



UNIVERSITY OF NEW HAVEN

Consolidated Financial Statements

June 30, 2019

(With summarized comparative information as of and for the year ended

June 30, 2018)

(With Independent Auditors' Report Thereon)

UNIVERSITY OF NEW HAVEN
Consolidated Financial Statements
June 30, 2019
(with comparative information for June 30, 2018)

Table of Contents

	Page
Independent Auditors' Report	1
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6
Consolidating Schedules	
Schedule I – Consolidating Schedule of Financial Position as of June 30, 2019	25
Schedule II – Consolidating Schedule of Changes in Net Assets Without Donor Restrictions for the year ended June 30, 2019	26
Schedule III – Consolidating Schedule of Changes in Net Assets with Donor Restrictions and Total Net Assets for the ended June 30, 2019	27
Schedule IV – Consolidating Schedule of Financial Position as of June 30, 2018	28
Schedule V – Consolidating Schedule of Changes in Net Assets Without Donor Restrictions for the year ended June 30, 2018	29
Schedule VI – Consolidating Schedule of Changes in Net Assets with Donor Restrictions and Total Net Assets for the ended June 30, 2018	30



KPMG LLP
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755 Main Street
Hartford, CT 06103

Independent Auditors' Report

The Board of Governors
University of New Haven:

We have audited the accompanying consolidated financial statements of the University of New Haven and its subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University of New Haven and its subsidiaries as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in Note 2(k) to the consolidated financial statements, during the year ended June 30, 2019, the University adopted Financial Accounting Standards Board Accounting Standards update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the University of New Haven and its subsidiaries' 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 22, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived before the adjustments to adopt ASU 2016-14. As part of our audit of the 2019 financial statements, we also audited the adjustments described in Note 2(k) that were applied to adopt ASU 2016-14 retrospectively in the 2018 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

KPMG LLP

October 25, 2019

UNIVERSITY OF NEW HAVEN

Consolidated Statement of Financial Position

June 30, 2019

(with comparative information as of June 30, 2018)

Assets	2019	2018
Cash and cash equivalents	\$ 36,977,088	53,041,286
Accounts, notes and loans receivable, net (note 5)	6,271,552	5,006,271
Pledges receivable, net (note 6)	5,152,958	7,250,534
Other assets	1,249,495	1,126,382
Investments (note 7)	93,157,120	93,561,129
Investments held in trust by others (notes 7 and 11)	2,776,151	2,384,633
Deposits with bond trustee and restricted cash (note 7)	13,452,760	4,156,921
Investment in plant, net (note 9)	242,978,997	217,724,268
Total assets	\$ 402,016,121	384,251,424
Liabilities		
Accounts payable and accrued expenses	\$ 29,733,527	22,030,963
Deposits and other liabilities	24,454,569	29,743,052
Bonds and notes payable (note 12)	129,012,883	107,540,124
Postretirement healthcare obligation (note 17)	4,289,717	4,512,063
Government grants refundable	2,666,134	2,666,134
Total liabilities	190,156,830	166,492,336
Net Assets		
Without donor restrictions	150,973,425	151,869,987
With donor restrictions (notes 11 and 15)	60,885,866	65,889,101
Total net assets	211,859,291	217,759,088
Commitments and contingencies (notes 9 and 18)		
Total liabilities and net assets	\$ 402,016,121	384,251,424

See accompanying notes to consolidated financial statements.

UNIVERSITY OF NEW HAVEN

Consolidated Statement of Activities

Year ended June 30, 2019

(with summarized comparative information for the year ended June 30, 2018)

	2019			2018 Total
	Without donor restrictions	With donor restrictions	Total	
Operating activities:				
Revenue, gains, and other support:				
Tuition and fees, net	\$ 131,893,642	—	131,893,642	131,758,911
Residence and dining, net	40,199,623	—	40,199,623	39,598,700
Net student fees (note 4)	172,093,265	—	172,093,265	171,357,611
Federal, state, and private grants and gifts	6,997,765	3,026,017	10,023,782	11,146,886
Endowment spending used in operations	2,060,833	—	2,060,833	1,561,655
Interest income and other sources	10,137,647	251,589	10,389,236	6,892,685
Other auxiliary services	3,844,036	283,844	4,127,880	4,343,898
Net assets released from restrictions (note 16)	3,190,788	(3,190,788)	—	—
Total revenue from operations	198,324,334	370,662	198,694,996	195,302,735
Expenses (note 13):				
Salary and wages	84,554,158	—	84,554,158	80,876,574
Employee benefits (notes 14 and 17)	22,218,470	—	22,218,470	21,396,057
Supplies, services, other	75,394,636	—	75,394,636	70,966,716
Depreciation and amortization	8,417,933	—	8,417,933	8,820,573
Interest	4,706,030	—	4,706,030	4,738,535
Total expenses	195,291,227	—	195,291,227	186,798,455
Change in net assets from operations	3,033,107	370,662	3,403,769	8,504,280
Nonoperating activities:				
Net return on long-term investments, net of amounts used in operations	1,323,700	2,179,941	3,503,641	4,146,702
Capital contributions	—	301,813	301,813	4,520,030
Change in value of interest rate swap	—	—	—	3,805,664
Effects of de-affiliation (note 20)	(5,298,167)	(7,811,605)	(13,109,772)	—
Unrealized gains on investments held in trust by others	—	391,518	391,518	719,779
Loss on debt extinguishment	—	—	—	(2,086,258)
Net assets released from restrictions (note 17)	435,564	(435,564)	—	—
Gain on sale of fixed assets	—	—	—	3,740
Change in net assets from nonoperating	(3,538,903)	(5,373,897)	(8,912,800)	11,109,657
Cumulative effect of change in accounting principle:				
Cumulative effect of change in accounting principle (note 2(k))	(390,766)	—	(390,766)	—
Change in net assets	(896,562)	(5,003,235)	(5,899,797)	19,613,937
Net assets, beginning of year	151,869,987	65,889,101	217,759,088	198,145,151
Net assets, end of year	\$ 150,973,425	60,885,866	211,859,291	217,759,088

See accompanying notes to consolidated financial statements.

