



Rensselaer

2021 ANNUAL REPORT

November 1, 2021

Rensselaer Polytechnic Institute

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Rensselaer Polytechnic Institute 2021 Annual Report

Dated: November 1, 2021

Table of Contents

General Information

Introduction.....	3
Overview.....	3
Management.....	5

Operating Information

Enrollment and Admissions.....	6
Tuition and Fees.....	8
Financial Aid.....	8
Gifts and Bequests	9
Endowment and Spending Allocation	9
Contracts and Grants	10
Physical Plant.....	11
Financial Operations	11
Financial Update	12
Outstanding Indebtedness	16
Pension Plans	16
Litigation.....	16

Exhibit to 2021Annual Report -

Consolidated Financial Statements - For the Years Ended June 30, 2021 and 2020

General Information

Introduction

This Annual Report is dated November 1, 2021 and contains information through that date. This report constitutes the official disclosure information regarding the financial condition of Rensselaer Polytechnic Institute (“Rensselaer” or the “Institute”). It includes a discussion of recent trends in the areas of enrollment and admissions, tuition and fees, financial aid, gifts and endowment, physical plant, financial operations, government contracts and grants, and outstanding indebtedness. It is also appended with Rensselaer’s audited financial statements for the fiscal years ending June 30, 2021 and 2020, along with a report of the Institute’s independent auditors.

Overview

Rensselaer Polytechnic Institute, a New York education corporation, enrolls approximately 6,700 undergraduates and graduate students in residential programs at its Troy, New York campus, while enrolling approximately 100 graduate students at its Hartford, Connecticut campus. The main Troy campus is comprised of five schools: Architecture; Engineering; Humanities, Arts and Social Sciences; Lally School of Management; and Science. More than 145 degree programs in nearly 60 fields and over 1,000 courses lead to bachelors, masters, and doctoral degrees in all five schools. Rensselaer’s campus in Hartford, Connecticut serves working professionals and employers with graduate level education in engineering and science programs.

As a research university, Rensselaer attracts a faculty whose research programs range from microelectronics to computational modeling and simulation, data science, nanotechnology, biomedical engineering, information technology, advanced materials, environmental studies, lighting, electronic arts, games and simulation arts. Rensselaer focuses on inter-disciplinary research and has made research investments supported by strong industry partnerships in microelectronics, automation, and scientific computation.

Rensselaer is consistently ranked by *U.S. News & World Report* as one of the top national universities in the United States. The 2020 ranking was 55th among national universities. The Institute's undergraduate engineering program was ranked 31st in the country. *DesignIntelligence*, the primary organization that issues yearly rankings of architecture schools throughout the U.S., ranked Rensselaer’s School of Architecture 14th in the nation. The Institute’s Games and Simulation Arts and Sciences program is ranked 20th nationally on the *Animation Career Review* list of top game design programs in the United States.

History

Rensselaer was founded in 1824 in Troy, New York. It is the nation’s oldest English speaking technological research university. The Institute was created with a mission to provide educational opportunities for those “who may choose to apply themselves in the application of science to the common purposes of life.” Rensselaer educates the leaders of tomorrow for technologically based careers, and celebrates discovery and the responsible application of technology to create knowledge and global prosperity.

The Rensselaer Plan

On May 12, 2000, the Rensselaer Board of Trustees unanimously approved The Rensselaer Plan (the “Plan”), a strategic plan that articulated a vision for Rensselaer’s future, as well as the means to achieve it. The Plan sought to build on Rensselaer’s strengths and its distinctive, high quality education, while expanding its research enterprise and cultivating entrepreneurial growth. The overarching goal of the Plan was to enable Rensselaer to achieve greater prominence in the 21st century as a world-class technological research university with global reach and global impact.

A refresh of the Rensselaer Plan, Rensselaer 2024, was approved by the Board of Trustees in December 2012. This updated plan will serve as a “strategic roadmap” for Rensselaer in the future. The revised Plan is evergreen, prepared to grow and evolve, as the Institute grows and evolves. The Rensselaer Plan 2024 moves from transforming Rensselaer to Rensselaer being transformative in the areas of our student’s lives, innovative pedagogy and the global impact of our research. Part of the 2024 Plan is the concept of “The New Polytechnic”. This is a new paradigm for teaching, learning and research that will enable collaborations between talented people across disciplines, sectors and global regions, in order to address the complex problems the world faces.

