2022
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 2021 semester, Syracuse University had a total enrollment of 21,772, of which 18,281 were full-time students and 3,491 were part-time students.

Number of Employees

5,533 Total employees
935 Tenure-stream faculty
829 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 2021-22, 301 student-athletes earned Atlantic Coast Conference Academic Honor Roll recognition, marking the third year in a row that Syracuse had more than 300 honorees.

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

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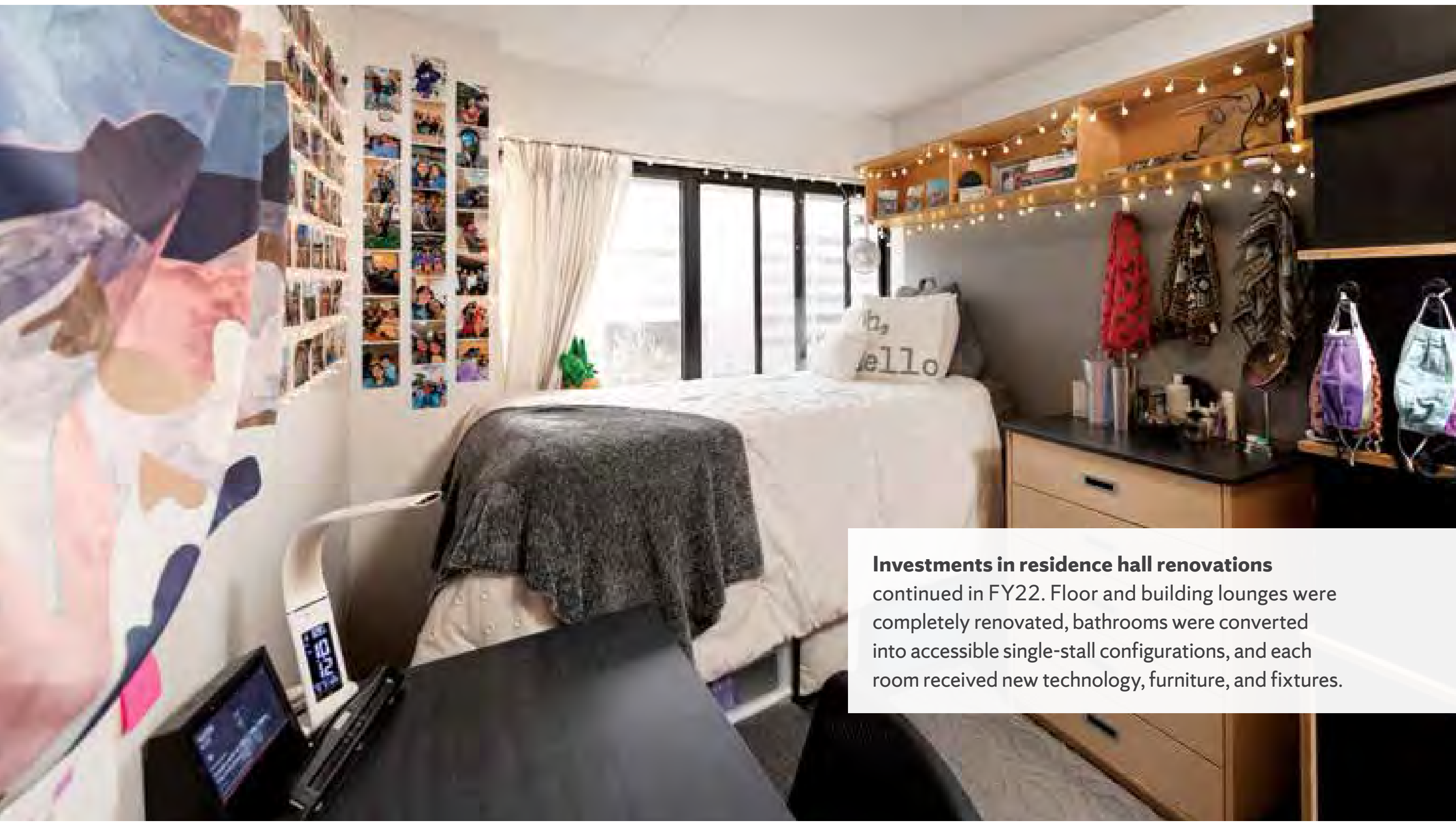


Investments in residence hall renovations continued in FY22. Floor and building lounges were completely renovated, bathrooms were converted into accessible single-stall configurations, and each room received new technology, furniture, and fixtures.

From the Chancellor

SYRACUSE UNIVERSITY concluded fiscal year 2022 on sound financial footing, closing the books with a $67.8 million surplus from operations. With fiscal discipline, the University was able to balance ongoing pandemic-related expenses with strategic investments in priority initiatives. The University heads into a new fiscal year in an exceptionally strong position financially, academically, and operationally.

The Forever Orange Campaign reached $1.19 billion by June 2022, finishing the strongest fundraising year since the campaign began in 2013. Syracuse University was the first choice for an unprecedented number of accepted students, as reflected by the size of the entering first-year class in Fall 2022.

Our new Provost Gretchen Ritter drove faculty excellence with the addition of 106 new full-time and 79 new part-time faculty members. This impressive group marks the largest incoming faculty cohort on record and includes new hires in every school and college.

Syracuse University reaffirmed its commitment to be the best university for veterans with the dedication of the National Veterans Resource Center (NVRC) at the Daniel and Gayle D'Aniello Building. This facility is a first-of-its-kind center for veterans and military-connected students on a college campus. Trustee and U.S. Navy veteran Dan D'Aniello and his wife, Gayle, gave a generous $30 million endowment to fund the Institute of Veterans and Military Families to ensure the future and long-term success of programs housed at the NVRC.

The University entered a new partnership at the Dome with JMA Wireless, a Syracuse-based 5G wireless technology company with global reach. When updates are completed, the JMA Wireless Dome will be the most fully networked stadium on a college campus, delivering an exceptional fan experience.

