2023 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 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
- College of Professional Studies
- Graduate School

Number of Students

For the fall 2022 semester, Syracuse University had a total enrollment of 22,698, of which 20,107 were full-time students and 2,591 were part-time students.

Number of Employees

5,696 Total employees

934 Tenure-stream faculty

914 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 31 team national championships, and student-athletes in individual sports have won 49 national titles. In the fall of 2022, Syracuse ranked in the top 10 among Power 5 schools in Graduation Success Rate. The University was one of 25 Power 5 schools nationally to score 93% or higher.

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

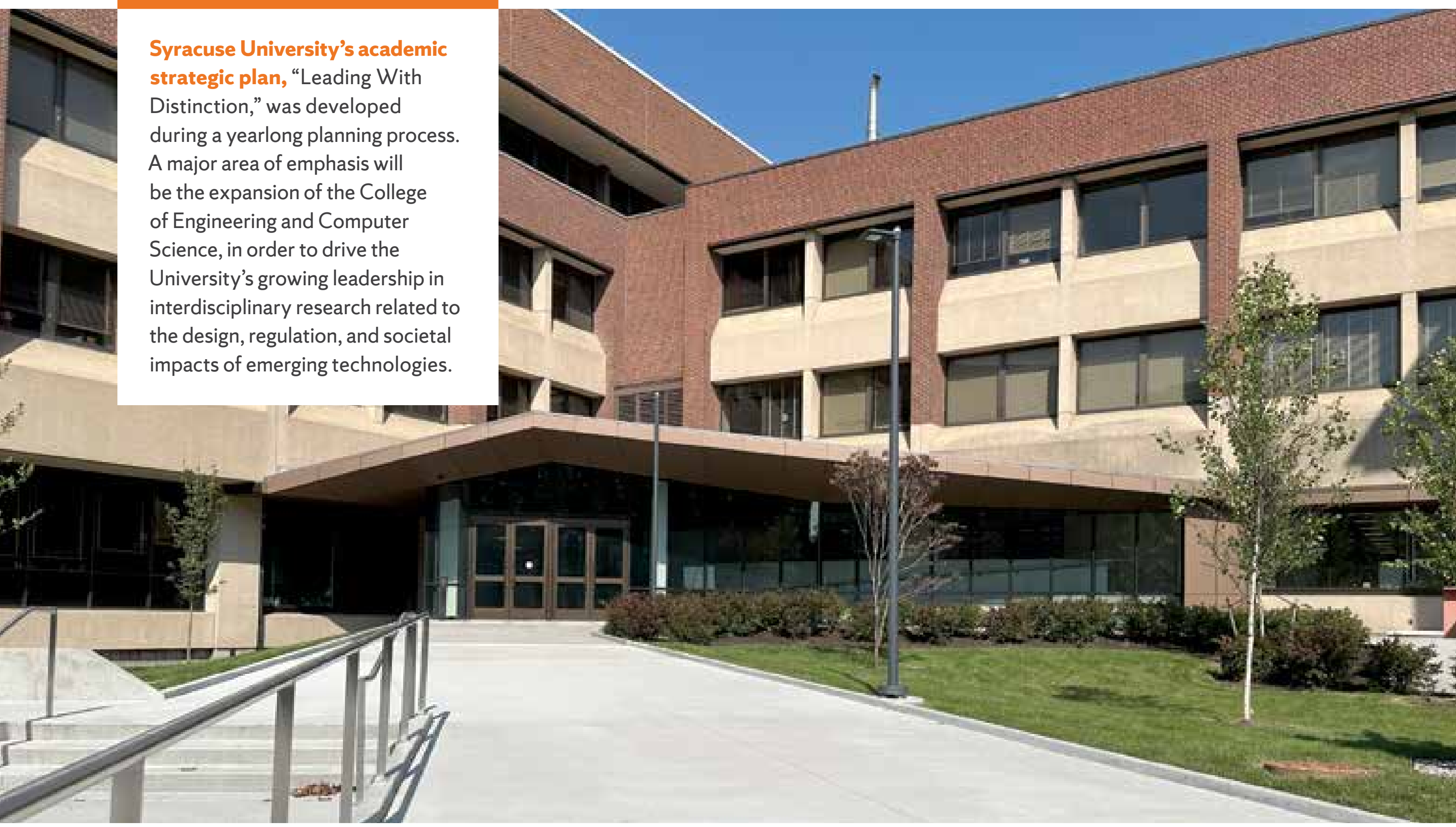
To request additional copies of this report, please contact:

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

315.443.3037

finance.syr.edu

Syracuse University's academic strategic plan, "Leading With Distinction," was developed during a yearlong planning process. A major area of emphasis will be the expansion of the College of Engineering and Computer Science, in order to drive the University's growing leadership in interdisciplinary research related to the design, regulation, and societal impacts of emerging technologies.



From the Chancellor

SYRACUSE UNIVERSITY concluded fiscal year 2023 in strong fiscal health, creating unprecedented opportunities to invest in strategic priorities that are paving the pathway to an innovative future. For the second consecutive year, the University closed the books with a surplus in operations, $116 million in 2023, while also addressing several deferred maintenance projects.

The Forever Orange Campaign is well ahead of pace, ending the fiscal year within ten percent of its $1.5 billion goal. Chief Advancement Officer Tracy Barlok, our dynamic new leader, is building a best-in-class advancement operation. I am pleased to report the campaign's positive momentum continues this year—with the first quarter of fiscal year 2024 experiencing the highest new business activity of the campaign.

I am grateful for the entrepreneurial approach of our new financial and operations leaders. Chief Financial Officer Brett Padgett and Chief Operations Officer John Papazoglou, who both joined Syracuse University last fiscal year, bring a wealth of experience to bear in refining our business, financial, and administration operations with an eye for efficiency and sustainability. They exhibit the same creativity and resilience that helped Syracuse University emerge from the pandemic better than most of our peers in higher education.

Our solid financial position enables the University to make strategic investments in areas that will distinguish Syracuse University in meaningful ways by 2030. Before the close of fiscal year 2023, the University was finalizing a new Academic Strategic Plan to drive academic and financial priorities over the next five years. Our Campus Framework was refreshed to ensure our facilities will support the University's aspirational goals and changing needs. The University hosted a first-of-its-kind conference with government, military, and veteran leaders, and two dozen university leaders to collaborate on solutions to the challenges facing both higher education and the military. Syracuse University completed the first of several phases of construction at the Lally Athletics Complex, state-of-the-art athletics facilities that will help the Orange recruit and retain elite student athletes. And, Syracuse University is making significant investment to be a tech savvy campus. This includes technology enhancements coming to the JMA Wireless Dome this semester that will make it the most networked stadium on a college campus. Our campus also launched a new technology infrastructure that will ensure we can meet the evolving needs of our students and faculty today and in the future.

With an eye to the future, Syracuse University is proving to be a highly sought after partner in Central New York. Last year Micron, a leading global chip manufacturer, announced it will invest $100 billion to build the largest semiconductor fabrication facility in the Western Hemisphere in Central New York. From the beginning, Syracuse University has become one of Micron's lead partners in the region in workforce development and preparing Central New York for this next era in technology manufacturing. In partnership with Micron, Syracuse University is investing in career training programs, updated laboratories, strengthening curriculum in quantum and chip fields, and an expansion of the College of Engineering and Computer Science in anticipation of their extensive workforce needs. The D'Aniello Institute for Veterans and Military Families will serve as a pipeline to recruit 1,500 veteran hires at Micron. This is just the beginning of this developing partnership with the potential to bring historic economic growth to the region.

Syracuse University is in an enviable position today. Students want to be part of the vibrant Orange community. Our Fall 2023 student body is the largest and most diverse in school history. The University is executing our thoughtful and innovative plans, seizing the opportunities before us, and continuing the responsible fiscal practices that placed Syracuse University where it is today. I am optimistic about the trajectory of Syracuse University as a leading student-focused research university with a global impact, and I am committed to keeping this incredible momentum moving forward.

