2021 FINANCIAL REPORT

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Facts and Figures

Vision

Syracuse University aspires to be a pre-eminent and inclusive student-focused research university, preparing engaged citizens, scholars, and leaders for participation in a changing global society.

Mission

As a university with the capacity to attract and engage the best scholars from around the world, yet small enough to support a personalized and academically rigorous student experience, Syracuse University faculty and staff support student success by:

- Encouraging global study, experiential learning, interdisciplinary scholarship, creativity, and entrepreneurial endeavors
- Balancing professional studies with an intensive liberal arts education
- Fostering a richly diverse and inclusive community of learning and opportunity
- Promoting a culture of innovation and discovery
- Supporting faculty, staff, and student collaboration in creative activity and research that address emerging opportunities and societal needs
- Maintaining pride in our location and history as a place of access, engagement, innovation, and impact

Type of University

Accredited by the Middle States Commission on Higher Education, Syracuse University is a private, coeducational, urban, research university.

Colleges and Schools

Through its 13 schools and colleges, Syracuse University provides a choice of more than 200 majors, 100 minors, and 200 advanced degree programs. The University was the first in the nation to offer a bachelor of fine arts degree and founded the nation's first iSchool. At present, its colleges and schools include:

- School of Architecture
- The College of Arts and Sciences
- School of Education
- The College of Engineering and Computer Science
- The David B. Falk College of Sport and Human Dynamics
- School of Information Studies
- College of Law
- The Martin J. Whitman School of Management
- Maxwell School of Citizenship and Public Affairs
- S.I. Newhouse School of Public Communications
- College of Visual and Performing Arts (VPA)
- College of Professional Studies
- Graduate School

Number of Students

For the fall 2020 semester, Syracuse University had a total enrollment of 21,322, of which 17,900 were full-time students and 3,422 were part-time students.

Number of Employees

5,578 Total employees

953 Tenure-stream faculty

808 Non-tenure-stream faculty

Alumni

Syracuse University has over 250,000 alumni representing all 50 states, the District of Columbia, and more than 170 countries and territories.

Athletics

The Syracuse Orange are the athletic teams that represent Syracuse University in 20 intercollegiate sports. The University is affiliated with NCAA Division I and conferences such as the Atlantic Coast Conference, College Hockey America, and Eastern Association of Rowing Colleges. Syracuse University has won 30 team national championships, and student-athletes in individual sports have won 49 national titles. In 2020-21, 313 of the University's student-athletes were named to the Atlantic Coast Conference academic honor roll. For more information, please visit cuse.com.

History

Syracuse University was officially founded when the Board of Trustees of Syracuse University signed the University charter and certificate of incorporation on March 24, 1870.

More Information

To request additional copies of this report, please contact:

Syracuse University
Office of the Interim Senior Vice President
and Chief Financial Officer
Crouse-Hinds Hall, Suite 620
900 South Crouse Ave.
Syracuse, NY 13244

315-443-3037

bfas.syr.edu

To provide for a safe return to on-campus learning in Fall 2020, procurement teams across the University got to work. Campus Development and Facilities Operations acquired nearly 3.5 million masks, 35,000 bottles of hand sanitizer, and 18,000 boxes of gloves to distribute to the campus community.

From the Chancellor

THE PAST EIGHTEEN MONTHS have challenged higher education as much as any other period in our lifetimes. Challenges to revenue, increased expenses necessary to keep our campus community safe and healthy, and changing public health conditions have tested our resilience, creativity, and discipline.

I am proud that Syracuse University started the pandemic on a solid fiscal foundation. Our financial results position us well among the top tier of pre-eminent, global, and inclusive institutions.

We have been able to deliver a safe, in-person experience for our students and keep our staff employed with no change in benefits. As a result, we have continued to advance critical strategic priorities during the pandemic.

We pursued key elements of our campus framework in a focused manner, completing renovations to the Stadium, the Schine student center, and spaces for our multicultural student groups. The University has hired key leaders for the student experience and academic affairs.

The University has continued to focus on faculty hiring for diversity and in areas where Syracuse University can be among the best in the world. More than 95 faculty joined us for Fall 2021—a result of our efforts in FY2021.

The results of Forever Orange: The Campaign for Syracuse University remain strong, passing the $1 billion milestone in June 2021. With the launch of Syracuse University Global and the College of Professional Studies, the University continues to expand its reach to post-traditional and online students.

Syracuse University's continued progress through all challenges over the past fiscal year uniquely positions the institution to make strategic investments, seize emerging opportunities, and forge ahead as a leading international research university. The University's continued focus on the student experience has yielded dividends with increasingly strong and competitive enrollment results.

Thank you to the fiscal management team, faculty, and staff at every level who have worked hard, through uncertainty, to help Syracuse University withstand historic challenges. Thanks to these contributions, the University is poised to take advantage of strategic opportunities from a position of strength.

Sincerely,

Kent Syverud

Kent Syverud
Chancellor and President

Statistical Highlights

Student Enrollments

	2017	2018	2019	2020	2021
Undergraduate	15,218	15,252	15,226	15,275	14,479
Graduate	6,180	6,633	6,985	6,919	6,193
Law	572	599	592	656	650
Total Student Enrollments	**21,970**	**22,484**	**22,803**	**22,850**	**21,322**

Degrees Conferred

	2017	2018	2019	2020	2021
Baccalaureate	3,563	3,377	3,407	3,682	3,364
Master's (including MBA)	2,173	2,300	2,572	2,597	2,698
Juris Doctorate	149	175	179	177	165
Doctorate—Professional	10	2	10	13	4
Doctorate—Research	189	160	162	144	143
Certificates and Other	494	522	494	485	427
Total Degrees Conferred	**6,578**	**6,536**	**6,824**	**7,098**	**6,801**

The COVID-19 pandemic transformed the campus environment. Facilities staff installed tents, altered classrooms, and spray-painted hundreds of socially distanced circles across campus green spaces.

FY 2021 Highlights

Essential staff members, including the University's custodial teams, worked every day to clean and disinfect campus spaces. In summer 2020, with hundreds of students unable to return home due to travel restrictions, custodial staff worked 24/7 to clean and sanitize on-campus apartments to prepare them for the students remaining.

From the Interim Senior Vice President
and Chief Financial Officer

Gwenn Judge

Withstanding Challenges, Finishing Strong

As campus administrators, we are called on to demonstrate responsible stewardship of the University's resources. Our careful planning and meticulous management must stand up to the changing landscape of higher education—we know this. Prior to 2020, what we might not have known is how to plan for or manage through a worldwide pandemic that would see many of our long-held assumptions about the university experience upended.

At Syracuse University, we have given enhanced attention to prudent financial planning and management over the past several years. That strategy, coupled with our dedication to accountability, gave the University the ability to manage the unprecedented financial challenges of COVID-19. The strength of our financial pillars allowed us to continue to pursue strategic priorities that transformed the student experience.

At the onset of the pandemic, we made prompt, rational, crucial decisions that we carried throughout fiscal year 2021. That meant allocating funding for pandemic-driven health and safety needs and addressing student financial needs. Consequently, we curtailed planned expenditures by surgically permitting only key, strategic faculty and staff hires and salary increases. The decision was made to delay non-mission-critical construction projects and renovations, reduce operating expenses, and reassess Invest Syracuse initiatives.

Accordingly, the campus was able to offer a safe residential option to its students, faculty and staff remained employed with no change in benefits, and momentum was maintained on advancing key strategic priorities.

Strategic investments were identified to strengthen the University's financial position and to situate the University well in the increasingly competitive higher education market beyond the pandemic period. Expansion in post-traditional programs and online degrees to create a new stream of incremental revenue and funding for capital improvements and strategic real estate transactions to improve the student experience were part of the fiscal year 2021 budget.

The Stadium roof project was completed on time and was ready for the first home football game of the year in September 2020. The renovations to the University's 50,000-seat on-campus stadium included a new crown truss fixed roof, upgraded lighting and sound systems, improved accessibility, completely new concessions operations, and air conditioning throughout the building. The centerpiece of the work is the new center-hung scoreboard, the largest of its kind on any college campus in the country.

In addition, The Hildegarde and J. Meyer Schine Student Center reopened to rave reviews in January 2021, almost unrecognizable in its new form. The $30 million renovation revitalized the building, creating a true student union at the heart of campus. Transformed by an abundance of natural light, the building now boasts a reimagined dining area and campus store, integrated cultural centers, and abundant space for students to meet, recharge, and study.

Fiscal year 2021 was a true testament to the importance of strong fiscal responsibility. The financial results described on the following pages illustrate what resulted from our actions taken in response to challenges encountered during the second year of the COVID-19 pandemic.

→

Operating Results

The snapshot of historical operating results presented below demonstrates continued strength in both net assets and operating margins as well as the University's ability to maintain strong financial results during an unprecedented fiscal year. Net operating margins remained stable even during the University's proactive response to COVID-19. Those actions helped the University maintain positive net operating margins in a year when decreases in operating revenues occurred.