UNIVERSITY OF NEW HAVEN

Consolidated Statement of Cash Flows

June 30, 2019

(with comparative information for the year ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (5,899,797)	19,613,937
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,417,933	8,820,573
Gain on disposal of plant and equipment	—	(3,740)
Termination of interest swap	—	(10,683,360)
Change in value of interest rate swap	—	(3,805,664)
Loss on debt extinguishment	—	2,086,258
Net unrealized and realized gains on investments	(3,809,229)	(4,400,050)
Gains on investments held in trust by others	(391,518)	(719,779)
Contributions restricted for long-term investment	(2,125,991)	(2,578,682)
Effects of de-affiliation	13,109,772	—
Change in accounts and pledges receivable	2,238,793	9,527,783
Change in other assets	(194,585)	(552,219)
Change in accounts payable and accrued expenses	1,695,335	114,247
Change in deposits and other liabilities	<u>(2,479,280)</u>	<u>3,537,676</u>
Net cash provided by operating activities	<u>10,561,433</u>	<u>20,956,980</u>
Cash flows from investing activities:		
Purchases of plant and equipment	(38,562,970)	(17,111,532)
Cash on hand at time of de-affiliation (note 20)	(1,341,119)	—
Proceeds from maturity and sale of investments	14,328,556	13,129,403
Purchases of investments	(17,131,734)	(34,094,713)
Change in restricted cash and deposits with bond trustee	(9,295,839)	3,766,695
Loans receivable advanced	—	(77,500)
Loans receivable collected	<u>305,380</u>	<u>(132,955)</u>
Net cash used in investing activities	<u>(51,697,726)</u>	<u>(34,520,602)</u>
Cash flows from financing activities:		
Proceeds from bonds and notes payable	26,797,683	107,473,784
Bond issuance costs	(388,406)	(729,470)
Principal payments on bonds and notes payable	(3,463,173)	(106,190,924)
Proceeds from contributions restricted for long-term investment	<u>2,125,991</u>	<u>2,578,682</u>
Net cash provided by financing activities	<u>25,072,095</u>	<u>3,132,072</u>
Net change in cash and cash equivalents	(16,064,198)	(10,431,550)
Cash and cash equivalents at beginning of year	<u>53,041,286</u>	<u>63,472,836</u>
Cash and cash equivalents at end of year	\$ <u>36,977,088</u>	\$ <u>53,041,286</u>
Supplemental data:		
Interest paid	\$ 4,582,853	4,406,806
Noncash investing activity – change in accounts payable attributable to fixed assets	5,824,401	1,863,576

See accompanying notes to consolidated financial statements.

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

(1) Organization

The University of New Haven (University) is a private, tax-exempt, nonprofit educational institution. The University was founded in 1920 and is located in suburban West Haven, Connecticut with branch locations in Orange, Connecticut; Lyme, Connecticut; and Prato, Italy. The University includes the accounts of the Henry C. Lee Institute and Lyme Academy College of Fine Arts (Lyme Academy) in Old Lyme, Connecticut.

The University entered into an affiliation agreement effective July 31, 2014 with the Lyme Academy as its sole corporate member. Lyme Academy functioned as a separate academic unit of the University with its historical mission to be advanced by the University. The University ended the affiliation agreement effective June 30, 2019 and the assets, liabilities, and net assets of Lyme Academy were deconsolidated (note 20). Lyme Academy has a note payable due to the University of \$1,817,215 which has been fully reserved for as of June 30, 2019.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). All intercompany transactions and balances are eliminated in consolidation.

The accompanying consolidated financial statements present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of fees for service and related expenses associated with the core activities of the University: instruction and conduct of sponsored research. In addition to these exchange transactions, changes in this category of net assets include investment returns on “funds functioning as endowment” funds, actuarial adjustments to self-insurance liabilities, changes in postretirement benefit obligations, and certain types of philanthropic support. Such philanthropic support includes gifts without restrictions, including those designated by the Board of Governors to function as endowment and restricted gifts whose donor-imposed restrictions were met during the fiscal year, as well as previously restricted gifts and grants for buildings and equipment that have been placed in service.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts and grants for buildings and equipment not yet placed in service; endowment, annuity, and life income gifts; pledges; and investment returns on “true “endowment funds, and endowments where the principal may be expended upon the passage of a stated period of time (term endowments). Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the University, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity (primarily gifts for endowment and providing loans to students)

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

and that only the income be made available for program operations. Other permanently restricted items in this net asset category include annuity and life income gifts for which the ultimate purpose of the proceeds is permanently restricted.

The consolidated financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, summarized 2018 information should be read in conjunction with the University's financial statements for the year ended June 30, 2018, from which the summarized information was derived before the adjustments described in Note 2(k) that were applied to adopt ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities* retrospectively.

(b) Liquidity Information

In order to provide information about liquidity, assets have been sequenced in the consolidated statement of financial position according to their nearness to conversion to cash, and liabilities have been sequenced according to the nearness of their maturity and resulting use of cash.

(c) Contribution Revenue

The University reports contributions (including unconditional promises to give) as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restrictions. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions expected to be received after one year are discounted at an appropriate discount rate. The discount rate represents the risk-free rate in existence at the date of the gift. An allowance for uncollectible contributions is estimated based upon such factors as prior collection history, type of contribution, nature of fund-raising activity, and future collection expectations.

(d) Tuition and Related Revenues

Under Accounting Standards Codification Topic 606, revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which the University expects to be entitled in exchange for those goods or services (i.e., the transaction price).

Revenue from student tuition, fees, room and board is recognized over the academic year, which generally aligns with the University's fiscal year, as services are provided. Revenues associated with academic programs that cross fiscal years are recognized based on the period the services are provided in each fiscal year. Revenues are presented at stated transaction prices, which are determined based on standard published rates for the services less institutional aid awarded to qualifying students.

The amount of revenue per student varies based on the specific program or class in which the student enrolls as well as whether the student resides in University Housing. In addition, students who adjust their course load, residence assignment, board assignment, or withdraw completely within the specified

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

period published in the University's academic calendar may receive a full or partial refund in accordance with the University's refund policy. Refunds issued reduce the amount of revenue recognized. Payments are generally due prior to the start of the academic term.

Revenues and deposits received from students in advance of services being provided are included in deposits and other liabilities in the statement of financial position and totaled \$4,908,715 and \$5,439,770 as of June 30, 2019 and 2018 respectively. Revenues and deposits received in advance of services provided related to non-degree service contracts and a facilities management contract are included in deposits and other liabilities in the statement of financial position and totaled \$19,545,854 and \$24,303,282 as of June 30, 2019 and 2018 respectively.

(e) Cash Equivalents

The University considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents, except for cash held with investment managers for long-term investment.