This fall, we welcomed new fiscal leadership. Brett Padgett, senior vice president and chief financial officer, brings more than 30 years of experience in higher education, finance, and Naval military service. Brett's expertise will be critical in strengthening the alignment of our financial resources with the University's key priorities.

There is a myriad of new opportunities before Syracuse University due to the recent announcement by Micron Technologies to invest $100 billion in the Central New York community over the next 20 years. Micron Technologies plans to build the largest semiconductor fabrication facility in the nation in Onondaga County, creating 50,000 jobs in our community, including 9,000 high-paying technology jobs at Micron. Syracuse University hosted the announcement event on campus, a testament to its pivotal role in attracting Micron to the area.

This transformative investment presents once-in-a-lifetime opportunities to partner on groundbreaking research and development, to become a pipeline for internship and career opportunities for students and alumni, to develop and deliver job training and educational programs in new fields, and to lead change in countless other ways.

This is a time of great promise for Syracuse University. I am thankful for the talented fiscal management team who has stewarded the University through challenging times. I am optimistic about our ability to harness this teeming potential and help drive an economic resurgence of Central New York.

Sincerely,

Kent Syverud
Chancellor and President

Statistical Highlights

Student Enrollments

	2018	2019	2020	2021	2022
Undergraduate	15,252	15,226	15,275	14,479	14,778
Graduate	6,633	6,985	6,919	6,193	6,271
Law	599	592	656	650	723
Total Student Enrollments	**22,484**	**22,803**	**22,850**	**21,322**	**21,772**

Degrees Conferred

	2018	2019	2020	2021	2022
Baccalaureate	3,377	3,407	3,682	3,364	3,409
Master's (including MBA)	2,300	2,572	2,597	2,698	2,383
Juris Doctorate	175	179	177	165	188
Doctorate—Professional	2	10	13	4	10
Doctorate—Research	160	162	144	143	159
Certificates and Other	522	494	485	427	354
Total Degrees Conferred	**6,536**	**6,824**	**7,098**	**6,801**	**6,503**

FY 2022 Highlights

In November 2021, U.S. Navy veteran and Life Trustee Daniel D'Aniello '68, H'20, and his wife, Gayle, announced a $30 million gift to support the creation of an endowment to provide annual operational support for the Institute for Veterans and Military Families, located in the University's National Veterans Resource Center.

From the Interim Senior Vice President and Chief Financial Officer

Gwenn B. Judge

Turning Point

In many ways, fiscal year 2022 was a transitional year for Syracuse University. Though the COVID-19 pandemic remained an ever-present accompaniment to campus life, the arrival of vaccines and a greater understanding of the virus allowed our community to return to some semblance of normalcy. Through the hard work of so many, the University was able to offer a safe residential option to our students. Classes made the transition away from Zoom and back into the classroom. Students, faculty, and staff moved freely across campus and even back into the newly renovated Dome to cheer on the Orange.

The University also made transitions, large and small, with an eye toward its long-term success, such as the official launch of Syracuse University Global, the University's online undergraduate and graduate degree programs, the introduction of flexible work formats, strategic acquisitions in alignment with the Campus Framework, and reinvestment in key academic and athletic facilities.

Our community greeted its new normal with a renewed sense of purpose. In some cases, the University did not merely meet pre-COVID-19 expectations, it surpassed them. Long-term fundraising goals and University priorities were realized through key gifts, as targeted philanthropy reached new heights and moved the University closer to its goal of becoming the best place for veterans.

The University's Institute for Veterans and Military Families received a transformative $30 million gift from U.S. Navy veteran and Life Trustee Daniel D'Aniello '68, H'20, and his wife, Gayle. The gift, which built on the D'Aniello family's previous $20 million gift to help construct the National Veterans Resource Center, will support the creation of an endowment to provide annual operational support for the Institute. Founded in 2011, the Institute for Veterans and Military Families has grown to become one of the most influential centers of thought leadership, research, and programming focused on the nation's veterans and military families.

As our vision and mission call us to do, efforts throughout the fiscal year consistently prioritized the student experience. Perhaps the most visible on-campus transition in fiscal year 2022 was the University's new partnership with JMA Wireless, a Syracuse-based wireless technology company. With JMA Wireless as the University's new stadium naming partner, the campus community, student-athletes, and guests who come to campus will be able to look forward to continued improvements at the Dome, with enhancements to the digital infrastructure providing a transformed experience.

Throughout the year, though still buffeted by the rapidly changing post-pandemic landscape, the University's financial team remained focused on providing stability and sound fiscal stewardship. Their considered and thoughtful work ensured the success of the University's core tenets, including those highlighted above—furthering the growth of research efforts and ongoing enhancements to the student experience.

Looking back, fiscal year 2022 will most likely be remembered as a turning point in our collective recovery from the COVID-19 pandemic. The strong financial results on the following pages illustrate the results of our efforts to move the University beyond the pandemic's impact.

Operating Results

The snapshot of historical operating results presented below demonstrates continued strength in both net assets and operating margins for the University.