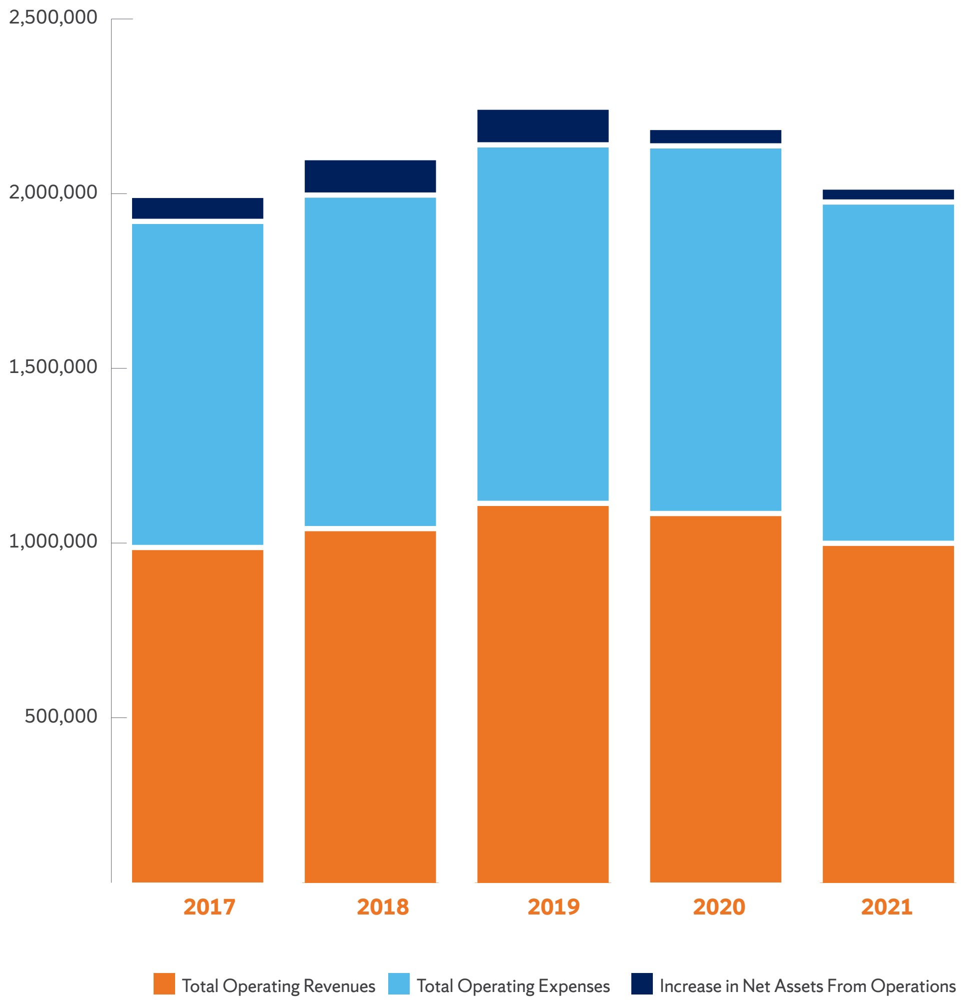
Operating Revenues

Total operating revenues decreased by $85 million to $1 billion, primarily due to pandemic-related decreases in student enrollment and decreases in revenues from athletic events. More specifically, tuition and fees decreased by $24 million, while total financial aid provided by the University increased to $365 million, resulting in net tuition and fees revenue of $640 million. Total student enrollment decreased to 21,322 for the year and was the most significant driver of decreases in various revenue categories.

The University received approximately $17 million in funds from the federal government's Higher Education Emergency Relief Fund in 2021. The funds were utilized to provide emergency financial aid to students and to offset revenues lost due to the pandemic.

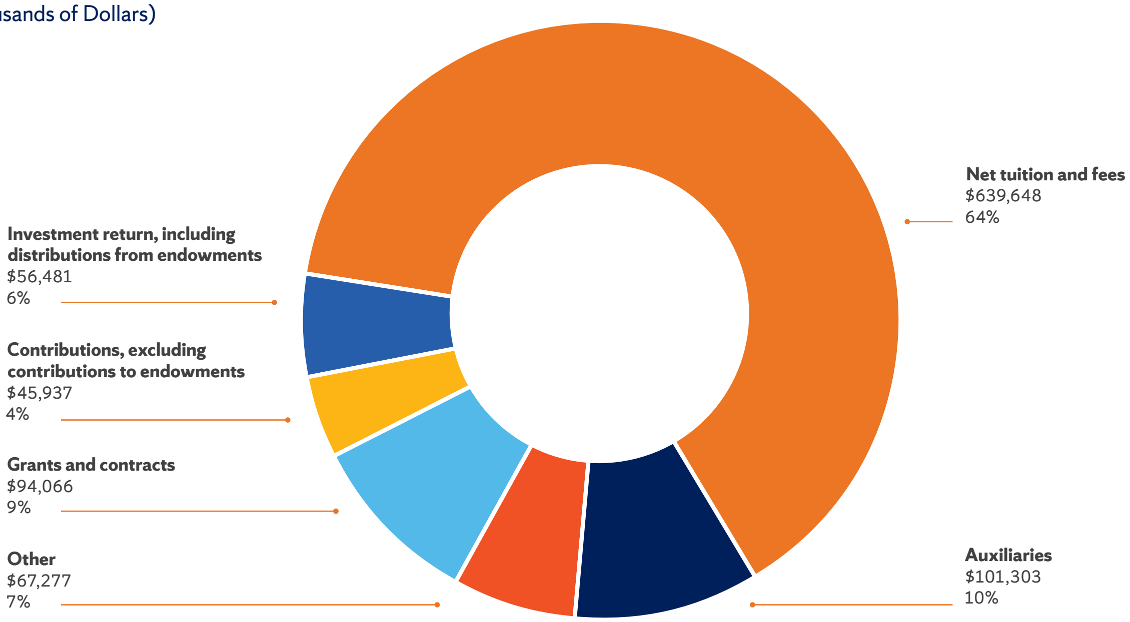
INCREASE IN NET ASSETS 2017-2021

(Thousands of Dollars)



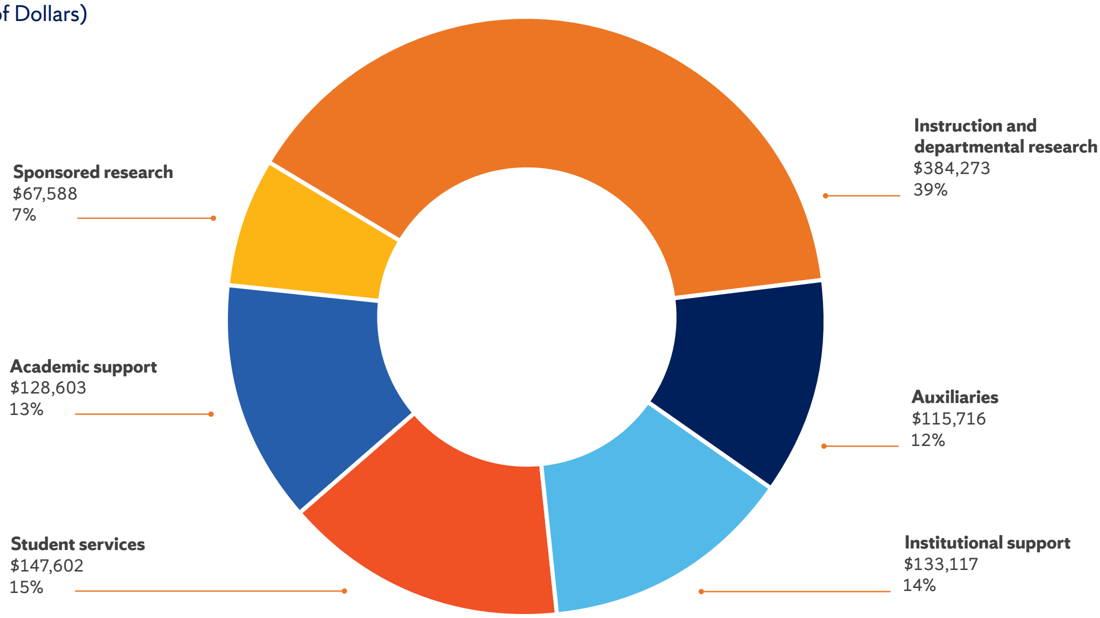
FISCAL 2021 OPERATING REVENUE

(Thousands of Dollars)



FISCAL 2021 OPERATING EXPENSE

(Thousands of Dollars)



Net operating margins remained stable even during the University's proactive response to COVID-19.

Like many landmarks across New York State and throughout the country, Syracuse University's Hall of Languages was illuminated in blue to honor frontline medical workers and first responders during the COVID-19 pandemic.

Operating Expenses

Total operating expenses were $976 million, including an additional $30 million in health and safety costs. Total expenses represented a $75 million decrease from fiscal year 2020. In the face of revenue decreases, the University used proactive methods to lower expenses throughout the year.

Instruction and departmental research is the largest category of expense, $384 million in fiscal year 2021, representing 39% of total operating expenses. While each category of operating expenses had year-over-year decreases, this category had the largest decline, due to the institution of strategic expense reductions.