Sincerely,

Kent Syverud
Chancellor and President

Statistical Highlights

Student Enrollments

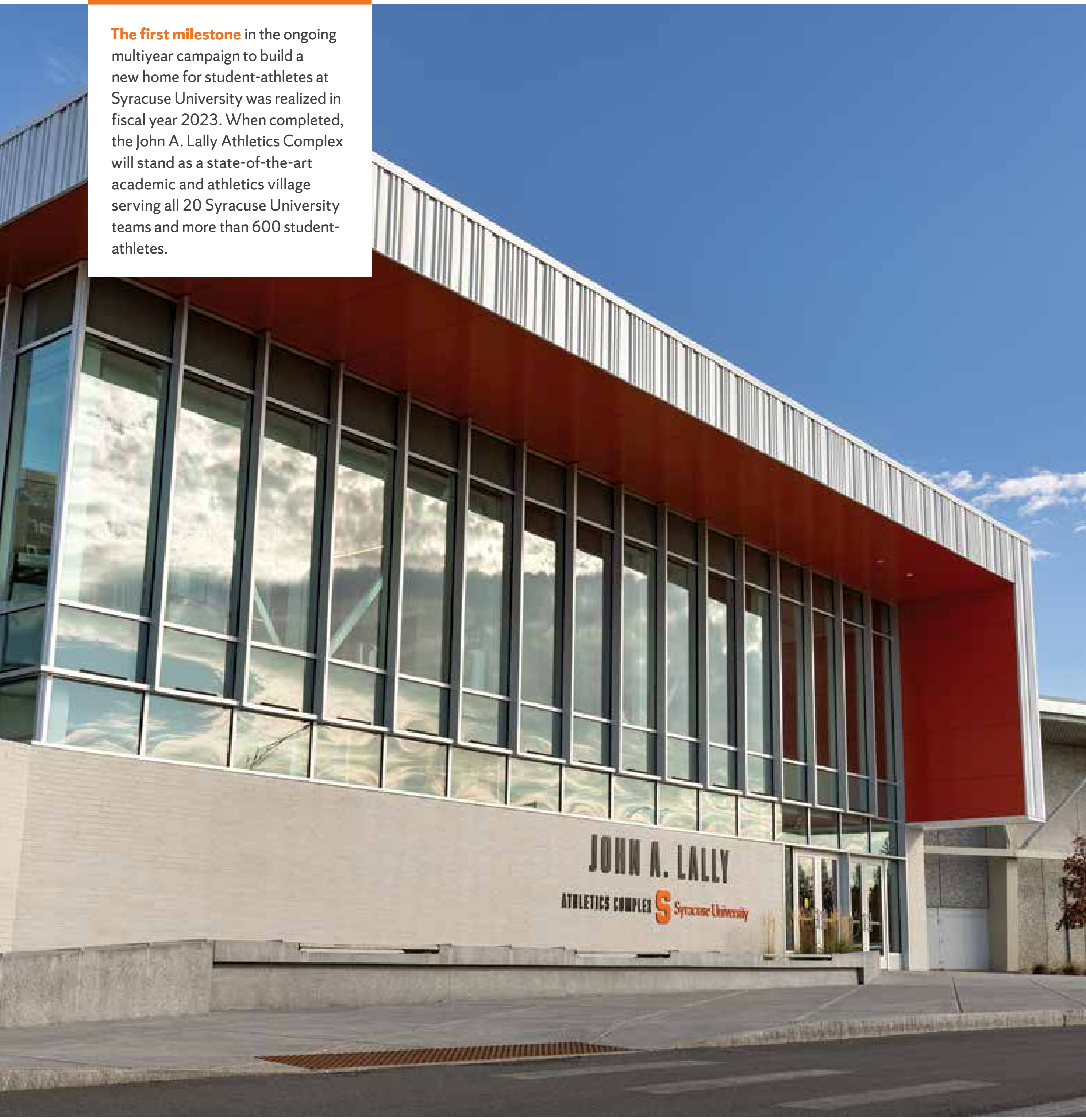
	2019	2020	2021	2022	2023
Undergraduate	15,226	15,275	14,479	14,778	15,421
Graduate	6,985	6,919	6,193	6,271	6,552
Law	592	656	650	723	725
Total Student Enrollments	**22,803**	**22,850**	**21,322**	**21,772**	**22,698**

Degrees Conferred

	2019	2020	2021	2022	2023
Baccalaureate	3,407	3,682	3,364	3,409	3,286
Master's (including MBA)	2,572	2,597	2,698	2,383	2,548
Juris Doctorate	179	177	165	188	180
Doctorate—Professional	10	13	4	10	12
Doctorate—Research	162	144	143	159	183
Certificates and Other	494	485	427	354	421
Awards Conferred	**6,824**	**7,098**	**6,801**	**6,503**	**6,630**

Fiscal Year 2023 Highlights

The first milestone in the ongoing multiyear campaign to build a new home for student-athletes at Syracuse University was realized in fiscal year 2023. When completed, the John A. Lally Athletics Complex will stand as a state-of-the-art academic and athletics village serving all 20 Syracuse University teams and more than 600 student-athletes.



From the Senior Vice President
and Chief Financial Officer

Brett Padgett

Poised For Future Success

As Syracuse University has moved beyond the years marked by the COVID-19 pandemic, there has been time to reflect upon many of the decisions made in the midst of the crisis. The financial decisions of the past few years—some difficult, some unpopular—have placed the University in its current position, with strong financial returns and a healthy balance sheet. It is ready to step into its next era, guided by a new Academic Strategic Plan and a refreshed look at its physical environment via the Campus Framework. The fiscal positioning that has led to the exceptional financial results demonstrated on the following pages will allow Syracuse to invest in its strategic priorities in the years ahead. This is a university poised for future success.

For several years running, the University has exceeded its application and enrollment goals, setting records for first-year applicants. The latest fall enrollment census confirmed that Syracuse now has the largest total enrollment and undergraduate enrollment in its history, despite increasing selectivity. The Forever Orange Campaign, launched in 2019 before the onset of the pandemic, is now within 10% of its $1.5 billion goal. Investment returns and gifts to the endowment in fiscal year 2023 remained high, yet another step in ensuring a bright future at the University.

So now we must continue to meet the high expectations of our current and prospective students and their families, along with those of donors, alumni, community members, and our faculty and staff. We will support academic excellence as we seek to implement the goals set out in "Leading With Distinction," the University's Academic Strategic Plan, developed throughout fiscal year 2023. Resources will be needed for several areas of focus, including faculty hires, research operations, and diversity, equity, inclusion, and accessibility. In support of the effort, a multi-year, multi-million dollar STEM facility refresh continued in fiscal year 2023, with upgrades to laboratory spaces in science and engineering buildings across campus. In addition, the Bill and Penny Allyn Innovation Center—prominently situated just off the University's main Quad—entered its second year of construction. When finished, the center will showcase the social relevance and collaborative nature of engineering and computer science and enable the critical expansion of student support and career services.

Attention will soon turn to another strategic priority—continuing to reimagine the physical space of the University. The Campus Framework Refresh, completed in fiscal year 2023, examined current needs in academics, housing, and the student experience based on environmental and regional changes since its original release in 2017, such as the pending removal and redevelopment of the Interstate 81 viaduct on the western edge of campus. It remains essential to adhere to the goals of the original Framework—among them, to create a campus with facilities and infrastructure that align with the academic mission and attract and retain students, faculty, and staff. With the guidance provided by the Refresh, the University is poised to invest in improvements to its campus environment, beginning with a comprehensive study of its residential housing portfolio.

The healthy fiscal results of the previous year have placed Syracuse University in an exciting position. The University is now ready to proceed with a series of initiatives that will serve to enhance its reputation, strengthen its commitment to academic excellence, and provide a transformative student experience in the years ahead.

Operating Results

Fiscal year 2023 financial results were among the best in Syracuse University's history, a continuation of strong results that have returned the University to its pre-pandemic financial trajectory. The results that follow will afford the University the opportunity to take bold steps: invest in research, fund a comprehensive student housing renewal, and advance its new academic strategic plan, "Leading With Distinction."

In particular, the results below demonstrate growth in net assets and operating margins for the University. Net operating margins continue to outperform prior years, and operating funds remain robust, available to be deployed strategically to University priorities in the years ahead. Once again, careful planning and fiscal prudence over the prior year have resulted in a successful financial year.