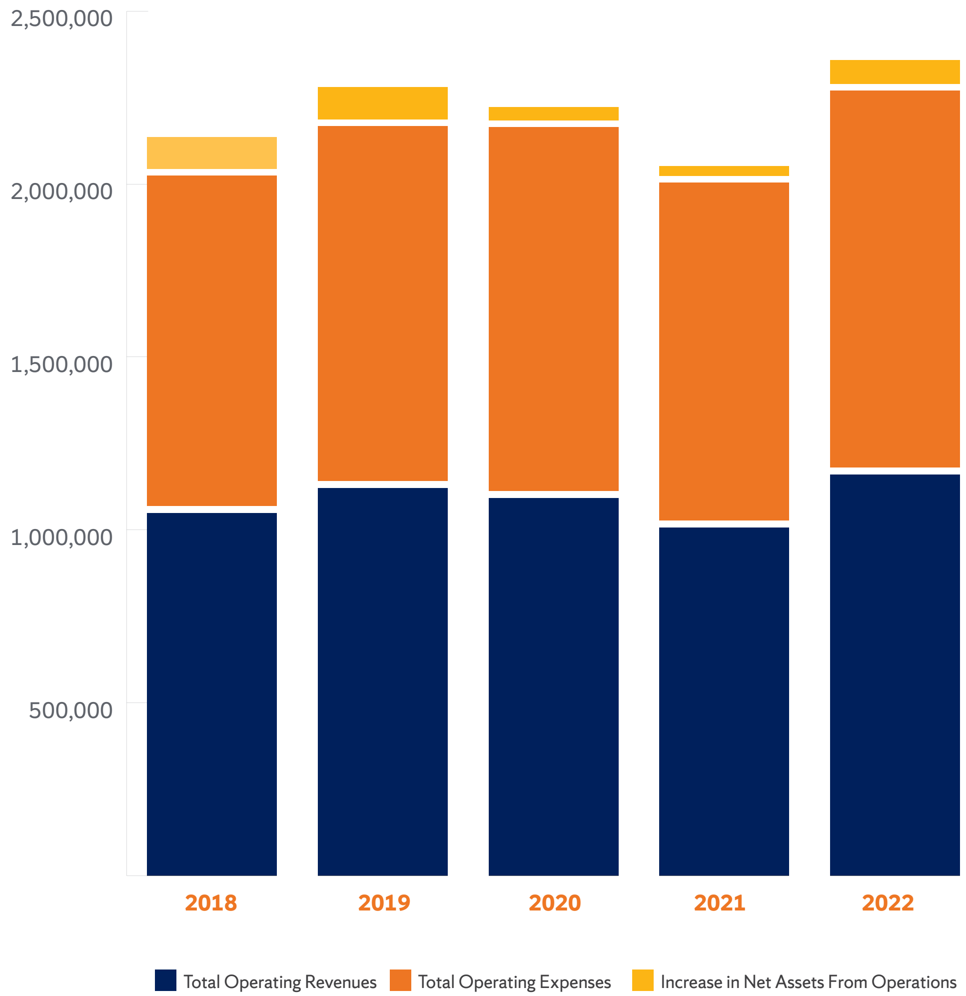
Net operating margins are among the highest in the University's history, cash levels remain strong, and recent strategic real estate acquisitions in the near-campus neighborhoods have added to the growth of the University's net assets. The financial strength of Syracuse University is remarkable and a testament to several years of strong fiscal governance.

Operating Revenues

Total operating revenues increased by $153.2 million—to $1.15 billion—primarily due to across-the-board increases in all revenue categories. Student services revenue increased by $64.9 million, along with an increase in auxiliary revenue primarily associated with third- and fourth-year undergraduate room and board of $19.5 million. Contribution revenue for operations increased by $29.8 million. Additionally, other income increased by $32.3 million, primarily related to the increased ticket sales for stadium and athletic events.

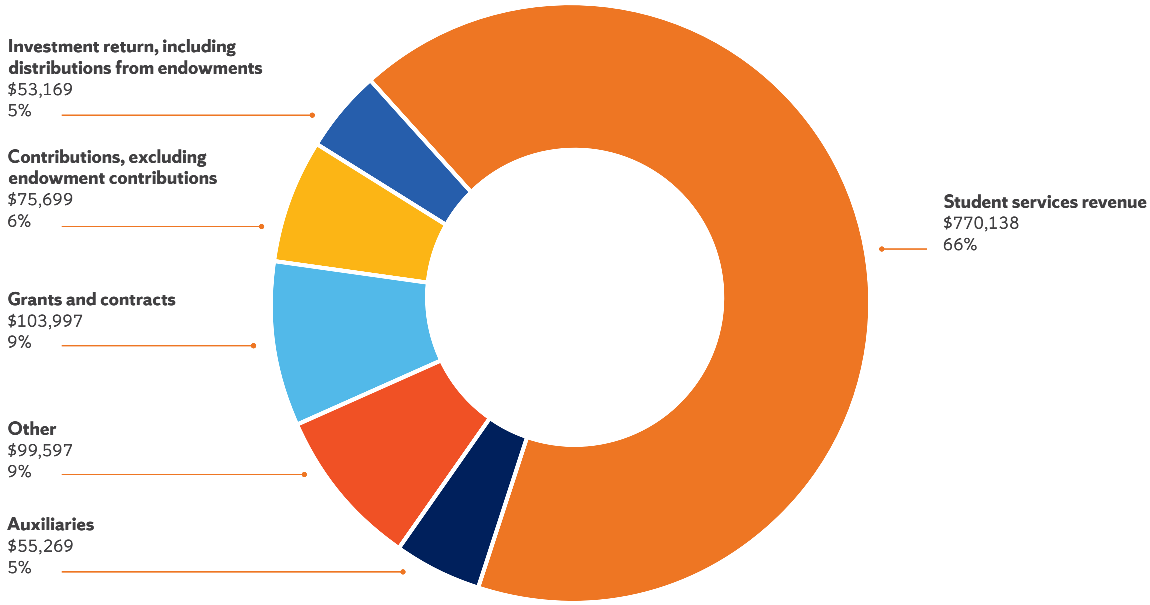
The University received approximately $7.0 million in funds from the federal government's Higher Education Emergency Relief Fund in fiscal year 2022. The funds were utilized to provide health and safety supplies, quarantine space for COVID-19-positive students, and emergency financial aid to students, and to offset lost revenues due to the COVID-19 pandemic.

INCREASE IN NET ASSETS 2018-2022
(Thousands of Dollars)



FISCAL 2022 OPERATING REVENUE

(Thousands of Dollars)



FISCAL 2022 OPERATING EXPENSE

(Thousands of Dollars)

The financial strength of Syracuse University is remarkable and a testament to several years of strong fiscal governance.