In accordance with the original Plan, Rensselaer has made over \$862 million in capital investment to provide, enhance, enable, animate and secure the platforms, facilities, and Institute physical infrastructure for student, faculty and staff benefit. Over the past 20 years, Rensselaer has solidified its place among the important technological universities of the 21st century by investing in world-class faculty, broad-based programs, state-of-the-art research platforms, and strategic partnerships. Over the course of *The Rensselaer Plan* 385 new faculty members have been hired. There have been 51 named chairs appointed. The hiring of outstanding junior people has revitalized the faculty. From the plan’s inception, 85 faculty members have been honored with the prestigious National Science Foundation Career Award.

In addition, Rensselaer’s Troy based annual research revenues, comprised of grants, contracts, corporate support, industry memberships, and foundation support, is \$88.0 million in fiscal year 2021. We have invested in five signature research thrusts – Biotechnology and the Life Sciences; Computational Science and Engineering; Media Arts, Science, and Technology; Energy, Environment, and Smart Systems; and Nanotechnology and Advanced Materials and are further expanding our research thrust through the launch of initiatives in the areas of Energy, Built Environment and Smart Systems; Data, Artificial Intelligence and Computation; and the Center for Engineering and Precision Medicine.

Research platforms have been built in biotechnology (CBIS), computation (CCI), and media and the arts (EMPAC) to enable Rensselaer researchers to think broadly and be intellectual leaders. These platforms have helped to enable Rensselaer to win highly competitive center grants, and to build research platforms such as the Jefferson Project, funded by IBM, the Fund for Lake George and the Chautauqua Institution; the industry-funded Bioengineering Heparin Consortium; the focus on sustainable built environments through the Center for Architecture Science and Ecology (CASE); and the NASA supported Rensselaer Astrobiology Research and Education Center (RARE). In 2019, Rensselaer was the recipient of a grant from New York State supporting the procurement of one of the largest high performance computers in the world housed on the Rensselaer campus in Troy, NY. The high performance computer will be the designated AI Hardware Testbed and support the expansion of Artificial Intelligence activities in the State of New York. In 2018, Rensselaer announced a multi-year collaborative research initiative with IBM to drive world-class innovation and fundamental advances in artificial intelligence and machine learning for the benefit of society. In 2015, Rensselaer announced the establishment of a new center for immersive cognitive systems, the Cognitive and Immersive Systems Lab (CISL). CISL’s mission is to explore and advance natural, collaborative problem-solving among groups of humans and machines linking cognitive computing with physically immersive environments with the goal of enabling multi-person decision making in complex situations ranging from a cognitive boardroom to a cognitive classroom.

In September 2015, Rensselaer announced an exciting new academic initiative – The ARCH Program. The Arch summer semester welcomed its first full class in May 2019. This new plan of study allows rising juniors to attend a full summer semester at Rensselaer between their sophomore and junior years, followed by either a fall or spring away semester during their junior year. This will allow these students to take advantage of the numerous co-curricular and experiential activities off campus, including international experiences, internships and co-ops.

On October 13, 2017, Rensselaer officially launched its \$1 billion Transformative: Campaign for Global Change. This campaign will lead Rensselaer to the 200th anniversary of its founding and will position

Rensselaer for its third century of leadership in education and research. The Institute has raised more than \$582 million toward this goal through the support of alumni/ae, friends, corporations, and foundations as of October 4, 2021.

Rensselaer is building upon an almost 200-year history of world-changing innovation and nearly two decades of transformative success, preparing Rensselaer to continue educating the most inventive young people on Earth, well into its third century. The campaign will focus in the three following areas:

1. Bridging the Gap: Increasing student financial aid to close the gap between student financial need and current aid.
2. Faculty 500: Creating endowed professorships to attract and retain top faculty talent, and expanding our tenured and tenure-track faculty to 500 in crucial areas of research and education
3. Building Our Third-Century Campus: Expanding, modernizing, and equipping the campus for its third century.

