NEW YORK MEDICAL COLLEGE

Financial Statements

June 30, 2021 and 2020

(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:

We have audited the accompanying financial statements of New York Medical College (the College), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of New York Medical College as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 28, 2021

NEW YORK MEDICAL COLLEGE

Statements of Financial Position

June 30, 2021 and 2020

(Dollars in thousands)

Assets		**2021**	**2020**
Cash and cash equivalents	$	3,836	1,658
Receivables (note 4):			
Student tuition and fees, net		2,653	2,811
Student loans, net		6,051	6,724
Other, net		10,858	10,654
Investments (notes 5 and 13)		87,136	79,931
Deposits with bond trustee (notes 6 and 11)		24,692	9,540
Right-of-use assets (note 9)		4,833	5,255
Property and equipment, net (note 10)		180,231	178,441
Intangible and other assets (note 12)		12,442	11,575
Beneficial interest in perpetual trusts (notes 2(j) and 6)		15,234	12,094
Total assets	$	347,966	318,683
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	12,398	13,498
Accrued payroll and related benefits payable (note 16)		13,889	10,353
Deferred revenue		15,042	16,463
Short-term debt (note 13)		12,000	16,000
Long-term debt, net (note 14)		92,332	75,257
Operating lease liabilities (note 9)		4,979	5,324
Refundable federal student loans (note 2(e))		482	1,719
Other liabilities		2,263	2,107
Total liabilities		153,385	140,721
Contingencies and commitments (notes 13, 14, 15, and 18)			
Net assets (notes 7 and 8):			
Without donor restrictions		121,050	116,759
With donor restrictions		73,531	61,203
Total net assets		194,581	177,962
Total liabilities and net assets	$	347,966	318,683

See accompanying notes to financial statements.

NEW YORK MEDICAL COLLEGE

Statements of Activities

Years ended June 30, 2021 and 2020

(Dollars in thousands)

	2021			2020		
	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 ($7,459 and $6,142 in 2021 and 2020, respectively)	$ 62,982	—	62,982	61,779	—	61,779
Affiliation contracts and faculty practice (note 2(n))	13,525	—	13,525	15,301	—	15,301
Government grants for research and sponsored projects	19,402	—	19,402	20,381	—	20,381
Contributions and private grants	1,958	3,736	5,694	2,331	709	3,040
Investment return appropriated for operations	4,345	—	4,345	4,558	—	4,558
Auxiliary enterprises	5,413	—	5,413	5,466	—	5,466
Other	7,375	81	7,456	7,127	89	7,216
Net assets released from restrictions	178	(178)	—	359	(359)	—
Total operating revenue	115,178	3,639	118,817	117,302	439	117,741
Operating expenses (note 17):						
Instruction and research	50,449	—	50,449	54,754	—	54,754
Academic support	12,336	—	12,336	12,217	—	12,217
Affiliation contracts and faculty practice	12,951	—	12,951	14,229	—	14,229
Student services	8,232	—	8,232	7,732	—	7,732
Auxiliary enterprises	2,504	—	2,504	3,266	—	3,266
Institutional support	29,927	—	29,927	24,203	—	24,203
Total operating expenses	116,399	—	116,399	116,401	—	116,401
Change in net assets from operating activities	(1,221)	3,639	2,418	901	439	1,340
Nonoperating activities:						
Investment return in excess of (less than) amounts appropriated for operations	4,763	5,549	10,312	(867)	(1,095)	(1,962)
Postretirement-related changes other than net periodic benefit cost (note 16)	564	—	564	1,362	—	1,362
Net periodic benefit cost other than service cost (note 16)	185	—	185	(205)	—	(205)
Change in fair value of beneficial interest in perpetual trusts (note 6)	—	3,140	3,140	—	(274)	(274)
Total nonoperating activities	5,512	8,689	14,201	290	(1,369)	(1,079)
Change in net assets	4,291	12,328	16,619	1,191	(930)	261
Net assets, beginning of year	116,759	61,203	177,962	115,568	62,133	177,701
Net assets, end of year	$ 121,050	73,531	194,581	116,759	61,203	177,962

See accompanying notes to financial statements.