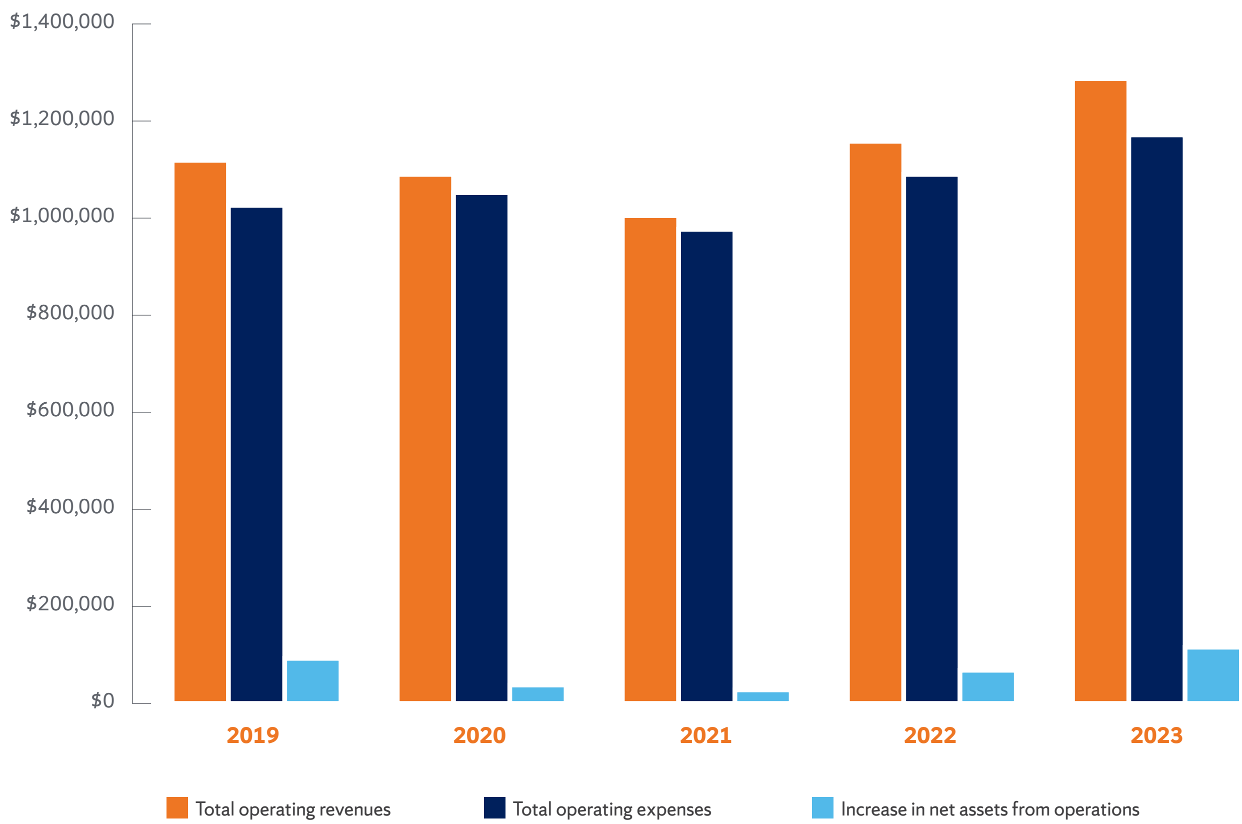
Operating Revenues

Total operating revenues increased by $129.2 million to $1.3 billion. The increase is primarily attributable to growth in student service revenue of $78.9 million, and a healthy gain in the category of investment returns, including distributions from the endowment, which grew by $38.3 million as the result of a substantial comparative increase in the earnings of the University's operating funds. Student service revenue was driven by higher-than-planned undergraduate enrollment, as we welcomed the largest incoming class in the University's history.

The University also received approximately $5 million in funds from the federal government's Federal Emergency Management Agency in fiscal year 2023. The funds were utilized to provide health and safety supplies and to cover testing costs for campus members exposed to COVID-19.

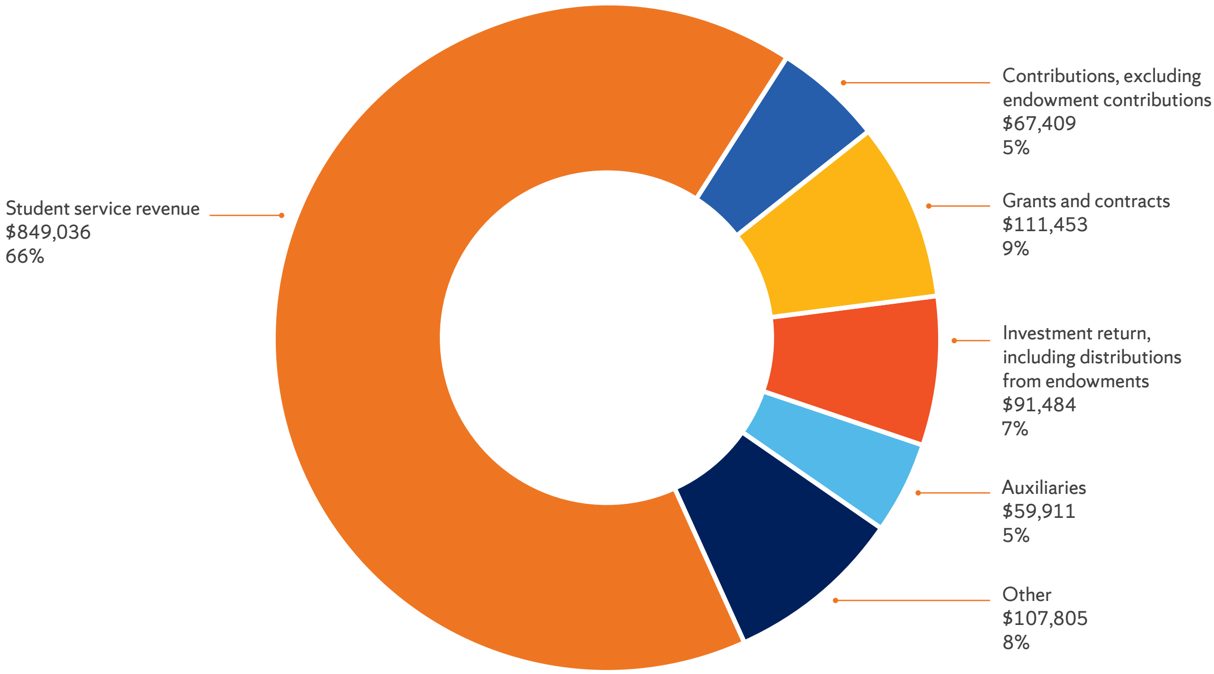
INCREASE IN NET ASSETS 2019-2023

(Thousands of Dollars)



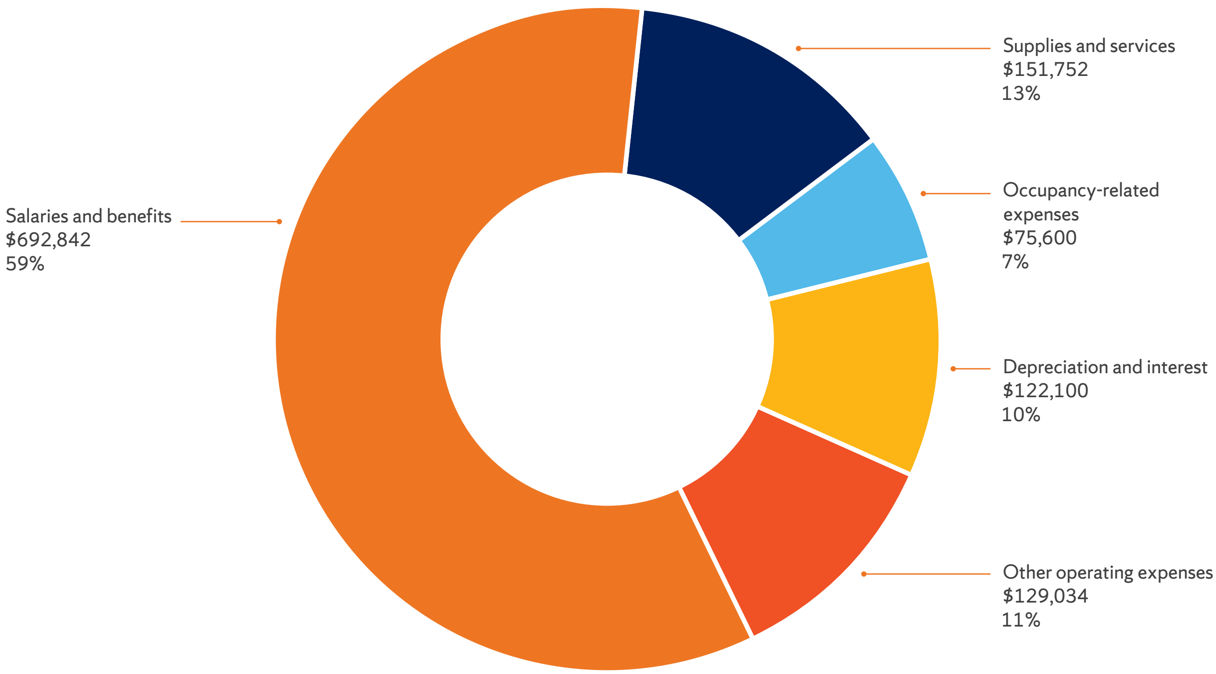
FISCAL 2023 OPERATING REVENUES

(Thousands of Dollars)



FISCAL 2023 OPERATING EXPENSES

(Thousands of Dollars)



Fiscal year 2023 financial results were among the best in Syracuse University's history, a continuation of strong results that have returned the University to its pre-pandemic financial trajectory.