Capital Spending

Reductions in spending on capital projects occurred in fiscal year 2021. After the onset of the pandemic, every project not already underway was reevaluated to determine if it was mission-critical to the academic priorities of the University or included a regulatory, compliance, or safety element. However, two major capital projects were completed and opened their doors during fiscal year 2021; both transformed the physical campus environment and brought significant upgrades to the student experience:

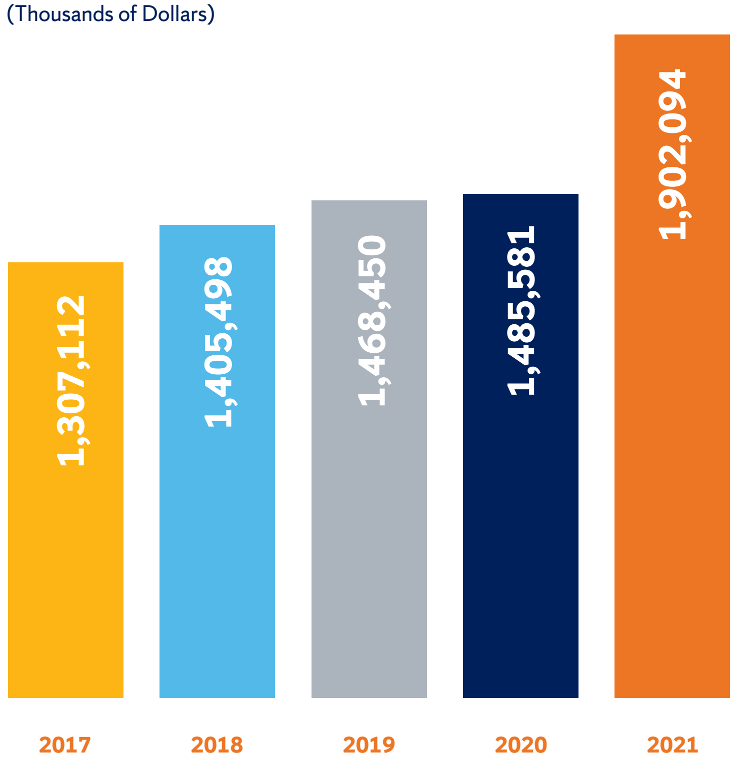
The Hildegarde and J. Myer Schine Student Center

Dubbed the University's living room, a new, vibrant hub for student life, the Schine's transformation was completed in January 2021. Home to cultural centers and student organizations as well as brand-new dining options and the Campus Store, the renovated Schine provides the appropriate space for the needs of current students and for generations of students to come.

Stadium Improvements

This multi-year project concluded its most significant phase of renovation early in fiscal year 2021. It marked a new era for Syracuse University and the many students, faculty, staff, and community members who consider "the Loud House" the center of their sports world. The Stadium is an integral and beloved part of every Syracuse student's experience and considered the "heartbeat" of campus—with students beginning and ending their academic careers in this iconic facility. Due to ongoing public health capacity restrictions, use of the Stadium was limited for much of the year. Most athletic contests were played without fans, but late in fiscal year 2021, reduced-capacity commencement ceremonies were held in the building for the class of 2021.

FIVE-YEAR COMPARISON OF TOTAL INVESTMENTS
(Thousands of Dollars)



Investments

The investment portfolio, which represents 49% of total assets, was valued at $1.9 billion in fiscal year 2021. The endowment is the largest component of investments and was valued at $1.8 billion at the end of fiscal year 2021.

Each year, some of the endowment's earnings are paid out as an annual distribution. For fiscal year 2021, the Board of Trustees approved a payout rate of 3.79%—an amount that totaled over $50 million, over one-quarter of which was spent on student scholarships.

Endowment

About the Endowment

For over 150 years, alumni, parents, and friends have generously supported the Syracuse University Endowment, and by doing so have enabled the University to provide scholarships and fellowships to students, launch new programs and research efforts, build faculty excellence, and support a wide range of important needs while ensuring the University's long-term sustainability.

The University's total endowment consists of two investment pools, the Managed Endowment Fund ($1.76 billion) and Funds Managed by others ($50 million). As of June 30, 2021, the total endowment was valued at approximately $1.8 billion. The Managed Endowment Fund is invested with attention to the preservation of the fund's real value and the protection of its purchasing power, comprised of approximately 2,500 individual endowments.

$1.8 billion
FY21 total endowment

30.8%
annual rate of return

>2,500
total endowed funds

$50 million
FY21 available spending

Management and Oversight

The Investment and Endowment Committee (IEC) of the Syracuse University Board of Trustees oversees the investment and management of the Managed Endowment Fund. Partners Capital serves as the outsourced chief investment officer for the University. The funds are operationally managed by Partners Capital with daily governance and oversight from the chief financial officer and university treasurer.

The IEC is responsible for the management of the University endowment, which includes establishing policies, determining appropriate spending levels, and monitoring investment performance.

The University is also required to adhere to the guidelines set forth in the New York State Prudent Management of Institutional Funds Act (NYPMIFA). These rules emphasize the nature of endowments lasting in perpetuity, balanced with the needs for current spending.

Spending

The Managed Endowment operates similar to a mutual fund, with units representing shares of the total endowment. This is why endowed gifts are also made to honor individuals or foundations yet have the advantage of existing in perpetuity. Gifts that are made to the Managed Endowment will support their intended purpose for generations to come.

Spending from the Managed Endowment is determined through a unit distribution rate approved annually by the IEC. The annual fiscal year distribution is calculated by applying a distribution rate, currently 3.79%, to the average of the monthly unit values over the prior 36 months ending December 31 of the prior year.

Performance

The Managed Endowment had a total return of 30.8% net of investment management fees for the fiscal year ending June 30, 2021. The fund's three-year and five-year annualized returns were 12.6% and 11.5%, respectively.

The Managed Endowment is invested in a global, multi-asset class portfolio including public equities, hedge funds, private equity, real assets, credit, and fixed income.

Syracuse University is committed to a long-term investment philosophy of maximizing return relative to risk in order to safeguard the purchasing power over time and manage the need of current spending with multi-generational growth. Diversification of investments across asset classes helps mitigate risk and alleviate the effect of excessive volatility.

Finishing Strong

The choice of a pillar on the cover of this report is a deliberate one. Pillars evoke ideals of strength and stability; they support some of the world's longest-lasting architectural marvels. While some institutions wobbled when faced with the challenges imposed by the COVID-19 pandemic, Syracuse University was able to stand strong and firm on its pillars. It is from this solid foundation that we will grow and flourish in the years to come.

We thank you for your support. We look forward to another strong year.

Gwenn B. Judge

Gwenn Judge
Interim Senior Vice President and Chief Financial Officer

STATEMENT OF RESPONSIBILITY

Management is responsible for the preparation, integrity, and objectivity of the consolidated financial statements of Syracuse University. The statements have been prepared in accordance with United States generally accepted accounting principles and include certain estimates and judgments that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Management fulfills its responsibility primarily by establishing and maintaining an internal control structure that is designed to provide reasonable assurance that the University's assets are safeguarded, transactions are executed in accordance with management's authorization, and the University's financial records may be relied upon for the purpose of preparing financial statements and related disclosures. That system is monitored and assessed by direct management review and by the University's Internal Audit department. In addition, the University recognizes its responsibility for conducting its affairs according to the highest standards of personal and corporate conduct. This responsibility is characterized and reflected in key policy statements issued from time to time regarding, among other things, conduct of its business activities, a code of ethics for the University's senior financial officers, and disclosure and management of potential conflicts of interest by its trustees and employees. Accordingly, the University maintains programs to assess compliance with those policies.

The University's Board of Trustees Audit and Risk Committee appointed KPMG LLP as its independent auditors to audit the University's consolidated financial statements. KPMG's accompanying report is based on audit procedures conducted in accordance with auditing standards generally accepted in the United States of America, which include the consideration of the University's internal controls to establish a basis for determining the nature, timing, and extent of audit tests to be applied. The independent auditors were given unrestricted access to financial records and related data, including minutes of trustee meetings.

The Audit and Risk Committee of the Board of Trustees, which consists of trustees who are neither officers nor employees of the University, is responsible for oversight of the work performed by the independent auditors, oversight of the work performed by the Internal Audit department, and oversight of the University's internal control systems and financial reporting processes. The Audit and Risk Committee meets with financial management, the independent auditors, and the Associate Vice President and Chief Risk Officer to review financial reporting, internal accounting controls, and auditing matters. Both the independent auditors and the Associate Vice President and Chief Risk Officer have direct and private access to the Audit and Risk Committee.

Kent Syverud
Chancellor and President

Gwenn Judge
Interim Senior Vice President and Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020
(With Independent Auditors' Report Thereon)

The Syracuse University community responded with ingenuity and resourcefulness to the coronavirus pandemic. Staff members from the School of Architecture and the College of Engineering and Computer Science utilized their colleges' 3D printers to make protective face shields for frontline workers.

Independent Auditors' Report

KPMG LLP
515 Broadway
Albany, NY 12207-2974

The Board of Trustees
Syracuse University:

We have audited the accompanying consolidated financial statements of Syracuse University and subsidiaries, which comprise the consolidated balance sheets as of June 30, 2021 and 2020, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements.

