	30,788,585	29,440,821
Total	\$ 145,406,538	141,710,379

Net assets restricted to investment in perpetuity include \$2,521,124 of life income and annuity funds, charitable remainder trusts and beneficial interests in perpetual trusts held in perpetuity.

(b) Endowment Funds

The College's endowment consists of both donor restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value.

The investment objectives for the College's endowment are to preserve the principal value of those funds, in both absolute as well as real terms, provide a stable source of perpetual financial support to endowment beneficiaries, and maximize over the long term, the total rate of return earned without assuming an unreasonable degree of risk. In connection with these investment objectives, the Board has adopted a spending policy. The amount available for spending is determined annually by applying a rate of 5% to the 16-quarter moving average of the fair value of the endowment.

The College has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as allowing the College to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund, as is deemed prudent for uses, benefits, purposes, and duration for which the endowment is established, subject to the intent of the donor as expressed in the gift instrument, absent donor stipulations to the contrary. As a result of this interpretation, the College has not changed the way net assets with donor restrictions in perpetuity are classified.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions for time or purpose until those amounts are appropriated for expenditure in a manner consistent with the standards of prudence prescribed by NYPMIFA.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

The tables that follow present information with respect to the College's endowment. Endowment net assets consist of the following at August 31, 2021 and 2020:

	August 31, 2021		
	Without donor restrictions	With donor restrictions	Total
Donor restricted	\$ —	309,984,733	309,984,733
Board-designated	198,675,497	—	198,675,497
Total	\$ <u>198,675,497</u>	<u>309,984,733</u>	<u>508,660,230</u>

	August 31, 2020		
	Without donor restrictions	With donor restrictions	Total
Donor restricted	\$ —	254,741,347	254,741,347
Board-designated	129,789,534	—	129,789,534
Total	\$ <u>129,789,534</u>	<u>254,741,347</u>	<u>384,530,881</u>

Changes in endowment net assets during the fiscal years ended August 31, 2021 and 2020 are as follows:

	2021		
	Without donor restrictions	With donor restrictions	Total
Net assets, August 31, 2020	\$ 129,789,534	254,741,347	384,530,881
Dividends and interest	974,658	1,520,717	2,495,375
Contributions	9,000	6,279,520	6,288,520
Transfers to quasi	40,335,200	—	40,335,200
Appropriation for expenditure	(6,230,853)	(11,492,604)	(17,723,457)
Investment return, net	33,797,958	58,944,753	92,742,711
Net assets, August 31, 2021	\$ <u>198,675,497</u>	<u>309,993,733</u>	<u>508,669,230</u>

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

	2020		
	Without donor restrictions	With donor restrictions	Total
Net assets, August 31, 2019	\$ 116,962,165	225,782,867	342,745,032
Dividends and interest	1,228,812	2,411,821	3,640,633
Contributions	99,000	4,693,072	4,792,072
Transfers to quasi	335,200	—	335,200
Appropriation for expenditure	(5,349,053)	(10,451,007)	(15,800,060)
Investment return, net	16,513,410	32,304,594	48,818,004
Net assets, August 31, 2020	<u>\$ 129,789,534</u>	<u>254,741,347</u>	<u>384,530,881</u>

(10) Student Tuition and Fees

Tuition and fees and room and board revenues are recognized in the fiscal year in which the academic programs and residential services are delivered. Amounts collected in advance of such revenue recognition are deferred. A full refund is issued to students who drop courses by a preestablished add/drop date each semester. Partial refunds are issued during the next four to six weeks of a semester. Student tuition and fees are presented net of amounts awarded to students to defray their cost of attending the College. Student aid totaled \$31,994,863 and \$28,278,670 in fiscal years 2021 and 2020, respectively.

(11) Fund-Raising Expenses

Fund-raising expenses are included in institutional support in the accompanying statements of activities. For the years ended August 31, 2021 and 2020, fund-raising costs incurred by the College's development office for contributions and certain private grants and contracts amounted to approximately \$3.8 million and \$4.3 million, respectively.

(12) Deferred Revenues

Deferred revenues consist of the following at August 31, 2021 and 2020:

	2021	2020
Federal and private grants	\$ 5,522,327	4,947,399
Student tuition	13,065,478	7,618,989
Other	449,113	339,656
	<u>\$ 19,036,918</u>	<u>12,906,044</u>

(13) Commitments and Contingencies

(a) Government Funding

Amounts received and expended by the College under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, would not have a significant effect on the financial position of the College.

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

(b) Line of Credit

The College has a credit arrangement with a bank that provides for a line of credit, up to \$20 million through June 2022, which was not drawn upon during the year ended August 31, 2021. Borrowings under the line of credit facility will bear interest at the greater of the Bloomberg Short-Term Bank Yield Index (BSBY) Daily Floating Rate, or 0.65%. Additionally, the College entered an agreement with a bank for an annual letter of credit up to \$300,000, which automatically renews September of each year unless the issuing bank provides termination notification.

(c) Litigation

The College, in the normal course of its operations, is a defendant in various lawsuits. While it is not feasible to predict the ultimate outcomes, management of the College does not expect the resolution of these actions to have a material adverse effect on the College's financial position.

(14) Liquidity

Financial assets available within one year of the balance sheet date for general expenditures, payments on debt, and capital construction at August 31, 2021 and 2020:

	2021	2020
Total assets	\$ 726,324,570	639,338,419
Plus:		
Subsequent fiscal year endowment spending	18,938,381	15,693,279
Less:		
Contributions receivable, net	7,441,806	11,829,242
Grants and contracts receivable due in greater than 1 year	3,757,087	5,746,873
Inventories, prepaid expenses, and other assets	2,818,138	2,319,847
Endowment funds	508,660,230	384,530,881
Investments (CGAs and PLIF)	2,382,437	1,964,650
Student loans receivable, net	2,615,082	2,407,667
Property, plant and equipment, net	128,459,883	135,662,314
Total financial assets available at year-end for general expenditures	89,128,288	110,570,224
Other liquid resources:		
Board-designated endowment, net of related future fiscal year spending	190,964,079	124,443,833
Unexpended line of credit	20,000,000	20,000,000
Total financial assets and other liquid resources available for general expenditures	\$ 300,092,367	255,014,057

TEACHERS COLLEGE, COLUMBIA UNIVERSITY

Notes to Financial Statements

August 31, 2021 and 2020

The College manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. The College's cash flows have seasonal variations during the fiscal year primarily attributable to the student tuition, fees, and housing billing cycles. In order to manage liquidity, the College maintains a revolving unexpended line of credit with a financial institution totaling \$20 million. As of August 31, 2021, the College did not borrow under this agreement.

Included within endowment funds is \$199 million and \$130 million of board-designated funds as of August 31, 2021 and 2020, respectively. These funds represent unrestricted operating funds internally designated by the Board. Although the College does not intend to spend from these funds, if needed, the funds could be liquidated over time to support operations, but require a Board resolution approving the spending.

Under the provision of the College's endowment spending rule, the Board approved a spending allocation of \$18.9 million and \$15.7 million for the fiscal years ending August 31, 2022 and 2021, respectively.

(15) Subsequent Events

The College and the Local 707 Teamsters Union are negotiating the terms of the Collective Bargaining Agreement, which expires in December 2021.

The College evaluated other events subsequent to August 31, 2021 and through December 21, 2021, the date on which the financial statements were issued, and has determined there are no additional disclosures.