NEW YORK MEDICAL COLLEGE AND ITS SUBSIDIARIES

Consolidated Financial Statements

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
New York Medical College:

Opinion

We have audited the consolidated financial statements of New York Medical College and its subsidiaries (the College), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

KPMG LLP

New York, New York
October 28, 2022

NEW YORK MEDICAL COLLEGE AND ITS SUBSIDIARIES

Consolidated Statements of Financial Position

June 30, 2022 and 2021

(Dollars in thousands)

Assets		**2022**	**2021**
Cash and cash equivalents	$	3,385	3,836
Receivables (note 4):			
Student tuition and fees, net		2,245	2,653
Student loans, net		5,801	6,051
Other, net		13,569	10,858
Investments (notes 5 and 13)		78,045	87,136
Deposits with bond trustee (notes 6 and 11)		19,996	24,692
Right-of-use assets (note 9)		4,342	4,833
Property and equipment, net (note 10)		180,469	180,231
Intangible and other assets (note 12)		12,563	12,442
Beneficial interest in perpetual trusts (notes 2(k) and 6)		12,672	15,234
Total assets	$	333,087	347,966
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	14,375	12,398
Accrued payroll and related benefits payable (note 16)		9,465	13,889
Deferred revenue		14,375	15,042
Short-term debt (note 13)		11,800	12,000
Long-term debt, net (note 14)		88,622	92,332
Operating lease liabilities (note 9)		4,541	4,979
Refundable federal student loans (note 2(f))		49	482
Other liabilities		2,760	2,263
Total liabilities		145,987	153,385
Contingencies and commitments (notes 13, 14, 15, 16, and 18)			
Net assets (notes 7 and 8):			
Without donor restrictions		121,416	121,050
With donor restrictions		65,684	73,531
Total net assets		187,100	194,581
Total liabilities and net assets	$	333,087	347,966

See accompanying notes to consolidated financial statements.

NEW YORK MEDICAL COLLEGE AND ITS SUBSIDIARIES

Consolidated Statements of Activities

Years ended June 30, 2022 and 2021

(Dollars in thousands)

	2022			2021		
	Without donor restrictions	**With donor restrictions**	**Total**	**Without donor restrictions**	**With donor restrictions**	**Total**
Changes in operating activities:						
Operating revenue:						
Tuition and fees, net of scholarships and grants ($7,150 and $7,459 in 2022 and 2021, respectively)	$ 62,605	—	62,605	62,982	—	62,982
Affiliation contracts and faculty practice (note 2(o))	12,450	—	12,450	13,525	—	13,525
Government grants for research and sponsored projects	20,489	—	20,489	19,402	—	19,402
Contributions and private grants	2,576	1,749	4,325	1,958	3,736	5,694
Investment return appropriated for operations	4,263	—	4,263	4,345	—	4,345
Auxiliary enterprises	5,466	—	5,466	5,413	—	5,413
Other	8,517	48	8,565	7,375	81	7,456
Net assets released from restrictions	400	(400)	—	178	(178)	—
Total operating revenue	116,766	1,397	118,163	115,178	3,639	118,817
Operating expenses (note 17):						
Instruction and research	47,895	—	47,895	50,449	—	50,449
Academic support	13,304	—	13,304	12,336	—	12,336
Affiliation contracts and faculty practice	14,738	—	14,738	12,951	—	12,951
Student services	8,709	—	8,709	8,232	—	8,232
Auxiliary enterprises	3,322	—	3,322	2,504	—	2,504
Institutional support	22,415	—	22,415	29,927	—	29,927
Total operating expenses	110,383	—	110,383	116,399	—	116,399
Change in net assets from operating activities	6,383	1,397	7,780	(1,221)	3,639	2,418
Nonoperating activities:						
Investment return (less than) in excess of amounts appropriated for operations	(6,642)	(6,682)	(13,324)	4,763	5,549	10,312
Postretirement-related changes other than net periodic benefit cost (note 16)	253	—	253	564	—	564
Net periodic benefit cost other than service cost (note 16)	372	—	372	185	—	185
Change in fair value of beneficial interest in perpetual trusts (note 6)	—	(2,562)	(2,562)	—	3,140	3,140
Total nonoperating activities	(6,017)	(9,244)	(15,261)	5,512	8,689	14,201
Change in net assets	366	(7,847)	(7,481)	4,291	12,328	16,619
Net assets, beginning of year	121,050	73,531	194,581	116,759	61,203	177,962
Net assets, end of year	$ 121,416	65,684	187,100	121,050	73,531	194,581

See accompanying notes to consolidated financial statements.

NEW YORK MEDICAL COLLEGE AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2022 and 2021

(Dollars in thousands)