(f) Investment in Plant

All plant assets are stated at cost except gifts in kind, which are recorded at their estimated fair value on the date of the gift. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Construction in progress is not depreciated until placed in service. When plant assets are retired or disposed of, the cost and related accumulated depreciation are removed and any resulting gain or loss is reflected in the consolidated statement of activities.

(g) Income Taxes

The University and Lyme Academy were granted an exempt status under the Internal Revenue Code (IRC) Section 501(a), as organizations described in Section 501(c)(3). Under IRC Section 501(a) the University and Lyme Academy are generally exempt from income taxes. The University and Lyme Academy believe they have no significant uncertain tax positions.

(h) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(i) Fair Value

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Financial instruments that are measured and reported at fair value are classified and disclosed in one of the following categories:

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

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

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

Level 3 inputs are unobservable inputs for the assets or liabilities. The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Investments are reported at fair value. Equity securities are measured using quoted market prices at the reporting date multiplied by the quantity held. Fixed income securities are measured using quoted market prices multiplied by the quantity held when quoted market prices are available. If an investment is held directly by the University and an active market with quoted prices exists, the market price of an identical security is used as reported fair value.

(j) Reclassification of Prior Year Financial Information

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

The June 30, 2019 consolidated statement of financial position, does not include the assets, liabilities or net assets of Lyme Academy. The balances reported for June 30, 2018 include the assets, liabilities and net assets of both the University and Lyme Academy.

(k) Recent Accounting Pronouncements

(i) Presentation of Financial Statements for Not-for-Profit Entities

The University adopted Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. The primary changes, which affect most not-for-profit financial statements, include revisions to simplify and enhance the presentation of net assets, a requirement to present functional and natural expenses in a single location, and expanded disclosures regarding liquidity and availability of resources. The ASU is effective for fiscal years beginning after December 15, 2017. In fiscal 2019, the University retrospectively adopted this standard. A summary of the net asset reclassifications resulting from the adoption of ASU 2016-14 as of June 30, 2018 are as follows:

	ASU 2016-14 Classification		
	Without donor restrictions	With donor restrictions	Total net assets
2018 ending net assets as previously presented:			
Unrestricted	\$ 151,798,472	—	151,798,472
Temporarily restricted	—	39,017,990	39,017,990
Permanently restricted	—	26,942,626	26,942,626
Reclassification to implement ASU 2014-14:			—
Underwater endowments	71,515	(71,515)	—
2018 ending net assets, as restated	\$ <u>151,869,987</u>	<u>65,889,101</u>	<u>217,759,088</u>

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

(ii) *Revenue from Contracts with Customers*

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014- 09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The University adopted the new standard effective July 1, 2018, the first day of the University’s fiscal year using the modified retrospective method of transition.

As part of the adoption of the ASU, the University elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients. The impact of adopting ASU No. 2014-09 resulted in a cumulative \$390,766 reduction in net assets without donor restrictions. Additionally, the ASU requires that tuition, fees and auxiliary student revenues be presented in the consolidated statement of activities at the transaction price, i.e., net of any institutional student aid. Previously, such revenues were presented gross, i.e., at published rates, followed by a reduction for institutional student aid. Accordingly, the University’s 2018 summarized financial information has been revised to conform to the 2019 presentation.

(iii) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*

ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, was issued by the FASB in June 2018. The new ASU is intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonexchange transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU became effective for the University for the year ended June 30, 2019. The University’s adoption of the ASU on a modified prospective basis did not have a material effect on its consolidated financial statements.

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

(3) Liquidity and Availability of Financial Assets

As of June 30, 2019, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capitalized construction costs not financed with debt, are as follows:

Cash and cash equivalents	\$ 36,353,150
Pledges, notes and accounts receivable, net	6,395,312
Fiscal 2020 endowment appropriation	2,395,082
Funds held in trust by bond trustee	6,395,162
Investments	<u>20,107,787</u>
Total financial assets available within one year	\$ <u>71,646,493</u>

The University's cash flows have seasonal variations attributable to the timing of tuition billing and contributions received. To manage liquidity, the University regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The University has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing mission related activities as well as the conduct of services undertaken to support those activities to be general expenditures. In addition, the University has board-designated quasi endowment funds of \$34,639,769, which, if necessary, can be utilized for operations.

(4) Net Student Fees

Net student fees consist of the following as of June 30:

	2019	2018
Tuition and fees, net of aid of \$92,006,804 and \$87,033,096 for June 30, 2019 and June 30, 2018 respectively.	\$ 131,893,642	131,758,911
Residence and dining, net of aid of \$1,317,214 and \$1,287,142 for June 30, 2019 and June 30, 2018 respectively.	40,199,623	39,568,700
Net student fees	\$ <u>172,093,265</u>	<u>171,327,611</u>

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

(5) Accounts, Notes and Loans Receivable, net

Accounts, notes and loans receivable, net consist of the following as of June 30:

	2019	2018
Students	\$ 8,041,755	5,677,266
Perkins loans	2,188,882	2,494,263
Note receivable	1,817,215	—
Grants	359,575	906,271
Other	593,205	2,190,795
Allowance for doubtful accounts	(6,729,080)	(6,262,324)
Total accounts, notes and loans receivable, net	\$ 6,271,552	5,006,271

(6) Pledges Receivable, net

Pledges receivable, net consist of the following unconditional promises to give as of June 30:

	2019	2018
Amounts due in:		
Less than one year	\$ 1,319,546	2,103,814
One to five years	5,029,538	6,513,051
Greater than five years	2,000	3,000
Charitable remainder trust (note 11)	89,417	89,417
Gross pledges receivable	6,440,501	8,709,282
Less:		
Allowance for uncollectible pledges	(1,104,921)	(1,183,318)
Discount to present value	(182,622)	(275,430)
Net pledges receivable	\$ 5,152,958	7,250,534

Pledges recorded at June 30, 2019 and 2018 are discounted at rates ranging from 0.74% to 6.25%.