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

Opinion

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

KPMG LLP

September 24, 2021

Consolidated Balance Sheets

June 30, 2021 and 2020
(Thousands of dollars)

Assets	2021	2020
Cash and cash equivalents	$465,879	455,584
Receivables, net	131,654	150,242
Other assets	43,345	35,974
Investments	1,902,094	1,485,581
Funds held by bond trustee	4,330	60,089
Right-of-use assets – operating leases	14,978	
Property and equipment, net	1,356,110	1,333,855
Total assets	$3,918,390	3,521,325

Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	$167,347	203,713
Deposits and deferred revenues	79,951	81,513
Asset retirement obligations	23,290	22,020
Accrued postretirement benefit obligation	50,727	50,544
Operating lease obligations	14,993	
Finance/capital lease obligations	2,898	2,479
Long-term debt	761,494	770,892
Refundable government student loan funds	17,739	22,672
Total liabilities	1,118,439	1,153,833
Net assets:		
Without donor restrictions	1,746,940	1,541,926
With donor restrictions	1,053,011	825,566
Total net assets	2,799,951	2,367,492
Total liabilities and net assets	$3,918,390	3,521,325

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities

Year ended June 30, 2021
(With Comparative Totals for the Year ended June 30, 2020)
(Thousands of dollars)

	Without donor restrictions	With donor restrictions	2021 Total	2020 Total
Operating revenues:				
Tuition and fees, net of financial aid of $364,905 in 2021 and $351,684 in 2020	$639,648		639,648	677,154
Contributions, excluding contributions to endowments	25,229	20,708	45,937	56,946
Grants and contracts	94,066		94,066	79,424
Investment return, including distributions from endowments	56,481		56,481	64,849
Auxiliaries, net of financial aid of $6,318 in 2021 and $6,698 in 2020	101,303		101,303	121,333
Other	67,277		67,277	90,303
Net assets released from restrictions	5,766	(5,766)		
Total operating revenues	989,770	14,942	1,004,712	1,090,009
Operating expenses:				
Instruction and departmental research	384,273		384,273	436,317
Sponsored research and other programs	67,588		67,588	64,159
Academic support	128,603		128,603	132,869
Student services	147,602		147,602	158,215
Institutional support	133,117		133,117	141,677
Auxiliaries	115,716		115,716	119,026
Total operating expenses	976,899		976,899	1,052,263
Increase in net assets from operating activities	12,871	14,942	27,813	37,746
Nonoperating activities:				
Contributions to endowments		21,097	21,097	19,207
Investment return, excluding distributions from endowments, and gains (losses) on other financial instruments	191,552	191,406	382,958	(42,970)
Postretirement benefit obligation changes other than service cost	591		591	(1,969)
Increase (decrease) in net assets from nonoperating activities	192,143	212,503	404,646	(25,732)
Increase in net assets	205,014	227,445	432,459	12,014
Net assets at beginning of year	1,541,926	825,566	2,367,492	2,355,478
Net assets at end of year	$1,746,940	1,053,011	2,799,951	2,367,492

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities

Year ended June 30, 2020
(Thousands of dollars)

	Without donor restrictions	With donor restrictions	Total
Operating revenues:			
Tuition and fees, net of financial aid of $351,684	$677,154		677,154
Contributions, excluding contributions to endowments	33,258	23,688	56,946
Grants and contracts	78,755	669	79,424
Investment return, including distributions from endowments	64,849		64,849
Auxiliaries, net of financial aid of $6,698	121,333		121,333
Other	90,303		90,303
Net assets released from restrictions	31,612	(31,612)	
Total operating revenues	1,097,264	(7,255)	1,090,009
Operating expenses:			
Instruction and departmental research	436,317		436,317
Sponsored research and other programs	64,159		64,159
Academic support	132,869		132,869
Student services	158,215		158,215
Institutional support	141,677		141,677
Auxiliaries	119,026		119,026
Total operating expenses	1,052,263		1,052,263
Increase (decrease) in net assets from operating activities	45,001	(7,255)	37,746
Nonoperating activities:			
Contributions to endowments		19,207	19,207
Investment return, excluding distributions from endowments, and gains (losses) on other financial instruments	(46,642)	3,672	(42,970)
Postretirement benefit obligation changes other than service cost	(1,969)		(1,969)
(Decrease) increase in net assets from nonoperating activities	(48,611)	22,879	(25,732)
(Decrease) increase in net assets	(3,610)	15,624	12,014
Net assets at beginning of year	1,545,536	809,942	2,355,478
Net assets at end of year	$1,541,926	825,566	2,367,492

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended June 30, 2021 and 2020
(Thousands of dollars)

	2021	2020
Cash flows from operating activities:		
Increase in net assets	$432,459	12,014
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	84,574	81,681
Postretirement benefit obligation changes other than service cost	(591)	1,969
Changes in fair value of investments and financial instruments	(421,252)	(5,209)
Gifts of marketable securities, net of sales of unrestricted gifted securities	(3,148)	(1,584)
Gifts of property and equipment	(7,389)	(1,384)
Contributions restricted for investment and physical facilities	(37,913)	(32,898)
Changes in operating assets and liabilities:		
Receivables, net	13,021	781
Other assets	(7,371)	(2,162)
Accounts payable and accrued liabilities	(12,830)	36,717
Deposits and deferred revenues	(1,562)	4,117
Asset retirement obligations	1,270	414
Accrued postretirement benefit obligation	774	(133)
Net cash provided by operating activities	40,042	94,323
Cash flows from investing activities:		
Loans made to students	(4)	(68)
Loans paid by students	5,571	5,675
Purchases of investments	(602,044)	(655,402)
Sales and maturities of investments	605,876	673,726
Purchases of property and equipment	(126,540)	(182,518)
Net cash used in investing activities	(117,141)	(158,587)
Cash flows from financing activities:		
Contributions restricted for investment and physical facilities	37,913	32,898
Proceeds from sales of gifted marketable securities restricted for investment	3,148	1,584
Proceeds from commercial paper notes		30,375
Payments of commercial paper notes		(30,375)
Proceeds from issuance of long-term debt		760,170
Payments of long-term debt	(3,910)	(419,474)
Payments of finance/capital lease obligations	(324)	(201)
Payments for swap termination		(95,777)
Payment of bond issuance costs	(259)	(3,844)
Changes in interest rate swap agreements collateral		30,400
Change in funds held by bond trustee	55,759	(60,089)
Change in refundable government student loan funds	(4,933)	(5,956)
Net cash provided by financing activities	87,394	239,711
Net increase in cash and cash equivalents	10,295	175,447
Cash and cash equivalents at beginning of year	455,584	280,137
Cash and cash equivalents at end of year	$465,879	455,584
Supplemental disclosure:		
Interest paid	$24,977	20,486
Right-of-use assets obtained in exchange for operating leases	458	
Right-of-use assets obtained in exchange for finance leases	757	
Decrease in accounts payable for property and equipment	(22,629)	(1,953)

See accompanying notes to consolidated financial statements.

1. Organization

Syracuse University (the University) is a private, not-for-profit, coeducational and residential university granted a charter by the State of New York in 1870. The University operates under the direction of an independent Board of Trustees as an education corporation under the New York Not-for-Profit Corporation Law. The University has a total enrollment of approximately 21,300 students, including approximately 13,800 full-time undergraduate, approximately 500 law students, approximately 3,600 full-time master's and doctoral students, and approximately 3,400 part-time students. Geographically, the undergraduate student body represents 49 states and 90 foreign countries. The University offers approximately 500 degree and certificate programs in the following 13 schools and colleges: the School of Architecture; the College of Arts and Sciences; the School of Education; the College of Engineering and Computer Science; the Graduate School; the David B. Falk College of Sport and Human Dynamics; the School of Information Studies; the College of Law; the Martin J. Whitman School of Management; the Maxwell School of Citizenship and Public Affairs; the S.I. Newhouse School of Public Communications; the College of Visual and Performing Arts; and the College of Professional Studies.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), and include the accounts of Syracuse University, Syracuse University (USA) London Program, Drumlins, Inc., Orange Insurance Company, LLC, Syracuse University Alumni Association, Inc. and Syracuse University Hotel and Conference Center LLC.

(b) Reclassifications

Certain reclassifications have been made to the 2020 information to conform to the 2021 presentation.

(c) Net Asset Classes

The accompanying consolidated financial statements present information regarding the University's financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are not subject to donor stipulations restricting their use but may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties.

Net assets with donor restrictions are subject to donor stipulations that expire by the passage of time, can be fulfilled by actions pursuant to the stipulations, or may be perpetual.

(d) Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which the University expects to be entitled in exchange for those goods or services (i.e., the transaction price).

Revenue from student tuition, fees, room and board is recognized over the academic year, which generally aligns with the University's fiscal year, as services are provided. Revenues associated with academic programs that cross fiscal years are recognized based on the number of days the services are provided in each fiscal year. Revenues are presented at transaction prices, which are determined based on standard published rates for the services less institutional aid awarded to qualifying students. Aid in excess of students' tuition and fees is reflected as a reduction of room and board charges. Amounts paid to students for living or other costs are reported as an expense.

The amount of revenue per student varies based on the specific program or class in which the student enrolls as well as whether the student resides in University housing. In addition, students who adjust their course load, residence assignment, board assignment, or withdraw completely within the specified period published in the University's academic calendar may receive a full or partial refund in accordance with the University's refund policy. Refunds issued reduce the amount of revenue recognized. Payments are generally due prior to the start of the academic term.

Room and board revenues are included in Auxiliaries on the consolidated statements of activities. Room revenues, net of applicable aid, totaled $50.6 million and $54.6 million for the years ended June 30, 2021 and June 30, 2020, respectively. Board revenues, net of applicable aid, totaled $36.5 million and $47.3 million for the years ended June 30, 2021 and June 30, 2020, respectively.

Revenues from students received in advance of services provided, which primarily consist of summer session revenues, are included in deposits and deferred revenues in the consolidated balance sheets and totaled $18.4 million and $20.6 million at June 30, 2021 and June 30, 2020, respectively.

(e) Revenue from Grants and Contracts

Grants and contracts awarded by federal and other sponsors, which are generally considered nonreciprocal transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. Grants and contracts whose restrictions are met in the same fiscal year as their revenue is recognized are reported as grants and contracts without donor restrictions.

Revenues received in advance of services provided are included in deposits and deferred revenues in the consolidated balance sheets, and totaled $21.5 million and $28.9 million at June 30, 2021 and 2020, respectively.

Conditional awards from federal and other sponsors outstanding as of June 30, 2021 were $102.1 million.

(f) Contributions

Contributions, including unconditional pledges, are recognized at their fair values as revenues when donors' commitments are received. Conditional pledges become unconditional and are recognized as revenues when the conditions are substantially met. Unconditional pledges, net of an allowance for doubtful amounts, are reported at their estimated net present values, and are classified as with donor restrictions. Gifts whose restrictions are met in the same fiscal year as their receipt are reported as contributions without donor restrictions. Similarly, purpose-restricted investment returns earned during the same fiscal year in which those restrictions are met are reported as investment return without donor restrictions for the purposes of the statements of cash flows.