NEW YORK MEDICAL COLLEGE

Statements of Cash Flows

Years ended June 30, 2021 and 2020

(Dollars in thousands)

		2021	2020
Cash flows from operating activities:			
Change in net assets	$	16,619	261
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		10,576	10,379
Amortization of bond premium, net		(90)	(90)
Provision for doubtful receivables		1,655	414
Postretirement-related changes other than net periodic benefit cost		(749)	(1,157)
Amortization of deferred financing costs		(317)	109
Net impact on operating leases		77	69
Accretion of imputed interest		56	77
Net change in fair value of investments		(14,222)	100
Loss on disposal of property and equipment		271	28
Contributions for long-term use		(1,290)	(228)
Appreciation in fair value of beneficial interest in perpetual trusts		(3,652)	(79)
Changes in operating assets and liabilities:			
Student tuition and fees receivables, net		58	(1,831)
Other receivables		(1,725)	3,490
Other assets		(867)	16
Beneficial interest in perpetual trusts		512	353
Accounts payable and accrued expenses		(2,313)	(2,006)
Accrued payroll and related benefits payable		4,285	886
Deferred revenue		(1,421)	2,316
Other liabilities		156	(207)
Net cash provided by operating activities		7,619	12,900
Cash flows from investing activities:			
Purchases of property and equipment		(11,522)	(8,014)
Collection of insurance proceeds		—	463
Change in accounts payable for capital		1,213	(809)
Disbursement of student loans		(720)	(520)
Collection of student loans		1,359	1,386
Sales of investments		33,806	34,329
Purchases of investments		(24,642)	(30,993)
Net cash used in investing activities		(506)	(4,158)
Cash flows from financing activities:			
Proceeds from short-term debt		32,195	27,981
Repayment of short-term debt		(36,195)	(29,644)
Proceeds from long-term debt		20,360	—
Repayment of long-term debt		(4,049)	(3,696)
(Increase) decrease in deposits with bond trustee		(22,015)	609
Repayment of refundable federal student loans		(1,561)	(3,512)
Contributions for long-term use		1,290	228
Net cash used in financing activities		(9,975)	(8,034)
Net (decrease) increase in cash and cash equivalents		(2,862)	708
Cash, cash equivalents, and restricted cash at beginning of year		11,585	10,877
Cash, cash equivalents, and restricted cash at end of year	$	8,723	11,585
Reconciliation of amounts reported within the statements of financial position:			
Cash and cash equivalents	$	3,836	1,658
Restricted cash included in investments		3,918	2,095
Restricted cash included in deposits with bond trustee		695	7,558
Restricted cash included in intangible and other assets, net		274	274
Total cash, cash equivalents, and restricted cash	$	8,723	11,585
Supplemental disclosures:			
Interest paid	$	4,052	4,445
Finance lease additions		1,115	1,258

See accompanying notes to financial statements.

(1) Description of Organization

New York Medical College (the College), a member of the Touro College and University System, is a health sciences college whose enrollment approximates 1,982 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 College (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), a not-for-profit organization 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. Intercompany balances are eliminated.

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 has affected travel, commerce, and financial markets globally, including in the United States. The continued spread of COVID-19 and its impact on social interaction, travel, economies, and financial markets may affect results of operations and financial condition, including, among other things: (i) the ability of the College to conduct its operations and/or the cost of operations, (ii) governmental and non-governmental funding, and (iii) financial markets impacting investment valuations and interest rates.

Commencing March 9, 2020 and continuing through the 2020–2021 academic year, most course instruction was conducted virtually. In 2020–2021 most clinical related education began in-person classes with necessary safety precautions including masking and social distancing. The College operated its student housing on a limited basis and students continued to meet their academic requirements. For the start of the 2021–22 academic year, instruction will primarily return 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, between March 2020 and March 2021, the United States Congress passed legislation providing for COVID-19 relief through the Higher Education Emergency Relief Funds (HEERF). The College recognized $429 and $355 in grant revenue in fiscal years 2021 and 2020, respectively from HEERF.

Funding from HEERF was expended as follows:

	2021	2020
Student funds	$ 187	187
Reimbursed tuition, housing room board and fees	1	125
Other expenses	241	43
	$ 429	355

As of June 30, 2021 and 2020, approximately $1,098 and $145, respectfully, of additional HEERF funding (approximately $0 and $19 included in cash and deferred income at June 30, 2021 and 2020 and approximately $1,098 and $126 available to be drawn from the U.S. Department of Education as of June 30, 2021 and 2020, respectively) is available to offset incremental institutional expenditures during the 2021–22 academic year.

