

# **Rensselaer Polytechnic Institute**

**Report on Federal Awards in  
Accordance with the Uniform Guidance  
For the Year ended June 30, 2021  
EIN: 14-1340095**

# Rensselaer Polytechnic Institute

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June 30, 2021 and 2020

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**Part I**  
**Consolidated Financial Statements, Schedule of Expenditures of  
Federal Awards and Financial Responsibility Supplemental Schedule**



## Report of Independent Auditors

To the Board of Trustees of Rensselaer Polytechnic Institute

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Rensselaer Polytechnic Institute and its affiliates (“Rensselaer”), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

### ***Management’s Responsibility for the Consolidated Financial Statements***

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

### ***Auditors’ Responsibility***

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Rensselaer Polytechnic Institute and its affiliates as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



**Other Matter**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2021 and financial responsibility supplemental schedule as of and for the year ended June 30, 2021 are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Department of Education, respectively, and are not a required part of the consolidated financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial responsibility supplemental schedule are fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021 on our consideration of Rensselaer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2021. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rensselaer's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

Rochester, New York  
October 8, 2021

**Rensselaer Polytechnic Institute**  
**Consolidated Statements of Financial Position**  
**June 30, 2021 and 2020**

*(in thousands of dollars)*

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 50,939	\$ 23,760
Accounts receivable, net		
Student related and other	10,565	8,554
Research, training, and other agreements	34,150	45,447
Contributions receivable, net	18,878	26,060
Contributions from external remainder trusts	22,619	19,437
Prepaid expenses and other assets	4,592	7,581
Student loans receivable, net	13,007	18,538
Investments, at market endowment, annuity and life income funds	1,085,022	743,960
Right of use assets	22,154	25,818
Land, buildings and equipment, net	657,331	684,700
Total assets	<u>\$ 1,919,257</u>	<u>\$ 1,603,855</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 38,599	\$ 32,374
Split interest agreement obligations	7,045	6,650
Deferred revenue	52,570	56,853
Other liabilities	46,348	42,352
Pension liability	68,719	132,846
Accrued postretirement benefits	20,016	21,352
Refundable government loan funds	21,062	25,863
Right of use liabilities	22,315	25,903
Finance leases payable	16,672	17,308
Long term debt	688,044	715,035
Total liabilities	<u>981,390</u>	<u>1,076,536</u>
<b>Net assets</b>		
Without donor restrictions	<u>65,483</u>	<u>(129,573)</u>
With donor restrictions		
Restricted by time and purpose	351,922	171,943
Restricted in perpetuity	520,462	484,949
With donor restrictions	<u>872,384</u>	<u>656,892</u>
Total net assets	<u>937,867</u>	<u>527,319</u>
Total liabilities and net assets	<u>\$ 1,919,257</u>	<u>\$ 1,603,855</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Rensselaer Polytechnic Institute**  
**Consolidated Statements of Activities**  
**Year Ended June 30, 2021 with summarized comparative totals for the year ended**  
**June 30, 2020**

<i>(in thousands of dollars)</i>	Without Donor Restrictions	With Donor Restrictions	Total June 30, 2021	Total June 30, 2020
<b>Operating revenue</b>				
Student related revenue				
Tuition and fees, net	\$ 250,392	\$ -	\$ 250,392	\$ 259,137
Auxiliary services, net	29,463	-	29,463	58,279
Student related revenue	<u>279,855</u>	<u>-</u>	<u>279,855</u>	<u>317,416</u>
Gifts	<u>20,279</u>	<u>3,820</u>	<u>24,099</u>	<u>21,108</u>
Grants and contracts				
Direct				
Federal	50,722	-	50,722	47,161
State	2,868	-	2,868	5,192
Private	17,444	-	17,444	41,613
Indirect	<u>16,956</u>	<u>-</u>	<u>16,956</u>	<u>17,386</u>
Grants and contracts	<u>87,990</u>	<u>-</u>	<u>87,990</u>	<u>111,352</u>
Investment return				
Dividends, interest and other investment income	9,996	5,649	15,645	12,401
Realized accumulated gains used to meet spending policy	<u>9,943</u>	<u>9,601</u>	<u>19,544</u>	<u>18,917</u>
Investment return designated for operations	<u>19,939</u>	<u>15,250</u>	<u>35,189</u>	<u>31,318</u>
Other	7,744	8	7,752	7,648
Net assets released from restrictions	<u>18,248</u>	<u>(18,248)</u>	<u>-</u>	<u>-</u>
Total operating revenue	<u>434,055</u>	<u>830</u>	<u>434,885</u>	<u>488,842</u>
<b>Operating expense</b>				
Salaries and wages	161,360	-	161,360	179,968
Employee benefits	37,257	-	37,257	42,242
Supplies, services and other	68,124	-	68,124	95,038
Occupancy, taxes and insurance	20,866	-	20,866	24,837
Interest on debt	25,588	-	25,588	32,989
Depreciation and amortization	31,115	-	31,115	30,031
Student aid and fellowships	<u>50,428</u>	<u>-</u>	<u>50,428</u>	<u>51,584</u>
Total operating expenses	<u>394,738</u>	<u>-</u>	<u>394,738</u>	<u>456,689</u>
Change in net assets from operating activities	<u>39,317</u>	<u>830</u>	<u>40,147</u>	<u>32,153</u>
<b>Nonoperating</b>				
Realized and unrealized gains				
net of spending policy and initiatives	108,827	179,529	288,356	(19,588)
Other components of net periodic benefit costs	(8,663)	-	(8,663)	(9,032)
Adjustments for pension and post retirement liability	55,793	-	55,793	(27,762)
Life income and endowment gifts	-	11,891	11,891	9,000
Loss on extinguishment of debt	(803)	-	(803)	(10,867)
Change in value of life income contracts	21	23,806	23,827	5,192
Other reclassifications and transfers	<u>564</u>	<u>(564)</u>	<u>-</u>	<u>-</u>
Change in net assets from nonoperating activities	<u>155,739</u>	<u>214,662</u>	<u>370,401</u>	<u>(53,057)</u>
Increase (decrease) in net assets	195,056	215,492	410,548	(20,904)
Net assets, beginning of year	<u>(129,573)</u>	<u>656,892</u>	<u>527,319</u>	<u>548,223</u>
Net assets, end of year	<u>\$ 65,483</u>	<u>\$ 872,384</u>	<u>\$ 937,867</u>	<u>\$ 527,319</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Rensselaer Polytechnic Institute**  
**Consolidated Statements of Activities**  
**Year Ended June 30, 2020**

<i>(in thousands of dollars)</i>	Without Donor Restrictions	With Donor Restrictions	Total June 30, 2020
<b>Operating revenue</b>			
Student related revenue			
Tuition and fees, net	\$ 259,137	\$ -	\$ 259,137
Auxiliary services, net	58,279	-	58,279
Student related revenue	<u>317,416</u>	<u>-</u>	<u>317,416</u>
Gifts	<u>15,338</u>	<u>5,770</u>	<u>21,108</u>
Grants and contracts			
Direct			
Federal	47,161	-	47,161
State	5,192	-	5,192
Private	41,613	-	41,613
Indirect	<u>17,386</u>	<u>-</u>	<u>17,386</u>
Grants and contracts	<u>111,352</u>	<u>-</u>	<u>111,352</u>
Investment return			
Dividends, interest and other investment income	7,412	4,989	12,401
Realized accumulated gains used to meet spending policy	<u>9,680</u>	<u>9,237</u>	<u>18,917</u>
Investment return designated for operations	<u>17,092</u>	<u>14,226</u>	<u>31,318</u>
Other	7,596	52	7,648
Net assets released from restrictions	<u>17,968</u>	<u>(17,968)</u>	<u>-</u>
Total operating revenue	<u>486,762</u>	<u>2,080</u>	<u>488,842</u>
<b>Operating expense</b>			
Salaries and wages	179,968	-	179,968
Employee benefits	42,242	-	42,242
Supplies, services and other	95,038	-	95,038
Occupancy, taxes and insurance	24,837	-	24,837
Interest on debt	32,989	-	32,989
Depreciation and amortization	30,031	-	30,031
Student aid and fellowships	<u>51,584</u>	<u>-</u>	<u>51,584</u>
Total operating expenses	<u>456,689</u>	<u>-</u>	<u>456,689</u>
Change in net assets from operating activities	<u>30,073</u>	<u>2,080</u>	<u>32,153</u>
<b>Nonoperating</b>			
Realized and unrealized losses			
net of spending policy and initiatives	(8,687)	(10,901)	(19,588)
Other components of net periodic benefit costs	(9,032)	-	(9,032)
Adjustments for pension and post retirement liability	(27,762)	-	(27,762)
Life income and endowment gifts	-	9,000	9,000
Loss on extinguishment of debt	(10,867)	-	(10,867)
Change in value of life income contracts	13	5,179	5,192
Other reclassifications and transfers	<u>2,456</u>	<u>(2,456)</u>	<u>-</u>
Change in net assets from nonoperating activities	<u>(53,879)</u>	<u>822</u>	<u>(53,057)</u>
Increase (decrease) in net assets	<u>(23,806)</u>	<u>2,902</u>	<u>(20,904)</u>
Net assets, beginning of year	<u>(105,767)</u>	<u>653,990</u>	<u>548,223</u>
Net assets, end of year	<u>\$ (129,573)</u>	<u>\$ 656,892</u>	<u>\$ 527,319</u>

The accompanying notes are an integral part of these consolidated financial statements.



**Rensselaer Polytechnic Institute**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

<i>(in thousands of dollars)</i>	<b>2021</b>	<b>2020</b>
<b>Cash flow from operating activities</b>		
Received from student-related revenues	\$ 230,457	\$ 275,847
Received from sponsored programs	97,267	82,404
Received from donors	27,376	21,022
Received from investment income	13,168	12,881
Received from Rensselaer Technology Park	2,803	4,318
Received from other	4,110	3,188
Payments to employees and fringe benefits	(197,325)	(220,229)
Payments to vendors and suppliers	(78,915)	(88,906)
Payments for scholarships and fellowships	(2,727)	(5,821)
Payments for Interest expense	(28,916)	(37,337)
Payments for pension and post retirement obligations	(19,160)	(5,170)
Payments for other expenses	(5,248)	(6,753)
Net cash increase from operating activities	<u>42,890</u>	<u>35,444</u>
<b>Cash flow from investing activities</b>		
Proceeds from sale of investments	228,485	213,116
Purchase of investments	(221,280)	(204,906)
Student loans paid	5,513	5,373
Proceeds from sale of land, building, and equipment	50	170
Purchase of land, building and equipment	(11,174)	(49,173)
Net cash increase (decrease) from investing activities	<u>1,594</u>	<u>(35,420)</u>
<b>Cash flow from financing activities</b>		
Contributions restricted for long term investments	10,246	13,907
Payment of annuity obligations	(779)	(893)
Payment of debt extinguishment costs	(386)	(6,006)
Payment of debt issuance costs	(311)	(1,805)
Proceeds from loans	24,020	337,769
Repayment of debt	(45,293)	(330,366)
Government loan funds	(4,802)	(6,455)
Net cash (decrease) increase from financing activities	<u>(17,305)</u>	<u>6,151</u>
Net increase in cash and cash equivalents	27,179	6,175
<b>Cash and cash equivalents</b>		
Beginning of year	<u>23,760</u>	<u>17,585</u>
End of year	<u>\$ 50,939</u>	<u>\$ 23,760</u>
<b>Non cash activities</b>		
Contributed securities	\$ 5,119	\$ 1,063
Gifts of equipment and other capital items	215	6,011

The accompanying notes are an integral part of these consolidated financial statements.

# Rensselaer Polytechnic Institute

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

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(in thousands of dollars)

#### 1. Organization

Rensselaer Polytechnic Institute (Rensselaer) is a nonsectarian, coeducational institution composed of five schools: Engineering; Science; Architecture; Humanities, Arts, and Social Sciences; and the Lally School of Management & Technology; as well as an interdisciplinary degree in Information Technology. Rensselaer offers more than 145 programs at the bachelor's, master's, and doctoral levels. Students are encouraged to work in interdisciplinary programs that allow them to combine scholarly work from several departments or schools. Rensselaer provides rigorous, engaging, interactive learning environments and campus-wide opportunities for leadership, collaboration, and creativity. Rensselaer Technology Park is a university related park for technology ventures seeking a unique environment focused on the interface between industry and education.

#### 2. Summary of Significant Accounting Policies

##### a. Basis of Presentation and Tax Status

The financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and have been prepared to focus on the Institute as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

The accompanying financial statements include the Rensselaer Hartford Graduate Center, Inc., a branch of the Institute focused on education for working professionals, which is a separate entity consolidated in the financial statements. Rensselaer and the Center are collectively referred to herein as the Institute. All significant inter-organizational accounts have been eliminated in consolidation. The Institute is a not-for-profit organization as described in section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to the Code. In accordance with accounting standards, the Institute evaluates its income tax status each year.

##### b. Net Asset Classification

The Institute is incorporated in and subject to the laws of New York, which incorporate the provisions outlined in the New York Prudent Management of Institution Funds Act (NYPMIFA). Under NYPMIFA, the assets of donor-imposed restricted funds may be appropriated by the Institute for expenditure. Net assets having similar characteristics have been classified in the following categories:

- Net assets *without donor restrictions* are not subject to donor-imposed stipulations and may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Net assets within this classification are generally related to revenues and related expenses associated with the core activities of the Institute. In addition, investment return, changes in post-retirement liabilities and certain types of philanthropic support are also included.

**Rensselaer Polytechnic Institute**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

(in thousands of dollars)

- Net assets *with donor restrictions* are subject to donor-imposed stipulations that they be maintained permanently or until prudently appropriated by the Board of Trustees of the Institute in accordance with New York State law. Generally, the donors of these assets permit the Institute to use all or part of the investment return on these assets to support program activities, principally financial aid and instruction. Net assets within this classification are also subject to donor-imposed or legal stipulations that can be fulfilled by actions of the Institute pursuant to those stipulations or that expire with the passage of time.