In March 2023, the University announced the launch of a new, first-of-its-kind degree program focused on esports. The program, Esports Communications and Management, will begin enrolling students in fall 2024. It will include three tracks: Esports Business and Management; Esports Communications; and Esports Media and Design.

Operating Expenses

Total operating expenses were $1.2 billion, an $81.3 million increase from fiscal year 2022. Each category of operating expenses saw year-over-year increases. Salaries and benefits for faculty, researchers, and staff are the largest expense category for the University, $692.8 million in fiscal year 2023, representing 59.2% of total operating expenses. Supplies and service expenses, totaling $151.8 million in fiscal year 2023, is the second-largest expense category. It includes purchases that support faculty, researchers, and staff in the normal course of their daily functions. Outside of those expenses, other categories include occupancy expenses for non-capital building and equipment costs; depreciation and interest expenses; costs associated with amortizing the costs of capitalized assets and related interest costs associated with borrowings; and travel, conferences, training, subscriptions, maintenance, and other similar expenses.

Capital Spending

Capital spending returned to pre-pandemic levels, with a renewed focus on research investment as part of a whole-campus effort to align capital projects with the goals laid out in the new Academic Strategic Plan. The major, multiyear effort of the Link Hall STEM Renewal continued in fiscal year 2023, with the complete renovation of the laboratory spaces on its third and fourth floors. The building, home to the College of Engineering and Computer Science, will see additional enhancements in the year ahead, including continued work on the Allyn Innovation Center. When complete, the Center will showcase the social relevance and collaborative nature of engineering and computer science in the modern world, crucial for broadening participation in these fields.

Additional work undertaken during fiscal year 2023 included the John A. Lally Athletics Complex entryway, the first milestone in the ongoing campaign to build a new home for the Athletics program. It will serve as the central entry for all alumni, friends, staff, coaches, student-athletes, and prospective student-athletes and their families to enter into the home of Syracuse Athletics. Future plans for the complex call for the second level of the entranceway to be expanded into a student-athlete academic success center serving all Syracuse student-athletes.

Capital spending also included real estate acquisitions in the business district adjacent to the University's Main Campus, renovations to two on-campus residence halls (Haven and DellPlain), and a distributed antenna system at the JMA Wireless Dome.

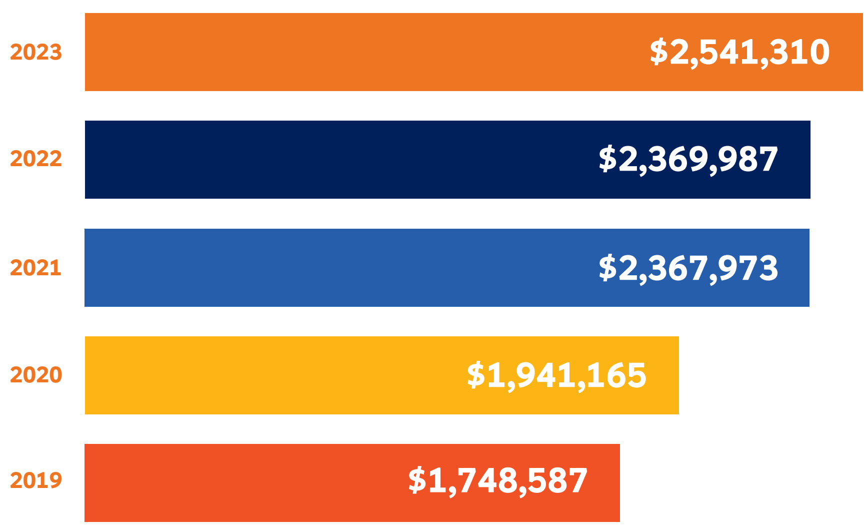
Cash and Investments

Cash and investments, which represent 59.6% of total assets, were valued at $2.54 billion in fiscal year 2023. The endowment is the largest component of cash and investments and was valued at $1.90 billion at the end of fiscal year 2023.

In 2023, the University instituted a tiered holding structure for the management of operating funds held outside of the endowment. The result was a shift of funds to investments that had been held in cash in prior years.

Each year some of the endowment's earnings are paid out as an annual distribution. For fiscal year 2023, the Board of Trustees approved a payout rate of 3.79%—an amount that totaled over $61 million, of which more than one-quarter was spent on student scholarships.

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



Endowment

About the Endowment

For over 150 years, alumni, parents, and friends have generously supported the Syracuse University endowment, and by doing so they 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.

As of June 30, 2023, the total endowment was valued at approximately $1.90 billion. The endowment is invested with attention to the preservation of the fund's real value and the protection of its purchasing power, comprising approximately 2,500 individual endowments.

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 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 similarly 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 8.6% net of investment management fees for the fiscal year ending June 30, 2023. The fund's three-year and five-year annualized returns were 11.3% and 8.5%, 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.

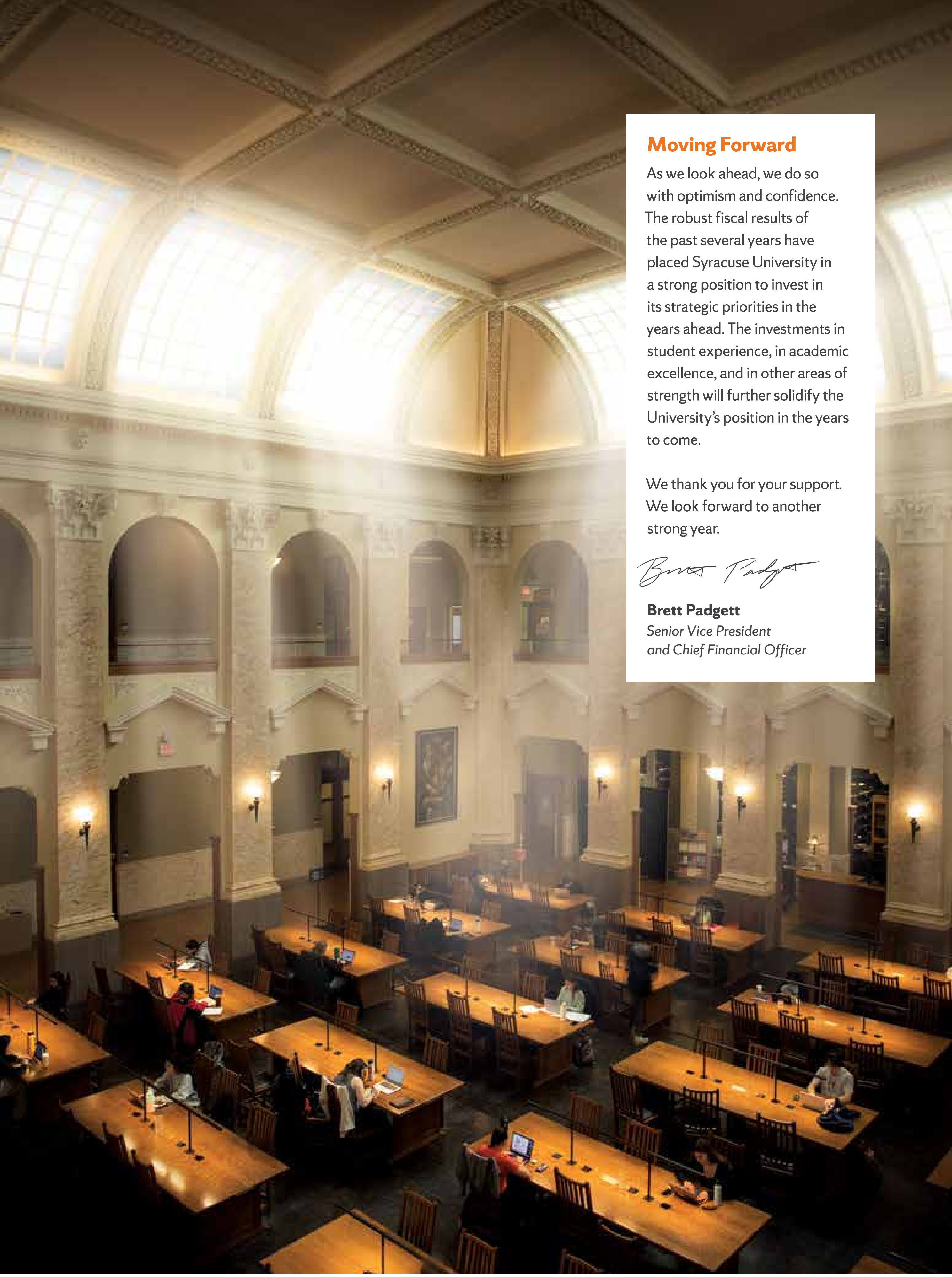
Syracuse University is committed to a long-term investment philosophy of maximizing return relative to risk in order to safeguard the purchasing power over time and manage the need of current spending with multigenerational growth. Diversification of investments across asset classes helps mitigate risk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

$1.90 billion
FY23 total endowment

8.6%
annual rate of return

>2,500
total endowed funds

$61.0 million
FY23 available spending



Moving Forward

As we look ahead, we do so with optimism and confidence. The robust fiscal results of the past several years have placed Syracuse University in a strong position to invest in its strategic priorities in the years ahead. The investments in student experience, in academic excellence, and in other areas of strength will further solidify the University's position in the years to come.