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

(7) Fair Value Investments

The investment objective of the University is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund a portion of its spending and to increase investment value after inflation. The University's investment strategy incorporates a diversified asset allocation approach that maintains, within defined limits, exposure to global equity and fixed income. The University's assets and liabilities as of June 30, 2019 and 2018 that are reported at fair value are summarized in the following tables by their fair value hierarchy:

2019	Level 1	Level 2	Level 3	2019 Total	Redemption or liquidation	Days' notice
Assets:						
Investments:						
Cash and cash equivalents	\$ 5,561,008	—	—	5,561,008	Daily	1
Fixed income - U.S.	—	26,888,857	—	26,888,857	Daily	1
Fixed income - Foreign	—	4,367,089	—	4,367,089	Daily	1
Equities – U.S.	39,081,837	—	—	39,081,837	Daily	1
Equities – Foreign	17,258,329	—	—	17,258,329	Daily	1
Total investments	\$ 61,901,174	31,255,946	—	93,157,120		
Other assets:						
Funds held by bond trustee – U.S. agency/treasury debt	\$ 6,843,419	—	—	6,843,419	Daily	1
Funds held by bond trustee – U.S. government repurchase agreements	6,609,341	—	—	6,609,341	Daily	1
Investments held in trust by others	—	—	2,776,151	2,776,151	Not applicable	Not applicable
2018	Level 1	Level 2	Level 3	2018 Total	Redemption or liquidation	Days' notice
Assets:						
Investments:						
Cash and cash equivalents	\$ 14,419,627	—	—	14,419,627	Daily	1
Fixed income - U.S.	—	19,052,987	—	19,052,987	Daily	1
Fixed income - Foreign	—	3,877,158	—	3,877,158	Daily	1
Equities – U.S.	44,600,316	—	—	44,600,316	Daily	1
Equities – Foreign	11,611,041	—	—	11,611,041	Daily	1
Total investments	\$ 70,630,984	22,930,145	—	93,561,129		
Other assets:						
Funds held by bond trustee – U.S. agency/treasury debt	\$ 2,406,857	—	—	2,406,857	Daily	1
Funds held by bond trustee – U.S. government repurchase agreements	1,750,064	—	—	1,750,064	Daily	1
Investments held in trust by others	—	—	2,384,633	2,384,633	Not applicable	Not applicable

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

The following table represents the University's activity for the fiscal years ended June 30, 2019 and 2018 for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in the fair value hierarchy:

	Investments held in trust by others
Fair value as of June 30, 2018	\$ 2,384,633
Unrealized gains	391,518
Fair value as of June 30, 2019	\$ 2,776,151
	Investments held in trust by others
Fair value as of June 30, 2017	\$ 1,664,854
Unrealized gains	719,779
Fair value as of June 30, 2018	\$ 2,384,633

There were no transfers between levels of the fair value hierarchy during the years ended June 30, 2019 and 2018.

(8) Endowment Funds

The University's endowment consists of approximately 200 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the University to function as endowments (quasi-endowment). From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level classified as permanently restricted consistent with donor restrictions and University policies under CT UPMIFA. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of donor restricted contributions and/or appropriation for certain programs that were deemed prudent by the University.

The University manages its long-term investments to ensure that the future growth of the endowments are sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment for future generations. The University pursues investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the endowment funds in perpetuity. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under the University's investment policy, the endowment assets are currently invested in a manner that is intended to produce results consistent with the return and risk results of a combination of various indexes representative of portfolio target allocations. The University expects its endowment funds, over the long term, to provide an average annual rate of return in

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

excess of spending plus inflation while carrying a moderate level of risk. Actual returns in any given year may vary from such amount.

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation of domestic and international equities, and fixed income, marketable and nonmarketable alternative investments (hedge funds and private investments), and real assets to achieve its long-term return objectives within prudent risk constraints.

The University's annual spending distribution is determined by applying a spending formula outlined in the Long-Term Investment Policy. The actual endowment fund distribution shall be at an annual rate that is four percent (4.0%) based upon the 12-quarter moving average market value of the fund's value at the beginning of each quarter with a one-quarter lag.

The University's endowment includes both donor-restricted endowment funds and funds designated by the Board of Governors to function as endowment. The University classifies as donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulations are added to the fund.

The remaining portion of the donor-restricted endowment funds, are classified as donor restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard prudence prescribed by the State of Connecticut Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the University and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the University
7. The investment policies of the University

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

Endowment net assets consisted of the following as of June 30, 2019 and 2018:

		2019			
		<u>Without Donor</u>	<u>With donor restrictions</u>		
		<u>Restrictions</u>	<u>Original gift</u>	<u>gains/(losses)</u>	<u>Total</u>
					<u>Total</u>
Quasi	\$	34,639,769	-	-	-
Donor restricted		-	11,877,108	23,300,337	35,177,445
Total	\$	<u>34,639,769</u>	<u>11,877,108</u>	<u>23,300,337</u>	<u>35,177,445</u>
					<u>69,817,214</u>

		2018			
		<u>Without Donor</u>	<u>With donor restrictions</u>		
		<u>Restrictions</u>	<u>Original gift</u>	<u>gains/(losses)</u>	<u>Total</u>
					<u>Total</u>
Quasi	\$	33,541,574	-	-	-
Donor restricted					33,541,574
Underwater		-	235,208	(71,515)	163,693
Other		-	11,574,846	26,743,853	38,318,699
Total	\$	<u>33,541,574</u>	<u>11,810,054</u>	<u>26,672,338</u>	<u>38,482,392</u>
					<u>72,023,966</u>

Changes in endowment funds for the fiscal years ended June 30, 2019 and 2018 were as follows:

		2019		
		<u>Without donor</u>	<u>With donor</u>	<u>Total</u>
		<u>restriction</u>	<u>restriction</u>	
Balance, June 30, 2018	\$	33,541,574	38,482,392	72,023,966
Investment return		835,354	586,896	1,422,250
Unrealized/realized gains		1,724,201	1,431,578	3,155,779
Appropriated to earnings		(1,097,298)	(963,535)	(2,060,833)
Contributions		447,921	1,844,542	2,292,463
Effect of de-affiliation		(811,983)	(6,204,428)	(7,016,411)
Balance, June 30, 2019	\$	<u>34,639,769</u>	<u>35,177,445</u>	<u>69,817,214</u>

		2018		
		<u>Without donor</u>	<u>With donor</u>	<u>Total</u>
		<u>restriction</u>	<u>restriction</u>	
Balance, June 30, 2017	\$	22,036,715	33,245,636	55,282,351
Investment return		681,225	282,517	963,742
Unrealized/realized gains		1,451,662	2,172,172	3,623,834
Appropriated to earnings		(628,428)	(933,227)	(1,561,655)
Contributions		10,000,400	3,715,294	13,715,694
Balance, June 30, 2018	\$	<u>33,541,574</u>	<u>38,482,392</u>	<u>72,023,966</u>

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

(9) Investment in Plant, net

Plant assets consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>	<u>Estimated useful lives</u>
Land	\$ 12,905,229	14,083,404	—
Land improvements	21,154,993	20,804,391	15 years
Buildings and building improvements	260,427,534	264,747,057	30-50 years
Furniture and equipment	68,433,554	66,816,051	3-10 years
Collections	188,743	810,288	—
Construction in progress	<u>44,347,415</u>	<u>13,273,270</u>	—
	407,457,468	380,534,461	
Less accumulated depreciation	<u>(164,478,471)</u>	<u>(162,810,193)</u>	
	<u>\$ 242,978,997</u>	<u>217,724,268</u>	

Depreciation expense for the years ended June 30, 2019 and 2018 amounted to \$9,098,001 and \$8,982,816, respectively.