Net assets consisted of the following at June 30:

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
<b>Endowment</b>						
True endowment:						
Scholarships	\$ 660	\$ 252,618	\$ 253,278	\$ 741	\$ 178,836	\$ 179,577
Fellowships	3	35,301	35,304	3	25,347	25,350
Faculty support	73	190,163	190,236	76	141,380	141,456
Program support	2,146	241,540	243,686	4,256	181,045	185,301
Awards and prizes	-	10,406	10,406	-	7,745	7,745
Institutional support	126,564	80,276	206,840	69,135	79,177	148,312
Total True endowment	129,446	810,304	939,750	74,211	613,530	687,741
Board-designated endowment:						
Scholarship and fellowships	23,968	373	24,341	23,744	261	24,005
Faculty support	18,156	-	18,156	13,129	-	13,129
Program support	86,768	304	87,072	57,832	-	57,832
Awards and prizes	1,959	2	1,961	1,463	226	1,689
Institutional support	51,481	-	51,481	29,006	2	29,008
Total Board-designated endowment	182,332	679	183,011	125,174	489	125,663
Underwater endowments	-	-	-	(1,571)	(15,456)	(17,027)
Total Endowment	311,778	810,983	1,122,761	197,814	598,563	796,377
<b>Other</b>						
Pledges	-	6,705	6,705	-	7,286	7,286
Gifts	4,222	21,994	26,216	3,269	22,056	25,325
Annuities and trusts	-	30,037	30,037	-	26,322	26,322
Plant and other operations	92,496	2,665	95,161	58,319	2,665	60,984
Defined benefit pension plan	(343,013)	-	(343,013)	(388,975)	-	(388,975)
Total Other	(246,295)	61,401	(184,894)	(327,387)	58,329	(269,058)
Total Net Assets	\$ 65,483	\$ 872,384	\$ 937,867	\$ (129,573)	\$ 656,892	\$ 527,319

**c. Consolidated Statement of Activities**

The Consolidated Statement of Activities reports changes in net assets from operating and nonoperating activities. Operating activities primarily include revenues and expense related to ongoing educational and research efforts as well as gifts and net return on the Institute's endowment. Operating net assets released from restrictions include support for such program activities as financial aid and instruction. Contributions whose donor-imposed restrictions are met in the same reporting period are reported within without donor restrictions net assets. All other contributions with donor-imposed restrictions are reported as with donor restrictions revenues and are reclassified to without donor restrictions net assets when the donor-imposed restriction is satisfied. Expenses are generally reported as decreases in without donor restrictions net assets.

Nonoperating activities primarily include investment return, net of spending, changes in life income and endowment gifts and adjustments to postretirement liabilities. Contributions restricted for the acquisition of land, buildings and equipment and specific programs are reported as with donor restrictions revenues. These contributions are reclassified to without donor restrictions net assets upon being placed in service. Contributions received of a capital

# Rensselaer Polytechnic Institute

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

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(in thousands of dollars)

nature, that is, contributions to be used for facilities and equipment or to be invested by the Institute to generate a return that will support operations, are included in nonoperating activities.

Revenues are derived from various sources as follows:

- *Student related revenue* includes tuition and fee revenue from undergraduate, graduate, and working professionals, as well as, apartment and dorm revenue, meal plan revenue, medical insurance fees, and other auxiliary revenue.

The Institute recognizes student related revenue within the fiscal year in which services are provided. Institutional aid, in the form of scholarships and grants-in-aid, include amounts funded by the Institute's operations, endowment, research funds, and gifts, reduce the published price of tuition and fees, apartment and dorms, and meal plans for students receiving such aid. As such, institutional aid is referred to as a discount and represents the difference between the stated charge for student related revenue and the amount that is billed to the student and/or third parties making payments on behalf of the student. Cash payments to students in excess of published prices, excluding compensation, are reported as *Student aid and fellowship* expense in the consolidated statements of activities.

Payments of tuition and fees, apartment and dorms, and meals for all the terms are recognized as performance obligations are met. Because the academic term for summer spans two reporting periods, a portion of this revenue is included in deferred revenue at June 30, 2021 and 2020. Deferred revenue is shown in Note 2h.

Other auxiliary services revenue includes laptop sales to students, sales within the student union, ticket sales for athletic and community events, parking services, and other miscellaneous activities. Revenue for these items is recorded when the performance obligation is satisfied.

**Rensselaer Polytechnic Institute**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

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(in thousands of dollars)

Student related revenue by contract is as follows:

	2021	2020
<b>Tuition and fee revenue, net</b>		
Undergraduate tuition revenue	\$ 349,261	\$ 350,561
Graduate tuition revenue	60,912	62,889
Education for working professionals revenue	3,526	2,941
Fees	11,031	11,255
Total tuition and fee revenue	424,730	427,646
Institutional aid allocated to tuition and fees	(174,338)	(168,509)
Total tuition and fee revenue, net	\$ 250,392	\$ 259,137
<b>Auxiliary services, net</b>		
Apartment and dorm revenue, net		
Apartment and dorm revenue	\$ 14,718	\$ 31,377
Institutional aid allocated to apartment and dorms	(1,772)	(2,268)
Total apartment and dorm revenue, net	12,946	29,109
Meal plan revenue, net		
Meal plan revenue	10,553	20,882
Institutional aid allocated to meal plans	(419)	(521)
Total meal plan revenue, net	10,134	20,361
Medical insurance fee revenue	3,365	4,444
Other auxiliary services		
Laptop sales	497	1,796
Rensselaer Union	358	979
Other	2,163	1,590
Total other auxiliary services	3,018	4,365
Total auxiliary services revenue, net	\$ 29,463	\$ 58,279

- Contributions* - Contributions, including unconditional promises to give (pledges), are recognized as revenue in the appropriate net asset class in the period received. A pledge is initially recorded at present value based on an appropriate market rate. Restricted contributions are released to without donor restrictions net assets when an expense is incurred that satisfies the donor-imposed restriction, with the exception of restricted contributions received in the same reporting period as the contribution which are reflected in without donor restrictions net assets. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Additional information can be found in Note 3b.

# Rensselaer Polytechnic Institute

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

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(in thousands of dollars)

- **Government grants and contracts** - The Institute receives sponsored program funding from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return or may be a nonreciprocal transaction in which the resources provided are for the benefit of the Institute, the funding organization's mission, or the public at large.

Revenues from exchange transactions are recognized as the performance obligations are met, which in some cases, may be as the related costs are incurred. Revenues from nonexchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and right of return for amounts paid (or a release from obligation to make future payments). Revenues from conditional nonexchange transactions are recognized as the barrier is met.

The Institute has been awarded approximately \$83,189 of grants and contracts which have not been advanced or expended and are classified as conditional contributions as of June 30, 2021, and accordingly, are not recorded in the financial statements.

- **Net investment return** - Net appreciation (depreciation) in the fair value of investments, which consists of dividends and interest, realized gains and losses and the unrealized appreciation or depreciation on those investments, less investment fees, is recognized in the Consolidated Statement of Activities.

**d. Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid debt instruments with maturity of three months or less when purchased. They are carried at cost, which approximated fair value. It has been the Institute's policy to consider short-term highly liquid investments held within the endowment and similar investment pools as investments rather than cash equivalents, and has defined restricted cash as that which is legally restricted as to withdrawal and usage.

**e. Accounts and Notes Receivable**

Accounts and notes receivable include amounts arising from tuition and fees, Rensselaer Technology Park activity and amounts owed on research contracts. They are carried at net realizable value.

**f. Investments**

The Institute's investments are recorded in the financial statements at fair value. Investment income is recorded on an accrual basis, and purchase and sale transactions are recorded on a trade-date basis. Realized gains and losses are recognized on an average cost basis when securities are sold.

**g. Land, Buildings and Equipment**

Land, buildings and equipment are carried at cost or at the fair value at the date of the gift. Depreciation is computed on a straight-line basis over the estimated useful lives of buildings, including building components, (10-50 years) and equipment (5-20 years). All gifts of land, buildings and equipment are recorded as without donor restrictions operating activity unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained; the donor restrictions are reported as being released when the donated or acquired long-lived assets are placed in service.

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**h. Deferred Revenue**

Payments received for future periods are reported as deferred revenue. Deferred revenue includes amounts prepaid for student related revenue, sponsored research and other prepaid amounts. The Rensselaer Tech Park revenue stems primarily from building and land lease revenue and is recorded over the corresponding contract term. The activity and balances for deposits and deferred revenue from contracts with customers are shown in the following table.

	Student Related Revenue	Grants and Contracts	Rensselaer Tech Park	Capital Projects	Total Deferred Revenue
<b>Balance at June 30, 2019</b>	\$ 13,681	\$ 12,965	\$ 16,503	\$ 9,356	\$ 52,505
Revenue recognized	(13,681)	(5,243)	(1,040)	(1,024)	(20,988)
Payments received for future performance obligations	15,401	3,757	1,202	4,976	25,336
<b>Balance at June 30, 2020</b>	15,401	11,479	16,665	13,308	56,853
Revenue recognized	(15,401)	(4,170)	(998)	(1,024)	(21,593)
Payments received for future performance obligations	15,120	2,149	41	-	17,310
<b>Balance at June 30, 2021</b>	<u>\$ 15,120</u>	<u>\$ 9,458</u>	<u>\$ 15,708</u>	<u>\$ 12,284</u>	<u>\$ 52,570</u>

**i. Refundable Government Loan Funds**

Amounts received from the Federal government to fund a portion of the Federally sponsored student loans are ultimately refundable to the Federal government and have been reported as advances from the Federal government for student loans in the consolidated statement of financial position. The recorded value of student loan instruments approximates fair value. The authority to make new Perkins Loans ended on September 30, 2017, and final disbursements were permitted through June 30, 2018. As of June 30, 2021, the Institute has collected approximately \$5,267 that is to be refunded to the Federal government.

**j. Leases**

The Institute reviews the terms and conditions of contracts at their inception to determine whether they contain or are leases. A lease is defined as a contract or part of a contract that provides the Institute a right to use property, plant, or equipment for a period of time in exchange for consideration. Operating lease right-of-use ("ROU") assets are included in "Right of use assets" and corresponding lease liabilities are included in "Right of use liabilities" on the Consolidated Statements of Financial Position. Finance lease ROU assets are included in "Land, buildings and equipment, net" and corresponding finance lease liabilities are included in "Finance leases payable" on the Consolidated Statements of Financial Position.

Operating and Finance lease assets and liabilities are recognized for those leases whose lease term as of the contracted commencement date exceeds 12 months. The lease term is defined as the contractual right of use period and includes any extension period the Institute is reasonably certain to exercise. The ROU assets and liabilities are initially recognized at the lease commencement date at the aggregate amount of contracted lease payments, discounted utilizing the Institute's incremental borrowing rate or the lessor's implicit rate (if known). Non-lease components, such as maintenance, are accounted for separately by the Institute and are not included in the calculation of finance and operating ROU assets and liabilities. Some of the Institute's leases require variable payments that may depend on usage or output, and these variable payments are excluded in the measurement of ROU assets and liabilities.

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**k. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**l. Risks and Uncertainties**

In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. The spread of COVID-19 worldwide has had a significant negative impact on the global, national, state and local economies and, as a result, financial markets have and continue to experience volatility. The values of certain investments have and will fluctuate in response to changing market conditions and, therefore, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. The Institute's operations were significantly disrupted after the issuance of the "New York State on PAUSE" executive order requiring the closure of the campus and transition to online delivery of academic instruction. The Institute has made adjustments to its campus facilities and business operations to re-open for the Fall term in academic year 2021-22. As of the issuance of these financial statements, the full impact of the COVID-19 outbreak and its potential impact on the Institute continues to evolve.

**m. Recently Adopted Accounting Standards**

*ASU 2018-13: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*

On August 28, 2018, the FASB issued ASU 2018-13, which amends the fair value measurement disclosure requirements of ASC 820. The amendments of ASU 2018-13 include new, eliminated, and modified disclosure requirements of ASC 820. In addition, the amendments clarify that materiality is an appropriate consideration of entities when evaluating disclosure requirements. The ASU is effective for all entities for fiscal years beginning after December 15, 2019, including interim periods therein. The adoption of ASU No. 2018-13 did not have a material impact on the Institute's financial statements.

**n. Accounting Standards to be Adopted**

*ASU 2020-07: Presentation and Disclosure by Not-For-Profit Entities for Contributed Nonfinancial Assets*

In September 2020, the FASB issued ASU 2020-07. The objective of this standard is to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets (apart from cash and other financial assets) for not-for-profits, including additional disclosure requirements for recognized contributed services. The ASU is effective for fiscal years beginning after June 15, 2021. The Institute is in the process of evaluating the impact of the ASU, which will be adopted in fiscal year 2022.



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**3. Receivables**

**a. Accounts Receivable**

The Institute's receivables are comprised of student related, research, training and other agreements and are reviewed and monitored for aging and collectability on a regular basis. Payment on any outstanding accounts receivables are generally expected to occur within the following fiscal year. There is also a corresponding allowance for uncollectible accounts at June 30, 2021 and 2020. Accounts receivable from the following sources were outstanding as of June 30:

	<b>2021</b>	<b>2020</b>
Student related receivables	\$ 8,817	\$ 6,979
Research, training and other agreements	34,834	45,886
Rensselaer technology park	280	323
Other	1,951	1,603
	<u>45,882</u>	<u>54,791</u>
Gross account receivable		
Less: Allowance for doubtful accounts	<u>(1,167)</u>	<u>(790)</u>
Net accounts receivable	<u>\$ 44,715</u>	<u>\$ 54,001</u>

**b. Contributions Receivable**

Contributions receivable are expected to be collected as follows at June 30:

	<b>2021</b>	<b>2020</b>
Less than one year	\$ 1,495	\$ 5,237
Between one and five years	14,639	16,417
More than five years	6,165	8,372
	<u>22,299</u>	<u>30,026</u>
Gross contributions receivable		
Less: Unamortized discount	(3,029)	(3,668)
Less: Allowance for uncollectible amounts	<u>(392)</u>	<u>(298)</u>
Net contributions receivable	<u>\$ 18,878</u>	<u>\$ 26,060</u>

Bequest expectancies as of June 30, 2021 totaling \$139,888 have been excluded from these amounts and are not recorded in the financial statements. In compliance with donor stipulations related to a \$360,000 transformational gift received in 2001, revenue is being recognized as periodic cash payments are received. Revenue of \$10,000 related to the transformational gift was recognized in 2021 and 2020, respectively.

**c. Student Loans Receivable**

Student loan programs are funded by many sources, including institutional sources and governmental programs, including the Federal Perkins Loan Program. The amount received from the government's portion of the Perkins loan program are refundable to the federal government and reported as a liability on the Institute's statement of financial position. The

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Federal Perkins Loan Program expired on September 30, 2017 and no new disbursements are permitted after June 30, 2018. The Institute began liquidation of its revolving fund in fiscal year 2019.

The Institute regularly assesses the adequacy of the allowance for credit losses relating to these loans by performing ongoing evaluations of the student loan portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, and the level of delinquent loans.

The following provides enhanced disclosures about the student loan receivables and allowances associated with the institutional and federal loan programs.