(g) Cash and Cash Equivalents

For purposes of the statements of cash flows, investments acquired with an original maturity date of three months or less are reported as cash equivalents unless they are part of funds held by bond trustee or long-term investment funds.

(h) Investments

Investments are reported at estimated fair value. The values of publicly traded fixed income and equity securities are based on quoted market prices and exchange rates. Nonmarketable securities include alternative investments in hedge funds and private partnership funds. In the absence of readily determinable public market values, alternative investments are valued using current net asset values or the equivalent as a practical expedient to approximate fair values. The University believes the carrying amounts of these financial instruments are reasonable estimates of fair value. The estimates, because of the inherent uncertainty of valuations for these investments, may differ from the values that would have been used had ready markets existed.

(i) Funds Held by Bond Trustee

Unspent bond proceeds are held by the bond trustee and are invested in money market vehicles classified as Level 1 in the fair value hierarchy.

(j) Property and Equipment

Land, land improvements, buildings, equipment, and the library collections are stated at cost or fair value at date of donation, exclusive of the library's special collection, which is recorded at the University's estimate. The art collection is recorded at appraised value adjusted for accessions and deaccessions. Depreciation is recognized using the straight-line method with useful lives of twenty or forty years for buildings, five years for equipment, ten years for library collections, excluding special collections, and one hundred years for art and library special collections. Depreciation expense for buildings and land improvements is allocated to functional classifications based on square footage. Depreciation expense for equipment is allocated to functional classifications based on the functional classifications of the departments in which equipment is located, and depreciation expense for collections is allocated to the academic support functional classification.

(k) Leases

The University determines if an arrangement is or contains a lease at inception of the contract and classifies leases as either operating or finance depending upon the terms and conditions set forth in the contract. The University uses an incremental borrowing rate to determine the present value of lease payments. At the time of recognition of a lease liability and corresponding right-of-use asset the incremental borrowing rate is determined using interest rates applicable to the University.

The University recognizes operating lease expense within operation and maintenance of plant costs on the statements of activities on a straight-line basis over the lease term. On the consolidated balance sheets, right-of-use assets represent the University's right to use the underlying assets for the lease term and right-of-use liabilities represent the University's obligation to make lease payments arising from the leases agreements. Right-of-use assets and right-of-use liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

(l) Fair Value

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The three levels of the fair value hierarchy are:

Level 1 - inputs are quoted prices in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.

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

Level 3 - inputs are unobservable and are derived from valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and are not based on market, exchange, dealer, or broker-traded transactions.

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

Investments reported at net asset value or its equivalent (NAV) as a practical expedient to estimate fair value are not classified in the fair value hierarchy.

(m) Operations

The consolidated statements of activities present expenses by functional classification and reflect a subtotal for the change in net assets from operations. This subtotal reflects all transactions increasing or decreasing net assets without donor restrictions except those items associated with certain long-term investment returns, actuarial adjustments to self-insurance liabilities, changes in postretirement benefit obligations other than service cost and gains and losses on other financial instruments. Operation and maintenance of plant and depreciation are allocated to the functional expense line items based on relative square footage of facilities used for such functions and interest expense is allocated based on the functional purpose for which the debt proceeds were used.

(n) Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates made in the preparation of these consolidated financial statements include valuation of certain investments at fair value, estimated net realizable value of receivables, asset retirement obligations, and actuarially determined employee benefit and self-insurance liabilities. Actual results could differ from estimates.

(o) Risks and Uncertainties

In December 2019, a novel strain of corona virus (COVID 19) emerged globally, and in March 2020, the World Health Organization recognized COVID 19 as a pandemic. Given the emergence of the delta variant and the additional outbreak waves, the impacts of the pandemic have continued into fiscal year 2021. For the years ended June 30, 2021, and June 30, 2020, the University experienced disruptions to its ability to provide in person education to its students and allow fans to attend athletic events at the University's stadium due to COVID 19. The most significant financial impact to the University has been a reduction in athletic event ticket revenue, tuition revenue, and room and board revenues. The University swiftly responded to these lost revenues with reductions in costs such as travel and capital renovations. Close monitoring of the University's expenditures has aided significantly in the University's ability to offset these lost revenues.

Given the nature of the delta variant and additional outbreak waves, the pandemic may continue to materially affect the ability of the University to conduct its operations and the cost of its operations. Other adverse consequences may include, but are not limited to, decline in enrollment, decline in demand for campus housing or programs involving travel or international connections, volatility in financial markets with the potential for declines in the fair value of the University's endowment, and declines in philanthropic donations. The full extent of the impact of COVID 19 on the University will depend on future developments, including the duration and spread of the disease, mutations of the disease, and effectiveness of vaccination.

(p) Income Taxes

The University is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to Section 501(a) of the Internal Revenue Code. Orange Insurance Company, LLC and Syracuse University Hotel and Conference Center LLC, are wholly owned by the University and are reported in the University's income tax filings. Syracuse University Alumni Association Inc., of which the University is the sole member, is a tax-exempt organization that files its own tax return. Drumlins, Inc. is a taxable subsidiary of the University and files its own tax returns. The Syracuse University (USA) London Program, created for the advancement of education, is a registered charity under the laws of England. The income tax consequences, if any, from these entities are reflected in the consolidated financial statements, and do not have a material effect, individually or in the aggregate, on the University's consolidated financial statements. The University believes it has taken no significant uncertain tax positions.

(q) Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* and has subsequently issued supplemental and/or clarifying ASUs (collectively, ASC 842). The standards were issued to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheets and disclosing key information about leasing arrangements. The University adopted these standards in fiscal year 2021 using a modified retrospective transition approach and recorded operating lease right-of-use assets—operating leases and operating lease obligations of $19.6 million, respectively, as of July 1, 2020. For periods prior to July 1, 2020, the University accounted for leasing transactions under ASC 840. The University elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. The University also elected the policy exemption that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. Refer to Note 9 for further information.

3. Financial Assets and Liquidity Resources

At June 30, 2021 and June 30, 2020, financial assets and liquidity resources available within one year for general expenditures, including operating expenses, scheduled principal payments on debt, and capital construction costs not financed by debt, are as follows (in thousands of dollars):

	2021	**2020**
Financial assets, at year-end	$2,503,957	2,151,496
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Donor restricted endowment	(895,415)	(685,684)
Pledges receivable, net, due in greater than one year	(43,071)	(42,004)
Student loans, net, due in greater than one year	(20,083)	(25,650)
Funds held by bond trustee	(4,330)	(60,089)
Board designations:		
Quasi-endowment fund, primarily for long-term investing	(923,077)	(708,374)
Board-approved endowment spending distribution:		
Fiscal year 2021 appropriation		49,928
Fiscal year 2022 appropriation	50,924	
Financial assets available to meet cash needs for general expenditures within one year	$668,905	679,623

The University's working capital and cash flows have seasonal variations during the year attributable to tuition billing and a concentration of contributions received at calendar and fiscal year end. To manage liquidity the University has a taxable commercial paper note program as described in footnote 8. In addition, the quasi endowment of $923.1 million and $708.4 million at June 30, 2021 and June 30, 2020, respectively, can be made available for general expenditure with approval from the University's Board of Trustees, subject to investment liquidity provisions.

4. Receivables

The following is a summary of accounts receivable, pledges receivable, and matured bequests receivable at June 30, 2021 and June 30, 2020 (in thousands of dollars):

	2021	2020
Accounts receivable	$72,980	88,024
Pledges receivable, net of present value discount	65,328	77,724
Matured bequests receivable	2,511	2,174
	140,819	167,922
Allowance for doubtful accounts	(9,165)	(17,680)
Total	$131,654	150,242

Accounts receivable include student loans receivable of $20.1 million and $25.7 million at June 30, 2021 and June 30, 2020, respectively, net of allowances for doubtful accounts of approximately $1.0 million at both June 30, 2021 and June 30, 2020.

Unconditional pledges and matured bequests at June 30, 2021 and June 30, 2020 are restricted by donors predominantly for scholarships, other operating, and capital expenditure purposes. They are expected to be realized in the following periods (in thousands of dollars):

	2021	2020
Less than one year	$26,000	36,219
One year to five years	34,430	35,235
More than five years	13,144	15,105
	73,574	86,559
Allowance for doubtful accounts	(6,096)	(11,620)
Present value discount	(5,735)	(6,661)
Total	$61,743	68,278

The discount rates used to present value the pledges range from 0.29% to 6.00% at June 30, 2021 and June 30, 2020.

Conditional promises, which depend on the occurrence of a specified future or uncertain event, are recognized when the conditions are substantially met. Total unrecognized conditional pledges for the University were approximately $70.3 million as of June 30, 2021.

5. Investments

The investment objective of the University is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund a portion of its spending and to increase investment value after inflation. The University diversifies its investments among asset classes by incorporating several strategies and managers. Major investment decisions are authorized by the Investment and Endowment Committee of the University's Board of Trustees.

In addition to equity and fixed income investments, the University may also hold shares or units in institutional funds and alternative investment funds involving hedged, private partnerships, and real assets 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. Private partnership funds generally employ buyout, venture capital, and debt related strategies and often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Real asset funds include investments in companies whose businesses are typically related to natural resources and real estate.

Fair values for shares in registered mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year and are classified in Level 1 of the fair value hierarchy. The University's interests in alternative investment funds are generally reported at the NAV reported by the fund managers. NAV is used as a practical expedient to estimate the fair value of the University's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2021 and June 30, 2020, the University had no specific plans or intentions to sell investments at amounts different than NAV.