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

Brett Padgett
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 members of the Audit and Risk Committee.

Kent Syverud
Chancellor and President

Brett Padgett
Senior Vice President and Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022
(With Independent Auditors' Report Thereon)

In September 2022, the University announced an expansion of its homeownership assistance program available to faculty and staff. The Live Local initiative expanded its geographic eligibility for homeownership assistance into neighborhoods to the west of the University Hill area, acknowledging the anticipated impact of the removal of the Interstate 81 viaduct.

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 its subsidiaries (the University), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023 and 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

KPMG LLP

Albany, New York
October 4, 2023

Consolidated Balance Sheets

June 30, 2023 and 2022
(Thousands of dollars)

Assets	**2023**	**2022**
Cash and cash equivalents	$225,135	539,621
Receivables, net	157,263	149,259
Other assets	56,153	44,511
Investments	2,316,175	1,830,366
Right-of-use assets - operating leases	14,030	11,316
Property and equipment, net	1,494,786	1,455,994
Total assets	4,263,542	4,031,067
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	151,158	167,481
Deposits and deferred revenues	109,402	99,329
Operating lease obligations	13,995	11,522
Finance lease obligations	2,663	2,478
Refundable government student loan funds	6,697	11,977
Asset retirement obligations	25,551	25,340
Accrued postretirement benefit obligation	42,570	43,179
Long-term liability to concessionaire	133,898	115,552
Long-term debt	741,348	752,121
Total liabilities	1,227,282	1,228,979
Net assets:		
Without donor restrictions	1,902,078	1,757,926
With donor restrictions	1,134,182	1,044,162
Total net assets	3,036,260	2,802,088
Total liabilities and net assets	$4,263,542	4,031,067

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities

Year ended June 30, 2023
(With Comparative Totals for the Year ended June 30, 2022)
(Thousands of dollars)

	Without donor restrictions	With donor restrictions	2023 Total	2022 Total
Operating revenues:				
Student services revenue net of financial aid of $426,591 in 2023 and $400,730 in 2022	$849,036		849,036	770,138
Contributions, excluding contributions to endowments	38,367	29,042	67,409	75,699
Grants and contracts	111,453		111,453	103,997
Investment return, including distributions from endowments	91,484		91,484	53,169
Auxiliaries, net of financial aid of $2,095 in 2023 and $2,142 in 2022	59,911		59,911	55,269
Other	107,805		107,805	99,597
Net assets released from restrictions	14,192	(14,192)		
Total operating revenues	1,272,248	14,850	1,287,098	1,157,869
Operating expenses:				
Instruction and departmental research	459,700		459,700	422,740
Student services	284,565		284,565	253,785
Academic support	144,013		144,013	136,596
Institutional support	148,720		148,720	152,139
Sponsored research and other programs	83,899		83,899	76,813
Auxiliaries	50,431		50,431	47,910
Total operating expenses	1,171,328		1,171,328	1,089,983
Increase in net assets from operating activities	100,920	14,850	115,770	67,886
Nonoperating activities:				
Contributions to endowments		27,933	27,933	72,315
Investment return, excluding distributions from endowments, and gains (losses) on other financial instruments	42,585	47,237	89,822	(146,459)
Postretirement benefit obligation changes other than service cost	647		647	8,395
Increase (decrease) in net assets from nonoperating activities	43,232	75,170	118,402	(65,749)
Increase in net assets	144,152	90,020	234,172	2,137
Net assets at beginning of year	1,757,926	1,044,162	2,802,088	2,799,951
Net assets at end of year	$1,902,078	1,134,182	3,036,260	2,802,088

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities

Year ended June 30, 2022
(Thousands of dollars)

	Without donor restrictions	With donor restrictions	Total
Operating revenues:			
Student services revenue net of financial aid $400,730	$770,138		770,138
Contributions, excluding contributions to endowments	46,122	29,577	75,699
Grants and contracts	103,997		103,997
Investment return, including distributions from endowments	53,169		53,169
Auxiliaries, net of financial aid of $2,142	55,269		55,269
Other	99,597		99,597
Net assets released from restrictions	35,682	(35,682)	
Total operating revenues	1,163,974	(6,105)	1,157,869
Operating expenses:			
Instruction and departmental research	422,740		422,740
Student services	253,785		253,785
Academic support	136,596		136,596
Institutional support	152,139		152,139
Sponsored research and other programs	76,813		76,813
Auxiliaries	47,910		47,910
Total operating expenses	1,089,983		1,089,983
Increase (decrease) in net assets from operating activities	73,991	(6,105)	67,886
Nonoperating activities:			
Contributions to endowments		72,315	72,315
Investment return, excluding distributions from endowments, and gains (losses) on other financial instruments	(71,400)	(75,059)	(146,459)
Postretirement benefit obligation changes other than service cost	8,395		8,395
Decrease in net assets from nonoperating activities	(63,005)	(2,744)	(65,749)
Increase (decrease) in net assets	10,986	(8,849)	2,137
Net assets at beginning of year	1,746,940	1,053,011	2,799,951
Net assets at end of year	$1,757,926	1,044,162	2,802,088

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended June 30, 2023 and 2022
(Thousands of dollars)

	2023	2022
Cash flows from operating activities:		
Increase in net assets	$234,172	2,137
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	91,199	86,408
Postretirement benefit obligation changes other than service cost	(647)	(8,395)
Changes in fair value of investments and financial instruments	(147,468)	129,928
Gifts of marketable securities, net of sales of unrestricted gifted securities	(3,741)	(5,844)
Gifts of property and equipment	(1,157)	(1,620)
Contributions restricted for investment and physical facilities	(38,271)	(84,274)
Changes in operating assets and liabilities:		
Receivables, net	(12,713)	(21,603)
Other assets	(12,459)	(670)
Accounts payable and accrued liabilities	(10,773)	(4,746)
Deposits and deferred revenues	10,073	19,378
Asset retirement obligations	211	2,050
Accrued postretirement benefit obligation	38	847
Net cash provided by operating activities	108,464	113,596
Cash flows from investing activities:		
Loans made to students		(1)
Loans paid by students	4,709	3,999
Purchases of investments	(872,653)	(327,279)
Sales and maturities of investments	531,466	271,040
Purchases of property and equipment	(116,472)	(168,111)
Net cash used in investing activities	(452,950)	(220,352)
Cash flows from financing activities:		
Contributions restricted for investment and physical facilities	38,271	84,274
Proceeds from sales of gifted marketable securities restricted for investment	3,741	5,844
Proceeds from long-term liability to concessionaire		100,000
Payments of long-term debt	(5,385)	(4,075)
Payments of finance lease obligations	(324)	(335)
Payments of long-term liability to concessionaire	(974)	(1,573)
Payments for swap termination	(49)	
Payments of concessionaire issuance costs		(1,709)
Change in funds held by bond trustee		3,834
Change in refundable government student loan funds	(5,280)	(5,762)
Net cash provided by financing activities	30,000	180,498
Net (decrease) increase in cash and cash equivalents	(314,486)	73,742
Cash and cash equivalents at beginning of year	539,621	465,879
Cash and cash equivalents at end of year	225,135	539,621
Supplemental disclosure:		
Interest paid	27,381	24,915
Right-of-use assets obtained in exchange for operating leases	7,826	1,440
Right-of-use assets obtained in exchange for finance leases	161	
Increases in accounts payable and other long-term liabilities for property and equipment	15,660	21,943

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 22,700 students, including approximately 14,800 full-time undergraduate, approximately 500 law students, approximately 4,800 full-time master's and doctoral students, and approximately 2,500 part-time students. Geographically, the undergraduate student body represents 49 states and 89 foreign countries. The University offers approximately 600 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, Syracuse University Madrid, Drumlins, Inc., Orange Insurance Company, LLC, Syracuse Advance Holdings, LLC, Syracuse University Alumni Association, Inc. and Syracuse University Hotel and Conference Center LLC.