	2021			2020		
	Receivable	Allowance	Net Receivable	Receivable	Allowance	Net Receivable
Institutional loans	\$ 818	\$ (722)	\$ 96	\$ 852	\$ (722)	\$ 130
Federal loans	14,210	(1,299)	12,911	19,707	(1,299)	18,408
Total loan receivable	<u>\$ 15,028</u>	<u>\$ (2,021)</u>	<u>\$ 13,007</u>	<u>\$ 20,559</u>	<u>\$ (2,021)</u>	<u>\$ 18,538</u>

	2021			2020		
	Institutional	Federal	Total Allowance	Institutional	Federal	Total Allowance
Allowance at beginning of year	\$ (722)	\$ (1,299)	\$ (2,021)	\$ (716)	\$ (1,299)	\$ (2,015)
Current year provisions	-	-	-	(6)	-	(6)
Allowance at end of year	<u>\$ (722)</u>	<u>\$ (1,299)</u>	<u>\$ (2,021)</u>	<u>\$ (722)</u>	<u>\$ (1,299)</u>	<u>\$ (2,021)</u>

**4. Split Interest Agreements**

Split interest gift agreements consist primarily of irrevocable charitable remainder trusts, pooled income funds and charitable gift annuities for which the Institute is the remainder beneficiary. Assets held in these trusts are included in investments and recorded at their fair value when received. The value of split interest assets included in the investments at June 30, 2021 and 2020 were \$14,463 and \$13,534, respectively. Contribution revenues are recognized at the dates the trusts are established net of the liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the agreements for changes in the value of the assets, accretion of the discount and other changes in the estimates of future benefits. Discount rates range from 0.6% to 10.6%. The liability for the present value of deferred gifts of \$7,045 and \$6,650 at June 30, 2021 and 2020, respectively, is based upon actuarial estimates and assumptions regarding the duration of the agreements and the rates to discount the liability. Circumstances affecting these assumptions can change the estimate of this liability in future periods.

Rensselaer is also beneficiary of certain perpetual trusts held and administered by others. The fair value of these trusts at June 30, 2021 and 2020 was \$89,896 and \$72,359 respectively and included in the investment balance. The present values of the estimated future cash receipts from the trusts are recognized as contributions from external trusts and contribution revenue at the date Rensselaer is notified of the establishment of the trust. Distributions from the trusts are recorded

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as investment income in the period they are received and the fair value of the institutions investment of those distributions are disclosed in Note 6. Changes in fair value of the trusts are recorded as gain or loss in with donor restrictions net assets.

**5. Financial Assets and Liquidity Resources**

As of June 30, 2021, and 2020, the Institute has the following financial assets that are available within one year of the balance sheet date to meet cash needs for general expenditures. In addition to these assets, a significant portion of the Institute's annual expenditures will be funded by current year operating revenues including tuition and grant and contract income. The Institute has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

	<b>2021</b>	<b>2020</b>
Financial assets:		
Cash	\$ 50,939	\$ 23,760
Accounts receivable	10,565	8,177
Loan receivable	263	190
Contributions receivable	1,495	5,237
Investments: appropriated for spending in the following year	<u>30,993</u>	<u>29,463</u>
Total financial assets available within one year	94,255	66,827
Liquidity resources:		
Bank lines of credit (undrawn)	<u>75,000</u>	<u>55,000</u>
	<u>\$ 169,255</u>	<u>\$ 121,827</u>

Additionally, within the endowment the Institute has board-designated funds of \$166,349 and \$112,561 and accumulated gains from unrestricted endowments of \$126,564 and \$67,564, at June 30, 2021 and 2020. Although the Institute does not intend to spend from this endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process or as subsequently approved by the Board of Trustees, amounts from its board-designated funds and accumulated gains from unrestricted endowments could be made available if necessary.

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**6. Investments**

The Institute's investments are overseen by the Investment Committee of the Board of Trustees. The fair value and cost of investments at June 30 is as follows:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 24,590	\$ 24,590	\$ 20,701	\$ 20,701
Fixed income	106,780	101,359	76,039	69,209
Domestic equity	303,725	200,157	211,584	187,607
Global equity	43,811	20,229	37,973	21,400
Foreign equity	183,993	125,247	143,739	124,447
Real assets	20,072	56,889	21,966	73,912
Marketable alternatives	78,184	59,451	55,378	51,966
Private investments	233,971	79,073	104,221	82,468
	<u>995,126</u>	<u>666,995</u>	<u>671,601</u>	<u>631,710</u>
Perpetual trusts held by others	89,896	51,688	72,359	51,688
Total investments	<u>\$ 1,085,022</u>	<u>\$ 718,683</u>	<u>\$ 743,960</u>	<u>\$ 683,398</u>

At June 30, 2021, Rensselaer has committed to investing approximately an additional \$18,305 in private investments related to various equity and real asset partnerships.

**a. Investment Classification Descriptions**

***Fixed Income***

This category contains investments in public and nonpublic fixed income securities, including convertible bonds, corporate bonds, foreign sovereign bonds, high yield bonds, annuity contracts, and U.S. government and government sponsored bonds. These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are subject to a variety of liquidity restrictions that normally range from three days to three months.

***Domestic Equity***

This category includes investments in U.S. equities. These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are subject to a variety of liquidity restrictions that normally range from three days to three months.

***Global Equity***

This category contains investments in U.S. and non-U.S. developed and emerging market equities. These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are subject to a variety of liquidity restrictions that normally range from three days to three months.

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#### ***Foreign Equity***

This category contains investments in non-U.S. developed and emerging market equities. These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are subject to a variety of liquidity restrictions that normally range from three days to three months.

#### ***Real Assets***

This category contains investments in a U.S. and non-U.S. assets, including real estate, infrastructure, and commodity. These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are long-term in nature and liquidity is asset specific.

#### ***Marketable Alternatives***

This category contains investments in a variety of partnerships and similar entities focused on primarily marketable investments in the U.S and non-U.S. markets. The individual managers utilize a variety of strategies, including distressed, event-driven, long/short, relative value, global macro, and sector specific. Most of these investments have an initial lockup period and offer liquidity, thereafter, ranging from thirty days to one year.

#### ***Private Investments***

This category contains investments in U.S. and non-U.S. partnerships and similar entities focused primarily on venture capital investments, buyouts, growth equity, real estate, infrastructure, commodity, and fixed income. The capital commitments made by the Institute are drawn down over time by the manager. As investments mature and/or are realized, distributions are made by the manager to the Institute during the life of the partnership, typically 10 years. The Institute does not have any redemption rights in these investments.

#### ***Perpetual Trusts***

This category includes certain perpetual trusts held and administered by others for which Rensselaer is the beneficiary.

#### **b. Spending from Endowment Funds**

Rensselaer has adopted a “total return” policy for endowment spending. This approach considers current yield (primarily interest and dividends) as well as the net appreciation in the market value of investments when determining a spending amount. Under this policy, the Board of Trustees establishes a spending rate which is then applied to the average market value of investments. Current yield is recorded as revenue and the difference between current yield and the spending rate produces the use of realized gains spent under the total return formula.

#### **c. Fair Value**

The Institute is permitted under US GAAP to estimate the fair value of an investment at the measurement date using the reported Net Asset Value (NAV) without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US GAAP. The Institute’s investments in private investments, real assets and marketable alternatives are fair valued based on the most current NAV.

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The Institute performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with US GAAP. The Institute has assessed factors including, but not limited to, managers' compliance with Fair Value Measurement standard, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date.

The three levels are fair value hierarchies related to Institute valued and directly managed investments are:

- Level 1 Quoted prices in active markets for identical assets or liabilities. Market price data is generally obtained from exchange or dealer markets.
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities. Inputs are obtained from various sources including market participants, dealers, and brokers.
- Level 3 Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment.

Directly managed corporate investments which can be redeemed at net asset value (NAV) by the Institute on the measurement date or in the near future are classified as Level 2. Directly managed investments which cannot be redeemed on the measurement date or in the near term are classified as Level 3.

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The following table presents the financial instruments carried at fair value as of June 30, 2021 and 2020, by caption on the consolidated statement of financial position, based on the valuation hierarchy defined above:

	<b>2021</b>				
	<b>Quoted Prices in Active Markets Level 1</b>	<b>Significant Other Observable Level 2</b>	<b>Significant Unobservable Level 3</b>	<b>NAV Investments Valued by Practical Expedient</b>	<b>Total Fair Value</b>
Cash and cash equivalents	\$ 24,153	\$ 437	\$ -	\$ -	\$ 24,590
Fixed income	76,751	-	2,895	27,134	106,780
Domestic equity	303,670	-	35	20	303,725
Global equity	43,811	-	-	-	43,811
Foreign equity	118,648	-	-	65,345	183,993
Real assets	2,510	-	1,002	16,560	20,072
Marketable alternatives	-	-	-	78,184	78,184
Private investments	-	-	896	233,075	233,971
	<u>569,543</u>	<u>437</u>	<u>4,828</u>	<u>420,318</u>	<u>995,126</u>
Perpetual trusts held by others	-	-	89,896	-	89,896
Total investments	<u>\$ 569,543</u>	<u>\$ 437</u>	<u>\$ 94,724</u>	<u>\$ 420,318</u>	<u>\$ 1,085,022</u>
	<b>2020</b>				
	<b>Quoted Prices in Active Markets Level 1</b>	<b>Significant Other Observable Level 2</b>	<b>Significant Unobservable Level 3</b>	<b>NAV Investments Valued by Practical Expedient</b>	<b>Total Fair Value</b>
Cash and cash equivalents	\$ 20,291	\$ 410	\$ -	\$ -	\$ 20,701
Fixed income	53,449	-	-	22,590	76,039
Domestic equity	210,136	-	35	1,413	211,584
Global equity	37,973	-	-	-	37,973
Foreign equity	96,119	-	-	47,620	143,739
Real assets	-	-	2,813	19,153	21,966
Marketable alternatives	-	-	-	55,378	55,378
Private investments	-	-	890	103,331	104,221
	<u>417,968</u>	<u>410</u>	<u>3,738</u>	<u>249,485</u>	<u>671,601</u>
Perpetual trusts held by others	-	-	72,359	-	72,359
Total investments	<u>\$ 417,968</u>	<u>\$ 410</u>	<u>\$ 76,097</u>	<u>\$ 249,485</u>	<u>\$ 743,960</u>

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Investments valued using the practical expedient primarily include Rensselaer's ownership in alternative investments (principally limited partnership interests in marketable alternatives, private investments, real estate, and other similar funds). The value of certain alternative investments represents the ownership interest in the NAV of the respective partnership and consists of securities that do not have readily determinable fair values. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The Institute regularly reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of these investments.

The Institute's investment holdings that are categorized as Level 3 investments primarily consist of interests in perpetual trusts of which the Institute is a named beneficiary and receives periodic cash distributions. They are classified as Level 3 due to the inability for the Institute to redeem or liquidate these interests. The interests are valued at the observable input of the corresponding trust investment value, adjusted ratably for the Institute's proportional beneficiary share. In aggregate, other investments classified as Level 3 for the years ended June 30, 2021 and 2020 were not material to the Institute's financial statements.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Institute believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table is a roll-forward of the consolidated statement of financial position amounts at June 30, 2021 and 2020 for financial instruments classified by Rensselaer within Level 3 of the fair value hierarchy defined above:

	<b>2021</b>					
	<b>Fixed Income</b>	<b>Domestic Equity</b>	<b>Real Assets</b>	<b>Private Investments</b>	<b>Perpetual Trusts</b>	<b>Total</b>
<b>Level 3 Investments</b>						
<b>Fair value, beginning of year</b>	\$ -	\$ 35	\$ 2,813	\$ 890	\$ 72,359	\$ 76,097
Purchases	-	-	-	-	-	-
Sales	-	-	-	(365)	-	(365)
Change in value	2,895	-	-	371	17,537	20,803
Transfers in/(out)	-	-	(1,811) <sup>(a)</sup>	-	-	(1,811)
<b>Fair value, end of year</b>	<b>\$ 2,895</b>	<b>\$ 35</b>	<b>\$ 1,002</b>	<b>\$ 896</b>	<b>\$ 89,896</b>	<b>\$ 94,724</b>

<sup>(a)</sup> Transferred from Level 3 to Level 1 because observable market data became available for the securities



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	2020					Total
	Fixed Income	Domestic Equity	Real Assets	Private Investments	Perpetual Trusts	
<b>Level 3 Investments</b>						
<b>Fair value, beginning of year</b>	\$ -	\$ 35	\$ 3,056	\$ 890	\$ 68,524	\$ 72,505
Purchases	-	-	-	-	-	-
Sales	-	-	-	-	-	-
Change in value	-	-	(243)	-	3,835	3,592
<b>Fair value, end of year</b>	<u>\$ -</u>	<u>\$ 35</u>	<u>\$ 2,813</u>	<u>\$ 890</u>	<u>\$ 72,359</u>	<u>\$ 76,097</u>

Contributions from external remainder trusts, reported separately from investments at market, are also considered Level 3 of the fair value hierarchy defined above. The following table rolls forward the values, as of June 30:

	2021	2020
<b>Level 3 Contributions from external remainder trusts</b>		
<b>Fair value, beginning of year</b>	\$ 19,437	\$ 24,005
Unrealized gains (loss)	3,965	347
Purchases / gifts	-	-
Sales / settlements	(783)	(4,915)
<b>Fair value, end of year</b>	<u>\$ 22,619</u>	<u>\$ 19,437</u>

There were no material transfers or valuation changes between hierarchies Level 1 and Level 2 during fiscal year 2021.

The following table provides additional information about the Institute's investments, which are recorded at NAV as of June 30, 2021:

Asset Class	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period	Redemption Restrictions
Fixed income	\$ 27,134	\$ -	Daily	Same Day	NA*
Domestic equity	20	-	NA*	NA*	NA*
Foreign equity	65,345	-	Daily-Monthly	Same Day-10 Days	NA*
Real assets	16,560	2,168	NA*	NA*	NA*
Marketable alternatives	78,184	-	Quarterly-Annually	30-90 Days	0-1 Year lock-up provisions
Private investments	233,075	16,137	NA*	NA*	NA*
<b>Total</b>	<u>\$ 420,318</u>	<u>\$ 18,305</u>			

\*The Institute does not have redemption rights in these investments, remaining lives are up to 10 years

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**7. Endowment**

Rensselaer's endowment consists of approximately 763 individual donor restricted endowment funds and 88 board designated endowment funds for a variety of purposes plus assets that have been designated for endowment: pledges receivables, split interest agreements, and other net assets. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. The endowment does not include any term endowments. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment and similar funds are invested under direction of the Board of Trustees to achieve maximum long-term total return with prudent concern for the preservation of investment capital. All investments of endowment and similar funds are recorded in the statement of financial position as long-term investments, including cash balances held by external investment managers. The fair value of endowment investments (separately invested and pooled) was \$1,055,030 and \$728,674 as of June 30, 2021 and June 30, 2020, respectively.