The University's investments at June 30, 2021 are summarized in the following table (in thousands of dollars):

	Redemption availability	**Level 1**	**Level 2**	**Total**
Investments measured at fair value:				
Marketable securities:				
U.S. equity	Daily	$278,485	11	278,496
International equity	Daily	40,110		40,110
Fixed income	Daily	165,461	19,059	184,520
Real asset	Daily	14,945		14,945
Total marketable securities		499,001	19,070	518,071
Funds held or administered by others	Not applicable	1,947	31,013	32,960
Subtotal		500,948	50,083	551,031
Investments measured at net asset value:				
Commingled funds:				
U.S. equity	Monthly			3,644
International equity	Monthly			1,643
Fixed income	Monthly			2,930
Hedge funds:				
Long/short	Quarterly to illiquid			274,246
Multi-strategy	Monthly to illiquid			131,018
Global and other	Monthly to illiquid			431,212
Private partnerships:				
Buyout	Illiquid			211,655
Venture capital	Illiquid			173,338
Debt related	Illiquid			37,444
Real asset	Illiquid			83,933
Subtotal				1,351,063
Total		$500,948	50,083	1,902,094

The days' notice that is required to be given to investment managers to redeem the specific asset classes above are: 1 to 4 days for U.S. equity; 1 to 10 days for international equity; 1 to 15 days for fixed income; 1 to 4 days for real asset; and 1 to 125 days for hedge funds.

The University's investments at June 30, 2020 are summarized in the following (in thousands of dollars):

	Redemption availability	Level 1	Level 2	Total
Investments measured at fair value:				
Marketable securities:				
U.S. equity	Daily	$241,698	5	241,703
International equity	Daily	115,688		115,688
Fixed income	Daily	126,176	19,917	146,093
Real asset	Daily	9,819		9,819
Total marketable securities		493,381	19,922	513,303
Funds held or administered by others	Not applicable	1,714	25,623	27,337
Subtotal		495,095	45,545	540,640
Investments measured at net asset value:				
Commingled funds:				
U.S. equity	Monthly			3,414
International equity	Monthly			1,504
Fixed income	Monthly			2,558
Hedge funds:				
Long/short	Monthly to illiquid			300,229
Multi-strategy	Quarterly to illiquid			83,914
Global and other	Monthly to illiquid			208,578
Private partnerships:				
Buyout	Illiquid			132,702
Venture capital	Illiquid			122,373
Debt related	Illiquid			28,319
Real asset	Illiquid			61,350
Subtotal				944,941
Total		$495,095	45,545	1,485,581

The days' notice that is required to be given to investment managers to redeem the specific asset classes above are: 1 to 4 days for U.S. equity; 1 to 10 days for international equity; 1 to 15 days for fixed income; 1 to 4 days for real asset; and 1 to 100 days for hedge funds.

The private partnerships have initial terms of 10 years with extensions of one to four years and have an average remaining expected life of 4.1 years and 4.4 years as of June 30, 2021 and June 30, 2020, respectively. At June 30, 2021, the University's outstanding commitments to private partnerships totaled $234.2 million. Private partnerships are considered to be illiquid because distributions are made upon the liquidation of underlying investments.

Certain of the University's hedge fund investments are illiquid as a result of restrictions that include contractual lock up provisions, redemption notification requirements, and other restrictions. Restrictions on hedge fund investments totaling $131.0 million, $69.2 million, and $30.8 million expire in fiscal years 2022, 2023 and 2024, respectively.

The following table summarizes the components of investment return in the consolidated statements of activities for the years ended June 30, 2021 and June 30, 2020 (in thousands of dollars):

	2021	2020
Interest and dividends	$15,936	18,339
Realized gains, net	149,534	113,552
Unrealized gains (losses), net	267,507	(78,250)
Total investment return	$432,977	53,641

Netted in the interest and dividends component of investment return were investment management expenses of $4.2 million and $3.2 million for the years ended June 30, 2021 and 2020, respectively.

6. Endowment Funds

The University's endowment consists of approximately 2,400 individual funds which include both donor restricted endowment funds and funds designated by the University to function as quasi endowments. These individual funds have been established for a variety of purposes, with the majority of them established for scholarships and endowed chairs.

The University employs asset allocation models having multi-year investment horizons, and it manages its long-term investments in accordance with the total return concept and the goal of maximizing long-term return within acceptable levels of risk. The University's spending policy is aligned with the asset allocation model and is designed to provide a stable level of financial support and to preserve the real value of its endowment. The University compares the performance of its investments against several benchmarks, including its asset allocation model policy indexes.

The trustee Investment and Endowment Committee (IEC) approves the annual distribution rates and spending amount for the University's investment funds. Per unit distributions are calculated by multiplying the average of the monthly unit market values during the previous three calendar years by the percentage approved by the Committee each year. The percentage approved for fiscal years 2021 and 2020 was 3.84%. There were no other distributions approved by the IEC in fiscal years 2021 and 2020.

The University adheres to the New York State Prudent Management of Institutional Funds Act (NYPMIFA). The University has interpreted NYPMIFA as allowing the University to spend or accumulate the amount of an endowment fund that the University 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. The University classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) changes to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift.

In accordance with NYPMIFA, the IEC considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the University and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the University
- Where appropriate and where circumstances would otherwise warrant, alternatives to expenditure of an endowment fund, giving due consideration to the effect that such alternatives may have on the University
- The investment policies of the University

Endowment funds are considered to be underwater when their fair value is less than their historical gift amounts. In accordance with the Prudent Management standards contained in NYPMIFA, the University has the ability to spend from individual endowments that are underwater, if it considers such action to be prudent for that particular endowment. In addition, in accordance with the implementation of NYPMIFA in 2011, the University was required to ask certain existing donors if they wished to prevent spending from their endowment if underwater. If the donor had requested spending not occur if their endowment is underwater, the University is required to comply with this request. As of June 30, 2021 and June 30, 2020, there were no endowment funds underwater where the donor had requested that spending not occur if the endowment was underwater.

At June 30, 2021 and June 30, 2020, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions and consisted of the following (in thousands of dollars):

		With donor restrictions			
	Without donor restrictions	**Original gift**	**Accumulated gains (losses)**	**Total**	**Total funds 2021**
Quasi	$923,077				923,077
Donor restricted:					
Underwater					
Other		502,349	393,066	895,415	895,415
	$923,077	502,349	393,066	895,415	1,818,492

		With donor restrictions			
	Without donor restrictions	**Original gift**	**Accumulated gains (losses)**	**Total**	**Total funds 2020**
Quasi	$708,374				708,374
Donor restricted:					
Underwater		74,659	(4,086)	70,573	70,573
Other		402,345	212,766	615,111	615,111
	$708,374	477,004	208,680	685,684	1,394,058

Changes in net assets associated with endowment funds for the fiscal years ended June 30, 2021 and June 30, 2020 were (in thousands of dollars):

	2021		
	Without donor restrictions	**With donor restrictions**	**Total**
Net assets at June 30, 2020	$708,374	685,684	1,394,058
Investment return	216,301	211,096	427,397
Contributions		21,080	21,080
Distributions	(26,058)	(24,844)	(50,902)
Board designated and donor required transfers	24,460	2,399	26,859
Net assets at June 30, 2021	$923,077	895,415	1,818,492

	2020		
	Without donor restrictions	**With donor restrictions**	**Total**
Net assets at June 30, 2019	$713,072	671,080	1,384,152
Investment return	18,157	19,268	37,425
Contributions		18,624	18,624
Distributions	(25,054)	(23,579)	(48,633)
Board designated and donor required transfers	2,199	291	2,490
Net assets at June 30, 2020	$708,374	685,684	1,394,058

7. Property and Equipment

The following is a summary of property and equipment at June 30, 2021 and June 30, 2020 (in thousands of dollars):

	2021	**2020**
Land and land improvements	$102,212	99,786
Buildings and related equipment	2,280,119	2,172,618
Equipment	142,097	137,639
Library and art collections	247,895	243,577
	2,772,323	2,653,620
Accumulated depreciation and finance lease amortization	(1,416,213)	(1,319,765)
Total	$1,356,110	1,333,855

Depreciation expense was $89.0 million and $82.9 million, for the years ended June 30, 2021 and June 30, 2020, respectively.

The University has asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities at the time of disposal of certain capital assets. The liability was initially recorded at fair value and is adjusted for accretion expense and changes in the amount or timing of cash flows. The corresponding asset retirement costs are capitalized as part of the carrying values of the related long-lived assets and depreciated over the useful lives of the assets.

8. Long-Term Debt and Interest Rate Swap Agreements

Long-term debt outstanding at June 30, 2021 and June 30, 2020 is set forth below (in thousands of dollars):

	Fiscal years of maturity	2021	2020
Trust for Cultural Resources of the County of Onondaga Revenue Bonds:			
Series 2011 (a)	2013-2037	$1,535	2,995
Series 2013 (b)	2015-2039	5,935	7,725
Series 2019 (c)	2039-2050	317,720	317,720
Onondaga Civic Development Corporation Revenue Bonds:			
Series 2020A (d)	2026-2036	114,945	114,945
Onondaga Civic Development Corporation Taxable Revenue Bonds:			
Series 2020B (e)	2036-2056	224,410	224,410
Bank Loan-Syracuse University Hotel and Conference Center LLC (f)	2028	4,070	4,730
Total principal debt		668,615	672,525
Unamortized premium		96,879	102,330
		765,494	774,855
Less bond issuance costs		4,000	3,963
Total long-term debt		$761,494	770,892

Additional details on the debt portfolio are as follows:

(a) Fixed rate tax-exempt bonds with interest rates of 5.0%. These bonds were issued at a premium that is being amortized using the effective interest method over the remaining life of each of the terms of the bonds. The University is required to make semi-annual payments of interest and annual payments of principal to bondholders through the trustee through 2022.