Construction in progress consists of approximately \$30,300,000 related to construction of a new academic building, \$7,800,000 related to remodeling of an existing academic building, \$2,000,000 related to remodeling residence halls and \$4,200,000 related to general campus capital projects. Total commitments as of June 30, 2019 for all projects are approximately \$21,085,000.

(10) Leases

The University has entered into operating lease agreements to rent property for office space and for off campus residences. These lease agreements have varying remaining terms until fiscal year 2032.

The approximate future minimum rental commitments under operating lease agreements are as follows:

Year ending June 30:	
2020	\$ 4,005,000
2021	2,300,000
2022	1,980,000
2023	1,529,000
2024 and thereafter	<u>8,469,000</u>
Total required minimum lease payments	<u>\$ 18,283,000</u>

Rent expense for the years ended June 30, 2019 and 2018 was \$3,807,056 and \$3,404,674, respectively.

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

(11) Investments Held in Trust by Others

The University is the sole beneficiary of a charitable trust with a fair value of \$2,776,151 and \$2,384,633 as of June 30, 2019 and 2018, respectively, of which the University is not the trustee. The trust is time restricted. The University's beneficial interest in the trust is recognized as net asset with donor restrictions. Distributions are reflected as reductions in the beneficial interest of the trust and as reclassifications from net assets with donor restrictions to net assets without donor restrictions.

The University is the sole beneficiary of a charitable remainder trust payable to the University upon death of the donor. The assets of the trust are recorded as a donor restricted pledge receivable, at the present value of estimated future payment, as disclosed in note 6.

The University is named as a beneficiary of a charitable remainder trust. Under the trust agreement, distributions for the benefit of the primary beneficiaries may include the expenditure of principal causing the remainder amount the University expects to receive to be undeterminable. As a result, the trust has not been recorded in the University's consolidated financial statements.

(12) Bonds and Notes Payable

The following is a summary of bonds and notes payable as of June 30:

	2019	2018
Series K-1 bond, issued in May 2018 with fixed interest rate of 5.00% on \$86,455,000. Interest expense was \$4,322,750 for the fiscal year. Principal payments are made semi-annually ranging from \$3,215,000 to \$6,075,000, through 2040.	\$ 86,455,000	86,455,000
Series K-2 bond, issued in May 2018 with fixed interest rate of 2.64% on \$3,385,000; 3.07% on \$3,380,000 and 3.32% on \$3,485,000. Interest expense was \$219,534 for the fiscal year. Principle payments are made semi-annually ranging from \$3,385,000 to \$3,485,000, through 2020.	6,865,000	10,250,000
Series K-3 bond, issued in November 2018 with fixed interest rate of 5.00% on \$25,100,000. Interest cost of \$833,333 was capitalized during the fiscal year. Principle payments are made semi-annually ranging from \$420,000 to \$1,630,000, through 2049.	25,150,000	—
Bonds payable	118,470,000	96,705,000

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

Series K bond premium and unamortized bond discount	11,580,245	10,647,912
Bond issuance costs	<u>(1,037,362)</u>	<u>(723,749)</u>
Bonds payable, net	129,012,883	106,629,163

Lyme Academy:

Note payable in monthly installments of principal and interest adjusted to the index rate plus 200 basis points each five-year period. The interest rate and monthly payment was 4.57% and \$9,233 as of June 30, 2019. Interest expense was \$40,569 for the fiscal year. The note payable is secured by all the assets of Lyme Academy.

	—	910,961
Bonds and notes payable, net	\$ <u>129,012,883</u>	<u>107,540,124</u>

In May 2018, the University issued \$86,455,000 of CHEFA Series K-1 tax exempt and \$10,250,000 of CHEFA Series K-2 taxable bonds. The Series K-1 bonds were issued at a premium of \$11,156,168. The proceeds were used to retire the University's previous bond debt (Series E, G, H, I, and J) and associated interest rate swap liabilities. The University incurred issuance costs of \$729,470 with respect to the bonds. The bonds are secured by a pledge of gross receipts of the University.

In November 2018, the University issued \$25,100,000 of CHEFA Series K-3 tax-exempt bonds. The Series K-3 bonds were issued at a premium of \$1,754,071. The proceeds were used to fund the design, construction and equipping of an academic facility. The University incurred issuance costs of \$388,406 with respect to the bonds. The bonds are secured by a pledge of gross receipts of the University.

Under the bond agreements with CHEFA, the University has certain financial covenants.

The following is a schedule of debt maturities payable over the next five years and thereafter by the University:

Year ending June 30:	
2020	\$ 3,380,000
2021	3,485,000
2022	3,635,000
2023	3,825,000
2024	4,020,000
Thereafter	<u>100,125,000</u>
Total	\$ <u>118,470,000</u>

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

(13) Functional Expenses

The statement of activities presents expenses in their natural classification. The University also summarizes its expense by functional classification. The University's primary program service is academic instruction and research. Expenses reported as student services, institutional support and auxiliary enterprises are incurred in support of this primary program activity.