		2022	2021
Cash flows from operating activities:			
Change in net assets	$	(7,481)	16,619
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		10,489	10,576
Amortization of bond premium, net		(91)	(90)
Provision for doubtful receivables		10	1,655
Postretirement-related changes other than net periodic benefit cost		(625)	(749)
Amortization of deferred financing costs		132	130
Net impact on operating leases		53	77
Accretion of imputed interest		34	56
Net change in fair value of investments		9,014	(14,222)
Loss on disposal of property and equipment		127	271
Contributions for long-term use		(416)	(1,290)
Depreciation (appreciation) in fair value of beneficial interest in perpetual trusts		2,036	(3,652)
Changes in operating assets and liabilities:			
Student tuition and fees receivables, net		408	58
Other receivables		(2,620)	(1,725)
Intangible and other assets		(121)	(867)
Beneficial interest in perpetual trusts		526	512
Accounts payable and accrued expenses		688	(2,313)
Accrued payroll and related benefits payable		(3,799)	4,285
Deferred revenue		(667)	(1,421)
Other liabilities		497	156
Net cash provided by operating activities		8,194	8,066
Cash flows from investing activities:			
Purchases of property and equipment		(10,729)	(11,522)
Change in accounts payable for capital		1,289	1,213
Disbursement of student loans		(821)	(720)
Collection of student loans		970	1,359
Sales of investments		21,607	33,806
Purchases of investments		(10,903)	(24,642)
Net cash provided by (used in) investing activities		1,413	(506)
Cash flows from financing activities:			
Proceeds from short-term debt		31,000	32,195
Repayment of short-term debt		(31,200)	(36,195)
Proceeds from long-term debt		—	20,360
Repayment of long-term debt		(3,898)	(4,049)
Decrease (increase) in deposits with bond trustee		13,635	(22,015)
Repayment of refundable federal student loans		(433)	(1,561)
Deferred financing costs incurred		(12)	(447)
Contributions for long-term use		416	1,290
Net cash provided by (used in) financing activities		9,508	(10,422)
Net increase (decrease) in cash and cash equivalents		19,115	(2,862)
Cash, cash equivalents, and restricted cash at beginning of year		8,723	11,585
Cash, cash equivalents, and restricted cash at end of year	$	27,838	8,723
Reconciliation of amounts reported within the consolidated statements of financial position:			
Cash and cash equivalents	$	3,385	3,836
Restricted cash included in investments		14,545	3,918
Restricted cash included in deposits with bond trustee		9,634	695
Restricted cash included in intangible and other assets, net		274	274
Total cash, cash equivalents, and restricted cash	$	27,838	8,723
Supplemental disclosures:			
Interest paid	$	3,734	4,052
Finance lease additions		125	1,115

See accompanying notes to consolidated financial statements.

(1) Description of Organization

New York Medical College (the College), a member of the Touro University System, is a health sciences college whose enrollment approximates 2,000 students. The College is committed to educating individuals for careers in the medical, science, and health professions. The College is a not-for-profit organization exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code.

The College is a membership, not-for-profit corporation in the State of New York. On May 13, 2011, NYMC, LLC, a wholly controlled subsidiary of Touro University (Touro), a New York-based institution of higher and professional education, acquired 100% of the membership interest in the College from the then current members, and thereby, the right to exercise the reserved powers and authority as the sole member of the College.

There are three schools within the College – a School of Medicine, conferring the MD degree; and two graduate schools, the Graduate School of Basic Medical Sciences and the School of Health Sciences and Practice, which offer Master of Science (MS), Master of Public Health (MPH), and doctoral (PhD, Dr. PH, DPT) degrees in 28 program areas and 9 certification programs.

The College is the only academic biomedical research institution in the Hudson Valley region. Nearly 230 scientists at the College conduct research ranging from fundamental investigations in molecular biology to investigations of potential new drugs used in the treatment of patients. Support for the College's research programs, from both government and private sources, is significant.

The College is the sole corporate member of The Biotechnology Incubator at NYMC (BioInc@NYMC) and the NYMC-School of Medicine Faculty Practice Corporation (Family Health Center at NYMC). BioInc@NYMC and the Family Health Center are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code. BioInc@NYMC is a transformative biotechnology incubator located on the College's campus and stimulates the establishment and growth of numerous biotechnology start-up companies. The Family Health Center at NYMC is a local outpatient clinic located on the College's campus.

The College is also the sole corporate member of NYMC Biotechnology Commercialization, LLC (NBC). NBC fosters research and commercialization of intellectual property related to healthcare.

The College's healthcare network extends south into New York City and its metropolitan area, north into Westchester County and the mid-Hudson Valley in New York State, east into Connecticut, and west into New Jersey. Educational resources are provided to the College by 22 affiliated facilities that include large urban medical centers, small suburban hospitals, and technologically advanced, regional tertiary care facilities. This network enables the College to offer its medical students diverse patient care experiences. The College has a national reputation for a strong educational program in primary care. The College has a contractual relationship with Westchester Medical Center (WMC), an academic medical center in Valhalla, New York, responsible for advancing the quality of the nation's health through its teaching and research activities. The College has other affiliation contracts with other healthcare organizations to provide physician services under these arrangements.

Current Environment

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a pandemic. The outbreak of the disease affected travel, commerce, and financial markets globally, including in the United States. For the start of the 2021-22 academic year, instruction returned to in person while working to ensure a safe environment following guidelines for avoidance of the spread of the COVID-19 virus.

In response to COVID-19, the United States Congress passed legislation providing for COVID-19 relief through the Higher Education Emergency Relief Funds (HEERF). The College recognized $1,009 and $429 in government grants for research and sponsored projects in the accompanying consolidated statements of activities relating to HEERF in fiscal years 2022 and 2021, respectively. The funds were used to award COVID-19 relief aid to students, reflected in student service expense, as well as to offset costs incurred by the College related to COVID-19. The College continues to monitor the course of the pandemic and is prepared to take additional measures to protect the health of the College community and promote the continuity of its academic mission.

As of June 30, 2022, approximately $88 of additional HEERF funding was available to offset incremental institutional expenditures during fiscal year 2023. The amounts are conditional and have not been recognized.

(2) Summary of Significant Accounting Policies

(a) Financial Statement Presentation

The accompanying consolidated financial statements of the College have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP) and with the provisions of the Financial Accounting Standards Board Accounting Standards Codification Topic 958, *Not-for-Profit Entities*.

Based on the existence or absence of donor-imposed restrictions, the College classifies net assets into two categories:

- Net assets without donor restrictions are free from donor-imposed restrictions. Certain net assets classified as without donor restrictions are board-designated for specific or general purposes or uses by the College.
- Net assets with donor restrictions are subject to donor-imposed restrictions that will be met either by actions of the College or the passage of time. These net assets relate to donor-restricted endowments, unconditional pledges and interests in perpetual trusts held by others. Generally, the donor-imposed restrictions of these assets permit the College to use all or part of the income earned on related investments only for certain general or specific purposes.