(b) Fixed rate bonds with interest rates of 5.0%. These bonds were issued at a premium that is being amortized using the effective interest method over the remaining life of each of the terms of the bonds. The University is required to make semi-annual payments of interest and annual payments of principal to bondholders through the trustee through 2024.

(c) In 2020, the University issued $317.7 million of Series 2019 bonds plus received additional premium in the amount of $66.5 million. The proceeds of Series 2019 bonds and associated premium were used to redeem $165.5 million of bonds maturing between December 1, 2020 through December 1, 2037, as well as to repay $30.4 million of outstanding commercial paper. In connection with this transaction the University utilized $48.1 million to terminate swaps associated with the debt series that were redeemed and used $138.0 million to fund a portion of two renovation projects. The University recorded a loss during the year ended June 30, 2020 of approximately $1.5 million, included in investment return, excluding distributions from endowments, and gains (losses) on other financial instruments in the accompanying 2020 statement of activities. The Series 2019 bonds are fixed rate tax-exempt bonds with interest rates at date of issuance ranging from 4.0% to 5.0% depending on the underlying principal maturity date. The bond premium is being amortized using the effective interest method over the remaining life of each of the terms of the bonds, resulting in an effective yield ranging from 1.91% to 2.36%. The University makes semi-annual payments of interest to the bondholders through the trustee. In addition, the University will make annual payments of principal to bondholders through the trustee on a portion of the bonds for fiscal years 2039 through 2042. The other portions of the bonds maturing in fiscal year 2044 through 2050 are subject to mandatory redemption on specific sinking fund redemption dates occurring in fiscal years 2043 to 2050.

(d) In 2020, the University issued $114.9 million of Series 2020A tax-exempt bonds plus received additional premium in the amount of $36.6 million. The Series 2020A bonds are fixed rate tax-exempt bonds with interest rates at date of issuance of 5.0% for all principal maturity dates. The bond premium is being amortized using the effective interest method over the remaining life of each of the terms of the bonds, resulting in an effective yield ranging from 0.55% to 1.58%. The University makes semi-annual payments of interest to the bondholders through the trustee. In addition, the University will make annual payments of principal to bondholders through the trustee on the bonds for fiscal years 2026 through 2036.

(e) In 2020, the University issued $224.4 million of Series 2020B taxable bonds. The proceeds of the Series 2020B bonds along with the Series 2020A bonds in note 8(d), were used to redeem and partially advance refund $208.0 million of bonds maturing December 1, 2022 through December 1, 2038, In connection with this transaction the University utilized $47.6 million to terminate swaps associated with the debt series that were redeemed and the University received taxable proceeds of $100.0 million. The University recorded a loss during the year ended June 30, 2020 of approximately $10.7 million, included in investment return, excluding distributions from endowments, and gains (losses) on other financial instruments in the accompanying 2020 statement of activities. The Series 2020B bonds are fixed rate taxable term bonds with terms ending in fiscal year 2038 and 2056, with effective yields of 2.768% and 3.068%, respectively. The University makes semi-annual payments of interest to the bondholders through the trustee. The bonds maturing in fiscal year 2038 are subject to mandatory redemption on specific sinking fund redemption dates occurring in fiscal years 2036 to 2038. The bonds maturing in fiscal year 2056 are subject to mandatory redemption on specific sinking fund redemption dates occurring in fiscal years 2051 to 2056.

(f) Loan agreement with JPMorgan Chase Bank, N.A. It bears interest at a rate per annum equal to the adjusted LIBOR rate for the applicable interest period plus 0.40% at June 30, 2021 and June 30, 2020. The applicable LIBOR margin per annum is adjusted based on the Moody's rating assigned to the financial strength of the University at the onset of each interest period. At June 30, 2021 and June 30, 2020, the interest rates were 0.492% and 0.573%, respectively. The Syracuse University Hotel and Conference Center LLC makes monthly payments of principal and interest. The maturity date of the loan is August 5, 2027.

Aggregate principal payments of long-term debt are summarized in the table below (in thousands of dollars):

Fiscal year	Amount
2022	$4,075
2023	2,635
2024	2,740
2025	660
2026	8,970
Thereafter	649,535
Total	$668,615

Syracuse University Hotel and Conference Center LLC (the Hotel) has entered into an interest rate swap agreement with a counterparty as a hedge against interest rate fluctuations for variable interest rate debt. The Hotel received variable payments equal to the one-month LIBOR rate plus 0.55% from one counterparty for the interest rate swap agreement. As of June 30, 2021 and June 30, 2020, there was no requirement to collateralize the obligations under the interest rate swap agreement.

The Hotel paid the one counterparty a fixed interest rate of 5.30% on notional amounts of $4.1 million and $4.7 million as of June 30, 2021 and June 30, 2020, respectively, that related to its loan with JPMorgan Chase Bank, N.A.

At June 30, 2021 and June 30, 2020, the fair values of the interest rate swap agreement were $(0.5) million and $(0.8) million, respectively. The interest rate swap agreements are classified in Level 2 of the fair value hierarchy.

The changes of $0.3 million and $77.2 million in the fair values of the interest rate swap agreements and the amount associated with the termination of the University swaps, were included in investment return, excluding distributions from endowments, and gains (losses) on other financial instruments in the accompanying statement of activities for the years ended June 30, 2021 and June 30, 2020, respectively. The net cash payments of $0.2 million and $4.9 million made under the interest rate swap agreements were included in interest expense during fiscal years 2021 and 2020, respectively.

The University had a surety bond aggregating approximately $28.2 million at June 30, 2021 and letters of credit and a surety bond aggregating approximately $145.2 million at June 30, 2020 related to its variable interest rate long-term debt and to potential claims under the University's workers' compensation plan. The expiration date for the surety bond occurs in fiscal 2022 and there were no outstanding amounts against the surety bond. The letters of credit terminated in fiscal year 2021.

In September 2017, the University instituted a taxable commercial paper notes program that allows the University to issue in aggregate up to $75.0 million in commercial paper notes. Proceeds from the issuance of commercial paper may be used to provide bridge financing for capital projects and to finance general operations of the University. The notes bear a fixed rate of interest, established on the borrowing date, over their individual terms not to exceed 270 days. The program has an ultimate expiration of June 30, 2075. At June 30, 2021 and June 30, 2020, there was no commercial paper outstanding.

9. Leases

The University is committed to minimum annual lease payments under several long-term non-cancellable operating and finance leases for educational and auxiliary facilities and equipment through fiscal year 2037.

The components of lease expense for the year ended June 30, 2021 and 2020 are as follows (in thousands of dollars):

	2021	2020
Lease cost:		
Finance lease expense:		
Amortization of right-of-use assets	$342	
Interest on lease obligations	311	
Operating lease expense	5,023	6,176
Total lease expense	$5,676	6,176

Payments due and other information related to operating and finance leases are summarized below as of June 30, 2021 (in thousands of dollars):

Fiscal year	**Operating**	**Finance**
2022	$5,489	645
2023	3,715	575
2024	2,861	583
2025	2,906	584
2026	378	562
Thereafter	385	1,097
	15,734	4,046

Fiscal year	**Operating**	**Finance**
Less amount representing interest	$741	1,148
Total obligation	$14,993	2,898
Weighted average remaining lease term	3.27 years	7.31 years
Weighted average discount rate	2.50%	10.56%

Ground leases:

The University leases land to an outside developer of student housing complexes with lease agreement extensions available through 2059. Lease payments of $0.6 million for the years ended June 30, 2021 and 2020 are recorded in the consolidated statements of activities when received from the developer.

10. Net Assets

At June 30, 2021 and June 30, 2020, net assets were comprised as follows (in thousands of dollars):

	2021		**2020**	
	Without donor restrictions	**With donor restrictions**	**Without donor restrictions**	**With donor restrictions**
Undesignated	$823,863		833,552	
Pledges and matured bequests receivable		61,746		68,278
Other		20,291		22,387
Funding for facilities		40,883		17,492
Funding for student loans		2,214		4,386
Life income, annuity, and similar funds		32,462		27,339
Endowment funds:				
Scholarships	56,980	427,683	42,683	327,870
Endowed chairs	20,175	208,094	15,778	160,661
General purposes and other	845,922	259,638	649,913	197,153
Total net assets	$1,746,940	1,053,011	1,541,926	825,566

11. Natural Classification of Expenses

The University's primary program service is academic instruction and research. Expenses reported as student services, institutional support and auxiliaries are incurred in support of this primary program activity. Expenses presented by natural classification and function are as follows for the fiscal year ended June 30, 2021 and June 30, 2020 (in thousands of dollars):

2021

	Salaries and benefits	Supplies and services	Occupancy and related expenses	Depreciation and interest	Other operating expenses	Totals
Instruction and departmental research	$269,542	64,973	16,830	29,414	3,514	384,273
Sponsored research and other programs	36,013	13,716	1,350	5,773	10,736	67,588
Academic support	94,516	5,693	13,018	14,975	401	128,603
Student services	88,453	17,409	10,978	14,494	16,268	147,602
Institutional support	83,926	26,076	5,542	8,752	8,821	133,117
Auxiliaries	40,623	2,583	8,140	37,485	26,885	115,716
Total expenses	$613,073	130,450	55,858	110,893	66,625	976,899

2020

	Salaries and benefits	Supplies and services	Occupancy and related expenses	Depreciation and interest	Other operating expenses	Totals
Instruction and departmental research	$281,165	81,932	22,342	30,457	20,421	436,317
Sponsored research and other programs	34,239	12,574	2,086	4,658	10,602	64,159
Academic support	95,914	7,046	14,281	13,706	1,922	132,869
Student services	94,059	19,864	9,982	11,309	23,001	158,215
Institutional support	80,719	26,336	6,542	6,878	21,202	141,677
Auxiliaries	43,524	5,495	5,841	36,767	27,399	119,026
Total expenses	$629,620	153,247	61,074	103,775	104,547	1,052,263

12. Retirement Plans

Certain full-time and regular part-time employees of the University are eligible for the University's defined contribution plan. The amounts contributed by the University to the Teachers Insurance and Annuity Association Fund in fiscal years 2021 and 2020 were approximately $37.8 million and $37.1 million, respectively.