Accreditation

Rensselaer's Troy campus is accredited by the Middle States Commission on Higher Education, the National Architectural Accrediting Board, the Accreditation Board for Engineering and Technology, the American Assembly of Collegiate Schools of Business, and the Committee on Professional Training of the American Chemical Society. Its degree programs are approved by the New York State Department of Education.

Rensselaer at Hartford is accredited by the Middle States Commission on Higher Education, the Office of Financial and Academic Affairs for Higher Education of the State of Connecticut, and the Association to Advance Collegiate Schools of Business.

Management

The President of Rensselaer is appointed by the Board of Trustees and as the Chief Executive Officer,	<u>Position:</u>
Shirley Ann Jackson, Ph.D.	President
Prabhat Hajela	Provost
Vacant	Vice President for Administration
Eileen McLoughlin	Vice President for Finance & Chief Financial Officer
Curtis N. Powell	Vice President for Human Resources
Graig R. Eastin	Vice President for Institute Advancement
Robert Hull	Acting Vice President for Research
Peter Konwerski	Vice President for Student Life
Gary Zarr - interim	Vice President for Strategic Communications and External Relations
Craig A. Cook	Secretary of the Institute and General Counsel
John Kolb	Vice President for Information Services and Technology, CIO
Jonathan D. Wexler	Vice President for Enrollment

Rensselaer is governed by its self-perpetuating Board of Trustees of no more than 35 members, including the Mayor of the City of Troy as an ex-officio member. Trustees are appointed to four year terms. Although terms are renewable, Trustees may not be re-elected to active status after reaching age 72.

Faculty and Staff

Rensselaer has a permanent faculty and staff of approximately 459 and 1,137 members respectively, at its combined Troy, New York and Hartford, Connecticut campuses. Rensselaer's faculty and staff are not represented by any organized labor groups and, therefore, there are no collective bargaining agreements for either faculty or staff.

The faculty at Rensselaer includes National Academy members, society fellows, and recipients of various other awards and distinctions. Academy membership recognizes those who have made important contributions to engineering theory and practice, and those who have demonstrated unusual accomplishment in the pioneering of new and developing fields of technology.

The student to faculty ratio is currently 13 to 1.

Operating Information

Enrollment and Admissions

The following summarizes undergraduate and graduate enrollment, based on headcount:

Entering Fall	Undergraduate Students	Full-Time Graduate Students	Part-Time Graduate Students	Others*	Total
2017	6,314	1,120	134	65	7,633
2018	6,590	1,188	141	43	7,962
2019	6,203	1,185	181	573	8,142
2020	6,265	1,139	185	342	7,931
2021	5,579	1,140	124	560	7,403

* "Others" includes matriculated undergraduate students participating in off-campus educational programs, non-matriculated, and distance learning students.

The following table shows freshmen applications received, accepted and enrolled at the Troy campus for the fall semesters of the current and past four years.

Entering Fall	Applications	Acceptances	Acceptance Rate	New Enrollment	Yield	Mean SAT
2017	19,504	8,420	43.2%	1,663	19.8%	1400
2018	20,403	8,770	43.98%	1,778	20.27%	1409
2019	18,635	8,835	47.4%	1,665	18.8%	1410
2020	16,661	9,062	54.4%	1,464	16.2%	1393
2021	17,497	9,274	53.0%	1,322	14.3%	1429

Additionally, Rensselaer has modified its recruiting strategy to broaden its market and to gain introduction to student/parent consideration earlier in the selection process. These strategies have been effective as demonstrated by the increased geographic and demographic diversity of the applicant pool. Consistent with the national trend, applications from international students declined for fall 2020 enrollment. Overall applications for the incoming fall 2021 were 17,497 a 5.0% increase over 2020, however both domestic and international enrollment for fall 2021 were negatively impacted by the COVID-19 pandemic.