The COVID-19 pandemic has negatively affected national, state, and local economies and global financial markets, and the higher education landscape in general. While the full financial impact on the College cannot be quantified at this time, management does not anticipate that the pandemic will have a material adverse effect on the future financial profile and operating performance of the College. 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.

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(2) Summary of Significant Accounting Policies

(a) Financial Statement Presentation

The accompanying 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.

(b) 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.

(c) 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.

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(d) Student Loans Receivable

The College makes uncollateralized loans to students based on financial need. Student loans are funded mainly through federal government loan programs. 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. Loans disbursed under the Federal Perkins and Primary Care loan programs are able to be assigned to the federal government in certain nonrepayment situations. In these situations, the federal portion of the loan balance is guaranteed.

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.

(e) 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 statements of financial position.

In 2016, the College entered into a repayment agreement with the Department of Health and Human Services in regard to repaying the Federal Capital Contribution Primary Care Loan – Allopathic Medicine program. The College makes monthly payments of $92. The total amount outstanding is $277 and $1,381 as of June 30, 2021 and 2020, respectively.

(f) 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. Amortization of the discount is recorded as additional contribution revenue. Conditional pledges and pledges subject to a substantial risk of forfeiture are not recorded until the conditions are substantially met or the risks eliminated.

(g) Operating Measure

The operating activities in the 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, change in fair value of beneficial interest in perpetual trusts, and other nonrecurring items.

(h) 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 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. 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 financial statements.

(i) 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.

(j) 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.

(k) 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 having a useful 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 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.

(l) 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 year ended June 30, 2021 or 2020.

(m) 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 statement of activities. A ROU asset and lease liability are not recognized for leases with an initial term of 12 months or less, and the College recognizes lease expense for these leases on a straight-line basis over the lease term.

(n) 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, 2021 and 2020, revenue from WMC totaled $9,554 and $11,359, respectively. Additionally, faculty practice revenue totaled $1,523 and $1,934 for the years ended June 30, 2021 and 2020, respectively.

(o) Intangible Assets

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

(p) 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 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 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 federal grants as of June 30, 2021 and 2020 were approximately $9,773 and $9,658, respectively.

Receipts qualifying as contributions, including unconditional promises to give (pledges), are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional.

(q) Fundraising

Institutional support expenses included total fundraising expenses of $997 and $1,096, respectively, for the years ended June 30, 2021 and 2020. 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.

(r) 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, 2021 and 2020, 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 financial statements.

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(s) Use of Estimates

The preparation of 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 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.

(t) 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:

		2021	2020
Total assets	$	347,966	318,683
Less:			
Endowment funds		(45,531)	(38,961)
Annuities and trusts		(15,345)	(12,197)
Property and equipment, net		(180,231)	(178,441)
Right-of-use assets		(4,833)	(5,255)
Student loans receivable		(5,923)	(6,116)
Pledges receivable, intangibles, and other assets		(16,312)	(13,703)
Deposits held by bond trustees		(7,512)	(6,233)
Investments collateralized for debt		(27,874)	(28,318)
Total financial assets available within one year		44,405	29,459
Unused line of credit		15,000	11,000
Investment return appropriated for spending in the following year		3,439	3,420
Total financial assets and resources available within one year	$	62,844	43,879

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 has deferred $1,461 and $743 through June 30, 2021 and 2020, respectively, representing its employer portion of FICA taxes beginning March 28, 2020 through December 31, 2020. Half of this amount will be paid by December 31, 2022, with the remainder paid by December 31, 2021. Additionally, the College has board-designated endowments of $34,111 and $29,828 as of June 30, 2021 and 2020, 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:

		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

		2020		
		Receivable	Allowance for doubtful accounts	Net receivable
Student tuition and fees	$	2,911	(100)	2,811
Student loans		7,118	(394)	6,724
Other:				
Government and other grants	$	5,482	—	5,482
Affiliation contracts		412	(35)	377
Faculty practice plans		1,437	(262)	1,175
Pledges receivable, net of discount		2,127	(311)	1,816
Miscellaneous		2,941	(1,137)	1,804
Total other	$	12,399	(1,745)	10,654

(Continued)

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

	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	—	—	1,034	1,034	2,836	3,870
Miscellaneous	28	131	1,245	1,404	1,306	2,710