After two years of pandemic-related cancellations and restrictions, students returned to the University's five study abroad centers. In Florence, another transformational gift from Dan and Gayle D'Aniello will allow the program to upgrade its facilities; innovate the curriculum, coursework, and immersion experiences; and provide increased funding for students wishing to study abroad.

Operating Expenses

Total operating expenses were $1.1 billion, a $113.1 million increase from fiscal year 2021.

Instruction and departmental research remain the largest expense category: $422.7 million in fiscal year 2022, representing 38.8% of total operating expenses. Each category of operating expenses had year-over-year increases, given the return to a pre-pandemic level of operations.

Capital Spending

Capital spending slowly shifted back to pre-pandemic levels during fiscal year 2022, with a focus on strategic real estate acquisitions and residence hall and academic space renewal. In July 2021, the University purchased 727 South Crouse Avenue in Syracuse, New York. The mixed-use building contains 287 student beds and affords ground floor commercial space. The property is intended to be integrated into into the University's pool of residential housing options, offering apartment-style living to third- and fourth-year students.

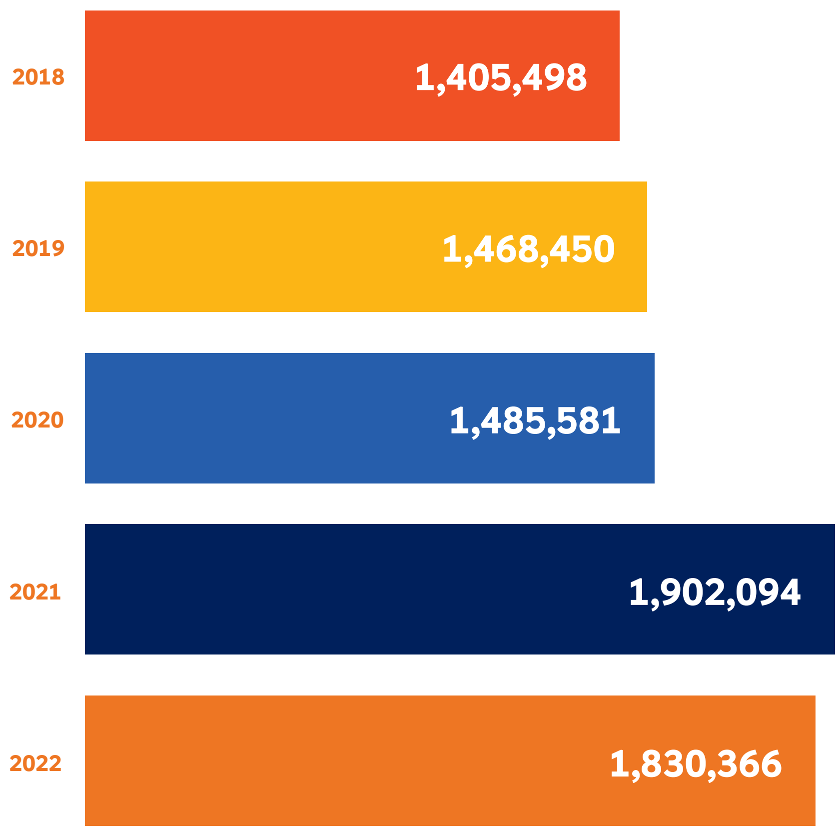
A second major acquisition occurred in December 2021, with the purchase of 761 Irving Avenue in Syracuse, New York, immediately adjacent to the University's Main Campus. The building affords a mix of academic space, conference rooms, auditorium space, office space, residential space, and parking for the University. Both purchases have supported strategic initiatives related to student services. In addition, in fiscal year 2022, the University completed capital improvements to several of its residence halls and embarked upon a multiyear investment into upgrading its STEM-related academic spaces.

Investments

The investment portfolio, which represents 45.4% of total assets, was valued at $1.83 billion in fiscal year 2022. The endowment is the largest component of investments and was valued at $1.76 billion at the end of fiscal year 2022.

Each year, some of the endowment's earnings are paid out as an annual distribution. For fiscal year 2022, the Board of Trustees approved a payout rate of 3.79%—an amount that totaled over $54.6 million, over one-quarter of which was spent on student scholarships.

FIVE-YEAR COMPARISON OF TOTAL 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 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, 2022, the total endowment was valued at approximately $1.76 billion. The endowment 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.

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 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 -2.1% net of investment management fees for the fiscal year ending June 30, 2022. The fund's three-year and five-year annualized returns were 9.3% and 8.6%, 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.