Functional expenses for the year ended June 30, 2019 are as follows:

	<u>Instruction & research</u>	<u>Academic support</u>	<u>Student services</u>	<u>Institutional support</u>	<u>Auxiliary enterprises</u>	<u>Grand Total</u>
Salary and wages	\$ 41,343,088	11,160,492	11,820,807	18,164,553	2,065,218	84,554,158
Employee benefits	10,776,182	2,785,411	3,437,532	4,510,064	709,281	22,218,470
Supplies, services, other	12,578,554	5,771,506	12,863,397	16,423,978	27,757,201	75,394,636
Depreciation and amortization	3,028,075	416,186	1,059,282	904,148	3,010,242	8,417,933
Interest	1,685,876	221,288	607,987	450,596	1,740,283	4,706,030
Total	<u>69,411,775</u>	<u>20,354,883</u>	<u>29,789,005</u>	<u>40,453,339</u>	<u>35,282,225</u>	<u>195,291,227</u>

Functional expenses for the year ended June 30, 2018 are as follows:

	<u>Instruction & research</u>	<u>Academic support</u>	<u>Student services</u>	<u>Institutional support</u>	<u>Auxiliary enterprises</u>	<u>Grand Total</u>
Salary and wages	\$ 40,093,074	11,430,195	11,587,897	16,237,009	1,528,399	80,876,574
Employee benefits	9,834,978	2,735,130	3,307,480	5,015,218	503,251	21,396,057
Supplies, services, other	11,721,970	5,716,242	11,764,234	16,003,503	25,760,767	70,966,716
Depreciation and amortization	2,709,395	874,507	1,243,773	1,196,255	2,796,643	8,820,573
Interest	1,458,569	470,228	664,753	651,807	1,493,178	4,738,535
Total	<u>65,817,986</u>	<u>21,226,302</u>	<u>28,568,137</u>	<u>39,103,792</u>	<u>32,082,238</u>	<u>186,798,455</u>

The costs of providing the various programs and other activities have been summarized on a functional basis in the tables above. These costs include direct and indirect costs that have been allocated, on a consistent basis, among the program and supporting services benefited. Fundraising expenses for the years ended June 30, 2019 and 2018 totaling \$2,316,468 and \$2,174,254, respectively, have been classified as institutional support expenses in the tables above.

(14) Pension Plan

The University maintains a defined contribution retirement program with Fidelity Brokerage Services LLC. The University generally contributes 9% of base salaries, as defined, for both exempt and nonexempt participating employees. Eligible employees may contribute a percentage of their annual compensation, pretax, subject to various restrictions within the Internal Revenue Code. Pension expense for the years ended June 30, 2019 and 2018 was \$5,889,571 and \$5,576,127, respectively.

UNIVERSITY OF NEW HAVEN
Notes to Consolidated Financial Statements
June 30, 2019
(with comparative information for June 30, 2018)

(15) Net Assets

Net assets with donor restrictions as of June 30, 2019 and June 30, 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Investments held in trust by others	\$ 2,776,151	2,384,633
Pledges	5,152,958	7,250,534
Use restricted		
Capital projects	10,972,362	10,179,453
Scholarships	1,582,516	1,575,727
Other	5,224,434	6,016,362
Endowment		
Scholarships	27,021,124	28,218,023
Chair, fellowships, other	8,156,321	10,264,369
	<u>\$ 60,885,866</u>	<u>65,889,101</u>

(16) Net Assets Released from Restrictions

Donor restricted assets were released from restriction by incurring expenses satisfying the restricted purpose specified by the donor. For the years ended June 30, 2019 and 2018, donor restricted net assets were released as follows:

	<u>2019</u>	<u>2018</u>
Capital projects	\$ 435,564	3,690,293
Academic support	808,070	423,066
Student services/athletics	644,560	167,475
Institutional support	483,023	881,902
Instruction	516,748	294,239
Student aid	738,387	753,139
Total	<u>\$ 3,626,352</u>	<u>6,210,114</u>

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

(17) Postretirement Medical Benefits Plan

The University provides certain healthcare benefits, including medical care and prescription drug components, of its retired employees but does not prefund these benefits. Information with respect to the plan is as follows:

	<u>June 30</u>	
	<u>2019</u>	<u>2018</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 4,512,063	5,025,360
Interest cost	170,501	169,015
Assumption change	252,686	(191,334)
Experience losses	(252,550)	(98,880)
Benefits paid	<u>(392,983)</u>	<u>(392,098)</u>
Benefit obligation at end of year	<u>4,289,717</u>	<u>4,512,063</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Employer contribution	392,983	392,098
Benefits paid	<u>(392,983)</u>	<u>(392,098)</u>
Fair value of plan assets at end of year	<u>—</u>	<u>—</u>
Funded status	<u>\$ (4,289,717)</u>	<u>(4,512,063)</u>

	<u>June 30</u>	
	<u>2019</u>	<u>2018</u>
Components of net periodic postretirement benefit cost:		
Interest cost	\$ 170,501	169,015
Net periodic postretirement benefit cost	<u>\$ 170,501</u>	<u>169,015</u>

	<u>June 30</u>	
	<u>2019</u>	<u>2018</u>
Discount rate used to value obligations	3.13 %	3.95 %
Discount rate used to value expenses	3.95	3.50
Weighted average healthcare cost trend:		
Initial trend rate	5.70	5.70
Ultimate trend rate	4.70	4.70

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

The assumed healthcare cost trend rate has a significant effect on the amounts reported. A one-percentage-point change in the assumed healthcare cost trend rate would have the following increases (decreases) in reported amounts:

	<u>2019</u>	<u>2018</u>
Impact of 1% increase in healthcare cost trend:		
On interest cost plus service cost during past year	\$ 12,713	14,042
On accumulated postretirement benefit obligation	297,720	321,849
Impact of 1% decrease in healthcare cost trend:		
On interest cost plus service cost during past year	(11,154)	(12,185)
On accumulated postretirement benefit obligation	(260,286)	(282,382)

Estimated future benefit payments, net of employee contributions, are as follows:

	<u>Estimated benefit payment</u>
Fiscal year:	
2020	\$ 396,389
2021	398,819
2022	408,990
2023	405,061
2024	412,804
2025–2029	1,571,945

The expected employer contribution for fiscal year 2020 is \$396,389.

(18) Commitments and Contingencies

The University participates in a number of federal programs that are subject to financial and compliance audits. The amount of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the University does not expect these amounts, if any, to be material to the consolidated financial statements.

The University is subject to certain legal proceedings and claims that arose in the ordinary course of its business. In the opinion of management, the amount of the ultimate liability with respect to those actions will not materially affect the University's consolidated financial position.

(19) Related Parties

Members of the University's Board of Governors and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the University. The Board's conflict of interest policy requires, among other things, that no member of the Board of Governors or its committees can participate in any decision by the University in which he or she (or immediate family member) has a material financial interest. For members of the Board of Governors and senior management, the

UNIVERSITY OF NEW HAVEN

Notes to Consolidated Financial Statements

June 30, 2019

(with comparative information for June 30, 2018)

University requires an annual disclosure of significant financial interest in, or employment or consulting relationships with, entities doing business with the University. When such relationships exist, measures are taken to address the actual or perceived conflict to protect the best interest of the University and ensure compliance with relevant conflict of interest laws or policy.