Endowment net assets, excluding unspent income funds, consist of the following at June 30:

	<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
True endowment funds	\$ 126,564	\$ 778,828	\$ 905,392
Board designated endowment funds	<u>166,349</u>	<u>-</u>	<u>166,349</u>
Total endowment net assets	<u>\$ 292,913</u>	<u>\$ 778,828</u>	<u>\$ 1,071,741</u>
	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
True endowment funds	\$ 67,563	\$ 567,623	\$ 635,186
Board designated endowment funds	<u>112,561</u>	<u>-</u>	<u>112,561</u>
Total endowment net assets	<u>\$ 180,124</u>	<u>\$ 567,623</u>	<u>\$ 747,747</u>

The unrestricted portion of true endowment funds represent amounts that have been appropriated by the Board of Trustees but not yet drawn from the endowment, net of the effect of underwater endowments.

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Changes in endowment net assets as of June 30:

	<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment net assets, beginning of year</b>	\$ 180,124	\$ 567,623	\$ 747,747
Net gifts	4,946	11,486	16,432
Yield (dividends and interest)	7,307	5,649	12,956
Investment return, net	117,785	206,673	324,458
Reclassifications and other changes	-	2,464	2,464
Endowment additions	<u>130,038</u>	<u>226,272</u>	<u>356,310</u>
Amounts appropriated for expenditure	<u>7,307</u>	<u>25,009</u>	<u>32,316</u>
Endowment deductions	<u>7,307</u>	<u>25,009</u>	<u>32,316</u>
<b>Endowment net assets, end of year</b>	<u>\$ 302,855</u>	<u>\$ 768,886</u>	<u>\$ 1,071,741</u>
	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Endowment net assets, beginning of year</b>	\$ 188,940	\$ 560,884	\$ 749,824
Net gifts	37	8,807	8,844
Yield (dividends and interest)	6,989	4,989	11,978
Investment return, net	1,017	3,328	4,345
Reclassifications and other changes	(182)	3,775	3,593
Endowment additions	<u>7,861</u>	<u>20,899</u>	<u>28,760</u>
Amounts appropriated for expenditure	<u>16,677</u>	<u>14,160</u>	<u>30,837</u>
Endowment deductions	<u>16,677</u>	<u>14,160</u>	<u>30,837</u>
<b>Endowment net assets, end of year</b>	<u>\$ 180,124</u>	<u>\$ 567,623</u>	<u>\$ 747,747</u>

**a. Interpretation of Relevant Law**

The New York Prudent Management of Institutional Funds Act (“NYPMIFA”) became effective on September 17, 2010 and governs the management and investment of funds held by not-for-profit corporations and other institutions. Absent donor stipulations to the contrary, the statutory guidelines contained in NYPMIFA relate to the prudent management, investment and expenditure of donor-restricted endowment funds without regard to the original value of the gifts. However, NYPMIFA contains specific factors that must be considered prior to making investment decisions or appropriating funds for expenditure.

The Board of Trustees’ interpretation of its fiduciary responsibilities for donor-restricted endowment funds under New York State’s Not-for-Profit Corporation Law, including NYPMIFA, is to preserve intergenerational equity to the extent possible by prudently managing, investing, and spending from the endowment funds. This principle holds that future endowment beneficiaries should receive at least the same level of economic support that the

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current generation receives. As a result of this interpretation, the Institute classifies as with donor restrictions net assets the un-appropriated portion of (a) the original value of gifts donated to a true endowment fund, (b) the original value of subsequent gifts to a true endowment fund, and (c) accumulations to a true endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unspent appropriations related to donor-restricted endowment funds are classified as with donor restricted net assets until the amounts are expended by the Institute in a manner consistent with the donor's intent. The remaining portion of donor-restricted endowment funds that are not classified as with donor restricted net assets are classified as without donor restricted net assets.

The Board of Trustees determines the appropriate amount to withdraw from endowment and similar funds on an annual basis to provide support for operations with prudent concern for the long-term growth in the underlying assets as well as the specific factors detailed in NYPMIFA. The Board-approved spending policy is designed to insulate endowment support for programming from short-term fluctuations in capital markets.

**b. Funds with Deficiencies**

From time to time, the fair value of assets associated with individual endowment funds may fall below the value of the initial and subsequent donor gift amounts. To the extent that a donor restricted endowment fund falls below its historic value a deficit would exist, and it would be reported as a reduction of net assets with donor restrictions. Subject to the terms of the gift, spending from an endowment fund in a deficit position would continue under the spending policy so long as the fund is impaired less than ten percent relative to its historical dollar value. When deficiencies exist, they are classified in the net asset category where the original gift was classified. Deficiencies reported in with donor restrictions net assets were \$0 and \$15,456 as of June 30, 2021 and 2020, respectively. Currently, no donor restricted endowment funds exist with deficiencies. Deficiencies reported in without donor restrictions net assets were \$0 and \$1,571 as of June 30, 2021 and 2020, respectively. Currently, the Institute has no funds with deficiencies in without donor restrictions.

**c. Return Objectives and Risk Parameters**

Rensselaer has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. Rensselaer expects its endowment funds over time, to provide an average rate of return of approximately 7.1 percent annually. Actual returns in any given year may vary from this amount.

**d. Strategies Employed for Achieving Investment Objectives**

To achieve its long-term rate of return objectives, Rensselaer relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). Rensselaer targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

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**e. Endowment Spending Policy**

The Board of Trustees of Rensselaer determines the method to be used to appropriate endowment funds for expenditure. Calculations are performed for individual endowment funds at a rate of 5.0 percent of the rolling 20 quarter average market value on a unitized basis one year subsequent to the calculation. From time to time the Board of Trustees may authorize a temporary increase in the spending rate to provide additional temporary support for Institute operations while ensuring the long-term sustainability of the endowment. The corresponding calculated spending allocations are distributed in equal quarterly installments on the first day of each quarter from the current net total or accumulated net total investment returns for individual endowment funds. In establishing this policy, the Board considered the expected long-term rate of return on its endowment.

**8. Land, Building, and Equipment**

Land, buildings, and equipment consist of the following at June 30:

	<b>2021</b>	<b>2020</b>
Land and land improvements	\$ 39,876	\$ 38,787
Buildings	973,537	966,156
Equipment	207,312	248,014
Construction in progress	<u>12,977</u>	<u>19,005</u>
Gross land, building and equipment	1,233,702	1,271,962
Less: Accumulated depreciation	<u>(576,371)</u>	<u>(587,262)</u>
Net land, building and equipment	<u>\$ 657,331</u>	<u>\$ 684,700</u>

Building assets includes the value of the Asset Retirement Obligation intangible for which amortization of \$8 was reported for the periods ended June 30, 2021 and 2020. The depreciation and amortization expense related to the building, land improvements and equipment were \$31,107 and \$30,023 in the periods ended June 30, 2021 and 2020, respectively.

As of June 30, 2021, Rensselaer had \$568 of open commitments to contractors for construction work being performed.

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**9. Bonds and Notes Payable**

The Institute has entered into various debt obligations, all of which are repaid from the general operations of the Institute, as appropriate. Outstanding bonds and notes payable are as follows:

	Year of Final Maturity	Average Annual Interest Rate	Outstanding	
			2021	2020
Troy Industrial Development Authority Civic Facility Issue Series 2002E (Note a) - Fixed	2037	4.99 %	\$ -	\$ 24,563
City of Troy Capital Resource Corporate Series				
Series 2010B (Note b) - Fixed	2021	4.39 %	2,937	12,406
Series 2015 (Note e) - Fixed	2035	3.21 %	69,084	71,622
Series 2020A (Note b) - Fixed	2040	2.43 %	304,684	309,432
Series 2021 (Note i) - Fixed	2036	1.41 %	23,709	-
Series 2018 Taxable Bonds (Note g) - Fixed	2048	5.25 %	134,518	134,501
Senior Notes				
Series 2011A (Note c) - Fixed	2026	4.35 %	39,907	39,889
Series 2014A (Note d) - Fixed	2029	3.99 %	39,991	39,990
Series 2018 (Note f) - Fixed	2035	4.76 %	59,963	62,961
Private Notes				
IBM Credit LLC (Note h)- Fixed	2021	3.15 %	13,251	19,671
Total bonds and notes payable			<u>\$ 688,044</u>	<u>\$ 715,035</u>

	2021	2020
Debt issuance costs	\$ (3,398)	\$ (3,983)
Net bond premium (discount)	<u>54,751</u>	<u>57,747</u>
Net components subject to amortization	51,353	53,764
Bond principal	<u>636,691</u>	<u>661,271</u>
Total bonds and notes payable	<u>\$ 688,044</u>	<u>\$ 715,035</u>

Debt outstanding is inclusive of bond premiums, discounts, and debt issuance costs and, where applicable, are being amortized on the straight-line method over an applicable term for the related indebtedness.

At June 30, 2021 and 2020, Rensselaer did not have assets held by trustees for construction, debt service and other project-related expenses.

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#### **Notes to Debt Outstanding**

- a. On May 1, 2002, Rensselaer entered into an agreement with the Troy Industrial Development Authority, which provided for the issuance of \$218,880 in Series 2002 A-E revenue bonds, including \$202,980 in variable rate mode. The transaction also generated a \$1,130 premium on the Series 2002A bonds. Proceeds from the issue in the amount of \$203,150 were utilized for the construction costs of two buildings, related campus-wide infrastructure improvements, issuance costs and to legally defease Dormitory Authority Series 1993 Bonds. On April 20, 2010 Series 2002 B, C and D bonds totaling \$177,980 were refinanced with Series 2010 A Tax-Exempt bond. On September 1, 2011 Rensselaer remarketed its Series 2002E bonds for \$25,000 to convert them from variable rate to fixed rate bonds. Maturities on the bonds range from 2026 to 2037 with a final maturity on April 1, 2037. Interest rates on the bond range from 4.63% to 5.20% are due March 1 and September 1, commencing on March 1, 2012. On June 15, 2021, Rensselaer entered into an agreement with the City of Troy Capital Resource Corporation to issue Series 2021 bonds in the amount of \$19,990. These bonds were issued for the sole purpose of legally defeasing and refunding the Series 2002E bonds.
- b. On April 20, 2010, Rensselaer entered into an agreement with the City of Troy Capital Resource Corporation which provided for the issuance of \$358,810 in fixed rate revenue bonds, Series 2010A for \$311,630 and Series 2010B for \$47,180. Proceeds from the issuance were used to refinance Series 2002 B, C and D, Series 2007 and Series 2008 A and B bonds as well as paying 2010 termination expenses on several interest rate swap agreements. Interest rates on the bonds range from 5.00% to 5.13%. Maturities on the bonds range from 2012 to 2030 with a final maturity of September 1, 2040. Interest payments are due March 1 and September 1, commencing on September 1, 2010. On June 3, 2020 Rensselaer entered into an agreement with the City of Troy Capital Resource Corporation which provided for the issuance of \$261,165 in fixed rate revenue refunding bonds, Series 2020A. The transaction generated a \$50,467 premium. Proceeds from the issuance were used to redeem and defease Series 2010A. Interest rates on the bonds range from 4.00% to 5.00%. Maturities on the bonds range from 2021 to 2040 with a final maturity of September 1, 2040. Interest payments are due March 1 and September 1 commencing on September 1, 2020.
- c. On September 27, 2011, Rensselaer issued Series 2011-A Senior Notes pursuant to a note purchase agreement. Proceeds from this \$40,000 issuance were applied to the defined benefit pension obligation. The interest on the notes is 4.35%. Final maturity date on the notes is September 1, 2026. Interest payments are due March 1 and September 1, commencing on March 1, 2012. The note is an unsecured obligation of the Institute.
- d. On December 15, 2014, Rensselaer issued Series 2014-A Senior Notes pursuant to a note purchase agreement. Proceeds from this \$40,000 issuance were applied to the defined benefit pension obligation. The interest on the notes is 3.99%. Final maturity date on the notes is December 14, 2029. Interest payments are due June 15 and December 15, commencing on June 15, 2015. The note is an unsecured obligation of the Institute.
- e. On December 1, 2015, Rensselaer entered into an agreement with the City of Troy Capital Resource Corporation which provided for the issuance of \$80,000 in fixed rate revenue bonds, Series 2015. The transaction generated a \$7,400 premium. Proceeds from the issuance

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were used to legally defease Series 1999 A&B and Series 2006 revenue bonds. Interest rates on the bonds range from 1.5% to 5.0%. Maturities on the bonds range from 2016 to 2032 with final maturity August 1, 2035.

- f. On December 17, 2018, Rensselaer issued Series 2018 Senior Notes pursuant to a note purchase agreement. Proceeds from this \$65,000 issuance were used to pay off a portion of the Series 2010 Taxable bonds. The interest rate on the notes is 4.76%. Final maturity date is December 17, 2035. Interest payments are due June 17 and December 17, commencing on June 17, 2019. The note is an unsecured obligation of the institute.
- g. On December 17, 2018 Rensselaer issued Taxable bonds for \$135,000. Proceeds from this issuance were used to pay off a portion of the Series 2010 Taxable bonds. The interest rate on the bonds is 5.246%. Maturity date on the bonds is September 1, 2048. Interest payments are due March 1 and September 1, commencing on March 1, 2019. The bonds are an unsecured general obligation of the institute.
- h. On October 15, 2019 Rensselaer entered into two financing agreements with IBM Credit LLC in the aggregate amount of \$26,137. Proceeds from these agreements were used to fund the acquisition of a high performance computing system supporting the IBM-New York State AI Testbed initiative, which is pledged as collateral. The interest rate of this financing is 3.15% with principal payments to be made on August 1, 2020 and August 1, 2021. Principal payments on these obligations are funded with the proceeds from a grant from the SUNY Research Foundation in support of the AI Testbed initiative.
- i. On June 15, 2021, Rensselaer entered into an agreement with the City of Troy Capital Resource Corporation which provided for the issuance of \$19,990 in fixed rate revenue bonds, Series 2021. The transaction generated a \$4,030 premium. Proceeds from the issuance were used to legally defease Series 2002E revenue bonds. Interest rates on the bonds range from 4% to 5%. Maturities on the bonds range from 2022 to 2036 with final maturity September 1, 2036.
- j. Letters of Credit.

As of June 30, 2021, Rensselaer had a standby letter of credit with Bank of America of \$750 for general liability insurance security purposes related to current construction projects on the Troy, New York campus. There were no draws against this letter of credit during the fiscal year.



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The Institute has an unsecured line of credit with Bank of America valued at \$35,000, with interest calculated on the outstanding balance at a daily rate of term LIBOR plus 1.10% or at Prime Rate minus 0.50%. The Institute also has a second unsecured line of credit with Bank of America valued at \$10,000, with interest calculated on the outstanding balance at a daily rate of term LIBOR plus 1.90% or at Prime Rate minus 0.50%. There were no outstanding balances on the lines of credit at June 30, 2021 and June 30, 2020. The Institute has an unsecured line of credit with Key Bank valued at \$30,000, with interest calculated on the outstanding balance at a daily rate of term LIBOR plus 2.00%. There were no outstanding balances on the line of credit at June 30, 2021 and June 30, 2020. The Bank of America lines have renewal dates of January 31, 2022 and August 26, 2021, and the Key Bank line has a renewal date of August 19, 2021.