	2020					
	1–30 days past due	31–60 days past due	Greater than 60 days past due	Total past due	Current	Total
Student loans	$ 30	7	1,174	1,211	5,907	7,118
Affiliation contracts	6	12	289	307	105	412
Faculty practice plans	112	112	1,100	1,324	113	1,437
Pledges	16	15	682	713	1,414	2,127
Miscellaneous	35	103	1,339	1,477	1,464	2,941

Pledges receivable at June 30 consists of the following:

	2021	2020
Amounts due in less than one year	$ 1,990	1,214
Amounts due in one to five years	607	1,248
Amounts due in more than five years	2,700	—
	5,297	2,462
Less allowance	(1,738)	(311)
Less discount to net present value (discount rates between 3.25% and 5.50%)	(1,427)	(335)
	$ 2,132	1,816

(5) Investments

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

		2021	2020
Level 1 investments:			
Cash and cash equivalents	$	3,918	2,095
Equity securities		10,724	7,923
Fixed income securities:			
U.S. government obligations		52	98
Mutual funds		53,834	34,893
Level 2 investments:			
Fixed income securities:			
Corporate bonds		12,566	29,736
Investments measured at net asset value as a practical expedient for fair value:			
Hedge fund strategies:			
Global hedged equity funds (a)		4,325	3,763
Real estate partnership (b)		137	153
Other		1,580	1,270
Total investments measured at net asset value as a practical expedient for fair value		6,042	5,186
Total investments	$	87,136	79,931

(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:

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

		2020			
		Total	**Level 1**	**Level 2**	**Level 3**
Beneficial interest in perpetual trusts	$	12,094	—	—	12,094
Deposits with bond trustee:					
Cash and cash equivalents		7,558	7,558	—	—
U.S. government obligations		1,982	1,982	—	—

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

		2021	**2020**
Balance at beginning of year	$	12,094	12,368
Investment income, net		129	150
Distributions		(512)	(503)
Net appreciation in fair value of investments		3,523	79
Balance at end of year	$	15,234	12,094

(7) Net Assets

Net assets consisted of the following at June 30:

	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

	2020		
	Without donor restrictions	**With donor restrictions**	**Total net assets**
Operating	$ (41,371)	—	(41,371)
Endowment:			
Student support	14,430	7,997	22,427
Departmental support	2,235	18,467	20,702
General operating support	13,163	5,185	18,348
Research	—	6,645	6,645
Educational programs	—	667	667
Other:			
Gifts	25,118	8,021	33,139
Pledges	—	2,127	2,127
Investment in plant	103,184	—	103,184
Beneficial interest in perpetual trusts	—	12,094	12,094
	$ 116,759	61,203	177,962

(Continued)

(8) Endowments

At June 30, 2021, the College's endowment consists of approximately 124 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 limited the use of net appreciation unless the fair value of a donor-restricted fund exceeds 105% of its original dollar value.

Changes in the College's endowment net assets were as follows:

		Without donor restrictions	With donor restrictions	Total
Endowment funds, June 30, 2019	$	30,652	40,023	70,675
Investment return, net		596	846	1,442
Contributions and transfers		15	38	53
Appropriation for expenditure		(1,435)	(1,946)	(3,381)
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

Included in donor-restricted endowment net assets at June 30, 2021 and 2020 is accumulated earnings of $23,535 and $17,937, 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 twenty 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 vast majority of 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 non-lease components, which are generally accounted for as a single lease component.

For the year ended June 30, 2021 and 2020, rent expense was $560 and $711, respectively.

The following table summarizes the maturity of the College's operating lease liabilities as of June 30, 2021:

2022	$	607
2023		633
2024		547
2025		560
2026		576
Thereafter		2,981
		5,904
Less interest		(925)
	$	4,979

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

	2021	2020
Weighted average remaining lease term (years):		
Operating leases	9.45	10.43
Weighted average discount rate:		
Operating leases	3.57 %	3.57 %

In 2021 and 2020, ROU assets obtained in exchange for new operating lease liabilities were approximately $76 and $205, respectively.

(10) Property and Equipment, Net

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

		2021	2020
Land and land improvements	$	23,997	23,985
Buildings and improvements		154,679	151,240
Interest in leased properties		30,660	30,660
Equipment, furniture, and computer software		28,535	27,394
Library holdings		23,986	22,722
Leasehold improvements		390	390
Construction in progress		6,567	1,059
		268,814	257,450
Less accumulated depreciation and amortization		(88,583)	(79,009)
Property and equipment, net	$	180,231	178,441

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.