At Rensselaer's Troy campus, the student body is comprised of students from 48 states, and 54 foreign countries. Rensselaer's geographic concentration has broadened significantly with our reliance on New York State declining slightly from 31% in 2012 to 30% in 2021 while the percentage of students from "Other US" and "International" has increased significantly from 35% to 40% of the student body. A breakdown of major geographic concentration for the Troy campus undergraduate and graduate student body as of Fall 2021 is as follows:

New York	30%
New England	17%
N.J./Pennsylvania	13%
Other U.S.	18%
International	22%
Total	<hr/> 100%

Rensselaer fields 23 NCAA intercollegiate teams, including NCAA Division I men's and women's hockey teams. The Institute has an active ROTC program and 27 fraternities and sororities. The Rensselaer Union, the home for student government and one of the few student run unions in the Northeast, was formed in 1890. An elected student president, who appoints a thirty member executive board, oversees it. This board manages a \$4.8 million annual budget that co-funds the intra-mural recreational programs, as well as over 200 arts, multi-cultural, service, media, entertainment and special interest clubs and organizations.

Tuition and Fees

The following table shows the basic tuition and fees charged to incoming undergraduate students for the current and past four years:

	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
Tuition	51,000	52,550	54,000	55,600	57,100
Room & Board	14,960	15,260	15,580	15,954	16,379
Fees	<u>1,305</u>	<u>1,330</u>	<u>1,378</u>	<u>1,412</u>	<u>1,426</u>
Total	67,265	69,140	70,958	72,966	74,895

Financial Aid

Rensselaer administers a substantial student aid program by which approximately 99% of eligible undergraduate students receive need-based or merit-based scholarships and/or loans from the Institute or outside sources. The Institute participates in various federal and state programs providing aid to individual students. The federal programs include the Federal Pell and Supplemental Educational Opportunity Grants, Federal Direct Stafford and PLUS Loans and the Federal Work Study Program. The state programs include the New York State Merit Award for Excellence in Academics, the Tuition Assistance Program (TAP), and grants under the Higher Education Opportunity Program. Some students residing outside the state benefit from various loan and grant programs of their states of residence.

Future state and federal aid depends upon the annual appropriations by the New York State Legislature and the United States Congress, respectively, and the ability of the state and the federal governments to pay the amounts appropriated. No assurance can be given that the various federal and state programs will be continued. The reduction or elimination of these programs could have a detrimental effect on the Institute.

The following chart provides an overview of Rensselaer's internally funded undergraduate financial aid for the past five fiscal years (in thousands of dollars):

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Unrestricted Financial Aid	134,051	140,160	157,868	158,451	163,591

Gifts and Bequests

Gifts and bequests (net of present value) received as both cash, in-kind and recordable pledges in the past five fiscal years are noted below (in thousands of dollars):

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Without Donor Restriction	15,893	21,246	17,752	15,338	20,279
With Donor Restriction	<u>24,576</u>	<u>21,242</u>	<u>31,212</u>	<u>14,770</u>	<u>15,711</u>
Total	40,469	42,488	48,964	30,108	35,990

Endowment

The market value for endowment and funds functioning as endowment as of the end of fiscal years ending June 30, 2017 through 2021 is shown below (in thousands of dollars). Approximately, 72% of these funds are restricted in perpetuity.

<u>Fiscal Year</u>	<u>Market Value as of June 30</u>	<u>Spending Allocation</u>
2017	677,200	38,100
2018	718,200	38,500
2019	739,600	30,900
2020	743,200	30,800
2021	1,069,740	32,300

Rensselaer's endowment spending allocation is calculated at a rate of 5% of the five-year rolling average market value of the endowment. The Board has committed to endowment withdrawals, from Board – designated endowment, in excess of the Institute's spending formula, as necessary, to fund investment in capital.

The June 30, 2021 market value of all endowment and funds functioning as endowment was invested as follows (in thousands of dollars):

	Market Value	Percentage
US Equity	290,410	27.2
Non-US Equity	226,058	21.1
Private Equity	233,971	21.9
Real Assets	30,593	2.9
Marketable Alternatives	78,184	7.3
Fixed Income	97,493	9.1
Cash	23,135	2.1
Outside Trusts	89,896	8.4
Total	1,069,740	100.0

The Board of Trustees has overall responsibility regarding all decisions that affect the investment of all funds of the Institute. The Board fulfills its fiduciary obligation by delegating operating and supervisory responsibility to the Investment Committee to oversee the investments of Rensselaer.