(20) De-Affiliation with Lyme Academy

As noted in Note 1, the University ended its affiliation agreement with Lyme Academy effective June 30, 2019. The following table summarizes the values assigned to the Lyme Academy net assets deconsolidated as of the de-affiliation date, June 30, 2019.

Assets:	
Cash	\$ 1,341,119
Current assets	7,121,749
Property, plant and equipment	10,034,638
Other assets	<u>71,472</u>
Total assets	<u>18,568,978</u>
Liabilities:	
Notes payable	832,788
Note due to University of New Haven	1,817,215
Other liabilities	<u>2,809,203</u>
Total liabilities	<u>5,459,206</u>
Net assets deconsolidated	\$ <u><u>13,109,772</u></u>

(21) Subsequent Events

The University considers events or transactions that occur after the balance sheet date, but before the consolidated financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure.

These consolidated financial statements were issued on October 25, 2019 and subsequent events have been evaluated through that date.

UNIVERSITY OF NEW HAVEN
Consolidating Schedule of Financial Position
June 30, 2019

Assets	University of New Haven	Lyme Academy	Eliminations	Total
Cash and cash equivalents	\$ 36,977,088	—	—	36,977,088
Accounts, notes and loans receivable, net	6,271,552	—	—	6,271,552
Pledges receivable, net	5,152,958	—	—	5,152,958
Other assets	1,249,495	—	—	1,249,495
Investments	93,157,120	—	—	93,157,120
Investments held in trust by others	2,776,151	—	—	2,776,151
Deposits with bond trustee and restricted cash	13,452,760	—	—	13,452,760
Investment in plant, net	242,978,997	—	—	242,978,997
Total assets	<u>\$ 402,016,121</u>	<u>—</u>	<u>—</u>	<u>402,016,121</u>
Liabilities				
Accounts payable and accrued expenses	\$ 29,733,527	—	—	29,733,527
Deposits and other liabilities	24,454,569	—	—	24,454,569
Bonds and notes payable	129,012,883	—	—	129,012,883
Post retirement healthcare obligation	4,289,717	—	—	4,289,717
Government grants refundable	2,666,134	—	—	2,666,134
Total liabilities	<u>190,156,830</u>	<u>—</u>	<u>—</u>	<u>190,156,830</u>
Net Assets				
Without restrictions	150,973,425	—	—	150,973,425
With donor restrictions	60,885,866	—	—	60,885,866
Total net assets	<u>211,859,291</u>	<u>—</u>	<u>—</u>	<u>211,859,291</u>
Total liabilities and net assets	<u>\$ 402,016,121</u>	<u>—</u>	<u>—</u>	<u>402,016,121</u>

See accompanying independent auditors' report.

UNIVERSITY OF NEW HAVEN

Consolidating Schedule of Changes in Net Assets Without Donor Restrictions

Year ended June 30, 2019

	University of New Haven	Lyme Academy	Eliminations	Total
Operating activities:				
Revenues, gains, and other support:				
Tuition and fees, net	\$ 129,861,744	2,031,898	—	131,893,642
Residence and dining, net	39,885,294	314,329	—	40,199,623
Net student fees	169,747,038	2,346,227	—	172,093,265
Federal, state, and private grants and gifts	6,922,401	75,364	—	6,997,765
Endowment spending used in operations	1,981,504	79,329	—	2,060,833
Interest income and other sources	10,089,819	461,640	(413,812)	10,137,647
Other auxiliary services	3,766,115	77,921	—	3,844,036
Net assets released from restrictions	2,975,142	215,646	—	3,190,788
Total revenue from operations	195,482,019	3,256,127	(413,812)	198,324,334
Expenses:				
Salary and wages	82,464,389	2,089,769	—	84,554,158
Employee benefits	21,930,588	287,882	—	22,218,470
Supplies, services, other	74,242,176	1,566,272	(413,812)	75,394,636
Depreciation and amortization	7,860,031	557,902	—	8,417,933
Interest	4,563,993	142,037	—	4,706,030
Total expenses	191,061,177	4,643,862	(413,812)	195,291,227
Change in net assets from operations	4,420,842	(1,387,735)	—	3,033,107
Nonoperating activities:				
Net return on long-term investments, net of amounts used in operations	932,833	390,867	—	1,323,700
Effects of de-affiliation	—	(5,298,167)	—	(5,298,167)
Net assets released from restrictions	411,556	24,008	—	435,564
Change in net assets from nonoperations	1,344,389	(4,883,292)	—	(3,538,903)
Cumulative effect of change in accounting principle:				
Cumulative effect of change in accounting principle	(390,766)	—	—	(390,766)
Change in net assets without donor restriction	5,374,465	(6,271,027)	—	(896,562)
Net assets without donor restriction, beginning of year	145,598,960	6,271,027	—	151,869,987
Net assets without donor restriction, end of year	\$ 150,973,425	—	—	150,973,425

See accompanying independent auditors' report.

UNIVERSITY OF NEW HAVEN

Consolidating Schedule of Changes in Net Assets with Donor Restrictions and Total Net Assets

Year ended June 30, 2019

	<u>University of New Haven</u>	<u>Lyme Academy</u>	<u>Eliminations</u>	<u>Total</u>
Net assets with donor restrictions:				
Private grants and gifts	\$ 1,723,483	1,302,534	—	3,026,017
Interest income and other sources	243,264	8,325	—	251,589
Other auxiliary services	283,844	—	—	283,844
Net return on long-term investments, net of amounts used in operations	2,096,305	83,636	—	2,179,941
Nonoperating contributions	801,813	(500,000)	—	301,813
Unrealized gains on investments held in trust by others	391,518	—	—	391,518
Effects of de-affiliation	—	(7,811,605)	—	(7,811,605)
Net assets released from restrictions	(2,975,142)	(215,646)	—	(3,190,788)
Nonoperating net assets released from restrictions	(411,556)	(24,008)	—	(435,564)
Change in net assets with donor restrictions	2,153,529	(7,156,764)	—	(5,003,235)
Net assets with donor restrictions, beginning of year	58,732,337	7,156,764	—	65,889,101
Net assets with donor restrictions, end of year	\$ 60,885,866	—	—	60,885,866
Total net assets:				
Change in total net assets	\$ 7,527,994	(13,427,791)	—	(5,899,797)
Total net assets, beginning of year	204,331,297	13,427,791	—	217,759,088
Total net assets, end of year	\$ 211,859,291	—	—	211,859,291

See accompanying independent auditors' report.