(b) 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.

(c) 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).

The University's student services revenue is comprised of total tuition revenue net of financial aid for all students, room and board revenue net of financial aid for the University's freshman and sophomore classes, and student ticket sales for athletic events. The University has a two-year residence requirement for undergraduate students with the primary purpose of contributing to the students' emotional and physical well-being and their intellectual, cultural, and social development outside the formal instruction program. This is accomplished through the interactions and growth opportunities on campus living provides. The University considers these activities to be vital to the overall well-being of the freshman and sophomore students and considers such activity core to student services functions.

The following table summarizes the components of student services revenue in the consolidated statements of activities for the years ended June 30, 2023 and 2022 (in thousands of dollars):

	2023	2022
Student services revenue		
Tuition and fees	$1,163,589	1,070,632
Less: financial aid	(420,501)	(395,086)
Net tuition and fees	743,088	675,546
Room and board for freshman and sophomore residency requirement	110,870	99,239
Less: financial aid	(6,090)	(5,644)
Net room and board for freshman and sophomore residency requirement	104,780	93,595
Student ticket sales to athletic events	1,168	997
Net student services revenue	$849,036	770,138

Room and board associated with juniors, seniors, and post graduate students is recognized within auxiliaries revenue as there is not a residence requirement for these students to remain matriculated with the University. The room and board revenues related to juniors, seniors, and post graduate students totaled $38.1 million and $37.7 million for the years ended June 30, 2023 and 2022, respectively.

Revenue associated with student services and room and board for juniors, seniors, and post graduate students 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.

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 $24.8 million and $24.0 million at June 30, 2023 and 2022, respectively.

(d) 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 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 $37.5 million and $31.6 million at June 30, 2023 and 2022, respectively.

Conditional awards from federal and other sponsors outstanding as of June 30, 2023 were $111.6 million.

(e) 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 year as their receipt are reported as contributions without donor restrictions. Similarly, purpose-restricted investment returns earned during the same year in which those restrictions are met are reported as investment return without donor restrictions for the purposes of the statements of cash flows.

(f) 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, included in other assets on the accompanying consolidated balance sheets or long-term investment funds.

(g) 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.

(h) 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.

(i) 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 lease obligations represent the University's obligation to make lease payments arising from the lease agreements. Right-of-use assets and lease obligations are recognized at the lease commencement date based on the present value of lease payments over the lease term.

(j) 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.

(k) 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. Student services expenses include allocated costs associated with providing housing and dining services to undergraduate freshmen and sophomores. The remaining costs associated with providing housing and dining to undergraduate juniors, seniors, and post graduate students is recognized in auxiliaries expenses. 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.

(l) 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.

(m) 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, Syracuse Advance Holdings, 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. Syracuse University Madrid is a delegation of the University in Spain and is exempt from Spain's corporate taxes. 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.

3. Financial Assets and Liquidity Resources

At June 30, 2023 and 2022, 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):

	2023	2022
Financial assets, at year-end	$2,698,573	2,519,742
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Donor restricted endowment	(969,852)	(896,874)
Pledges receivable, net, due in greater than one year	(74,829)	(65,853)
Student loans, net, due in greater than one year	(11,375)	(16,085)
Funds held by bond trustee		(496)
Board designations:		
Quasi-endowment fund, primarily for long-term investing	(906,586)	(863,080)
Board-approved endowment spending distribution:		
Fiscal year 2024 appropriation	65,622	
Fiscal year 2023 appropriation		59,439
Financial assets available to meet cash needs for general expenditures within one year	$801,553	736,793

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 $906.6 million and $863.0 million at June 30, 2023 and 2022, 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, 2023 and 2022 (in thousands of dollars):

	2023	2022
Accounts receivable	$81,918	82,319
Pledges receivable, net of present value discount	86,435	76,969
Matured bequests receivable	1,531	1,517
	169,884	160,805
Allowance for doubtful accounts	(12,621)	(11,546)
Total	$157,263	149,259

Accounts receivable include student loans receivable of $11.4 million and $16.1 million at June 30, 2023 and 2022, respectively, net of allowances for doubtful accounts of approximately $0.9 million and $1.0 million at June 30, 2023 and 2022, respectively.

Unconditional pledges and matured bequests at June 30, 2023 and 2022 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):

	2023	2022
Less than one year	$12,033	10,968
One year to five years	64,348	53,730
More than five years	19,572	19,238
	95,953	83,936
Allowance for doubtful accounts	(9,447)	(8,374)
Present value discount	(7,987)	(5,450)
Total	$78,519	70,112

The discount rates used to present value the pledges range from 0.87% to 4.13% at June 30, 2023 and 2022.

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 $55.9 million as of June 30, 2023.

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 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, 2023 and 2022, the University had no specific plans or intentions to sell investments at amounts different than NAV.

The University's investments at June 30, 2023 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	$350,061	3	350,064
International equity	Daily	110,565		110,565
Fixed income	Daily	279,916	142,466	422,382
Real asset	Daily	30,635		30,635
Total marketable securities		771,177	142,469	913,646
Funds held or administered by others	Not applicable	1,059	24,770	25,829
Subtotal		772,236	167,239	939,475
Investments measured at net asset value:				
Commingled funds:				
U.S. equity	Monthly			2,990
International equity	Monthly			1,391
Fixed income	Monthly			2,367
Hedge funds:				
Long/short	Quarterly to illiquid			169,796
Multi-strategy	Monthly to illiquid			252,508
Global and other	Monthly to illiquid			391,621
Private partnerships:				
Buyout	Illiquid			269,809
Venture capital	Illiquid			131,295
Debt related	Illiquid			56,026
Real asset	Illiquid			98,897
Subtotal				1,376,700
Total		$772,236	167,239	2,316,175

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, 2022 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	$246,904	4	246,908
International equity	Daily	50,424		50,424
Fixed income	Daily	155,588	16,636	172,224
Real asset	Daily	15,370		15,370
Total marketable securities		468,286	16,640	484,926
Funds held or administered by others	Not applicable	1,639	25,911	27,550
Subtotal		469,925	42,551	512,476
Investments measured at net asset value:				
Commingled funds:				
U.S. equity	Monthly			2,866
International equity	Monthly			1,305
Fixed income	Monthly			2,493
Hedge funds:				
Long/short	Quarterly to illiquid			229,619
Multi-strategy	Monthly to illiquid			211,305
Global and other	Monthly to illiquid			375,234
Private partnerships:				
Buyout	Illiquid			227,148
Venture capital	Illiquid			126,655
Debt related	Illiquid			42,068
Real asset	Illiquid			99,197
Subtotal				1,317,890
Total		$469,925	42,551	1,830,366

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 4.5 years and 4.8 years as of June 30, 2023 and 2022, respectively. At June 30, 2023, the University's outstanding commitments to private partnerships totaled $292.6 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 $92.6 million, $40.2 million, and $22.5 million expire in the years ending June 30, 2024, 2025 and 2026, respectively. All other hedge funds are considered liquid, with monthly to semi-annual redemption availability.

The following table summarizes the components of investment return in the consolidated statements of activities for the years ended June 30, 2023 and 2022 (in thousands of dollars):

	2023	2022
Interest and dividends, net	$33,107	36,403
Realized gains, net	46,756	112,551
Unrealized gains (losses), net	97,815	(237,131)
Total investment return	$177,678	(88,177)

Netted in the interest and dividends component of investment return were investment management expenses of $5.3 million and $5.0 million for the years ended June 30, 2023 and 2022, respectively.

6. Endowment Funds

The University's endowment consists of approximately 2,500 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 the years ended June 30, 2023 and 2022 was 3.79%

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, 2023 and 2022, there were no endowment funds underwater where the donor had requested that spending not occur if the endowment was underwater.