(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:

		2021	2020
Construction fund	$	14,057	—
Debt service		3,122	3,307
Debt service reserve fund		7,513	6,233
	$	24,692	9,540

(12) Intangible and Other Assets

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

		2021	2020
Intangible assets	$	10,200	10,200
Restricted cash		274	274
Prepaid expenses		1,138	880
Other		830	221
Total	$	12,442	11,575

(13) Short-Term Debt

At June 30, 2021 and 2020, NYMC has a $27,000 line of credit with a bank of which $12,000 and $16,000 is outstanding as of June 30, 2021 and 2020, respectively. Interest is calculated at the 30 day London Interbank Offered Rate (LIBOR) plus 1.25% (1.345% and 1.429% as of June 30, 2021 and 2020, respectively). Investments with a value of $41,403 and $43,417 as of June 30, 2021 and 2020, 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 and $2,000 at June 30, 2021 and 2020, respectively, that secures a long-term note payable in the amount of $874 and $1,318 as of June 30, 2021 and 2020, respectively (note 14(b)). The letter of credit is secured by investments of $1,918 and $1,861 at June 30, 2021 and 2020, respectively, and is guaranteed by Touro.

Interest expense on short-term debt for the years ended June 30, 2021 and 2020 totaled $118 and $370, 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	2021	2020
Bonds payable:				
Dormitory Authority of the State of New York, Revenue Bonds, Series 2014A Bonds (a)	January 2044	4.65 %	$ 44,555	44,705
Deferred financing costs			(816)	(851)
Net premium			2,440	2,547
Total			46,179	46,401
Dormitory Authority of the State of New York, Revenue Bonds, Series 2014B Bonds (a)	January 2029	5.75	23,535	25,855
Deferred financing costs			(578)	(651)
Net discount			(129)	(146)
Total			22,828	25,058
Dormitory Authority of the State of New York, Revenue Bonds, Series 2020A Bonds (a)	July 2040	3.69	20,360	—
Deferred financing costs			(425)	—
Total			19,935	—
Note payable (b)	April 2023	5.00% imputed	874	1,318
Finance lease obligations (c)	2022–2026	1.30%–5.98%	2,516	2,480
Long-term debt, net			$ 92,332	75,257

(a) Pursuant to a Master Trust Indenture (MTI) by and among the College, Touro College, Touro University Nevada, and Touro University (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 $105,895 and $100,198, respectively, at June 30, 2021 and 2020. Deposits with bond trustee (note 11) represent additional collateral until utilized for their designated purposes.

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 and $139,600 at June 30, 2021 and 2020, respectively ($164,001 and $130,805, respectively, outstanding as of June 30, 2021 and 2020), 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 $185,055 and $147,127, respectively, as of June 30, 2021 and 2020, 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, 2021, and 2020, these covenants have been met.

(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 $3,055 and $2,802, net of accumulated depreciation and amortization of $1,735 and $1,265, as of June 30, 2021 and 2020, respectively.

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

	2021	2020
Weighted average remaining lease term (years):		
Finance leases	3.48	3.29
Weighted average discount rate:		
Finance leases	3.93 %	4.38 %

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

		Bonds and notes principal	Finance leases principal	Interest	Total
Year:					
2022	$	3,042	819	4,537	8,398
2023		3,507	708	4,360	8,575
2024		3,655	515	4,173	8,343
2025		3,835	327	3,988	8,150
2026		4,030	147	3,779	7,956
Thereafter		71,255	—	34,806	106,061
Total	$	89,324	2,516	55,643	147,483

(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, 2021 and 2020, the College contributed $3,234 and $3,470, respectively, to its defined contribution retirement plan.

In addition, $551 and $626, respectively, were contributed during the years ended June 30, 2021 and 2020, 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, 2020, 2019, and 2018, respectively. The zone status is certified by the plans' 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.

On December 8, 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the Act) was signed into law. The Act allows employers who offer actuarially equivalent prescription drug benefits to retirees to receive a federal subsidy starting in 2006. Actuarial equivalence of the program's prescription drug benefit is determined based on a two-prong test. The actuarial values of the prescription drug coverage are based on national statistics and then adjusted to reflect drug utilization for the Plan. Based on these values, it is assumed that the prescription drug benefit for the unfunded plan will be actuarially equivalent in 2006 and for all years thereafter.