Principal payments due on all long-term debt as of June 30, 2021 for each of the next five fiscal years are:

<b>Year</b>	<b>Amount</b>
2022	\$ 28,111
2023	19,040
2024	19,665
2025	23,395
2026	24,035
Principal payments thereafter	<u>522,445</u>
Total bonds and notes principal payable	636,691
Net premiums and debt issuance costs	<u>51,353</u>
Bonds and notes payable	<u>\$ 688,044</u>

**10. Retirement Plans**

**Defined Benefit Plans**

The following table sets forth Rensselaer's defined benefit and postretirement plans' change in projected benefit obligation, change in plan assets, funded status (the postretirement plans are unfunded) and amounts recognized in Rensselaer's balance sheet at June 30, 2021 and 2020. The defined benefit plan calculations were based upon data as of or projected to June 30, 2021 and 2020. Postretirement benefit plan calculations were based upon data as of July 1, 2020 and 2019. Rensselaer's funding policy is based upon and is in compliance with ERISA requirements.

The Institute's amortization period used for actuarial gains and losses utilizes the expected future lifetime of inactive participants in the plan, which is reflective of the fact that greater than 90% of the pension plan participants are now inactive. Additionally, the Institute previously amended its pension plan to freeze all future benefit accruals for future service of all plan participants. This freeze was treated as a curtailment and has been reflected as such within the footnote disclosures.

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In fiscal year 2020, the Institute updated its actuarial assumptions related to participant mortality from the white-collar mortality table RP-2014 to Pri-2012, and for fiscal 2021 scaled the table to project future mortality improvements using projection scale MP-2020.

	Defined Benefit		Post-Retirement	
	2021	2020	2021	2020
<b>Change in benefit obligation</b>				
<b>Benefit obligation, beginning of year</b>	\$ (373,670)	\$ (366,279)	\$ (21,352)	\$ (17,634)
Service cost	-	-	(827)	(806)
Interest cost	(9,024)	(11,500)	(448)	(611)
Plan participants' contribution	-	-	(900)	(1,408)
Amendments/Curtailments/Special	-	-	216	-
Actuarial gain (loss)	(10,825)	(25,921)	1,400	(3,072)
Benefits paid	27,598	30,030	1,895	2,179
<b>Benefit obligation, end of year</b>	<b>\$ (365,921)</b>	<b>\$ (373,670)</b>	<b>\$ (20,016)</b>	<b>\$ (21,352)</b>

The accumulated benefit obligation for the defined benefit pension plan was \$365,921 and \$373,670 as of June 30, 2021 and 2020, respectively.

	Defined Benefit		Post-Retirement	
	2021	2020	2021	2020
<b>Change in plan assets</b>				
Fair value plan assets, beginning of year	\$ 240,825	\$ 262,140	\$ -	\$ -
Actual return on plan assets	65,810	4,315	-	-
Employer contribution	18,165	4,400	995	770
Plan participants' contributions	-	-	900	1,409
Benefits paid	(27,598)	(30,030)	(1,895)	(2,179)
Fair value plan assets, end of year	<b>\$ 297,202</b>	<b>\$ 240,825</b>	<b>\$ -</b>	<b>\$ -</b>
Funded status and amount recognized in the statement of financial position liability	<b>\$ (68,719)</b>	<b>\$ (132,846)</b>	<b>\$ (20,016)</b>	<b>\$ (21,352)</b>
Amounts recognized in without donor restriction net assets				
Net prior service cost (credit)	\$ -	\$ -	\$ 257	\$ (103)
Net actuarial (gain) loss	(183,304)	(237,559)	(606)	1,990
Without donor restriction net assets	<b>\$ (183,304)</b>	<b>\$ (237,559)</b>	<b>\$ (349)</b>	<b>\$ 1,887</b>
<b>Other changes in plan assets and benefit obligations recognized in without donor restriction net assets</b>				
New prior service cost (credit)	\$ -	\$ -	\$ (217)	\$ 4
New net actuarial (gain) loss	(42,276)	34,957	(1,400)	3,072
Amortization of prior service (cost) credit	-	-	62	106
Amortization of actuarial gain (loss)	(11,979)	(10,401)	17	24
	<b>(54,255)</b>	<b>24,556</b>	<b>(1,538)</b>	<b>3,206</b>
Net periodic benefit cost components:				
Service costs	-	-	827	806
Interest cost	9,024	11,500	448	611
Expected return on plan assets	(12,710)	(13,350)	-	-
Amortization of				
Prior service cost (credit)	-	-	(62)	(106)
Net actuarial (gain) loss	11,980	10,401	(17)	(24)
Net periodic benefit cost	<b>8,294</b>	<b>8,551</b>	<b>1,196</b>	<b>1,287</b>
Other changes in plan assets and benefit obligations recognized in without donor restriction net assets	<b>\$ (45,961)</b>	<b>\$ 33,107</b>	<b>\$ (342)</b>	<b>\$ 4,493</b>
Changes recognized in net assets from operating activities	\$ -	\$ -	\$ 827	\$ 806
Changes recognized in net assets from non-operating activities	(45,961)	33,107	(1,169)	3,687
	<b>\$ (45,961)</b>	<b>\$ 33,107</b>	<b>\$ (342)</b>	<b>\$ 4,493</b>

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The components of net periodic benefit cost other than the service cost component are included in the line item "Other components of net periodic benefit cost". Service costs for the post-retirement plan are included in employee benefits expense. The defined benefit pension plan has no service cost related to active participants as the plan is frozen to future accruals. Administrative costs to maintain the plan are netted against expected return on plan assets and shown in other components of net periodic benefit cost on the Consolidated Statement of Activities.

The following are expected future benefit payments:

	<b>Defined Benefit</b>	<b>Post Retirement</b>
<b>Fiscal Year Ending</b>		
2022	\$ 26,265	\$ 1,579
2023	26,041	1,632
2024	25,654	1,561
2025	25,213	1,563
2026	24,570	1,559
2027-2031	111,028	7,123

The weighted average rates forming the basis of net periodic benefit cost and amounts recognized in Rensselaer's statement of financial position at June 30 were:

	<b>Defined Benefit</b>		<b>Post-Retirement</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Benefit obligations</b>				
Discount rate	2.50 %	2.50 %	2.50 %	2.25 %
<b>Net periodic benefit cost</b>				
Discount rate	2.50 %	3.25 %	2.25 %	3.25 %
Expected return on plan assets	6.25 %	6.25 %		

To arrive at assumptions for expected long-term rates of return on assets in the Defined Benefit Pension Plan, the Institute considered historical returns and future expectations for returns in each asset class in the asset allocation.

For measurement purposes, a 6.75 percent annual rate of increase in the per capita cost of covered pre-65 medical, post- 65 medical benefits and prescription drug benefits was assumed for fiscal year 2021. These rates were assumed to decrease gradually to 3.784 percent for fiscal year 2075 and remain at that level thereafter. A plan amendment established a maximum of \$75 per month for retired employees who retire after normal retirement age. Once Rensselaer's share of medical premiums for Medicare eligible retirees reaches the \$75 per month maximum, the health care cost trend rate will no longer have any effect except for grandfathered participants not subject to the cap and pre-65 coverage.

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**Defined Benefit Plan**

In the aggregate, Rensselaer's Defined Benefit Plan will be invested to ensure solvency of the plan over its remaining life and to meet pension obligations as required. A secondary goal is to earn the highest net rate of return within prudent risk limits to ensure the achievement of the primary goal.

**Defined Contribution Plan**

Rensselaer and the Center also have noncontributory Defined Contribution Plans open to full-time employees who have met minimum service requirements. Contributions to these plans were \$7,553 and \$11,003 in fiscal 2021 and 2020, respectively. The Institute reduced the percent of employee salary contribution from 8% to 6% in fiscal 2021.

**Plan Investments**

The Institute's Investment Committee maintains responsibility for the oversight and decision-making processes regarding fiduciary responsibilities associated with the investments that fund the Institute's defined benefit retirement plan. The Investment Committee weighs the risk factors associated with the investment of plan assets, seeking to invest assets in a manner that supports the plans long-term horizon. A diversified mix of return-seeking and liability-hedging assets are utilized with the objective of achieving asset growth while providing sufficient liquidity to meet the plan's associated benefit payments and expenses.

		<b>2021</b>	
		<b>Target</b>	<b>Actual</b>
Return-Seeking Assets	US Equity	16.0%	20.3%
	Non US equity	10.0%	10.0%
	Hedge Funds	0.0%	0.2%
	Private Alternatives	9.0%	8.9%
	Total Return-Seeking	35.0%	39.4%
Liability-Hedging Assets	Equity Hedge	12.0%	12.0%
	Fixed Income	50.0%	45.1%
	Cash	3.0%	3.5%
	Total Liability-Hedging	65.0%	60.6%
Total Assets		100%	100%

The Plan investments have been accounted for in accordance with the fair value measurement standard as described in Note 6. Full disclosures surrounding the descriptions of major investment categories and fair value requirements can also be found in Note 6.

**Rensselaer Polytechnic Institute**  
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(in thousands of dollars)

The fair values of Rensselaer's pension plan assets at June 30 by asset category are as follows:

	<b>2021</b>			
	<b>Quoted Prices in Active Markets Level 1</b>	<b>Significant Other Observable Level 2</b>	<b>NAV Investments Valued by Practical Expedient</b>	<b>Total Fair Value</b>
Cash and cash equivalents	\$ 5,603	\$ -	\$ -	\$ 5,603
Fixed income	5,588	126,973	-	132,561
Domestic equity	91,879	-	-	91,879
Foreign equity	16,310	-	14,303	30,613
Insurance contracts	-	9,649	-	9,649
Real assets	-	-	3,759	3,759
Marketable alternatives	-	-	669	669
Private investments	-	-	22,469	22,469
Total pension investments	<u>\$ 119,380</u>	<u>\$ 136,622</u>	<u>\$ 41,200</u>	<u>\$ 297,202</u>

	<b>2020</b>			
	<b>Quoted Prices in Active Markets Level 1</b>	<b>Significant Other Observable Level 2</b>	<b>NAV Investments Valued by Practical Expedient</b>	<b>Total Fair Value</b>
Cash and cash equivalents	\$ 7,542	\$ -	\$ -	\$ 7,542
Fixed income	4,109	69,248	-	73,357
Domestic equity	74,019	-	-	74,019
Foreign equity	29,546	-	10,684	40,230
Insurance contracts	-	8,832	5,448	14,280
Real assets	-	-	-	-
Marketable alternatives	-	-	20,832	20,832
Private investments	-	-	10,565	10,565
Total pension investments	<u>\$ 115,216</u>	<u>\$ 78,080</u>	<u>\$ 47,529</u>	<u>\$ 240,825</u>

The Plan contains features that allow participants to have a percentage of their benefits fluctuate based on the return of an S&P 500 index account. Rensselaer maintains assets in that index fund to hedge those liabilities that are not part of the above asset allocation.

Rensselaer's expected contributions for fiscal year ending June 30, 2022 are \$2,100 and \$1,579 to the defined benefit pension plan and postretirement plan, respectively.

# Rensselaer Polytechnic Institute

## Notes to Consolidated Financial Statements

### June 30, 2021 and 2020

(in thousands of dollars)

#### 11. Functional Expense Classification

Expenses are presented by functional classification in alignment with the overall mission of academic instruction and research of the Institute. Functional expenses are categorized as academic and research, student services and support, and general and administrative. Student services and support include various student-supporting functions such as admissions, health and career services, and athletics, as well as auxiliary services, including room and board and related student aid.

Natural expenses attributable to more than one functional expense category are allocated using reasonable cost allocation techniques. Depreciation, plant operations and maintenance expenses are allocated on a square footage basis. Interest expense on indebtedness is allocated to the functional categories that have benefited from the associated debt.

The following table compares expenses by type for the years ended June 30, 2021 and 2020, respectively:

Natural Classification	2021			
	Instruction and Research	Student Services and Support	General Administration and Operations	Total
Salaries and wages	\$ 117,025	\$ 19,885	\$ 24,450	\$ 161,360
Employee benefits	28,926	5,790	2,541	37,257
Supplies, services and other	29,392	22,261	16,471	68,124
Occupancy, taxes and insurance	5,959	7,920	6,987	20,866
Interest on debt	20,443	2,620	2,525	25,588
Depreciation and amortization	21,707	6,621	2,787	31,115
Student aid and fellowships	43,910	6,408	110	50,428
Total operating expenses	267,362	71,505	55,871	394,738
Net periodic benefit cost other than service cost	-	-	8,663	8,663
Total expenses	\$ 267,362	\$ 71,505	\$ 64,534	\$ 403,401

  

Natural Classification	2020			
	Instruction and Research	Student Services and Support	General Administration and Operations	Total
Salaries and wages	\$ 131,379	\$ 23,361	\$ 25,228	\$ 179,968
Employee benefits	32,080	6,397	3,765	42,242
Supplies, services and other	53,245	27,205	14,588	95,038
Occupancy, taxes and insurance	7,828	10,471	6,538	24,837
Interest on debt	26,365	3,378	3,246	32,989
Depreciation and amortization	20,944	6,417	2,670	30,031
Student aid and fellowships	47,201	4,314	69	51,584
Total operating expenses	319,042	81,543	56,104	456,689
Net periodic benefit cost other than service cost	-	-	9,032	9,032
Total expenses	\$ 319,042	\$ 81,543	\$ 65,136	\$ 465,721

#### 12. Commitments and Contingencies

In the normal course of business, the Institute receives various claims and has been named as a defendant in various litigation proceedings. These include but are not limited to two putative class action lawsuits filed by students seeking refunds of a portion of tuition and certain other fees after Rensselaer was forced to move to online instruction because of the COVID-19 pandemic.

**Rensselaer Polytechnic Institute**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

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*(in thousands of dollars)*

Although there can be no assurance as to the eventual outcome of claims and litigation in which Rensselaer has been named, in the opinion of management such claims and litigation will not, in the aggregate, have a material adverse effect on Rensselaer's financial position.

**13. Leases**

The Institute's operating and finance leases consist of contractual arrangements for the use of real estate, vehicles, and lab and information technology equipment. Gross assets for finance leases included under "Land, buildings and equipment, net" were \$21,174 and \$21,087 as of June 30, 2021 and 2020. Accumulated amortization for finance leases included under "Land, buildings and equipment, net" was \$5,261 and \$4,645 as of June 30, 2021 and 2020.