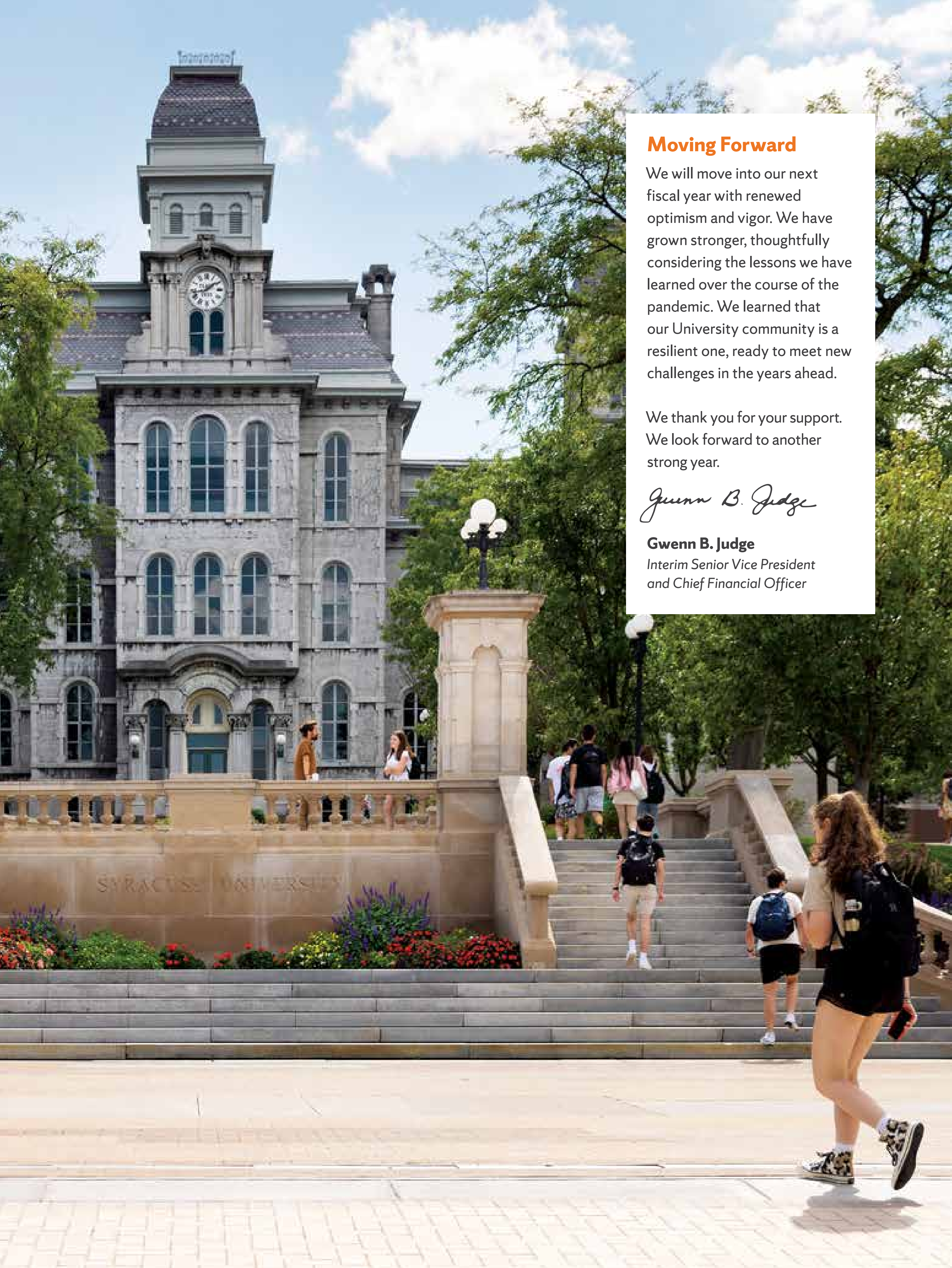
Syracuse University is committed to a long-term investment philosophy of maximizing return relative to risk in order to safeguard the purchasing power over time and manage the need of current spending with multigenerational growth. Diversification of investments across asset classes helps mitigate risk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

$1.76 billion
FY22 total endowment

-2.1%
annual rate of return

>2,500
total endowed funds

$54.6 million
FY22 available spending



Moving Forward

We will move into our next fiscal year with renewed optimism and vigor. We have grown stronger, thoughtfully considering the lessons we have learned over the course of the pandemic. We learned that our University community is a resilient one, ready to meet new challenges in the years ahead.

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

Gwenn B. Judge

Gwenn B. 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 members of the Audit and Risk Committee.

Kent Syverud

Kent Syverud
Chancellor and President

Gwenn B. Judge

Gwenn B. Judge
Interim Senior Vice President and Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021
(With Independent Auditors' Report Thereon)

In May 2022, Syracuse University and JMA Wireless announced a 10-year partnership for naming rights of the University's iconic on-campus stadium. Each year, more than 935,000 visitors attend events at the Dome, including concerts, college and professional athletic competitions, and family entertainment.

Independent Auditors' Report

KPMG

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, 2022 and 2021, and 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, 2022 and 2021, 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 these 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.
- Obtaining 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 a 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
November 11, 2022

Consolidated Balance Sheets

June 30, 2022 and 2021
(Thousands of dollars)

Assets	**2022**	**2021**
Cash and cash equivalents	$539,621	465,879
Receivables, net	149,259	131,654
Other assets	44,015	43,345
Investments	1,830,366	1,902,094
Funds held by bond trustee	496	4,330
Right-of-use assets – operating leases	11,316	14,978
Property and equipment, net	1,455,994	1,356,110
Total assets	$4,031,067	3,918,390
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	$167,481	167,347
Deposits and deferred revenues	99,329	79,951
Asset retirement obligations	25,340	23,290
Accrued postretirement benefit obligation	43,179	50,727
Operating lease obligations	11,522	14,993
Finance lease obligations	2,478	2,898
Refundable government student loan funds	11,977	17,739
Long-term liability to concessionaire	115,552	
Long-term debt	752,121	761,494
Total liabilities	1,228,979	1,118,439
Net assets:		
Without donor restrictions	1,757,926	1,746,940
With donor restrictions	1,044,162	1,053,011
Total net assets	2,802,088	2,799,951
Total liabilities and net assets	$4,031,067	3,918,390

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities

Year ended June 30, 2022
(With Comparative Totals for the Year ended June 30, 2021)
(Thousands of dollars)

	Without donor restrictions	With donor restrictions	2022 Total	2021 Total
Operating revenues:				
Student services revenue net of financial aid $400,730 in 2022 and $369,655 in 2021	$770,138		770,138	705,144
Contributions, excluding contributions to endowments	46,122	29,577	75,699	45,937
Grants and contracts	103,997		103,997	94,066
Investment return, including distributions from endowments	53,169		53,169	56,481
Auxiliaries, net of financial aid of $2,142 in 2022 and $1,567 in 2021	55,269		55,269	35,807
Other	99,597		99,597	67,277
Net assets released from restrictions	35,682	(35,682)		
Total operating revenues	1,163,974	(6,105)	1,157,869	1,004,712
Operating expenses:				
Instruction and departmental research	422,740		422,740	384,273
Student services	253,785		253,785	221,968
Academic support	136,596		136,596	128,603
Institutional support	152,139		152,139	133,117
Sponsored research and other programs	76,813		76,813	67,588
Auxiliaries	47,910		47,910	41,350
Total operating expenses	1,089,983		1,089,983	976,899
Increase in net assets from operating activities	73,991	(6,105)	67,886	27,813
Nonoperating activities:				
Contributions to endowments		72,315	72,315	21,097
Investment return, excluding distributions from endowments, and gains (losses) on other financial instruments	(71,400)	(75,059)	(146,459)	382,958
Postretirement benefit obligation changes other than service cost	8,395		8,395	591
Increase (decrease) in net assets from nonoperating activities	(63,005)	(2,744)	(65,749)	404,646
Increase (decrease) in net assets	10,986	(8,849)	2,137	432,459
Net assets at beginning of year	1,746,940	1,053,011	2,799,951	2,367,492
Net assets at end of year	$1,757,926	1,044,162	2,802,088	2,799,951

See accompanying notes to consolidated financial statements.