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 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.

(Continued)

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:

		2021	2020
Change in benefit obligation:			
Benefit obligation at beginning of year	$	6,091	8,037
Service cost		53	49
Interest cost		166	272
Plan participants' contributions		442	630
Amendment		—	(2,357)
Actuarial (gain) loss		(20)	1,049
Benefits paid		(753)	(1,640)
Medicare Part D program reimbursement		—	51
Benefit obligation at end of year		5,979	6,091
Change in plan assets:			
Fair value of plan assets at beginning of year		3,039	3,422
Actual return on plan assets		895	121
Employer contributions		398	455
Plan participants' contributions		442	630
Benefits paid		(753)	(1,640)
Medicare Part D program reimbursement		—	51
Fair value of plan assets at end of year		4,021	3,039
Unfunded status at end of year, included in accrued payroll and related benefits payable	$	1,958	3,052

		2021	2020
Components of net periodic benefit cost:			
Service cost	$	53	49
Interest cost		166	272
Expected return on plan assets		(225)	(253)
Amortization of prior service credit		(455)	—
Amortization of net actuarial loss		329	186
Net periodic benefit cost	$	(132)	254

		2021	2020
Postretirement-related changes other than net periodic benefit cost:			
Amortization of prior service credit	$	455	—
Amortization of net actuarial loss		(329)	(186)
Net gain		(690)	(1,176)
	$	(564)	(1,362)
Amounts not yet recognized in net periodic benefit cost:			
Net actuarial loss	$	1,749	2,769
Prior service credit		(1,902)	(2,357)
	$	(153)	412

	2021	2020
Weighted average assumptions used to determine benefit obligations as of June 30, 2021 and 2020:		
Discount rate – funded portion	3.00 %	3.00 %
Discount rate – unfunded portion	1.75	2.00
Rate of compensation increase	4.00	4.00
Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30, 2021 and 2020:		
Discount rate:		
Discount rate – funded portion	3.00 %	3.75 %
Discount rate – unfunded portion	2.00	3.00
Healthcare cost trend:		
Increase from current to next fiscal year	7.00 %	7.25 %
Ultimate rate of increase	4.50	4.50
Year that the ultimate rate is attained	2031	2031

The healthcare cost trend assumption has a significant effect on the amounts reported. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects as of and for the years ended June 30:

		2021		2020	
		One-percent-point increase	**One-percent-point decrease**	**One-percent-point increase**	**One-percent-point decrease**
Effect on total service and interest cost component	$	12	(10)	25	(20)
Effect on postretirement benefit obligation		338	(309)	377	(355)

The College is not expecting to contribute to the Plan in 2022.

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 $210.

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):		
2022	$	377
2023		375
2024		366
2025		359
2026		341
2027–2031		1,595

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:

Plan assets	Target allocation	Percentage of plan assets 2021	Percentage of plan assets 2020
Asset category:			
Equity securities	61.0 %	61.4 %	66.8 %
Debt securities	31.0	25.3	30.4
Other	8.0	13.3	2.8

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 2021	Total 2020
Cash and cash equivalents	$ 534	85
Alternative investments:		
Equity and fixed income funds:		
Global equity	2,470	2,028
Global fixed income	1,017	926
Total assets	$ 4,021	3,039

(17) Functional Reporting of Expenses

The costs of the College's activities have been presented on a functional basis in the 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:

	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

		2020						
		Instruction and research	**Academic support**	**Affiliation contracts and faculty practice**	**Student services**	**Auxiliary enterprises**	**Institutional support**	**Total**
Salaries and benefits	$	36,395	8,611	14,099	4,830	394	13,306	77,635
Occupancy and related expenses		3,842	727	—	493	296	1,654	7,012
Professional services		424	103	30	321	265	2,080	3,223
Depreciation		5,944	1,220	—	772	326	2,440	10,702
Interest		2,469	507	—	321	135	1,013	4,445
Other expense		5,680	1,049	100	995	1,850	3,710	13,384
Total	$	54,754	12,217	14,229	7,732	3,266	24,203	116,401

(18) Other Contingencies and Commitments

The College is involved in various legal actions arising in the normal course of operations. 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.

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 financial position or changes in net assets of the College.

(19) Subsequent Events

The College performed an evaluation of subsequent events that occurred after June 30, 2021 through October 28, 2021, the date the financial statements were issued, and noted no other matters that would require disclosure.