Revenue and gains and losses on investments and other assets are reported as increases or decreases in net assets without donor restrictions unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions. Contributions and investment return subject to donor-imposed restrictions that are met in the same reporting period as received are reported as net assets without donor restrictions. Expiration of restrictions on prior year net assets with donor restrictions are reported as net assets released from restrictions.

(Continued)

(b) Basis of Consolidation

The consolidated financial statements include the accounts and activities of the College, BioInc@NYMC, Family Health Center at NYMC, and NBC. All transactions between the entities have been eliminated in the consolidated financial statements.

(c) Cash and Cash Equivalents

The College considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents, except those cash equivalents held for investment as part of the College's long-term investment strategy.

(d) Student Tuition and Fees

Student tuition and fees and scholarships are recognized over the respective academic terms. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue. Deferred revenue is typically recognized as revenue in the subsequent fiscal year. Receivables balances are reduced by an allowance for doubtful accounts. The allowance for doubtful accounts is management's best estimate of the probable loss based on historical collection experience. Management regularly assesses the collectability of student tuition and fees receivable. Account balances are written off against the allowance when management determines it is probable the receivable will not be recovered. Revisions in the allowance for doubtful accounts estimate are recorded as adjustments to the provision for bad debts.

Collection of a significant portion of tuition and fees is reliant on government-sponsored student financial assistance programs.

(e) Student Loans Receivable

The College makes uncollateralized loans to students based on financial need. The College's student loan receivables represent the amounts due from current and former students under the Federal Perkins, Primary Care, and College-sponsored loan programs.

Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio, including consideration of economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, the value of any collateral, the aging of loans, loan default rate, and, where applicable, the existence of any guarantees or indemnifications. The amount of the allowance is adjusted based on the results of management's analysis.

(f) Refundable Federal Student Loans

Funds provided by the federal government under federal loan programs are loaned to qualified students and may be loaned again after cash collections. These funds are ultimately refundable to the government and are recognized as a liability in the accompanying consolidated statements of financial position.

(g) Pledges Receivable

Unconditional promises to give (pledges) are recorded as revenue at fair value in the period pledged. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor’s payment plan.

(h) Operating Measure

The operating activities in the consolidated statement of activities of the College (change in net assets from operating activities) include all revenue and expenses related to carrying out its mission of education and research. The operating measure includes amounts related to the spending rate policy and any additional budgeted investment returns on endowment funds as approved by the Board of Trustees of the College to protect the inflation-adjusted value of the endowment. The operating activities exclude investment return greater than (less than) the spending rate, postretirement-related changes other than net periodic benefit cost, net periodic benefit cost other than service cost, change in fair value of beneficial interest in perpetual trusts, and other nonrecurring items.

(i) Investments

Investments with readily determinable fair values are reported at fair value based upon quoted market prices or published net asset value for alternative investments in funds similar to mutual funds. Alternative investments, including equity and fixed income funds, which are not deemed to have a readily determinable fair value, are reported at estimated fair value based on, as a practical expedient, net asset values provided by investment managers. These values are reviewed and evaluated by College management for reasonableness. The reported values may differ from the values that would have been reported had a ready market for these investments existed.

Purchases and sales are reflected on a trade-date basis. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected on the consolidated statements of activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

Investments are exposed to various risks, such as interest rate, market, credit, and other risks, in addition to the risks related to the COVID-19 pandemic. Due to such risks and the level of uncertainty related to changes in the value of investment securities, it is at least possible that changes in the values of investment securities could occur in the near term, and such changes could materially affect the amounts reported in the consolidated financial statements.

(Continued)

(j) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The College employs the three-tiered fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, defined as follows:

- Level 1 inputs are quoted prices or published net asset values (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than Level 1 that are observable, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

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.

(k) Beneficial Interest in Perpetual Trusts

The College is the recipient of beneficial interests whereby donors have established and funded perpetual trusts administered and held by financial institutions. The College is entitled to the income earned on the trust assets in perpetuity; therefore, they are recorded as net assets with donor restrictions. The College has no control over investment decisions regarding these assets. The beneficial interests in perpetual trusts are categorized as Level 3 in the fair value hierarchy as the College does not have the ability to redeem its investment with the investee at net asset value per share (or its equivalent). The fair value of the assets of perpetual trusts is based upon quoted market prices at year-end.

(l) Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair value as of the date of receipt from a donor. Additions and improvements or betterments in excess of $3 with an estimated life of more than one year are capitalized. Repairs and maintenance items are expensed when incurred. Upon retirement or sale, the cost and accumulated depreciation are removed from the accounts and the resulting gains or losses are reported on the consolidated statements of activities.

Depreciation and amortization is provided on a straight-line basis over the estimated useful lives, or the terms of the lease for the applicable plant assets, if shorter, as follows: buildings and building improvements, 25–43 years; library holdings, 10–20 years; equipment, furniture, and computer software, 3–15 years; leasehold improvements, 25–30 years; and interest in leased properties, 20–30 years.

(m) Long-Lived Assets

Long-lived assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The College measures the recoverability of assets to be held and used by a comparison of the carrying amount of the assets to the expected net future cash flows to be generated by the asset. If such assets are deemed to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There was no impairment loss for the years ended June 30, 2022 or 2021.

(n) Operating Lease Accounting

The College determines if an arrangement is a lease or a service contract at inception. Where an arrangement is a lease, the College determines if it is an operating lease or a finance lease. Subsequently, if the arrangement is modified, the College reevaluates the classification. For operating leases, at lease commencement, the College records a right-of-use (ROU) asset and corresponding lease liability. ROU assets represent the College's right to control the use of the leased asset during the lease and are recognized in an amount equal to the lease liability. Lease liabilities represent the present value of the future lease payments over the expected lease term, which includes options to extend or terminate the lease when it is reasonably certain those options will be exercised. The present value of the lease liability is determined using the College's incremental borrowing rate at lease inception. Over the lease term, the College uses the effective interest rate method to account for the lease liability as lease payments are made and the ROU asset is amortized into expenses in a manner that results in a straight-line expense recognition in the consolidated statement of activities. A ROU asset and lease liability are not recognized for leases with an initial term of 12 months or less.