Total lease cost as recognized in the Institute's Consolidated Statements of Activities are as follows:

	<b>2021</b>	<b>2020</b>
Amortization of ROU asset	\$ 613	\$ 533
Interest on lease liabilities	976	1,003
Total finance lease cost	<u>1,589</u>	<u>1,536</u>
Total operating lease cost	<u>5,837</u>	<u>5,803</u>
Total lease cost	<u>\$ 7,426</u>	<u>\$ 7,339</u>

Supplemental cash flow information related to leases was as follows:

	<b>2021</b>	<b>2020</b>
Operating cash outflows from finance leases	\$ 976	\$ 1,003
Operating cash outflows from operating leases	5,764	5,701
Financing cash outflows from finance leases	<u>723</u>	<u>609</u>
Total cash paid for amounts included in measurement of lease liabilities	<u>\$ 7,463</u>	<u>\$ 7,313</u>

**Rensselaer Polytechnic Institute**  
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(in thousands of dollars)

The Institute recognizes ROU assets and liabilities for operating and finance leases at the commencement date of the lease at the present value of lease payments over the lease term. Generally, the Institute utilizes its incremental borrowing rate that most closely approximates the lease term as lessors do not typically disclose implicit rates. The following summarizes information concerning lease amounts recognized in our consolidated financial statements:

	2021	2020
Weighted average remaining lease term (yrs) - Finance Leases	17.08	17.98
Weighted average remaining lease term (yrs) - Operating Leases	8.18	8.54
Weighted average discount rate - Finance Leases	5.86%	5.86%
Weighted average discount rate - Operating Leases	4.08%	4.06%

Remaining maturities of lease liabilities were as follows:

<b>Minimum Lease Commitments at June 30, 2021</b>	<b>Operating Leases</b>	<b>Finance Leases</b>
2022	\$ 4,962	\$ 1,695
2023	3,518	1,592
2024	3,245	1,540
2025	3,066	1,532
2025	2,941	1,502
2027 and thereafter	8,607	18,516
Total lease payments	26,339	26,377
Less: Interest	(4,024)	(9,705)
Present Value of lease liabilities	\$ 22,315	\$ 16,672

<b>Minimum Lease Commitments at June 30, 2020</b>	<b>Operating Leases</b>	<b>Finance Leases</b>
2021	\$ 5,407	\$ 1,683
2022	4,733	1,677
2023	3,287	1,573
2024	3,033	1,522
2025	2,893	1,514
2026 and thereafter	11,434	20,015
Total lease payments	30,787	27,984
Less: Interest	(4,884)	(10,676)
Present Value of lease liabilities	\$ 25,903	\$ 17,308



**Rensselaer Polytechnic Institute**  
**Notes to Consolidated Financial Statements**  
**June 30, 2021 and 2020**

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*(in thousands of dollars)*

**14. Asset Retirement Obligations**

The following is a summary of the asset retirement obligation which is included in other liabilities and supplies expense:

	<b>2021</b>	<b>2020</b>
Change in asset retirement obligation		
Asset retirement obligation, beginning of year	\$ 11,971	\$ 11,661
Accretion expense	512	325
Disposals	<u>(10)</u>	<u>(15)</u>
Asset retirement obligation, end of year	<u>\$ 12,473</u>	<u>\$ 11,971</u>

**15. Subsequent Events**

On August 26, 2021 the Loan Agreement with Bank of America, N.A for a revolving line of credit in the amount of \$10,000 expired and was not renewed.

On September 14, 2021, the Institute amended its existing Revolving Credit Agreement with KeyBank National Association, decreasing the aggregate amount available from \$30,000 to \$20,000 and extended the maturity date from August 19, 2021 to August 31, 2022. Existing covenants were updated to include a requirement to maintain, on average, \$2,000 in aggregate deposit balances with Key Bank. The interest rate on the line is calculated on the outstanding balance at a daily rate of term LIBOR plus 1.60%.

There were no additional subsequent events through October 8, 2021, the date on which the consolidated financial statements were issued.

**Rensselaer Polytechnic Institute**  
**Notes to Consolidated Financial Statements**  
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**16. Financial Responsibility**

On September 23, 2019, the Department of Education modified the calculation of the financial responsibility ratio that is required to be computed by all schools that receive Title IV funding. This modification requires schools to disclose certain pre and post amounts relating to long-term debt, property plant and equipment and right of use leases.

**Long-term debt, for long-term purposes**

Long-term debt, for long-term purposes	\$ 688,044
Long-term debt, for long-term purposes, pre-implementation	674,793
Long-term debt, for long-term purposes, post-implementation	13,251

**Property, plant and equipment**

Property, plant and equipment, including CIP	657,331
Property, plant and equipment, pre-implementation	609,265
Property, plant and equipment, post-implementation, with debt for purchase	20,660
Property, plant and equipment, post-implementation, without debt for purchase	16,686
Constuction in progress, acquired post-implementation	10,720

**Lease right-of-use asset**

Lease right-of-use asset	22,154
Lease right-of-use asset, pre-implementation	19,643
Lease right-of-use asset, post-implementation	2,511

**Lease right-of-use asset liability**

Lease right-of-use asset liability	22,315
Right of use leases, pre-implementation	19,773
Right of use leases, post-implementation	2,542

Unsecured related party receivables	15,798
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**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

<b>Federal Agency Pass-Through Entity or Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>	<b>Amounts Passed Through to Subrecipients</b>
<b>Research &amp; Development Cluster</b>				
Department Of Agriculture				
Direct Awards				
Crop Protection and Pest Management Competitive Grants Program	10.329		\$ 121,326	\$ 99,378
Subtotal Direct			<u>121,326</u>	<u>99,378</u>
Department of Agriculture				
Pass-through Awards				
University of Vermont	10.215	LNE19-388R-33243	39,306	-
Cornell University	10.307	90024-11321	11,336	-
Subtotal Pass-through			<u>50,642</u>	<u>-</u>
Department of Agriculture Total			<u>171,968</u>	<u>99,378</u>
Department of Commerce				
Pass-through Awards				
COVID-19 University of Delaware	11.619	COVID19-1.05 PAA	81,460	-
University of Delaware	11.619	PC1.0-012	16,921	-
University of Delaware	11.619	PC1.0-035	35,063	-
University of Delaware	11.619	PC2.1-110	150,843	-
University of Delaware	11.619	PC2.2-105	113,562	-
University of Delaware	11.619	PC2.2-109	24,526	-
University of Delaware	11.619	PC3.1-119	48,680	-
University of Delaware	11.619	PC3.1-127	24,526	-
University of Delaware	11.619	PC3.1-225	108,116	-
Subtotal Pass-through			<u>603,697</u>	<u>-</u>
Department of Commerce Total			<u>603,697</u>	<u>-</u>
Department of Defense				
Direct Awards				
Basic and Applied Scientific Research	12.300		4,738,079	2,478,783
Military Medical Research and Development	12.420		154,322	25,623
Basic Scientific Research	12.431		816,413	16,839
Basic, Applied, and Advanced Research in Science and Engineering	12.630		96,285	-
Air Force Defense Research Sciences Program	12.800		1,393,921	220,633
Subtotal Direct			<u>7,199,020</u>	<u>2,741,878</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
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<b>Federal Agency Pass-Through Entity or Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>	<b>Amounts Passed Through to Subrecipients</b>
Pass-through Awards				
Advanced Technology International	12.RD	MTEC-20-05-IMPROVE-004	\$ 796,362	\$ 455,747
American GNC Corporation	12.RD	AGNC020719	127,135	-
American GNC Corporation	12.RD	AGNC091718	88,610	-
Aria Acoustics	12.RD	A21-0025	37,399	-
Botanisol Analytics, Inc.	12.RD	100807696.4	101,476	-
IBM Corporation	12.RD	CW3016789/PO 4700212100	212,128	-
Institute For Human and Machine Cog	12.RD	SB041-009 - 2019-022-01	31,141	-
KAPL Inc	12.RD	A18-0089	114	-
Massachusetts Institute of Technolo	12.RD	S5038 PO# 500201	24,123	-
Northeastern University	12.RD	599949-78050	20,000	-
Ohio Aerospace Institute	12.RD	OAI-C2641-19457	99,035	-
Research Foundation of SUNY	12.RD	4-82709	(26,573)	-
Simmetrix Inc.	12.RD	AR2SBAL19RPI	159,506	-
Simmetrix Inc.	12.RD	NAV1HEX20	58,522	-
SUNY at Albany	12.RD	2-81612	70,915	-
The Board of Trustees of the Univer	12.RD	088984-16643	326,984	-
The Boeing Company	12.RD	BRT-L0819-0304 PO 1808880	38,498	-
University of Maryland	12.RD	60582-Z8068201	677,684	34,507
Florida State University	12.300	R02049	19,669	-
University of Utah	12.300	10028801-RPI-APP	157,271	-
Carnegie Mellon University	12.351	1190061-433407	349,751	-
Advanced Robotics for Manufacturing	12.630	ARM-EWD-18-01-F-16	1,571	-
Advanced Robotics for Manufacturing	12.630	ARM-TEC-18-01-F-19	79,551	79,551
Advanced Robotics for Manufacturing	12.630	ARM-TEC-18-01-F-19	(9,989)	-
Advanced Robotics for Manufacturing	12.630	ARM-TEC-19-01-F-14	208,860	94,197
Advanced Robotics for Manufacturing	12.630	ARM-TEC-19-01-F-24	239,061	130,147
Advanced Robotics for Manufacturing	12.630	ARM-TEC-20-01-F14	98,274	32,985
Advanced Robotics for Manufacturing	12.630	ARM-TEC-20-02-F15	284,755	27,900
Northeastern University	12.630	504149-78050	113,844	-
Raytheon Company	12.630	1244559/PO2606265	59	-
Raytheon Company	12.630	SRA 1250487 PO 2606722	9,767	-
Brown University	12.800	00001435	77,620	-
The Regents of the University of Michigan	12.800	3004338542	84,854	-
University of Missouri Columbia	12.800	C00064537-4	230,473	-
Pennsylvania State University	12.910	5622-RPI-DARPA-0032	226,110	-
University of Southern California	12.910	125046020	359,090	-
Subtotal Pass-through			<u>5,373,650</u>	<u>855,034</u>
Department of Defense Total			<u>12,572,670</u>	<u>3,596,912</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
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Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Department of the Interior				
Direct Awards				
Department of the Interior	15.RD		\$ 2,379	\$ -
U.S. Geological Survey Research and Data Collection	15.808		<u>584,100</u>	<u>-</u>
Subtotal Direct			<u>586,479</u>	<u>-</u>
Pass-through Awards				
Software Defined technologies, Inc	15.RD	A19-0114	<u>(110)</u>	<u>-</u>
Subtotal Pass-through			<u>(110)</u>	<u>-</u>
Department of the Interior Total			<u>586,369</u>	<u>-</u>
Department of Justice				
Direct Awards				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		<u>20,875</u>	<u>-</u>
Subtotal Direct			<u>20,875</u>	<u>-</u>
Department of Justice Total			<u>20,875</u>	<u>-</u>
Department of Transportation				
Direct Awards				
Aviation Research Grants	20.108		254,758	-
Highway Research and Development Program	20.200		<u>5,726</u>	<u>-</u>
Subtotal Direct			<u>260,484</u>	<u>-</u>
Pass-through Awards				
National Academy of Sciences	20.313	SUB0001357 SAFETY-40	<u>4,642</u>	<u>-</u>
Subtotal Pass-through			<u>4,642</u>	<u>-</u>
Department of Transportation Total			<u>265,126</u>	<u>-</u>
National Aeronautics and Space Administration				
Direct Awards				
Science	43.001		1,033,888	303,732
Space Operations	43.007		262,147	2,807
Office of Stem Engagement (OSTEM)	43.008		45,219	-
Cross Agency Support	43.009		148,420	-
Space Technology	43.012		<u>549,058</u>	<u>83,753</u>
Subtotal Direct			<u>2,038,732</u>	<u>390,292</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
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<b>Federal Agency Pass-Through Entity or Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>	<b>Amounts Passed Through to Subrecipients</b>
Pass-through Awards				
Alcyon Technical Services	43.RD	ATSJV-D-38008-019	\$ 167,469	\$ -
American GNC Corporation	43.RD	RPI070220	11,436	-
American GNC Corporation	43.RD	RPI081919	21,884	-
American GNC Corporation	43.RD	RPI083120	4,296	-
KBRWyle	43.RD	PO# SMS0003478	16,665	-
LogiSiC Devices, Inc	43.RD	SRAA21-0043	40,000	-
University of Wisconsin - Madison	43.001	775K773	74,936	-
The Board of Trustees of the Univer	43.002	097265-17590	179,744	-
Baylor College of Medicine	43.003	T0404 PO#7000001133	38,203	-
Southern Methodist University	43.007	G001698-7500	47,488	-
Cornell University	43.008	90830-20370	13,700	-
University of Alabama in Huntsville	43.008	2020-1274	83,754	-
3DeWitt LLC	43.012	A19-0145	115,396	-
Subtotal Pass-through			814,971	-
National Aeronautics and Space Administration Total			2,853,703	390,292
National Science Foundation				
Direct Awards				
Engineering Grants	47.041		3,877,225	316
Mathematical and Physical Sciences	47.049		2,639,753	10,825
Geosciences	47.050		351,349	37,293
Computer and Information Science and Engineering	47.070		2,023,876	153,185
Biological Sciences	47.074		684,443	-
Social Behavioral and Economic Sciences	47.075		188,270	5,409
Education and Human Resources	47.076		643,235	33,094
Subtotal Direct			10,408,151	240,122
Pass-through Awards				
Adnoviv, Inc	47.041	SPONSORED RESEARCH AGREEMENT	10,988	-
Clemson University	47.041	2261-206-2014385	16,317	-
Cornell University	47.041	83032-10985	93,088	-
Heliponix, LLC	47.041	SRA	48,656	-
Rutgers University	47.041	RSA#5803 PO#740137	2,810	-
SelfArray, Inc	47.041	20-0456	71,459	-
Univ of Minnesota	47.041	H007209102	23,170	-
University of Maryland	47.041	85964-Z3206201	100,642	-
University of Oregon	47.041	2008W0A	75,486	-
University of Tennessee	47.041	A12-0044-S002	389,842	-
Rice University	47.049	R3H122	6,581	-