Consolidated Statement of Activities

Year ended June 30, 2021
(Thousands of dollars)

	Without donor restrictions	With donor restrictions	2021 Total
Operating revenues:			
Student services revenue net of financial aid $369,655 in 2021	$705,144		705,144
Contributions, excluding contributions to endowments	25,229	20,708	45,937
Grants and contracts	94,066		94,066
Investment return, including distributions from endowments	56,481		56,481
Auxiliaries, net of financial aid of $1,567 in 2021	35,807		35,807
Other	67,277		67,277
Net assets released from restrictions	5,766	(5,766)	
Total operating revenues	989,770	14,942	1,004,712
Operating expenses:			
Instruction and departmental research	384,273		384,273
Student services	221,968		221,968
Academic support	128,603		128,603
Institutional support	133,117		133,117
Sponsored research and other programs	67,588		67,588
Auxiliaries	41,350		41,350
Total operating expenses	976,899		976,899
Increase in net assets from operating activities	12,871	14,942	27,813
Nonoperating activities:			
Contributions to endowments		21,097	21,097
Investment return, excluding distributions from endowments, and gains (losses) on other financial instruments	191,552	191,406	382,958
Postretirement benefit obligation changes other than service cost	591		591
Increase (decrease) in net assets from nonoperating activities	192,143	212,503	404,646
Increase in net assets	205,014	227,445	432,459
Net assets at beginning of year	1,541,926	825,566	2,367,492
Net assets at end of year	$1,746,940	1,053,011	2,799,951

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended June 30, 2022 and 2021
(Thousands of dollars)

	2022	2021
Cash flows from operating activities:		
Increase in net assets	$2,137	432,459
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	86,408	84,574
Postretirement benefit obligation changes other than service cost	(8,395)	(591)
Changes in fair value of investments and financial instruments	129,928	(421,252)
Gifts of marketable securities, net of sales of unrestricted gifted securities	(5,844)	(3,148)
Gifts of property and equipment	(1,620)	(3,127)
Contributions restricted for investment and physical facilities	(84,274)	(37,913)
Changes in operating assets and liabilities:		
Receivables, net	(21,603)	13,021
Other assets	(670)	(7,371)
Accounts payable and accrued liabilities	(4,746)	(12,830)
Deposits and deferred revenues	19,378	(1,562)
Asset retirement obligations	2,050	1,270
Accrued postretirement benefit obligation	847	774
Net cash provided by operating activities	113,596	44,304
Cash flows from investing activities:		
Loans made to students	(1)	(4)
Loans paid by students	3,999	5,571
Purchases of investments	(327,279)	(602,044)
Sales and maturities of investments	271,040	605,876
Purchases of property and equipment	(168,111)	(130,802)
Net cash used in investing activities	(220,352)	(121,403)
Cash flows from financing activities:		
Contributions restricted for investment and physical facilities	84,274	37,913
Proceeds from sales of gifted marketable securities restricted for investment	5,844	3,148
Proceeds from long-term liability to concessionaire	100,000	
Payments of long-term debt	(4,075)	(3,910)
Payments of finance lease obligations	(335)	(324)
Payments of long-term liability to concessionaire	(1,573)	
Payments of concessionaire issuance costs	(1,709)	
Payment of bond issuance costs		(259)
Change in funds held by bond trustee	3,834	55,759
Change in refundable government student loan funds	(5,762)	(4,933)
Net cash provided by financing activities	180,498	87,394
Net increase in cash and cash equivalents	73,742	10,295
Cash and cash equivalents at beginning of year	465,879	455,584
Cash and cash equivalents at end of year	$539,621	465,879
Supplemental disclosure:		
Interest paid	$24,915	24,977
Right-of-use assets obtained in exchange for operating leases	1,440	458
Right-of-use assets obtained in exchange for finance leases		757
Increases (decrease) in accounts payable and other long term liabilities for property and equipment	21,943	(22,629)

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 21,700 students, including approximately 14,200 full-time undergraduate, approximately 500 law students, approximately 3,600 full-time master's and doctoral students, and approximately 3,500 part-time students. Geographically, the undergraduate student body represents 50 states and 91 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, 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 2021 information to conform to the 2022 presentation associated primarily with the recategorization of student services revenues and related expenditures.

(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).

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 30,2022 and June 30, 2021 (in thousands of dollars):

	2022	2021
Student services revenue		
Tuition and fees	$1,070,632	1,004,553
Less: financial aid	(395,086)	(364,905)
Net tuition and fees	675,546	639,648
Room and board for freshman and sophomore residency requirement	99,239	70,246
Less: financial aid	(5,644)	(4,750)
Net room and board for freshman and sophomore residency requirement	93,595	65,496
Student ticket sales to athletic events	997	
Net student services revenue	$770,138	705,144

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 $37.7 million and $23.2 million for the years ended June 30, 2022 and June 30, 2021, 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 $24.0 million and $18.4 million at June 30, 2022 and June 30, 2021, 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 $31.6 million and $21.5 million at June 30, 2022 and 2021, respectively.

Conditional awards from federal and other sponsors outstanding as of June 30, 2022 were $130.3 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 lease 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. 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.