(o) Affiliation Contracts and Faculty Practice

Revenue and expenses from affiliation contracts primarily reflect the contractual relationship with WMC for the provision of salaries and fringe benefits and allowable overhead for physicians providing services under the arrangement. For the years ended June 30, 2022 and 2021, revenue from WMC totaled $8,324 and $9,554, respectively. Additionally, faculty practice revenue totaled $1,209 and $1,523 for the years ended June 30, 2022 and 2021, respectively.

(p) Intangible Assets

Intangible assets consist of trade name and accreditation status, which is indefinite lived and evaluated for impairment on an annual basis.

(q) Grants and Contributions

The College receives grants and contributions from a number of sources, including the federal and state government, private foundations, and individuals. Each contract or gift instrument is evaluated as to whether the transaction qualifies as an exchange transaction or a contribution. Government grants are generally considered conditional contributions; however, the College has adopted a policy of simultaneous release of the net assets, and related income is included in government grants for research and sponsored projects in the consolidated statements of activities. Grants that are treated as exchange transactions are reported in net assets without donor restrictions when expenses are incurred in accordance with contractual terms. The excess of amounts received in exchange transactions over the amount of expenditures incurred are classified in deferred revenue on the consolidated statements of financial position.

A contribution, gift, or grant is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The presence of both a barrier and a right of return or right of release indicates that a recipient promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are overcome.

Outstanding amounts related to conditional grants as of June 30, 2022 and 2021 were approximately $10,953 and $9,773, respectively.

(r) Fundraising

Institutional support expenses included total fundraising expenses of $1,183 and $997, respectively, for the years ended June 30, 2022 and 2021. Fundraising activities of the College include the salaries and employee benefits of program staff that develop proposals for fundraising, solicit contributions, and conduct specific fundraising events. Fundraising costs are expensed as incurred.

(s) Accounting for Uncertainty in Income Taxes

The College prescribes to a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. As of June 30, 2022 and 2021, the College does not have any uncertain tax positions or any significant unrelated business income tax liability, which would have a material impact upon its consolidated financial statements.

(t) Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities as of the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. The most significant estimates are the calculation of deferred tuition revenue, the allowance for doubtful accounts, valuation of investments, postretirement benefit obligation, and the allocation of expenses to functional categories. Actual results may differ from those estimates.

(u) Related Parties

Members of the Board of Trustees, officers, and employees are subject to the College's conflict of interest policies, under which business and financial relationships must be disclosed and are subject to review and approval. Disclosure about the College's related party transactions, including with affiliated institutions, are described in the notes to the consolidated financial statements. For the years ended June 30, 2022 and 2021, other revenue from a related party for the Touro College of Dental Medicine totaled $3,433 and $3,083, respectively.

(v) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

(3) Liquidity

The College's financial assets available within one year of June 30 for general expenditures, including operating expenses, principal and interest on debt, and capital expenditures not financed with debt, are as follows:

		2022	2021
Total assets	$	333,087	347,966
Less:			
Endowment funds		(39,076)	(45,531)
Annuities and trusts		(12,776)	(15,345)
Property and equipment, net		(180,469)	(180,231)
Right-of-use assets		(4,342)	(4,833)
Student loans receivable		(5,987)	(5,923)
Pledges receivable, intangibles, and other assets		(17,343)	(16,312)
Deposits held by bond trustee		—	(7,512)
Investments collateralized for debt		(36,503)	(27,874)
Total financial assets available within one year		36,591	44,405
Unused line of credit		15,200	15,000
Investment return appropriated for spending in the following year		3,566	3,439
Total financial assets and resources available within one year	$	55,357	62,844

The College manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. In addition to these available financial assets, a significant portion of the College's annual expenditures will be funded by current year operating revenues including tuition, a substantial portion of which is collected at the beginning of each semester, contributions, grants, and other income.

Pursuant to a provision of the CARES Act, the College owed $1,102 and $2,204 at June 30, 2022, and 2021, respectively, representing its employer portion of FICA taxes beginning March 28, 2020 through December 31, 2020. These amounts are included in accrued payroll and related benefits payable on the consolidated statements of financial position. The balance as of June 30, 2022 will be paid by December 31, 2022.

Additionally, the College has board-designated endowments of $29,078 and $34,111 as of June 30, 2022 and 2021, respectively. Although the College does not intend to spend from its board-designated endowment funds, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment funds could be made available, if necessary, unless otherwise collateralized for debt.

(4) Receivables

Receivables at June 30 consist of the following:

		2022		
		Receivable	Allowance for doubtful accounts	Net receivable
Student tuition and fees	$	2,445	(200)	2,245
Student loans		6,329	(528)	5,801
Other:				
Government and other grants	$	6,906	—	6,906
Affiliation contracts		—	—	—
Faculty practice plans		2,113	(301)	1,812
Pledges receivable, net of discount		4,780	(1,701)	3,079
Miscellaneous		2,946	(1,174)	1,772
Total other	$	16,745	(3,176)	13,569

		2021		
		Receivable	Allowance for doubtful accounts	Net receivable
Student tuition and fees	$	2,853	(200)	2,653
Student loans		6,478	(427)	6,051
Other:				
Government and other grants	$	5,330	—	5,330
Affiliation contracts		110	(7)	103
Faculty practice plans		2,105	(383)	1,722
Pledges receivable, net of discount		3,870	(1,738)	2,132
Miscellaneous		2,710	(1,139)	1,571
Total other	$	14,125	(3,267)	10,858

The following tables provide an analysis of the aging of certain receivables at June 30:

	2022					
	1–30 days past due	31–60 days past due	Greater than 60 days past due	Total past due	Current	Total
Student loans	$ 518	—	1,427	1,945	4,384	6,329
Affiliation contracts	—	—	—	—	—	—
Faculty practice plans	—	358	1,397	1,755	358	2,113
Pledges, net of discount	137	—	1,663	1,800	2,980	4,780
Miscellaneous	42	9	1,593	1,644	1,302	2,946

	2021					
	1–30 days past due	31–60 days past due	Greater than 60 days past due	Total past due	Current	Total
Student loans	$ 1,153	18	1,011	2,182	4,296	6,478
Affiliation contracts	—	—	13	13	97	110
Faculty practice plans	133	133	1,702	1,968	137	2,105
Pledges, net of discount	—	—	1,034	1,034	2,836	3,870
Miscellaneous	28	131	1,245	1,404	1,306	2,710

Pledges receivable at June 30 consists of the following:

	2022	2021
Amounts due in less than one year	$ 2,269	1,990
Amounts due in one to five years	1,172	607
Amounts due in more than five years	2,904	2,700
	6,345	5,297
Less allowance	(1,701)	(1,738)
Less discount to net present value (discount rates between 3.25% and 5.50%)	(1,565)	(1,427)
	$ 3,079	2,132

(5) Investments

Investments at fair value consist of the following at June 30:

		2022	2021
Level 1 investments:			
Cash	$	14,545	3,918
Equity securities		9,082	10,724
Fixed income securities:			
U.S. government obligations		30	52
Mutual funds		33,939	53,834
Level 2 investments:			
Fixed income securities:			
Corporate bonds		14,278	12,566
Investments measured at net asset value as a practical expedient for fair value:			
Hedge fund strategies:			
Global hedged equity funds (a)		4,496	4,325
Real estate partnership (b)		126	137
Other		1,549	1,580
Total investments measured at net asset value as a practical expedient for fair value		6,171	6,042
Total investments	$	78,045	87,136

(a) Funds that invest in long and short positions on equity securities primarily issued by international companies. Hedge fund strategies may be redeemed once a month with approximately two weeks' notice required.

(b) Investments in real estate funds invested in office, multifamily, industrial, and other commercial real estate properties or other commercial real estate investments located primarily in the United States. The objective of the partnership is to achieve long-term gross returns while focusing on the preservation of capital. The partnership does not permit redemptions.

Certain investments have been pledged as security for outstanding debt obligations (notes 13 and 14).

(6) Fair Value Measurements

The fair value of financial assets other than investments that are measured at fair value at June 30 is as follows:

	2022			
	Total	Level 1	Level 2	Level 3
Beneficial interest in perpetual trusts	$ 12,672	—	—	12,672
Deposits with bond trustee:				
Cash	9,634	9,634	—	—
U.S. government obligations	10,362	10,362	—	—

	2021			
	Total	Level 1	Level 2	Level 3
Beneficial interest in perpetual trusts	$ 15,234	—	—	15,234
Deposits with bond trustee:				
Cash	695	695	—	—
U.S. government obligations	23,997	23,997	—	—

The activity with respect to the College's beneficial interest in perpetual trusts, which are Level 3, is as follows:

	2022	2021
Balance at beginning of year	$ 15,234	12,094
Investment income, net	265	129
Distributions	(525)	(512)
Net appreciation in fair value of investments	(2,302)	3,523
Balance at end of year	$ 12,672	15,234

(Continued)

(7) Net Assets

Net assets consisted of the following at June 30:

		2022		
		Without donor restrictions	With donor restrictions	Total net assets
Operating	$	(28,335)	—	(28,335)
Endowment:				
Student support		14,094	9,225	23,319
Departmental support		2,234	17,880	20,114
General operating support		12,750	5,043	17,793
Research		—	6,280	6,280
Educational programs		—	649	649
Other:				
Gifts		28,827	9,155	37,982
Pledges		—	4,780	4,780
Investment in plant		91,846	—	91,846
Beneficial interest in perpetual trusts		—	12,672	12,672
	$	121,416	65,684	187,100

		2021		
		Without donor restrictions	With donor restrictions	Total net assets
Operating	$	(27,130)	—	(27,130)
Endowment:				
Student support		16,534	10,286	26,820
Departmental support		2,577	21,037	23,614
General operating support		15,000	5,921	20,921
Research		—	7,524	7,524
Educational programs		—	763	763
Other:				
Gifts		26,170	8,896	35,066
Pledges		—	3,870	3,870
Investment in plant		87,899	—	87,899
Beneficial interest in perpetual trusts		—	15,234	15,234
	$	121,050	73,531	194,581

(Continued)

(8) Endowments

At June 30, 2022, the College's endowment consists of approximately 126 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments.

The Board has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as allowing the College to appropriate for expenditure or accumulate so much of an endowment as the College determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, the College classifies as net assets with donor restrictions (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 of income to the permanent endowment made in accordance with the direction of the applicable donor gift instruments.

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

(a) The duration and preservation of the endowment fund

(b) The purposes of the College and the endowment fund

(c) General economic conditions

(d) The possible effect of inflation and deflation

(e) The expected total return from income and the appreciation of investments

(f) Other resources of the College

(g) Alternatives to expenditure of the endowment fund

(h) The investment policies of the College

Expenditures from a donor-restricted fund are limited to the uses and purposes for which the endowment fund was established. The College has generally limited the use of net appreciation unless the fair value of a donor-restricted fund exceeds 105% of its original dollar value.

Changes in endowment net assets were as follows:

		Without donor restrictions	With donor restrictions	Total
Endowment funds, June 30, 2020	$	29,828	38,961	68,789
Investment return, net		5,675	7,493	13,168
Contributions and transfers		71	1,034	1,105
Appropriation for expenditure		(1,463)	(1,957)	(3,420)
Endowment funds, June 30, 2021		34,111	45,531	79,642
Investment return, net		(3,606)	(4,713)	(8,319)
Contributions and transfers		55	217	272
Appropriation for expenditure		(1,482)	(1,958)	(3,440)
Endowment funds, June 30, 2022	$	29,078	39,077	68,155

Included in donor-restricted endowment net assets at June 30, 2022 and 2021 is accumulated earnings of $16,837 and $23,535, respectively.