At June 30, 2023 and 2022, 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 2023**
Quasi	$906,586				906,586
Donor restricted:					
Underwater		55,932	(2,980)	52,952	52,952
Other		542,523	374,377	916,900	916,900
	906,586	598,523	371,397	969,852	1,876,438

		With donor restrictions			
	Without donor restrictions	**Original gift**	**Accumulated gains (losses)**	**Total**	**Total funds 2022**
Quasi	$863,080				863,080
Donor restricted:					
Underwater		67,841	(3,716)	64,125	64,125
Other		507,039	325,710	832,749	832,749
	863,080	574,880	321,994	896,874	1,759,954

Changes in net assets associated with endowment funds for the years ended June 30, 2023 and 2022 were (in thousands of dollars):

	2023		
	Without donor restrictions	**With donor restrictions**	**Total**
Net assets at June 30, 2022	$863,080	896,874	1,759,954
Investment return	71,583	75,648	147,231
Contributions		23,575	23,575
Distributions	(29,975)	(31,054)	(61,029)
Board designated and donor required transfers	1,898	4,809	6,707
Net assets at June 30, 2023	$906,586	969,852	1,876,438

	2022		
	Without donor restrictions	**With donor restrictions**	**Total**
Net assets at June 30, 2021	$923,077	895,415	1,818,492
Investment return	(43,148)	(43,636)	(86,784)
Contributions		72,209	72,209
Distributions	(27,127)	(27,435)	(54,562)
Board designated and donor required transfers	10,278	321	10,599
Net assets at June 30, 2022	$863,080	896,874	1,759,954

7. Property and Equipment

The following is a summary of property and equipment at June 30, 2023 and 2022 (in thousands of dollars):

	2023	**2022**
Land and land improvements	$109,490	105,013
Buildings and related equipment	2,556,845	2,441,910
Equipment	148,117	141,903
Library and art collections	257,318	252,530
	3,071,770	2,941,356
Accumulated depreciation	(1,576,984)	(1,485,362)
Total	$1,494,786	1,455,994

Included in the amounts above are assets that have been acquired in connection with finance leases. These amounts are $4.0 million, with accumulated amortization of $2.5 million, and $4.2 million, with accumulated amortization of $2.5 million, at June 30, 2023 and 2022, respectively.

Depreciation expense was $94.7 million and $92.2 million, for the years ended June 30, 2023 and 2022, 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, 2023 and 2022 is set forth below (in thousands of dollars):

	Fiscal years of maturity	2023	2022
Trust for Cultural Resources of the County of Onondaga Revenue Bonds:			
Series 2013 (a)	2015-2024	$2,080	4,055
Series 2019 (b)	2039-2050	317,720	317,720
Onondaga Civic Development Corporation Revenue Bonds:			
Series 2020A (c)	2026-2036	114,945	114,945
Onondaga Civic Development Corporation Taxable Revenue Bonds:			
Series 2020B (d)	2036-2056	224,410	224,410
Bank Loan - Syracuse University Hotel and Conference Center LLC (e)	2028		3,410
Total principal debt		659,155	664,540
Unamortized premium		85,814	91,381
		744,969	755,921
Less bond issuance costs		3,621	3,800
Total long-term debt		$741,348	752,121

Additional details on the debt portfolio are as follows:

(a) 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.

(b) 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 of approximately $1.5 million during the year ended June 30, 2020. 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 the years ending June 30, 2039 through 2042. The other portions of the bonds maturing in the years ending June 30, 2044 through 2050 are subject to mandatory redemption on specific sinking fund redemption dates occurring in the years ending June 30, 2043 to 2050.

(c) 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 the years ending June 30, 2026 through 2036.

(d) 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 the years ending June 30, 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 the year ending June 30, 2038 are subject to mandatory redemption on specific sinking fund redemption dates occurring in the years ending June 30, 2036 to 2038. The bonds maturing in the year ending June 30, 2056 are subject to mandatory redemption on specific sinking fund redemption dates occurring in the years ending June 30, 2051 to 2056

(e) Loan agreement with JPMorgan Chase Bank, N.A. This loan was paid in full in May 2023. The interest rate per annum at June 30, 2022 was equal to the adjusted LIBOR rate for the applicable interest period plus 0.4%. 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, 2022, the interest rate was 1.462%. The Syracuse University Hotel and Conference Center LLC made monthly payments of principal and interest prior to the lump sum payoff of the loan in May 2023

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

Fiscal year	Amount
2024	$2,080
2025	
2026	8,310
2027	8,735
2028	9,180
Thereafter	630,850
Total	$659,155

Syracuse University Hotel and Conference Center LLC (the Hotel) 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. This interest rate swap was terminated in May 2023 with an immaterial payment made to the counterparty.

The Hotel paid the one counterparty a fixed interest rate of 5.30% on a notional amount of $3.4 million as of June 30, 2022 related to its loan with JPMorgan Chase Bank, N.A. As of June 30, 2022, there was no requirement to collateralize the obligations under the interest rate swap agreement. At June 30, 2022, the fair value of the interest rate swap agreement was $(0.2) million, which is included in accounts payable and accrued liabilities on the accompanying consolidated balance sheets. The interest rate swap agreement is classified in Level 2 of the fair value hierarchy.

The changes of $0.2 million and $0.3 million in the fair values of the interest rate swap agreement and the amount associated with the termination of the swap, were included in investment return, excluding distributions from endowments, and gains (losses) on other financial instruments in the accompanying consolidated statement of activities in each of the years ended June 30, 2023 and 2022, respectively. Net cash payments of $0.2 million made under the interest rate swap agreements were included in interest expense during the years ended June 30, 2023 and 2022.

The University had a surety bond aggregating approximately $28.2 million at both June 30, 2023 and 2022 related to potential claims under the University's workers' compensation plan. The expiration date for the surety bond occurs in the year ending June 30, 2024 and there were no outstanding amounts against the surety bond.

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, 2023 and 2022, 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 the year ending June 30, 2037.

The components of lease expense for the year ended June 30, 2023 and 2022 are as follows (in thousands of dollars):

	2023	2022
Lease cost:		
Finance lease expense:		
Amortization of right-of-use assets	$286	333
Interest on lease obligations	302	279
Operating lease expense	5,261	5,130
Total lease expense	$5,849	5,742

Payments due and other information related to operating and finance leases are summarized below as of June 30, 2023 (in thousands of dollars):

Fiscal year	Operating	Finance
2024	$5,611	594
2025	4,518	594
2026	1,758	592
2027	1,692	573
2028	1,488	296
Thereafter	351	288
	15,418	2,937
Less amount representing interest	1,423	274
Total obligation	$13,995	2,663
Weighted average remaining lease term	3.59 years	4.81 years
Weighted average discount rate	3.22%	9.99%

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, 2023 and 2022 are recorded in the consolidated statements of activities when received from the developer.

10. Long-Term Liability to Concessionaire

On September 30, 2020, the University completed the financial closing of its Long-Term Concession and Operating Agreement, 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. An upfront payment associated with the agreement of $100.0 million was received by the University on August 26, 2021.

Under the agreement, the Concessionaire operates, manages, maintains, and makes capital investments in the utility system, including an initial modernization. In exchange, the Concessionaire will charge the University and other customers a monthly fee, which includes an operating and maintenance fee, a fixed fee for the upfront payment based upon a repayment period of 30 years, and a variable fee based on the capital improvements undertaken by the Concessionaire and related financing costs over repayment periods of 20 and 25 years. The total fees paid to the Concessionaire included in the statement of activities and allocated among the functional expenses totaled $18.9 million and $13.0 million for the years ended June 30, 2023 and 2022, respectively.

Capital investments in the utility system are recognized as property and equipment and a related long-term liability to the Concessionaire. At June 30, 2023 and 2022, the net book value of University assets in use by the Concessionaire totaled $58.7 million and $39.3 million, respectively, which includes $39.1 million and $18.2 million of Concessionaire capital investments at June 30, 2023 and 2022, respectively. Total utility system depreciation expense was $2.2 million and $2.0 million for the years ended June 30, 2023 and 2022, respectively.

The $133.9 million and $115.6 million balances of long-term liability to Concessionaire at June 30, 2023 and 2022, respectively, consist of the $99.9 million and $100.0 million upfront payment and $35.6 million and $17.3 million of outstanding capital related costs reduced by issuance costs of $1.6 million and $1.7 million, respectively at June 30, 2023 and 2022.