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
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<b>Federal Agency Pass-Through Entity or Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>	<b>Amounts Passed Through to Subrecipients</b>
University of California	47.049	A21-0064-S001	\$ 10,794	\$ -
Washington State University	47.070	136757 - G004082	88,414	-
Yale University	47.070	GR109670(CON-80002386)	28,783	-
Bucknell University	47.076	128146-01	13,384	-
San Diego State University	47.076	A18-0162	240	-
Syracuse University	47.076	29514-04742-S01	6,146	-
The Regents of the University of Mi	47.076	SUBK00010246 PO# 3005553099	76,826	-
University of Nevada	47.079	GR06612	22,717	-
University of Texas At Arlington	47.083	2019GC3663	893	-
Subtotal Pass-through			<u>1,087,236</u>	<u>-</u>
National Science Foundation Total			<u>11,495,387</u>	<u>240,122</u>
<b>Nuclear Regulatory Commission</b>				
Direct Awards				
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008		627,004	-
Subtotal Direct			<u>627,004</u>	<u>-</u>
Nuclear Regulatory Commission Total			<u>627,004</u>	<u>-</u>
<b>Department of Energy</b>				
Basic Energy Sciences University and Science Education	81.049		1,815,562	37,418
Conservation Research and Development	81.086		1,223,789	486,972
Renewable Energy Research and Development	81.087		454,832	104,350
Fossil Energy Research and Development	81.089		299,191	197,890
Nuclear Energy Research, Development and Demonstration	81.121		1,953,032	125,211
Advanced Research And Projects Agency - Energy Financial Assistance Program	81.135		1,338,079	535,133
Subtotal Direct			<u>7,084,485</u>	<u>1,486,974</u>
<b>Pass-through Awards</b>				
Argonne National Laboratory	81.RD	1F-60277	46,143	-
Battelle Energy Alliance LLC	81.RD	214345	13,703	-
Battelle Energy Alliance LLC	81.RD	238468	106,724	-
Battelle Energy Alliance LLC	81.RD	243837	31,683	-
Battelle Energy Alliance LLC	81.RD	244756	48,759	-
Battelle Energy Alliance LLC	81.RD	246663	37,458	-
Battelle Energy Alliance LLC	81.RD	4000185205	2,459	-
Fluor Marine Propulsion, LLC	81.RD	P.O. #126010	204,246	-
Fluor Marine Propulsion, LLC	81.RD	P.O.# 136986	232,278	-
Fluor Marine Propulsion, LLC	81.RD	P0105095	12,434	-
Fluor Marine Propulsion, LLC	81.RD	PO #116091	2,158	-
Fluor Marine Propulsion, LLC	81.RD	PO 134918	142,999	-
Fluor Marine Propulsion, LLC	81.RD	PO 138044	555,316	-
Fluor Marine Propulsion, LLC	81.RD	PO103971	671,416	-

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

<b>Federal Agency</b> <b>Pass-Through Entity or Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>	<b>Amounts Passed Through to Subrecipients</b>
Lawrence Livermore National Laborat	81.RD	B625999	\$ 340,928	\$ -
Lawrence Livermore National Laborat	81.RD	B633163	52,045	-
Lawrence Livermore National Laborat	81.RD	B643225	102,057	-
Lawrence Livermore National Laborat	81.RD	B644550	8,599	-
Leidos, Inc.	81.RD	P010232497	44,313	-
Los Alamos National Laboratory	81.RD	473623	14,096	-
Oak Ridge National Laboratory	81.RD	4000147674	10,154	-
Pacific Northwest National Laborato	81.RD	436106	(729)	-
Princeton Plasma Physics Laboratory	81.RD	S016752-Y	113,861	-
Sandia National Laboratories	81.RD	2218888	43,413	-
Sandia National Laboratories	81.RD	P.O.#1875657	5,032	-
Sandia National Laboratories	81.RD	PO 2080866	10,863	-
Sandia National Laboratories	81.RD	PO 2168299	66,189	-
Sandia National Laboratories	81.RD	PO 2173213	50,090	-
Sandia National Laboratories	81.RD	PO# 2222895	48,600	-
Sandia National Laboratories	81.RD	PO#2218655	37,399	-
Sandia National Laboratories	81.RD	PO2022616	(921)	-
Sandia National Laboratories	81.RD	PO2049315	35,993	-
Argonne National Laboratory	81.049	7F-30218	103,208	-
Carmel Software Corporation	81.049	SRA PROJECT #A21-0026	51,612	-
Ohio State University	81.049	60057539 / PO#RF01464097	16,168	-
Opus 12, Inc	81.049	RESEARCH AGREEMENT	55,744	-
Simmetrix Inc.	81.049	DOE2BFUS18	34,244	-
Xergy Inc.	81.049	STTR PROGRAM FUNDING AGREEMENT	37,002	-
Eaton Corporation	81.086	PO0011-43896	208,979	-
Regents of the University of Colorado	81.086	1560005	87,939	-
Arcelormittal USA LLC	81.087	4550 G WA302	130,604	-
Giner ELX, Inc.	81.087	AGREEMENT BTWN RPI&GINER	(182)	-
Texas A&M Engineering Experiment St	81.087	M1903906	111,315	-
University of California	81.087	4550 G WA130	345,940	-
University of California	81.087	4550 G YA101	28,666	-
University of California Los Angele	81.087	4550 G YA220	33,785	-
Institute of Gas Technology	81.089	S794	11,866	-
Institute of Gas Technology	81.089	S821-22345	61,416	-
University at Buffalo	81.089	R1198147	126,611	-
Massachusetts Institute of Technolo	81.121	S4892 PO#383742	129,048	-
WestingHouse Electric Company LLC	81.121	PO #4500777225	178,813	-
General Electric Company	81.135	PO# 401136034	49,796	-

The accompanying notes are an integral part of the schedule of expenditures of federal awards.



**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

<b>Federal Agency</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>	<b>Amounts Passed Through to Subrecipients</b>
<b>Pass-Through Entity or Program Title</b>				
Institute of Gas Technology	81.135	S770	\$ 56,936	\$ -
University of California San Diego	81.135	704015	97,758	-
University of Delaware	81.135	46012	(1,854)	-
Yale University	81.135	GR106207 (CON-80001762)	29,296	-
Subtotal Pass-through			<u>5,074,468</u>	<u>-</u>
Department of Energy Total			<u>12,158,953</u>	<u>1,486,974</u>
Department of Education				
Direct Awards				
Graduate Assistance in Areas of National Need	84.200		<u>312,787</u>	<u>-</u>
Subtotal Direct			<u>312,787</u>	<u>-</u>
Department of Education Total			<u>312,787</u>	<u>-</u>
Department of Health & Human Services				
Direct Awards				
Department Of Health And Human Services	93.RD		<u>70,234</u>	<u>-</u>
Subtotal National Institute of Health			<u>70,234</u>	<u>-</u>
National Institute of Health				
Mental Health Research Grants	93.242		(3,951)	-
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		1,545,412	426,133
Research Infrastructure Programs	93.351		865,087	-
Cancer Detection and Diagnosis Research	93.394		1,512,189	541,367
Cancer Treatment Research	93.395		242,760	59,138
Cancer Biology Research	93.396		341,020	202,248
Cardiovascular Diseases Research	93.837		236,951	75,969
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		126,480	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		214,254	-
Allergy and Infectious Diseases Research	93.855		535,439	389,416
Biomedical Research and Research Training	93.859		2,159,568	217,592
Aging Research	93.866		1,402,650	630,743
Subtotal National Institute of Health			<u>9,177,859</u>	<u>2,542,606</u>
Centers for Disease Control and Prevention				
Occupational Safety and Health Program	93.262		<u>82,896</u>	<u>-</u>
Subtotal Centers for Disease Control and Prevention			<u>82,896</u>	<u>-</u>
Subtotal Direct			<u>9,330,989</u>	<u>2,542,606</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Pass-through Awards				
Northeastern University	93.RD	505163-78851	\$ 76,122	\$ -
Icahn School of Medicine at Mount S	93.113	0255-C753-4909	221,647	-
Houston Methodist Research Institut	93.121	AGMT00005790	6,787	-
Texas A&M Engineering Experiment St	93.121	28-S172824	137,187	-
Pennsylvania State University	93.173	SA15-17-RPI	3,733	-
Univ of Minnesota	93.213	A0006743901	141,594	-
Colorado State University	93.286	G-87951-01	79,840	-
Kitware, Inc.	93.286	K00688-00-S08	15,307	-
Pacific Northwest National Laborato	93.286	328144	(3,029)	-
Stanford University	93.286	60807421-108947	10,097	-
Univ of Texas at Austin	93.286	UTA18-000935	1,457	-
University of California	93.286	SA29066	174,452	-
UT Southwestern Medical Center	93.286	GMO 190503	137,691	-
Icahn School of Medicine at Mount S	93.310	SUBAWARD #0255-C003-4609	(2,559)	-
University of Georgia	93.310	SUB00001749	89,607	-
Icahn School of Medicine at Mount S	93.350	SUBAWARD #0255-C003-4609	31,980	-
Memorial Sloan-Kettering Cancer Cen	93.394	BD525483	43,783	-
Albany Medical College	93.396	1R01CA233188-01A1 (309324)	118,011	-
General Electric Company	93.837	PO 401147770	121,419	-
Nextrast, Inc	93.837	A21-0066	57,818	-
Tufts University	93.838	102680-00001 PO#EP0181996	84,894	-
Icahn School of Medicine at Mount S	93.846	0255-1191-4609	37,211	-
Augusta University	93.847	32307-14	21,254	-
Creighton University	93.847	R01DK122558	79,217	-
Louisiana State University	93.847	18-09-001	152,937	-
Nextrast, Inc	93.847	A20-0022	15,081	-
Rockefeller Univ	93.853	1R01NS097184-02 REV	117,257	-
Icahn School of Medicine at Mount S	93.855	0255-B013-4609	11,493	-
Icahn School of Medicine at Mount S	93.855	0255-B013-4609	112,029	-
Arizona State University	93.859	17-135	83,888	-
College of the Holy Cross	93.859	MILLS NIH 00	2,328	-
Glycan Therapeutics LLC	93.859	A18-0130	74,294	-
San Diego State University	93.859	SA000634	84,903	-
Columbia University	93.866	1(GG011660-01)	1,045	-
Erik Page and Associates, Inc.	93.866	A19-0049	97,294	-
University of North Carolina at Chap	93.866	5110045	14,981	-
University of South Florida	93.866	6143-1193-00-B	47,955	-
Subtotal Pass-through			<u>2,501,005</u>	<u>-</u>
Department of Health & Human Services Total			<u>11,831,994</u>	<u>2,542,606</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

Federal Agency Pass-Through Entity or Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Department of Homeland Security Pass-through Awards George Mason University	97.061	E2042935	\$ 284,221	\$ -
Subtotal Pass-through			<u>284,221</u>	<u>-</u>
Department of Homeland Security Total			<u>284,221</u>	<u>-</u>
USAID Foreign Assistance for Programs Overseas Pass-through Awards Duquesne University	98.001	G1900079	126,132	-
Subtotal Pass-through			<u>126,132</u>	<u>-</u>
USAID Foreign Assistance for Programs Overseas Total			<u>126,132</u>	<u>-</u>
Total Research & Development Cluster			<u>53,910,886</u>	<u>8,356,284</u>
<b>Student Financial Assistance Cluster</b>				
Department of Education Direct Awards Federal Supplemental Educational Opportunity Grants Program	84.007		2,224,933	-
Federal Work Study Program	84.033		71,537	-
Pell Grant Program	84.063		5,745,686	-
William D. Ford Direct Loan Program	84.268		26,501,556	-
Federal Perkins Loan Program, Outstanding Loans as of July 1, 2020	84.038		19,495,347	-
Department of Education Total			<u>54,039,059</u>	<u>-</u>
Total Student Financial Aid Cluster			<u>54,039,059</u>	<u>-</u>
<b>Other Sponsored Programs</b>				
National Endowment for the Humanities Direct Awards Promotion of the Arts Grants to Organizations and Individuals	45.024		39,994	-
Promotion of the Humanities Teaching & Learning Resources and Curriculum Dev.	45.162		(858)	-
Subtotal Direct Awards			<u>39,136</u>	<u>-</u>
National Endowment for the Humanities Total			<u>39,136</u>	<u>-</u>
Securities and Exchange Commission Direct Awards U.S. Securities and Exchange Commission	58.U01	IPA Agreement	31,063	-
Subtotal Direct			<u>31,063</u>	<u>-</u>
Securities and Exchange Commission Total			<u>31,063</u>	<u>-</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Rensselaer Polytechnic Institute**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

<b>Federal Agency Pass-Through Entity or Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>	<b>Amounts Passed Through to Subrecipients</b>
Department Of Veterans Affairs				
Direct Awards				
Department Of Veterans Affairs	64.U01	IPA Agreement	\$ 29,457	\$ -
Subtotal Direct			29,457	-
Department Of Veterans Affairs Total			29,457	-
Department of Education				
Direct Awards				
COVID-19 Education Stabilization Fund - Higher Education Emergency Relief Fund - Student Portion	84.425E		2,530,041	-
COVID-19 Education Stabilization Fund - Higher Education Emergency Relief Fund - Institutional Portion	84.425F		4,855,682	-
Subtotal Direct			7,385,723	-
Department of Education Total			7,385,723	-
Total Other Sponsored Programs			7,485,379	-
Total Expenditures Of Federal Awards			\$ 115,435,324	\$ 8,356,284

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

# **Rensselaer Polytechnic Institute**

## **Notes to the Schedule of Expenditures of Federal Awards**

### **June 30, 2021**

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*(in thousands of dollars)*

#### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Rensselaer Polytechnic Institute and its affiliates ("Rensselaer") for the year ended June 30, 2021 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic consolidated financial statements. Negative amounts represent adjustments to amounts reported in prior years in the normal course of business. Assistance listing and pass-through identifying numbers are presented where available.

#### **2. William D. Ford Direct Loan Program (Assistance Listing 84.268)**

Rensselaer is a full participant in the William D. Ford Direct Loan Program (DL), processing student loan applications, including subsidized/unsubsidized Direct loans, undergraduate/graduate PLUS loans, via the Department of Education. The lender for these federally guaranteed loans is the U.S. Department of Education. The current year disbursements under the program are included in the Schedule.

#### **3. Federal Perkins Loan Program (Assistance Listing 84.038)**

The outstanding balance of loans under the Perkins Loan Program was \$14,068 at June 30, 2021.