The College's spending policy rate is designed to stabilize annual spending levels and to preserve the real value of endowment investments over time. To meet these objectives, the Board of Trustees has authorized a spending rate of 5% of the moving average of the fair value of endowment investments for the previous 20 quarters.

The College maintains investment pools for substantially all of its investments. The pools are managed to achieve the maximum prudent long-term total return while providing a predictable stream of funding to programs supported by the endowment.

(9) Operating Leases

The College is a lessee for four operating leases, primarily related to real estate. The College's operating leases have remaining lease terms of 10 years or less, some of which include options to extend the leases, and some of which include options to terminate the leases. The College does not include renewal or termination options in the assessment of the leases unless extension or termination for certain assets is deemed to be reasonably certain. The accounting for some of the leases may require judgment, which includes determining whether a contract contains a lease, determining the incremental borrowing rates to utilize in the net present value calculation of lease payments for lease agreements, which do not provide an implicit rate, and assessing the likelihood of renewal or termination options. The College also has lease agreements with lease and nonlease components, which are generally accounted for as a single lease component.

For the year ended June 30, 2022 and 2021, rent expense was $1,094 and $560, respectively.

The following table summarizes the maturity of the College's operating lease liabilities as of June 30, 2022:

2023	$	633
2024		547
2025		560
2026		576
2027		594
Thereafter		2,387
		5,297
Less interest		(756)
	$	4,541

The weighted average lease terms and discount rates for operating leases at June 30 are:

	2022	2021
Weighted average remaining lease term (years):		
Operating leases	8.57	9.45
Weighted average discount rate:		
Operating leases	3.57 %	3.57 %

In 2021, ROU assets obtained in exchange for new operating lease liabilities were approximately $76. There were no ROU assets obtained in exchange for new operating lease liabilities in 2022.

(10) Property and Equipment, Net

At June 30, the College's property and equipment consists of the following:

		2022	2021
Land and land improvements	$	23,997	23,997
Buildings and improvements		155,339	154,679
Interest in leased properties		30,660	30,660
Equipment, furniture, and computer software		28,954	28,535
Library holdings		24,840	23,986
Leasehold improvements		390	390
Construction in progress		14,224	6,567
		278,404	268,814
Less accumulated depreciation and amortization		(97,935)	(88,583)
Property and equipment, net	$	180,469	180,231

Interest in leased properties represents the fair value of the College's long-term leases under which the rental commitment is one dollar per annum.

At June 30, 2022, construction commitments were approximately $11,306.

(11) Deposits with Bond Trustee

Under loan agreements related to bonds issued by the Dormitory Authority of the State of New York (DASNY), a portion of the bond proceeds were deposited with the trustee for capital expenditures related to construction, renovations, and improvements to campus buildings and for debt service reserve. Monthly payments are deposited with the trustee for servicing the debt. Deposits with bond trustee as of June 30 consist of the following:

		2022	2021
Construction fund	$	8,974	14,057
Debt service		3,514	3,122
Debt service reserve fund		7,508	7,513
	$	19,996	24,692

(12) Intangible and Other Assets

Intangible and other assets as of June 30 consist of the following:

		2022	2021
Intangible assets	$	10,200	10,200
Restricted cash		274	274
Prepaid expenses		1,259	1,138
Other		830	830
Total	$	12,563	12,442

(13) Short-Term Debt

At June 30, 2022 and 2021, NYMC has a $27,000 line of credit with a bank of which $11,800 and $12,000 is outstanding as of June 30, 2022 and 2021, respectively. Interest is calculated at the 30-day London Interbank Offered Rate (LIBOR) plus 1.250% (2.850% and 1.345% as of June 30, 2022 and 2021, respectively). Investments with a value of $34,756 and $41,403 as of June 30, 2022 and 2021, respectively, serve as collateral for the line of credit.

NYMC also has a letter of credit with a bank in the amount of $1,000 at June 30, 2022 and 2021, respectively, that secures a long-term note payable in the amount of $407 and $874 as of June 30, 2022 and 2021, respectively (note 14(b)). The letter of credit is secured by investments of $1,747 and $1,918 at June 30, 2022 and 2021, respectively, and is guaranteed by Touro.

Interest expense on short-term debt for the years ended June 30, 2022 and 2021 totaled $162 and $118, respectively.

(14) Long-Term Debt

The College's obligations under long-term bonds, notes payable, and finance lease obligations at June 30 consist of the following:

Description	Maturity date	Interest rate		2022	2021
Bonds payable, Dormitory Authority of the State of New York Revenue Bonds:					
Series 2014A Bonds (a)	January 2044	4.65 %	$	44,405	44,555
Deferred financing costs				(780)	(816)
Net premium				2,334	2,440
Total				45,959	46,179
Series 2014B Bonds (a)	January 2029	5.75		21,110	23,535
Deferred financing costs				(506)	(578)
Net discount				(114)	(129)
Total				20,490	22,828
Series 2020A Bonds (a)	July 2040	3.69		20,360	20,360
Deferred financing costs				(413)	(425)
Total				19,947	19,935
Note payable (b)	April 2023	5.00% imputed		407	874
Finance lease obligations (c)	2022–2026	1.30%–5.98%		1,819	2,516
Long-term debt, net			$	88,622	92,332

(a) Pursuant to a Master Trust Indenture (MTI) by and among the College, Touro, Touro University Nevada, and Touro University (California) (collectively, the Obligated Group) and the Bank of New York Mellon as Master Trustee, on June 26, 2014, 30-year tax-exempt serial and term bonds with an aggregate principal amount of $45,155 (Series 2014A Bonds) and 15-year federally taxable serial and term bonds with an aggregate principal amount of $38,325 (Series 2014B Bonds) were issued on behalf of the College by the Dormitory Authority of the State of New York (DASNY) (together, the DASNY Bonds). The Series 2014A Bonds were issued with a net premium of $3,183, and the Series 2014B Bonds were issued at a discount of $243. The College has granted a mortgage on its properties located at 19 Skyline Drive, 7 Dana Road, and 30 Sunshine Cottage Road. The net book value of the properties was approximately $120,545 and $105,895, respectively, at June 30, 2022 and 2021. Deposits with bond trustee (note 11) represent additional collateral until utilized for their designated purposes.