UNIVERSITY OF NEW HAVEN
 Consolidating Schedule of Financial Position
 June 30, 2018

Assets	University of New Haven	Lyme Academy	Eliminations	Total
Cash and cash equivalents	\$ 52,489,001	552,285	—	53,041,286
Accounts, notes and loans receivable, net	3,444,067	1,562,204	—	5,006,271
Pledges receivable, net	7,082,711	167,823	—	7,250,534
Other assets	1,005,705	120,677	—	1,126,382
Investments	87,371,008	6,190,121	—	93,561,129
Due from affiliate	1,431,029	—	(1,431,029)	—
Investments held in trust by others	2,384,633	—	—	2,384,633
Deposits with bond trustee and restricted cash	4,156,921	—	—	4,156,921
Investment in plant, net	207,131,728	10,592,540	—	217,724,268
Total assets	<u>\$ 366,496,803</u>	<u>19,185,650</u>	<u>(1,431,029)</u>	<u>384,251,424</u>
Liabilities				
Accounts payable and accrued expenses	\$ 21,891,622	139,341	—	22,030,963
Deposits and other liabilities	26,466,524	3,276,528	—	29,743,052
Bonds and notes payable	106,629,163	910,961	—	107,540,124
Due to affiliate	—	1,431,029	(1,431,029)	—
Post retirement healthcare obligation	4,512,063	—	—	4,512,063
Government grants refundable	2,666,134	—	—	2,666,134
Total liabilities	<u>162,165,506</u>	<u>5,757,859</u>	<u>(1,431,029)</u>	<u>166,492,336</u>
Net Assets				
Without restrictions	145,598,960	6,271,027	—	151,869,987
With donor restrictions	58,732,337	7,156,764	—	65,889,101
Total net assets	<u>204,331,297</u>	<u>13,427,791</u>	<u>—</u>	<u>217,759,088</u>
Total liabilities and net assets	<u>\$ 366,496,803</u>	<u>19,185,650</u>	<u>(1,431,029)</u>	<u>384,251,424</u>

See accompanying independent auditors' report.

UNIVERSITY OF NEW HAVEN

Consolidating Schedule of Changes in Net Assets Without Donor Restrictions

Year ended June 30, 2018

	University of New Haven	Lyme Academy	Eliminations	Total
Operating activities:				
Revenues, gains, and other support:				
Tuition and fees, net	\$ 129,201,336	2,557,575	—	131,758,911
Residence and dining, net	39,176,400	422,300	—	39,598,700
Net student fees	168,377,736	2,979,875	—	171,357,611
Federal, state, and private grants and gifts	7,291,191	75,639	—	7,366,830
Endowment spending used in operations	1,491,559	70,096	—	1,561,655
Interest income and other sources	6,502,466	756,149	(721,412)	6,537,203
Other auxiliary services	4,019,965	99,125	—	4,119,090
Net assets released from restrictions	1,742,338	777,483	—	2,519,821
Total revenue from operations	189,425,255	4,758,367	(721,412)	193,462,210
Expenses:				
Salary and wages	79,329,524	1,547,050	—	80,876,574
Employee benefits	21,109,835	286,222	—	21,396,057
Supplies, services, other	69,421,267	2,266,861	(721,412)	70,966,716
Depreciation and amortization	8,240,033	580,540	—	8,820,573
Interest	4,395,354	343,181	—	4,738,535
Total expenses	182,496,013	5,023,854	(721,412)	186,798,455
Change in net assets from operations	6,929,242	(265,487)	—	6,663,755
Nonoperating activities:				
Net return on long-term investments, net of amounts used in operations	1,309,131	529,876	—	1,839,007
Nonoperating contributions	2,000,000	—	—	2,000,000
Change in market value of interest rate swap	3,805,664	—	—	3,805,664
Loss on debt extinguishment	(2,086,258)	—	—	(2,086,258)
Net assets released from restrictions	3,690,293	—	—	3,690,293
Change in net asset classification and transfers	—	2,839	—	2,839
Gain on sale of fixed assets	3,740	—	—	3,740
Change in net assets without donor restriction	15,651,812	267,228	—	15,919,040
Net assets without donor restriction, beginning of year	129,947,148	6,003,799	—	135,950,947
Net assets without donor restriction, end of year	\$ 145,598,960	6,271,027	—	151,869,987

See accompanying independent auditors' report.

UNIVERSITY OF NEW HAVEN

Consolidating Schedule of Changes in Net Assets with Donor Restrictions and Total Net Assets

Year ended June 30, 2018

	<u>University of New Haven</u>	<u>Lyme Academy</u>	<u>Eliminations</u>	<u>Total</u>
Net assets with donor restrictions:				
Private grants and gifts	\$ 3,539,943	240,113	—	3,780,056
Interest income and other sources	341,682	13,800	—	355,482
Other auxiliary services	224,808	—	—	224,808
Net return on long-term investments, net of amounts used in operations	2,483,021	(175,326)	—	2,307,695
Nonoperating contributions	1,019,805	1,500,225	—	2,520,030
Unrealized losses on investments held in trust by others	719,779	—	—	719,779
Net assets released from restrictions	(1,742,338)	(777,483)	—	(2,519,821)
Change in net asset classification and transfers	—	(2,839)	—	(2,839)
Nonoperating net assets released from restrictions	(3,690,293)	—	—	(3,690,293)
Change in net assets with donor restrictions	2,896,407	798,490	—	3,694,897
Net assets with donor restrictions, beginning of year	<u>55,835,930</u>	<u>6,358,274</u>	<u>—</u>	<u>62,194,204</u>
Net assets with donor restrictions, end of year	<u>\$ 58,732,337</u>	<u>7,156,764</u>	<u>—</u>	<u>65,889,101</u>
Total net assets:				
Change in total net assets	\$ 18,548,219	1,065,718	—	19,613,937
Total net assets, beginning of year	<u>185,783,078</u>	<u>12,362,073</u>	<u>—</u>	<u>198,145,151</u>
Total net assets, end of year	<u>\$ 204,331,297</u>	<u>13,427,791</u>	<u>—</u>	<u>217,759,088</u>

See accompanying independent auditors' report.