#### **4. Facilities and Administrative Costs**

Facilities and administrative costs are charged to federal grants and contracts at predetermined federally approved rates. Rensselaer has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Rensselaer Polytechnic Institute**  
**Financial Responsibility Supplemental Schedule**  
**June 30, 2021**

(in thousands of dollars)

<b>Primary Reserve Ratio:</b>		
	<b><u>Expendable Net Assets:</u></b>	
Statement of Financial Position	Net asset without donor restriction	\$ 65,483
Statement of Financial Position	Net asset with donor restriction	872,384
Statement of Financial Position	Total Net assets	937,867
Statement of Financial Position	Net asset with donor restriction, restricted in perpetuity	520,462
FS Footnote 4 - asset minus liability value	Annuities with donor restrictions	7,418
FS Footnote 7	Term endowments with donor restrictions	-
NA	Life income funds with donor restrictions	-
NA	Intangible assets	-
Statement of Financial Position	Property, plant and equipment, net (includes CIP)	657,331
FS Footnote 16	Property, plant and equipment, pre-implementation	609,265
FS Footnote 16	Property, plant and equipment, post-implementation, with debt for purchase	20,660
FS Footnote 16	Property, plant and equipment, post-implementation, without debt for purchase	16,686
FS Footnote 16	Construction in progress, acquired post-implementation	10,720
Statement of Financial Position	Lease right-of-use asset	22,154
FS Footnote 16	Lease right-of-use asset, pre-implementation	19,643
FS Footnote 16	Lease right-of-use asset, post-implementation	2,511
Statement of Financial Position	Post-employment and pension liabilities	88,735
Statement of Financial Position	Long-term debt, for long-term purposes	688,044
FS Footnote 16	Long-term debt, for long-term purposes, pre-implementation	674,793
FS Footnote 16	Long-term debt, for long-term purposes, post-implementation	13,251
NA	Line of credit - for CIP	-
Statement of Financial Position	Lease right-of-use asset liability	22,315
FS Footnote 16	Lease right of use liability, pre-implementation	19,773
FS Footnote 16	Lease right of use liability, post-implementation	2,542
FS Footnote 16	Unsecured related party receivables	15,798
	<b><u>Total Expenses and Losses:</u></b>	
Statement of Activities	Total expenses without donor restrictions	\$ 394,738
Statement of Activities	Non-operating and net investment losses	9,466
Statement of Activities	Net investment (losses) - results in gain	-
Statement of Activities	Other components of net periodic benefit cost	8,663
Statement of Activities	Adjustments for pension and post-retirement liability	-
Statement of Activities	Loss on extinguishment of debt	803
<b>Equity Ratio:</b>		
	<b><u>Modified Net Assets:</u></b>	
Statement of Financial Position	Net assets without donor restrictions	\$ 65,483
Statement of Financial Position	Net assets with donor restrictions	872,384
NA	Intangible assets	-
FS Footnote 16	Unsecured related party receivables	15,798
	<b><u>Modified Assets:</u></b>	
Statement of Financial Position	Total assets	\$ 1,919,257
FS Footnote 16	Lease right of use asset, pre-implementation (exclude from total assets)	19,643
NA	Intangible assets	-
FS Footnote 16	Unsecured related party receivables	15,798

The accompanying notes are an integral part of the financial responsibility supplemental schedule.

**Rensselaer Polytechnic Institute**  
**Financial Responsibility Supplemental Schedule**  
**June 30, 2021**

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*(in thousands of dollars)*

<b>Net Income Ratio:</b>		
Statement of Activities - Change in Net Assets Without Donor Restrictions	<b><u>Change in Net Assets Without Donor Restrictions</u></b>	\$ 195,056
Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	<b><u>Total Revenues and Gains</u></b>	\$ 599,260
Statement of Activities	Total operating revenue without donor restrictions	434,055
Statement of Activities	Investment return appropriated for spending	19,939
Statement of Activities	Non-operating revenue and other gains	185,144

The accompanying notes are an integral part of the financial responsibility supplemental schedule.

**Rensselaer Polytechnic Institute**  
**Notes to the Financial Responsibility Supplemental Schedule**  
**June 30, 2021**

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(in thousands of dollars)

**1. Basis of Presentation**

The accompanying Financial Responsibility Supplemental Schedule (the "Schedule") includes the information necessary to calculate the financial responsibility score required by the Department of Education for Rensselaer Polytechnic Institute ("Rensselaer") for the year ended June 30, 2021 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *34 CFR 668.172(d) and Appendix B to Subpart L of Part 668 – Ratio Methodology for Private Non-Profit Institutions*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic consolidated financial statements.

On September 23, 2019, the Department of Education modified the calculation of the financial responsibility ratio that is required to be computed by all schools that receive Title IV funding. This modification requires schools to disclose certain pre and post amounts relating to long-term debt, property plant and equipment and right of use leases.

**2. Long-term Debt, for Long-term Purposes**

On June 15, 2021, Rensselaer entered into an agreement with the City of Troy Capital Resource Corporation which provided for the issuance of \$19,990 in fixed rate revenue refunding bonds, Series 2021. The transaction generated a \$4,030 premium. Proceeds from the issuance were used to legally defease Series 2002E that was previously issued for capital related items. Maturities on the bonds range from 2022 to 2036 with a final maturity of September 1, 2036.

Long-term debt, for long-term purposes consists of the following at June 30:

Long-term debt, pre-implementation	\$ 695,363
Less: Activity on existing debt - principal payments and amortization	(19,716)
Less: Net effect of FY21 refinancing on existing debt	(854)
Long-term debt, pre-implementation	<u>674,793</u>
Long-term debt, post-implementation for PPE	19,671
New financing for PPE	-
Less: Activity on new debt - principal payments and amortization	(6,420)
Long-term debt, post-implementation for PPE	<u>13,251</u>
Line of credit for CIP	-
<b>Long-term debt, for long term purposes</b>	<b><u>\$ 688,044</u></b>



**Rensselaer Polytechnic Institute**  
**Notes to the Financial Responsibility Supplemental Schedule**  
**June 30, 2021**

(in thousands of dollars)

	Debt					
	6/30/2020	Amortization	Repayment	Defeasance	New Debt	6/30/2021
<i>Pre-implementation debt</i>						
Series 2002E	\$ 24,563	\$ -	\$ -	\$ (24,563)	\$ -	\$ -
Series 2010B	12,406	(1,540)	(7,930)	-	-	2,936
Series 2011A	39,889	18	-	-	-	39,907
Series 2014A	39,990	1	-	-	-	39,991
Series 2015	71,621	(318)	(2,220)	-	-	69,083
Series 2018 Taxable Bonds	134,501	18	-	-	-	134,519
Series 2018	62,961	2	(3,000)	-	-	59,963
Series 2020A	309,432	(4,747)	-	-	-	304,685
Series 2021	-	-	-	-	23,709	23,709
Pre-implementation debt	695,363	(6,566)	(13,150)	(24,563)	23,709	674,793
<i>Post-implementation debt</i>						
IBM Credit LLC 2019	19,671	-	(6,420)	-	-	13,251
<b>Long-term debt, for long term purposes</b>	<b>\$ 715,034</b>	<b>\$ (6,566)</b>	<b>\$ (19,570)</b>	<b>\$ (24,563)</b>	<b>\$ 23,709</b>	<b>\$ 688,044</b>

**3. Property, Plant and Equipment**

Property, plant and equipment pre-implementation and post-implementation, with and without debt for purchase consist of the following at June 30:

Property, plant and equipment, pre-implementation (includes CIP and capital lease assets)	\$ 635,912
Less: subsequent depreciation and amortization	(26,318)
Less: subsequent disposals	(329)
Property, plant and equipment, pre-implementation (includes CIP and capital lease assets)	609,265
Property, plant and equipment, post-implementation, with debt for purchase	20,660
Property, plant and equipment, post-implementation, without debt for purchase	16,686
Construction in Progress, post-implementation	10,720
Property, plant and equipment, per financial statements	<u>\$ 657,331</u>

**4. Unsecured Related Party Receivables**

Unsecured related party receivables from members of the Board of Trustees and management of Rensselaer totaled \$15,798 at June 30, 2021.

**Rensselaer Polytechnic Institute**  
**Notes to the Financial Responsibility Supplemental Schedule**  
**June 30, 2021**

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(in thousands of dollars)

**5. Lease Right-of-Use Asset and Right-of-Use Liability**

Rensselaer elected to grandfather leases entered into prior to December 15, 2018 (pre-implementation leases) and apply *ASU 2016-02, Leases* to only leases entered into on or after that date (post-implementation leases.)

Lease right of use asset and liability consist of the following at June 30:

Lease Asset, pre-implementation for leases	\$ 22,951
Amortization, disposals, adjustments	<u>(3,308)</u>
Lease Asset, pre-implementation for leases	<u>19,643</u>
Lease Asset, post-implementation for leases	2,867
Amortization	(1,607)
New Lease assets	<u>1,251</u>
Lease Asset, post-implementation for leases	<u>2,511</u>
<b>Lease right of use asset, per financial statements</b>	<b><u>\$ 22,154</u></b>
Lease Liability, pre-implementation for leases	\$ 23,007
Amortization, disposals, adjustments	<u>(3,234)</u>
Lease Liability, post-implementation for leases	<u>19,773</u>
Lease Liability, post-implementation for leases	2,896
Amortization	(1,605)
New Lease liability	<u>1,251</u>
Lease Liability, post-implementation for leases	<u>2,542</u>
<b>Lease right of use liability, per financial statements</b>	<b><u>\$ 22,315</u></b>

**Part II**  
**Reports on Internal Control**  
**and Compliance**



**Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Trustees of Rensselaer Polytechnic Institute

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Rensselaer Polytechnic Institute and its affiliates (“Rensselaer”), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 8, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Rensselaer’s internal control over financial reporting (“internal control”) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rensselaer’s internal control. Accordingly, we do not express an opinion on the effectiveness of Rensselaer’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Rensselaer’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rensselaer's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

Rochester, New York  
October 8, 2021



**Report of Independent Auditors on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over  
Compliance in Accordance with the Uniform Guidance**

To the Board of Trustees of Rensselaer Polytechnic Institute

**Report on Compliance for Each Major Federal Program**

We have audited Rensselaer Polytechnic Institute and its affiliates' ("Rensselaer") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rensselaer's major federal programs for the year ended June 30, 2021. Rensselaer's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Rensselaer's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rensselaer's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Rensselaer's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Rensselaer Polytechnic Institute and its affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.



### ***Other Matter***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

Rensselaer's response to the noncompliance finding identified in our audit is described in the accompanying management's views and corrective action plan. Rensselaer's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Rensselaer is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rensselaer's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rensselaer's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

Rochester, New York  
December 17, 2021

**Part III**  
**Schedule of Findings and Questioned Costs**



**Rensselaer Polytechnic Institute**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2021**

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**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes     X     No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes     X     None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes     X     No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes     X     No
- Significant deficiency identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes     X     None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?     X     Yes \_\_\_\_\_ No

**Identification of Major Programs**

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
Various	Research & Development Cluster
84.425E/84.425F	COVID-19 Education Stabilization Fund – Higher Education Emergency Relief Fund (HEERF) – Student and Institutional Portions
Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000
Auditee qualified as low-risk auditee?	<u>    X    </u> Yes _____ No

**Rensselaer Polytechnic Institute**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2021**

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**Section II – Financial Statement Findings**

None noted.

**Rensselaer Polytechnic Institute**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2021**

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**Section III – Federal Award Findings and Questioned Costs**

**Finding 2021-001 – Cash Management**

**Grantor:** National Institutes of Health and National Science Foundation  
**Program:** Research and Development Cluster  
**Assistance Listing #:** 93.394 and 47.049  
**Title:** Discovery and Applied Research for Technological Innovations to Improve Human Health and Mathematical and Physical Sciences  
**Award Year:** 07/01/2020 – 06/30/2021  
**Award Number:** 5R01CA237267-02 and DMS-1344962

**Criteria**

In accordance with 2 CFR 200.305 (b)(3), reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per 2 CFR 200.208, or when the non-Federal entity requests payment by reimbursement.

Per the OMB Compliance Supplement, the non-Federal entity must disburse funds for program purposes before requesting payment from the Federal awarding agency or pass-through entity.

**Condition**

In testing compliance with the cash management compliance requirement in accordance with the OMB Compliance Supplement, specifically the reimbursement method, 25 individual expenditures were tested to compare the date Rensselaer paid the vendor to the date Rensselaer requested sponsor reimbursement. We noted 2 instances in which reimbursement was requested from the sponsor before Rensselaer paid the vendor, as shown in the chart below.

Assistance Listing #	Award Number	Expenditure Amount	Date of Payment to Vendor	Date of Reimbursement Request to Sponsor	Date of Reimbursement from Sponsor
93.394	5R01CA237267-02	\$106	10/13/2020	09/15/2020	09/16/2020
47.049	DMS-1344962	\$66	06/02/2021	05/06/2021	05/11/2021

**Cause**

Management’s current process when requesting reimbursement to sponsors is to ensure that the expenditures are incurred.

**Effect**

Rensselaer requested and received Federal reimbursement prior to paying vendors for the selected expenses.

**Questioned Costs**

None as reimbursement was requested for allowable costs.

**Recommendation**

Rensselaer should revisit existing internal control procedures to ensure expenditures are paid in compliance with Federal reimbursement requirements.

**Management’s Views and Corrective Action Plan**

Management’s views and corrective action plan is included at the end of this report.

**Part IV**  
**Schedule of Status of Prior Audit Findings**

**Rensselaer Polytechnic Institute**  
**Schedule of Status of Prior Audit Findings**  
**June 30, 2021**

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There are no findings from prior years that require an update in this report.

**Part V**  
**Management's Views and Corrective Action Plan**



# Rensselaer

## Management View and Corrective Action Plan

### Finding 2021-001 – Cash Management

Grantor: National Institutes of Health and National Science Foundation  
Program: Research and Development Cluster  
CFDA #: 93.394 and 47.049  
Title: Discovery and Applied Research for Technological Innovations to Improve Human Health and Mathematical and Physical Sciences  
Award Year: 07/01/2020 – 06/30/2021  
Award Number: 5R01CA237267-02 and DMS-1344962

The Institute is currently following and believes it is in compliance with cash management regulations as written in 2 CFR Part 200.305(b) which require the organization to minimize the time elapsing between request for reimbursement from sponsoring agencies and payment to the supplier.

We understand that inconsistencies exist in the interpretation of the cash management compliance requirement. On October 20, 2017, the Council On Government Relations (COGR) wrote a letter to the Office of Financial Management expressing concern that the cash management requirement language in the Compliance Supplement was not aligned with the requirements for cash management as currently written in 2 CFR Part 200.305(b). This continues to be a concern to date.

When recipients request reimbursement from sponsoring agencies on a cost reimbursable basis, they are invoicing for expenditures. Required certifications as written in 2 CFR 200.415 state that recipients are certifying expenditures they invoice for, which aligns with drawing down funds based on expenditures, as opposed to what has already been paid, as the Compliance Supplement states. Furthermore, 2 CFR 200.34 explicitly defines expenditures as including charges made on an accrual basis due to changes in amounts owed for goods, property, services, and programs.

The Institute agrees with COGR's position and believes that adhering to the language in the Compliance Supplement would potentially lead to an unreasonable administrative burden for the Institute and possibly a reconfiguration of an electronic process to a manual one in an effort to ensure each supplier has been paid prior to requesting reimbursement from the sponsoring agency.

That said, the Institute will re-evaluate the electronic process in place to determine if a change can be made to meet the Compliance Supplement requirements. The Institute will also continue to monitor the OMB interpretation and watch for a potential change to the requirement in the Compliance Supplement, as well as work with our cognizant agency to understand their interpretation of the requirements.

A handwritten signature in black ink, appearing to read "Eileen McLoughlin".

Eileen McLoughlin  
Vice President for Finance and CFO