(Continued)

On July 1, 2020, additional tax exempt bonds with an aggregate principal amount of $20,360, maturing serially over 20 years were issued on behalf of NYMC.

In addition to the DASNY Bonds listed in the table above, bonds with an aggregate principal amount of $174,850 ($161,815 and $164,001, respectively, outstanding as of June 30, 2022 and 2021), were issued on behalf of other members of the Obligated Group all of whose members are jointly and severally liable for the bond obligations described herein. In addition, a security interest is pledged for substantially all revenue of the Obligated Group, provided that this revenue pledge for Touro College is limited to its healthcare related programs, and excludes donations restricted by the donors for uses other than debt service.

In addition to the aforementioned mortgaged properties, the other members of the Obligated Group have granted mortgages on other properties with an aggregate book value of approximately $196,221 and $185,055, respectively, as of June 30, 2022 and 2021, to secure all of the bonds described herein. In connection with the MTI, the Obligated Group is required to maintain certain financial and nonfinancial covenants. As of June 30, 2022 and 2021, these covenants have been met.

See note 19, *Subsequent Events*, for a description of the refinancing of the debt issued pursuant to the MTI and additional debt issued in conjunction therewith.

(b) In connection with the 2013 acquisition of an office building at 19 Skyline Drive, Hawthorne, New York, the seller of the property provided a $5,000 interest free 10-year note, which was discounted to net present value. The note is secured by a letter of credit, which is secured by a portion of the College's investment portfolio and a guarantee of Touro (note 13). The note requires monthly installments of $42.

(c) Finance lease obligations – Certain equipment is leased under noncancelable finance leases payable monthly. Equipment subject to finance lease obligations were $2,475 and $3,055, net of accumulated depreciation and amortization of $2,453 and $1,735, as of June 30, 2022 and 2021, respectively.

The weighted average lease terms and discount rates for finance leases at June 30 are:

	2022	2021
Weighted average remaining lease term (years):		
Finance leases	2.89	3.48
Weighted average discount rate:		
Finance leases	3.92 %	3.93 %

Future scheduled payments of long-term debt are as follows:

		Bonds and notes principal	Finance leases principal	Interest	Total
Year:					
2023	$	3,507	730	4,367	8,604
2024		3,655	539	4,178	8,372
2025		3,835	353	3,992	8,180
2026		4,030	173	3,781	7,984
2027		4,240	24	3,567	7,831
Thereafter		67,015	—	31,240	98,255
Total	$	86,282	1,819	51,125	139,226

(15) Retirement Plans

The College has a defined contribution retirement plan which covers substantially all of its nonunion employees, and which is funded through direct payments to qualified carriers. For each eligible employee, the College contributes an average of 7% of the employee’s salary. The employee’s contribution is discretionary, up to 15% of their salary in accordance with all legal regulations. During the years ended June 30, 2022 and 2021, the College contributed $3,013 and $3,234, respectively, to its defined contribution retirement plan.

In addition, $524 and $551, respectively, were contributed during the years ended June 30, 2022 and 2021, to a union administered plan for employees belonging to a collective bargaining unit. The College would be responsible for any withdrawal liability under the agreement with the union.

The College’s participation in the union administered plan is outlined below. Unless otherwise noted, the Pension Protection Act (PPA) zone status below is for the plan years beginning January 1, 2021, 2020, and 2019, respectively. The zone status is certified by the plan’s actuaries. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The “FIP/RP Status Pending/Implemented” column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of the collective-bargaining agreements to which the plan is subject.

Pension fund	EIN/pension plan number	PPA zone status	FIP/RP status pending/implemented	Surcharge imposed	Expiration date of collective-bargaining agreement
1199 SEIU Health Care Employee Pension Fund	13-3604862/001	Green	*RP Implemented	No	September 30, 2024

* The 1199 Health Care Employee Pension Fund has implemented a rehabilitation plan for the period January 1, 2012 through December 31, 2024.

(16) Postretirement Benefits Other than Pensions

The College provides medical and life insurance benefits under its Postretirement Life and Health Insurance Plan for Eligible Employees (the Plan). The College's obligation is limited and requires participants to contribute to premiums as determined by the Plan's administrator. The College reserves the right to amend or terminate the Plan at its discretion. These benefits are partially funded through a voluntary employees' beneficiary association (VEBA) trust.

For those employees who had already retired at the time the VEBA was established, the College pays actual benefits from its general assets. For subsequent retirees, the College's funding policy is to contribute an amount up to the annual expense in years when the Present Value of Future Benefits (PVFB) exceeds assets. Since assets are less than PVFB, the College may elect to make a contribution in fiscal year 2022.

The College recognizes on the consolidated statements of financial position the difference between the benefit obligations and any related plan assets. In addition, the accounting guidance requires the unrecognized amount (e.g., net actuarial gains or losses and prior service costs or credits) to be recognized as changes in net assets without donor restrictions and that these amounts be adjusted as they are subsequently recognized as components of the net periodic benefit cost.