The University also provides health and life insurance benefit plans for eligible employees upon retirement at the University's early or normal retirement ages. The plans are funded by the University as claims are paid. Information with respect to the plans is as follows (in thousands of dollars):

	2021	2020
Change in benefit obligation:		
Benefit obligation at beginning of year	$50,544	48,708
Service cost	2,749	2,121
Interest cost	1,229	1,425
Plan participants' contributions	1,243	1,450
Actuarial (gain) loss	(1,820)	544
Benefits paid	(3,222)	(3,715)
Medicare Part D prescription drug federal subsidy	4	11
Benefit obligation at end of year	$50,727	50,544

Other changes in the postretirement benefit obligation recognized in net assets without donor restrictions in the consolidated statements of activities included the following components (in thousands of dollars):

	2021	2020
Actuarial gain (loss)	$1,820	(544)
Amortization of:		
Actuarial gain	(135)	(767)
Prior service credits	(160)	(160)
Total increase (decrease) in net assets without restrictions	$1,525	(1,471)

Net periodic postretirement benefit cost included as expense in the consolidated statements of activities is as follows (in thousands of dollars):

	2021	2020
Operating activities:		
Service cost	$2,749	2,121
Nonoperating activities:		
Interest cost	1,229	1,425
Amortization of actuarial gain	(135)	(767)
Amortization of prior service credits	(160)	(160
Net periodic postretirement benefit cost	$3,683	2,619

For measurement purposes, annual rates of increase in the per capita cost of covered healthcare of 6.75% and 4.40% for pre-65 and post-65 retirees, respectively, were assumed as of June 30, 2021. An annual rate of increase in the per capita cost of covered prescription drug benefits of 6.75% was assumed as of June 30, 2021. The rates were assumed to decrease to 3.78% for both healthcare and prescription drug benefits by fiscal year 2075 and remain at those levels thereafter.

As of June 30, 2021 and June 30, 2020, the discount rates used in determining the benefit obligations were 2.65% and 2.48%, respectively, and the discount rates used in determining the net periodic postretirement benefit costs were 2.48% and 3.35%, respectively.

Contributions to the postretirement benefit plans, net of employee contributions and the Medicare subsidy, were $2.0 million in fiscal year 2021 and are estimated to be $1.9 million for fiscal year 2022.

The net benefits expected to be paid in each fiscal year from 2022 through 2026 are approximately $2.1 million and the net aggregate expected payments including years through fiscal year 2031 total approximately $24.1 million. The expected benefits are based on the assumptions used to measure the University's benefit obligation at June 30, 2021, and include estimated future employees' service.

In addition to service and interest costs, the components of projected net periodic postretirement benefit cost for fiscal year 2021 are amortization of prior service credits of approximately $0.2 million and amortization of actuarial gain of approximately $0.1 million. The unamortized prior service credits and unamortized net actuarial loss were $0.9 million and $6.6 million, respectively, at June 30, 2021.

13. Contingencies and Commitments

The University is involved in legal actions arising in the normal course of activities and is subject to periodic audits and inquiries by regulatory agencies. Although the ultimate outcome of such matters is not determinable at this time, management, after taking into consideration advice of legal counsel, believes that the resolutions of pending matters will not have a materially adverse effect, individually or in the aggregate, upon the University's consolidated financial statements.

At June 30, 2021, the University had approximately $20.0 million of construction commitments.

14. Subsequent Events

The University evaluated subsequent events for potential recognition or disclosure through September 24, 2021, the date on which the consolidated financial statements were available to be issued.

Concession Agreement

On September 30, 2020, the University completed the financial closing of its Long-Term Concession and Operating Agreement (the Concession), pursuant to which the University transferred to CenTrio (f/k/a Enwave Energy) (the Concessionaire) the exclusive right to operate its utility system (generation and distribution) and provide utility services to the University's main campus, as well as other third-party customers. In August 2021, the University received an upfront payment of $100 million from the Concessionaire, as compensation equal to an estimate of the net present value attributable to the savings accruing to the University under the 40-year term of the concession. The upfront payment, to be paid back (with interest) over 30 years through the University's utility fee under the Concession, will be reported as a long-term liability in fiscal year 2022 and will be amortized over the same period.

Under the agreement, the Concessionaire operates, maintains, and makes capital investments in the utility system, including an initial modernization, and charges the customers, including the University, a utility fee that includes a return on and off the Concessionaire's investment as well as fixed and variable and operating and maintenance costs

Student Housing Purchase

On July 9, 2021, the University utilized operating cash to purchase the student housing complex known as the Marshall located adjacent to the main campus for $69.4 million. This building is intended to enhance the University's main campus housing options for students.

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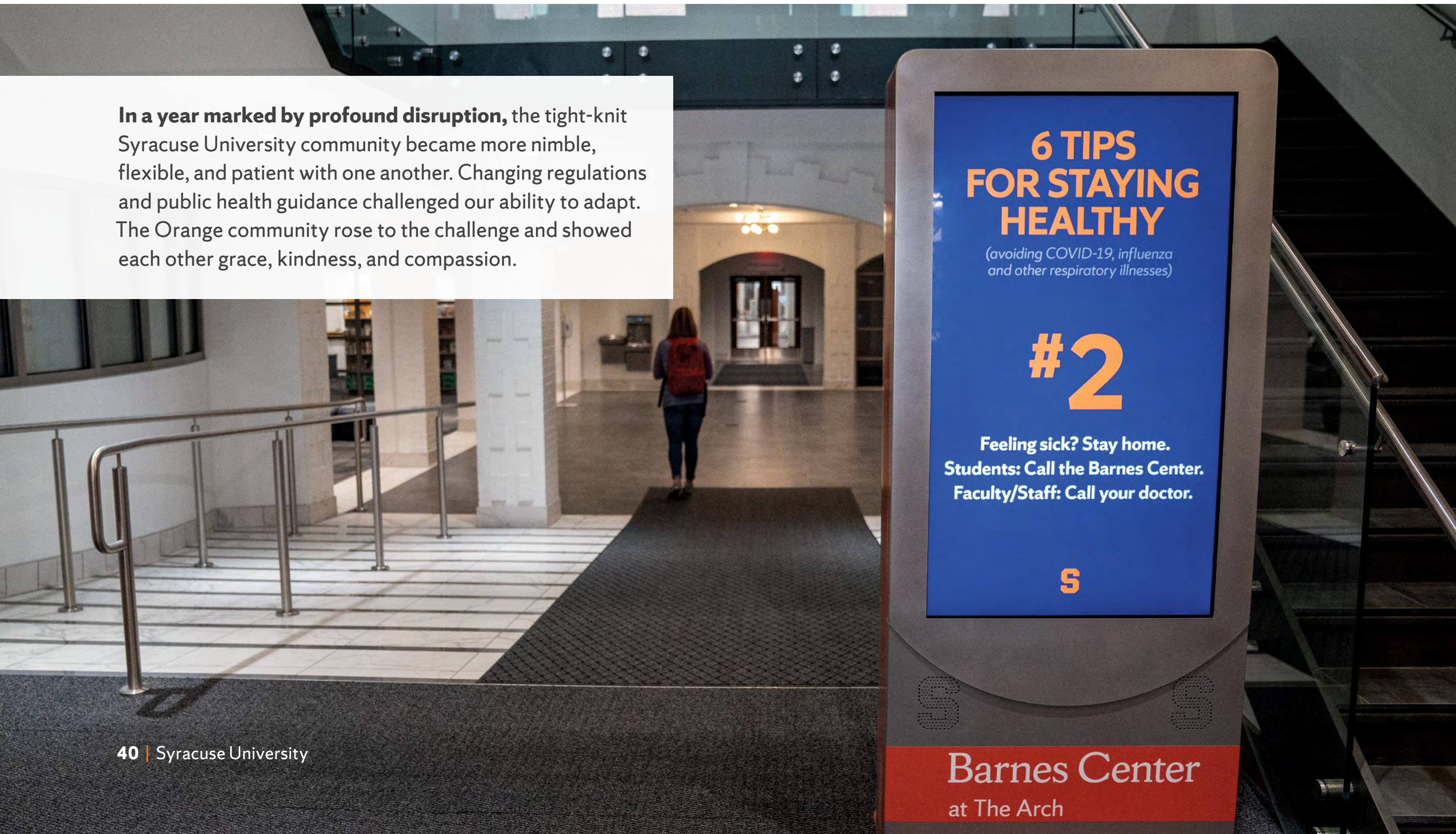
In a year marked by profound disruption, the tight-knit Syracuse University community became more nimble, flexible, and patient with one another. Changing regulations and public health guidance challenged our ability to adapt. The Orange community rose to the challenge and showed each other grace, kindness, and compassion.



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