(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. For the year ended June 30, 2021, 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 was a reduction in athletic event ticket revenue, tuition revenue, and room and board revenues. The University responded to these lost revenues with reductions in costs such as travel and capital renovations. Close monitoring of the University's expenditures aided significantly in the University's ability to offset these lost revenues. The University returned to pre-pandemic in person education and attendance at athletic events for the year ended June 30, 2022.

Given the nature of COVID 19, 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 September 2020, the Financial Accounting Standards Board issued Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. The adoption of this standard by the University in fiscal 2022 did not have a significant impact on the consolidated financial statements.

3. Financial Assets and Liquidity Resources

At June 30, 2022 and June 30, 2021, 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):

	2022	2021
Financial assets, at year-end	$2,519,742	2,503,957
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Donor restricted endowment	(896,874)	(895,415)
Pledges receivable, net, due in greater than one year	(65,853)	(43,071)
Student loans, net, due in greater than one year	(16,085)	(20,083)
Funds held by bond trustee	(496)	(4,330)
Board designations:		
Quasi-endowment fund, primarily for long-term investing	(863,080)	(923,077)
Board-approved endowment spending distribution:		
Fiscal year 2022 appropriation		50,924
Fiscal year 2023 appropriation	59,439	
Financial assets available to meet cash needs for general expenditures within one year	$736,793	668,905

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 $863.0 million and $923.1 million at June 30, 2022 and June 30, 2021, 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, 2022 and June 30, 2021 (in thousands of dollars):

	2022	2021
Accounts receivable	$82,319	72,980
Pledges receivable, net of present value discount	76,969	65,328
Matured bequests receivable	1,517	2,511
	160,805	140,819
Allowance for doubtful accounts	(11,546)	(9,165)
Total	$149,259	131,654

Accounts receivable include student loans receivable of $16.1 million and $20.1 million at June 30, 2022 and June 30, 2021, respectively, net of allowances for doubtful accounts of approximately $1.0 million at both June 30, 2022 and June 30, 2021.

Unconditional pledges and matured bequests at June 30, 2022 and June 30, 2021 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):

	2022	2021
Less than one year	$10,968	26,000
One year to five years	53,730	34,430
More than five years	19,238	13,144
	83,936	73,574
Allowance for doubtful accounts	(8,374)	(6,096)
Present value discount	(5,450)	(5,735)
Total	$70,112	61,743

The discount rates used to present value the pledges range from 0.87% to 6.00% at June 30, 2022 and June 30, 2021.

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 $64.2 million as of June 30, 2022

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, 2022 and June 30, 2021, the University had no specific plans or intentions to sell investments at amounts different than NAV.

The University's investments at June 30, 2022 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	$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 125 days for hedge funds.

The University's investments at June 30, 2021 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	$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 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 4.8 years and 4.1 years as of June 30, 2022 and June 30, 2021, respectively. At June 30, 2022, the University's outstanding commitments to private partnerships totaled $246.5 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 $87.5 million, $36.8 million, and $17.9 million expire in fiscal years 2023, 2024 and 2025, respectively.

The following table summarizes the components of investment return in the consolidated statements of activities for the years ended June 30, 2022 and June 30, 2021 (in thousands of dollars):

	2022	2021
Interest and dividends	$36,403	15,936
Realized gains, net	112,551	149,534
Unrealized gains (losses), net	(237,131)	267,507
Total investment return	$(88,177)	432,977

Netted in the interest and dividends component of investment return were investment management expenses of $5.0 million and $4.2 million for the years ended June 30, 2022 and 2021, 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 fiscal years 2022 and 2021 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, 2022 and June 30, 2021, there were no endowment funds underwater where the donor had requested that spending not occur if the endowment was underwater.

At June 30, 2022 and June 30, 2021, 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 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

		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

Changes in net assets associated with endowment funds for the fiscal years ended June 30, 2022 and June 30, 2021 were (in thousands of dollars):

	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

	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

7. Property and Equipment

The following is a summary of property and equipment at June 30, 2022 and June 30, 2021 (in thousands of dollars):

	2022	**2021**
Land and land improvements	$105,013	102,212
Buildings and related equipment	2,441,910	2,280,119
Equipment	141,903	142,097
Library and art collections	252,530	247,895
	2,941,356	2,772,323
Accumulated depreciation	(1,485,362)	(1,416,213)
Total	$1,455,994	1,356,110

Included in the amounts above are assets that have been acquired in connection with finance leases. These amounts are $4.2 million, with accumulated amortization of $2.5 million, and $4.2 million, with accumulated amortization of $2.2 million, at June 30, 2022 and June 30, 2021, respectively.

Depreciation expense was $92.2 million and $89.0 million, for the years ended June 30, 2022 and June 30, 2021, 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, 2022 and June 30, 2021 is set forth below (in thousands of dollars)::

	Fiscal years of maturity	2022	2021
Trust for Cultural Resources of the County of Onondaga Revenue Bonds:			
Series 2011 (a)	2013-2022		$1,535
Series 2013 (b)	2015-2024	4,055	5,935
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	3,410	4,070
Total principal debt		664,540	668,615
Unamortized premium		91,381	96,879
		755,921	765,494
Less bond issuance costs		3,800	4,000
Total long-term debt		$752,121	761,494

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 amortized using the effective interest method over the terms of the bonds. The University was 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 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 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, 2022 and June 30, 2021. 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 and June 30, 2021, the interest rates were 1.462% and 0.492%, 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
2023	$2,635
2024	2,740
2025	660
2026	8,970
2027	9,395
Thereafter	649,140
Total	$664,540

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 receives 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, 2022 and June 30, 2021, there was no requirement to collateralize the obligations under the interest rate swap agreement.

The Hotel pays the one counterparty a fixed interest rate of 5.30% on notional amounts of $3.4 million and $4.1 million as of June 30, 2022 and June 30, 2021, respectively, that related to its loan with JPMorgan Chase Bank, N.A.