The following tables provide a reconciliation of the changes in the Plan's benefit obligations and fair value of assets for the years ended June 30:

	2022	2021
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 5,979	6,091
Service cost	51	53
Interest cost	156	166
Plan participants' contributions	445	442
Actuarial gain	(1,304)	(20)
Benefits paid	(767)	(753)
Benefit obligation at end of year	4,560	5,979
Change in plan assets:		
Fair value of plan assets at beginning of year	4,021	3,039
Actual return on plan assets	(527)	895
Employer contributions	172	398
Plan participants' contributions	445	442
Benefits paid	(767)	(753)
Inter-plan transfer	4	—
Fair value of plan assets at end of year	3,348	4,021
Unfunded status at end of year, included in accrued payroll and related benefits payable	$ 1,212	1,958

		2022	2021
Components of net periodic benefit cost:			
Service cost	$	51	53
Interest cost		156	166
Expected return on plan assets		(300)	(225)
Amortization of prior service credit		(455)	(455)
Amortization of net actuarial loss		227	329
Net periodic benefit cost	$	(321)	(132)

		2022	2021
Postretirement-related changes other than net periodic benefit cost:			
Amortization of prior service credit	$	455	455
Amortization of net actuarial loss		(227)	(329)
Net gain		(476)	(690)
	$	(248)	(564)
Amounts not yet recognized in net periodic benefit cost:			
Net actuarial loss	$	1,045	1,749
Prior service credit		(1,446)	(1,902)
	$	(401)	(153)

	2022	2021
Weighted average assumptions used to determine benefit obligations as of June 30, 2022 and 2021:		
Discount rate – funded portion	5.00 %	3.00 %
Discount rate – unfunded portion	4.75	1.75
Rate of compensation increase	4.00	4.00
Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30, 2022 and 2021:		
Discount rate:		
Discount rate – funded portion	3.00 %	3.00 %
Discount rate – unfunded portion	1.75	2.00
Healthcare cost trend:		
Increase from current to next fiscal year	6.75 %	7.00 %
Ultimate rate of increase	4.50	4.50
Year that the ultimate rate is attained	2031	2031

The College is not expecting to contribute to the Plan in 2023.

The estimated actuarial net loss that will be amortized from net assets without donor restrictions into net periodic benefit cost in fiscal year 2022 is $137.

Expected benefit payments are the total amount expected to be paid from the Plan's or the College's assets. The expected benefit payments, net of plan participant contributions, are as follows:

		Estimated benefits payments
Fiscal year(s):		
2023	$	377
2024		371
2025		362
2026		342
2027		333
2028–2032		1,534

The investment policy statement of the College, established by the Board of Trustees, has as its investment objective, the long-term appreciation of assets, and the consistency of total portfolio returns with reasonable efforts to control risk and preserve capital. The policy establishes a goal of an annual return of 8%. The Plan's target and actual asset allocations as of June 30 are as follows:

	Target	Percentage of plan assets	
Plan assets	**allocation**	**2022**	**2021**
Asset category:			
Equity securities	61.0 %	61.6 %	61.4 %
Debt securities	31.0	26.9	25.3
Other	8.0	11.5	13.3

The Plan's investments at fair value, all of which are Level 1 in the fair value hierarchy at June 30 are as follows:

		Total 2022	Total 2021
Cash and cash equivalents	$	381	534
Alternative investments:			
Equity and fixed income funds:			
Global equity		2,050	2,470
Global fixed income		894	1,017
Assets at fair value at measurement date		3,325	4,021
Contributions after measurement date		23	—
Total assets	$	3,348	4,021

(17) Functional Reporting of Expenses

The costs of the College's activities have been presented on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the activities benefited. The College allocates occupancy and related costs, depreciation, and interest expense based on direct expenditures in the other functional categories. Expenses presented by natural classification and function are as follows:

2022		Instruction and research	Academic support	Affiliation contracts and faculty practice	Student services	Auxiliary enterprises	Institutional support	Total
Salaries and benefits	$	34,154	8,858	10,970	5,466	378	11,090	70,916
Occupancy and related expenses		3,056	789	823	533	290	1,526	7,017
Professional services		321	277	155	384	223	2,765	4,125
Depreciation		4,732	1,223	1,363	801	305	2,065	10,489
Interest		1,703	440	491	288	110	743	3,775
Other expense		3,929	1,717	936	1,237	2,016	4,226	14,061
Total	$	47,895	13,304	14,738	8,709	3,322	22,415	110,383

	2021						
	Instruction and research	Academic support	Affiliation contracts and faculty practice	Student services	Auxiliary enterprises	Institutional support	Total
Salaries and benefits	$ 35,090	8,342	11,855	5,204	435	14,365	75,291
Occupancy and related expenses	3,569	780	—	540	227	2,168	7,284
Professional services	182	150	38	343	95	2,613	3,421
Depreciation	5,397	1,216	—	811	247	2,905	10,576
Interest	2,022	456	—	304	92	1,088	3,962
Other expense	4,189	1,392	1,058	1,030	1,408	6,788	15,865
Total	$ 50,449	12,336	12,951	8,232	2,504	29,927	116,399

(18) Other Contingencies and Commitments

The College is involved in various legal actions arising in the normal course of operations. While it is not feasible to predict the ultimate outcome of such matters, the College is of the opinion that the resolution of these matters will not have a significant effect upon the financial condition of the College or changes in its net assets.

Amounts received and expended under federal and state programs are subject to audit by governmental agencies. While there are currently no open audits, in the opinion of management, audit adjustments, if any, will not have a material adverse effect on the consolidated financial position or changes in net assets of the College.

(19) Subsequent Events

In July, August and September 2022, the College refinanced and restructured its MTI debt with a current par amount of $85,875 as of June 30, 2022, with MTI debt with a par amount of $80,554. In addition, affiliates of the College refinanced and restructured MTI debt with a current par amount of $161,815 as of June 30, 2022, with MTI debt with a par amount of $157,026 and admitted Touro University Montana LLC to the Obligated Group, and issued additional MTI debt of $53,801 to finance its new campus under construction in Montana. The College performed an evaluation of subsequent events that occurred after June 30, 2022 through October 28, 2022, the date the consolidated financial statements were issued, and noted no other matters that would require disclosure.