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

Fiscal year	Amount
2024	$2,327
2025	3,252
2026	3,710
2027	4,212
2028	4,296
Thereafter	117,751
Total principal	135,548
Less issuance costs	1,650
Total long-term liability to concessionaire	$133,898

11. Net Assets

At June 30, 2023 and 2022, net assets were comprised as follows (in thousands of dollars):

	2023		2022	
	Without donor restrictions	**With donor restrictions**	**Without donor restrictions**	**With donor restrictions**
Undesignated	$995,492		894,846	
Pledges and matured bequests receivable		78,519		70,112
Other		20,833		20,523
Funding for facilities		35,542		26,294
Funding for student loans		2,297		2,253
Life income, annuity, and similar funds		27,139		28,106
Endowment funds:				
Scholarships	57,631	441,267	53,532	422,287
Endowed chairs	25,820	213,340	20,950	195,594
General purposes and other	823,135	315,245	788,598	278,993
Total net assets	$1,902,078	1,134,182	1,757,926	1,044,162

12. 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 years ended June 30, 2023 and 2022 (in thousands of dollars):

	2023					
	Salaries and benefits	**Supplies and services**	**Occupancy and related expenses**	**Depreciation and interest**	**Other operating expenses**	**Totals**
Instruction and departmental research	$300,188	71,967	25,316	35,737	26,492	459,700
Student services	137,573	28,031	21,480	44,772	52,709	284,565
Academic support	103,894	7,020	14,293	15,252	3,554	144,013
Institutional support	92,963	24,037	6,210	8,391	17,119	148,720
Sponsored research and other programs	39,916	18,672	3,506	5,609	16,196	83,899
Auxiliaries	18,308	2,025	4,795	12,339	12,964	50,431
Total expenses	$692,842	151,752	75,600	122,100	129,034	1,171,328

	2022					
	Salaries and benefits	Supplies and services	Occupancy and related expenses	Depreciation and interest	Other operating expenses	Totals
Instruction and departmental research	$278,670	73,498	19,487	33,207	17,878	422,740
Student services	124,466	23,348	18,752	43,094	44,125	253,785
Academic support	98,192	5,261	14,186	15,136	3,821	136,596
Institutional support	94,234	25,196	4,666	8,953	19,090	152,139
Sponsored research and other programs	36,863	16,973	1,383	5,876	15,718	76,813
Auxiliaries	17,549	2,113	4,869	11,197	12,182	47,910
Total expenses	$649,974	146,389	63,343	117,463	112,814	1,089,983

13. 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 the years ended June 30, 2023 and 2022 were approximately $39.7 million and $38.2 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):

	2023	2022
Change in benefit obligation:		
Benefit obligation at beginning of year	$43,179	50,727
Service cost	2,142	2,866
Interest cost	1,844	1,351
Plan participants' contributions	1,555	1,448
Actuarial gain	(2,491)	(9,746)
Benefits paid	(3,662)	(3,470)
Medicare Part D prescription drug federal subsidy	3	3
Benefit obligation at end of year	$42,570	43,179

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

	2023	2022
Operating activities:		
Service cost	$2,142	2,866
Nonoperating activities:		
Interest cost	1,844	1,351
Amortization of actuarial gain	(1,423)	(189)
Amortization of prior service credits	(160)	(160)
Net periodic postretirement benefit cost	$2,403	3,868

	2023	2022
Actuarial gain	$2,491	9,746
Interest cost	(1,844)	(1,351)
Postretirement benefit obligation changes other than service cost	$647	8,395

For measurement purposes, annual rates of increase in the per capita cost of covered healthcare of 7.75% and 4.50% for pre-65 and post-65 retirees, respectively, were assumed as of June 30, 2023. An annual rate of increase in the per capita cost of covered prescription drug benefits of 7.75% and 6.25% for pre-65 and post-65 retirees, respectively were assumed as of June 30, 2023. The rates were assumed to decrease to 4.04% for both healthcare and prescription drug benefits by the year ending June 30, 2075 and remain at those levels thereafter.

As of June 30, 2023 and 2022, the discount rates used in determining the benefit obligations were 4.89% and 4.40%, respectively, and the discount rates used in determining the net periodic postretirement benefit costs were 4.40% and 2.65%, respectively.

Contributions to the postretirement benefit plans, net of employee contributions and the Medicare subsidy, were $2.1 million in the year ended June 30, 2023 and are estimated to be $2.2 million for the year ending June 30, 2024.

The net benefits expected to be paid in each year ending from June 30, 2024 through 2028 range from approximately $2.1 million to $2.8 million and the net aggregate expected payments including years through the year ending June 30, 2033 total approximately $16.1 million. The expected benefits are based on the assumptions used to measure the University's benefit obligation at June 30, 2023 and include estimated future employees' service.

The unamortized prior service credits and unamortized net actuarial gains were $0.6 million and $17.2 million, respectively, at June 30, 2023.

14. 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, 2023, the University had approximately $52.9 million of construction commitments.

15. Related Party Transactions

Members of the University's Board of Trustees and Officers may, from time to time, be associated, either directly or indirectly, with companies doing business with the University. The University requires an annual disclosure of significant financial interests in, family relationships, significant management function, or substantial business with entities doing business with the University by members of the University's Board of Trustees and Officers. When such relationships exist, measures are taken to assess potential conflicts of interest to protect the best interests of the University and ensure compliance with relevant conflict of interest laws and policy. The University's conflict of interest policy also requires, among other things, that no member of the Board of Trustees or Officer may participate in any decision in which they (or an immediate family member) has a material financial interest.

16. Subsequent Events

The University evaluated subsequent events for potential recognition or disclosure through October 4, 2023, the date on which the consolidated financial statements were issued.

SYRACUSE UNIVERSITY

UNIVERSITY LEADERSHIP

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Tracy Barlok
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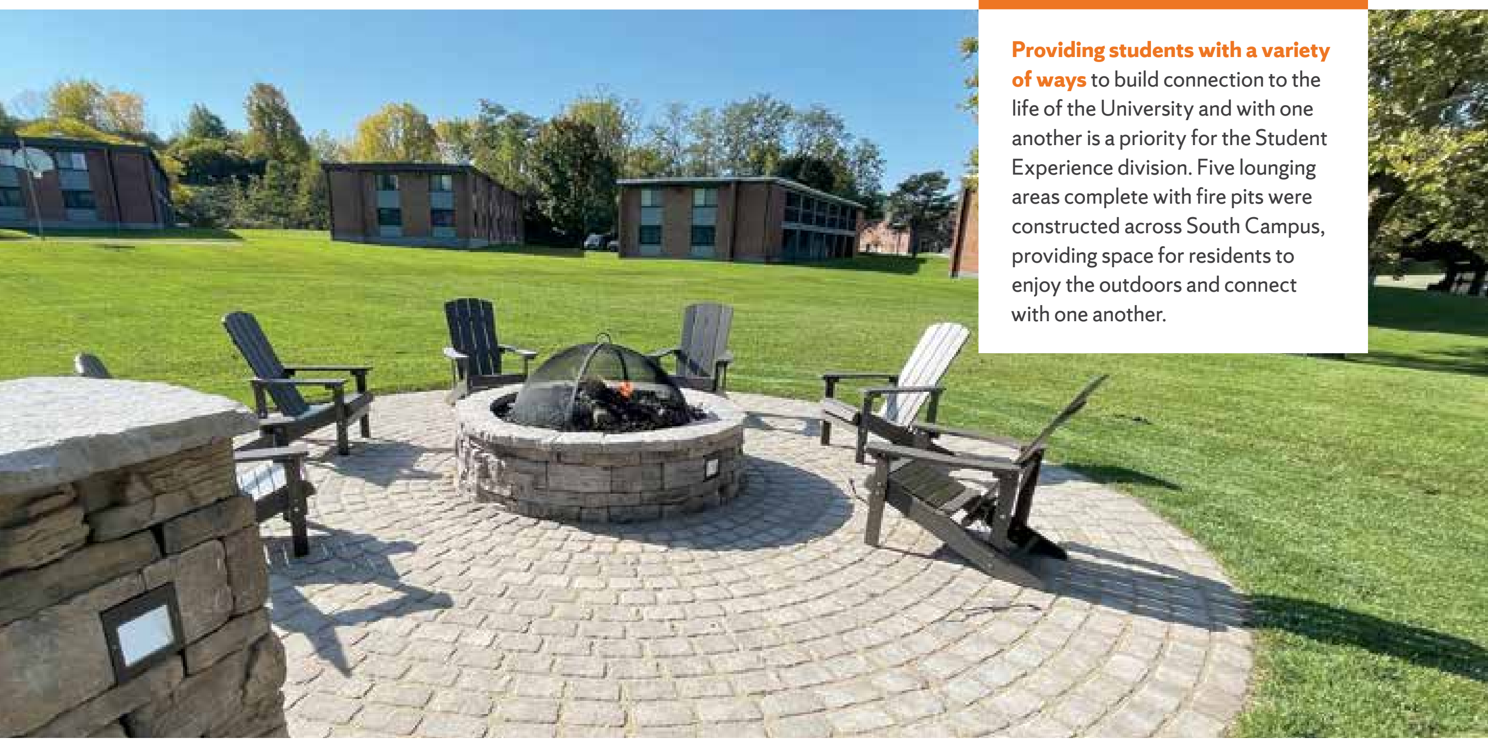
Michael Speaks
School of Architecture

Michael Tick
College of Visual and Performing Arts

David Van Slyke
Maxwell School of Citizenship and Public Affairs

Peter Vanable
Graduate School

Providing students with a variety of ways to build connection to the life of the University and with one another is a priority for the Student Experience division. Five lounging areas complete with fire pits were constructed across South Campus, providing space for residents to enjoy the outdoors and connect with one another.



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