At June 30, 2022 and June 30, 2021, the fair values of the interest rate swap agreement were $(0.2) million and $(0.5) million, respectively, which is included in accounts payable and accrued liabilities on the accompanying consolidated balance sheets. The interest rate swap agreements are classified in Level 2 of the fair value hierarchy.

The change of $0.3 million in the fair value of the interest rate swap agreement in each of the years ended June 30, 2022 and June 30, 2021 was included in investment return, excluding distributions from endowments, and gains (losses) on other financial instruments in the accompanying consolidated statement of activities. Net cash payments of $0.2 million made under the interest rate swap agreements were included in interest expense during fiscal years 2022 and 2021.

The University had a surety bond aggregating approximately $28.2 million at June 30, 2022 and June 30, 2021 related to potential claims under the University's workers' compensation plan. The expiration date for the surety bond occurs in fiscal 2023 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, 2022 and June 30, 2021, 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, 2022 and 2021 are as follows (in thousands of dollars):

	2022	2021
Lease cost:		
Finance lease expense:		
Amortization of right-of-use assets	$333	342
Interest on lease obligations	279	311
Operating lease expense	5,130	5,023
Total lease expense	$5,742	5,676

Payments due and other information related to operating and finance leases are summarized below as of June 30, 2022 (in thousands of dollars):

Fiscal year	Operating	Finance
2023	$4,649	548
2024	3,719	562
2025	3,090	562
2026	377	559
2027	298	539
Thereafter	87	567
	12,220	3,337
Less amount representing interest	$698	859
Total obligation	$11,522	2,478
Weighted average remaining lease term	2.95 years	6.71 years
Weighted average discount rate	2.65%	10.67%

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, 2022 and 2021 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 $13.0 million for the year ended June 30, 2022.

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

The $115.6 million balance of long-term liability to Concessionaire at June 30, 2022, consists of the $100.0 million upfront payment and $17.3 million of outstanding capital related costs reduced by issuance costs of $1.7 million.

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

Fiscal year	Amount
2023	$942
2024	2,207
2025	3,167
2026	3,306
2027	4,288
Thereafter	103,351
Total principal	117,261
Less issuance costs	1,709
Total long-term liability to concessionaire	$115,552

11. Net Assets

At June 30, 2022 and June 30, 2021, net assets were comprised as follows (in thousands of dollars):

	2022		2021	
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions
Undesignated	$894,846		823,863	
Pledges and matured bequests receivable		70,112		61,746
Other		20,523		20,291
Funding for facilities		26,294		40,883
Funding for student loans		2,253		2,214
Life income, annuity, and similar funds		28,106		32,462
Endowment funds:				
Scholarships	53,532	422,287	56,980	427,683
Endowed chairs	20,950	195,594	20,175	208,094
General purposes and other	788,598	278,993	845,922	259,638
Total net assets	$1,757,926	1,044,162	1,746,940	1,053,011

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 fiscal year ended June 30, 2022 and June 30, 2021 (in thousands of dollars):

	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

	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
Student services	113,186	18,980	15,934	41,229	32,639	221,968
Academic support	94,516	5,693	13,018	14,975	401	128,603
Institutional support	83,926	26,076	5,542	8,752	8,821	133,117
Sponsored research and other programs	36,013	13,716	1,350	5,773	10,736	67,588
Auxiliaries	15,889	1,010	3,184	10,750	10,517	41,350
Total expenses	$613,072	130,448	55,858	110,893	66,628	976,899

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 fiscal years 2022 and 2021 were approximately $38.2 million and $37.8 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)::

	2022	2021
Change in benefit obligation:		
Benefit obligation at beginning of year	$50,727	50,544
Service cost	2,866	2,749
Interest cost	1,351	1,229
Plan participants' contributions	1,448	1,243
Actuarial gain	(9,746)	(1,820)
Benefits paid	(3,470)	(3,222)
Medicare Part D prescription drug federal subsidy	3	4
Benefit obligation at end of year	$43,179	50,727

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):

	2022	2021
Actuarial gain	$9,746	1,820
Amortization of:		
Actuarial gain	(189)	(135)
Prior service credits	(160)	(160)
Total increase in net assets without donor restrictions	$9,397	1,525

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

	2022	2021
Operating activities:		
Service cost	$2,866	2,749
Nonoperating activities:		
Interest cost	1,351	1,229
Amortization of actuarial gain	(189)	(135)
Amortization of prior service credits	(160)	(160)
Net periodic postretirement benefit cost	$3,868	3,683

	2022	2021
Actuarial gain	$9,746	1,820
Interest cost	(1,351)	(1,229)
Postretirement benefit obligation changes other than service cost	$8,395	591

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, 2022. An annual rate of increase in the per capita cost of covered prescription drug benefits of 6.75% was assumed as of June 30, 2022. 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, 2022 and June 30, 2021, the discount rates used in determining the benefit obligations were 4.40% and 2.65%, respectively, and the discount rates used in determining the net periodic postretirement benefit costs were 2.65% and 2.48%, respectively.

Contributions to the postretirement benefit plans, net of employee contributions and the Medicare subsidy, were $2.1 million in fiscal year 2022 and are estimated to be $2.1 million for fiscal year 2023.

The net benefits expected to be paid in each fiscal year from 2023 through 2027 range from approximately $2.1 million to $2.7 million and the net aggregate expected payments including years through fiscal year 2032 total approximately $15.6 million. The expected benefits are based on the assumptions used to measure the University's benefit obligation at June 30, 2022 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 2022 are amortization of prior service credits of approximately $0.2 million and amortization of actuarial gain of approximately $0.2 million. The unamortized prior service credits and unamortized net actuarial gains were $0.8 million and $16.2 million, respectively, at June 30, 2022.

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, 2022, the University had approximately $47.0 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 November 11, 2022, the date on which the consolidated financial statements were issued.

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In April 2022, Syracuse students celebrated Holi, the Festival of Colors, in an event hosted by the South Asian Student Association.

Syracuse University