Contracts and Grants

During the fiscal year ended June 30, 2021 the Institute received, through contracts and grants, total revenues of \$88.0 million. This accounted for approximately 21% of the Institute's total operating revenues of \$434.9 million. The Institute received \$17.0 million and \$17.4 million in indirect costs in fiscal years 2021 and 2020, respectively. Indirect costs on government grants and contracts represent the allocation of overhead costs (library, institutional support, departmental administration, operation and maintenance of plant, and building and equipment depreciation) to the projects funded by such grants.

Rensselaer has been awarded approximately \$83.2 million of grants and contracts which have not been advanced or expended as of June 30, 2021, and accordingly, not recorded in the attached financial statements.

Rensselaer conducts a significant amount of research funded by outside sponsors, primarily the federal government. The Institute expects that it will continue to receive significant amounts of federal funds supporting research. However, inasmuch as federally sponsored research is obtained through both grants and contracts, it may vary from year to year, and no assurance can be given that it will continue at the levels experienced in recent years.

Revenues received from contracts and grants for fiscal years ending in 2017 through 2021 are shown below (in thousands of dollars):

	2016-17	2017-18	2018-19	2019-20	2020-21
Federal Government	43,580	43,481	43,740	47,161	50,722
State Government	6,086	6,965	8,556	5,192	2,868
Private	8,108	10,496	15,201	41,613	17,444
Indirect Costs	16,877	17,071	16,894	17,386	16,956
Total	74,651	78,013	84,391	111,352	87,990

Physical Plant

Rensselaer's 200 academic, residential, and administrative buildings are located on approximately 260 acres in Troy, New York. The Hartford campus consists of a nine-story building and adjacent parking garage located on 14 acres in downtown Hartford, Connecticut. In addition, Rensselaer has a wholly owned technology park on 1,250 acres in North Greenbush, Rensselaer County, New York. At present, over 74 companies with over 2,700 employees occupy the technology park.

The following tabulation shows the assets included in physical plant as of each of the previous five fiscal years ended June 30 (in thousands of dollars):

Fiscal Year	Land	Buildings	Equipment	Construction in Progress	Accumulated Depreciation	Totals
2017	36,544	930,277	227,054	16,508	(537,429)	672,954
2018	37,812	940,263	226,491	13,308	(554,230)	663,644
2019	38,030	949,376	235,124	21,853	(580,501)	663,882
2020	38,787	966,156	248,014	19,005	(587,262)	684,700
2021	39,876	973,537	207,312	12,977	(573,371)	657,331

The above amounts shown for physical plant are stated at cost or, in the case of gifts, at market value on the date the gift was received, less accumulated depreciation, computed on a straight-line basis over the estimated useful life of the asset.

The Institute currently insures its buildings and contents, exclusive of land, under blanket insurance policies in the total amount of \$1.8 billion. Such insurance provides for 100% of the replacement value of the buildings and contents.

Financial Operations

As stated previously, the Rensselaer Board of Trustees unanimously approved the original Rensselaer Plan (the "Plan") on May 12, 2000, a refreshed version, Rensselaer 2024, was approved in December 2012. The Plan is long-term in its scope and approach, with the necessary flexibility to adapt to changing conditions and factors. It also guides Institute decisions and provides the framework for school and divisional "performance plans" that serve as the basis for each year's operating plan and budget.

The Institute established a new performance-based operating and comprehensive capital budgeting and reporting process that links directly to the performance plans and allows meaningful assessment of progress against the Plan. For each of the past twenty fiscal years, the academic schools and administrative divisions have created and implemented performance plans designed to focus on the Plan's goal of establishing Rensselaer as a top-tier, world class technological research university with global reach and global impact. The Finance Committee of the Board of Trustees monitors the budget process and financial implications, with the full Board approving the annual operating and capital budgets. Rensselaer Plan 2024 will continue this transformation, not only of Rensselaer but also of its influence upon the National and International community.

Financial Update

Rensselaer's financial results for fiscal year 2021 reflect strong and continued successful fiscal management. For the twenty second year in a row, the internal operating budget was balanced. Full time undergraduate and graduate program enrollment remains strong. Education for working professionals is focused on select engineering and science disciplines where Rensselaer has a strong reputation. Grant and contract revenue reflect diversification in funding sources.

Net operating results were strong in fiscal year 2021. Student related revenues were lower than 2020, reflecting the impact of the COVID-19 pandemic on undergraduate enrollment and auxiliary revenues. Grant and contract activity decreased twenty one percent from the prior year, primarily due to the New York State grant for the AI Testbed supercomputer that was recorded in fiscal year 2020.

Total operating expenses decreased fourteen percent over the prior year, primarily due to aggressive implementation of cost controls in response to the COVID-19 pandemic.

Market performance was positive by 49 percent for the fiscal year, above preliminary median performance estimates for other colleges and universities. Total institutional assets stood at \$1.919 billion at June 30, 2021. Rensselaer's endowment stood at \$1.1 billion. Net assets were positively impacted by results from operations and contributions to and the return on the endowment. Strong investment returns and significant contributions resulted in a \$64 million decrease to the defined benefit pension liability. Total debt outstanding, excluding the AI Testbed supercomputer financing, of \$623 million decreased by \$19 million reflecting the impact of the refinancing of the 2002E tax exempt bonds and continued principal repayments.

On July 1, 2018, the Institute adopted the new accounting standard related to *Revenue from Contracts with Customers*. This standard requires that exchange transactions with customers that are bound by contracts or similar arrangements take a performance obligation approach to revenue recognition. As a result of the adoption of this standard, certain student related revenues have been reclassified to conform to the required presentation. The change can be seen in the Statement of Activities for all years presented.

In 2019, the Institute also adopted a new accounting standard related to the *Presentation of Financial Statements of Not-for-Profit Entities*. The standard requires the Institute to restate its net assets into two categories: net assets without donor restrictions (previously unrestricted net assets) and net assets with donor restrictions (previously temporarily and permanently restricted net assets), among other requirements. The change can be seen in the Statement of Position for all years presented.

In 2020, the Institute adopted a new accounting standard related to the *Leases*. The core principal of the standard is that leasees should recognize assets and liabilities associated with lease arrangements, whereas previously generally accepted accounting principles did not contain this requirement for most leases. Under this new guidance, the Institute recognized right-of-use (ROU) assets and corresponding right-of-use liabilities for its operating leases with terms greater than twelve months, and has updated capital lease terminology to refer to such arrangements as finance leases. The change was retrospective to July 1, 2018.

The financial statements of the Institute are prepared in accordance with the provisions of the *American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Organizations*. The financial statements as of June 30, 2021 and 2020 and for the years then ended, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing herein.

RENSSELAER POLYTECHNIC INSTITUTE
Combined Statements of Financial Position at June 30, 2021
(In thousands of dollars)

<i>Assets</i>	2017	2018	2019 (*)	2020 (^)	2021
Cash and cash equivalents	1,476	1,495	17,585	23,760	50,939
Accounts receivable, net					
Student related and other	2,539	4,603	6,923	8,554	10,565
Research and other agreements	13,617	16,199	17,824	45,447	34,150
Contributions receivable	34,077	35,515	31,709	26,060	18,878
Contr. from external remainder trusts	24,087	23,565	24,005	19,437	22,619
Prepaid expenses and other assets	7,685	9,793	7,212	7,581	4,592
Student loans receivable, net	29,625	29,310	23,950	18,538	13,007
Investments, at market	684,311	723,360	742,169	743,960	1,085,022
Right of use asset			27,096	25,818	22,154
Land, buildings and equipment, net	672,954	663,644	663,882	684,700	657,331
Total assets	1,470,371	1,507,484	1,562,355	1,603,855	1,919,257
Accounts payable and accrued expenses	33,920	34,380	33,466	32,374	38,599
Split Interest Agreement obligations	8,408	7,882	7,003	6,650	7,045
Deferred revenue	26,882	29,412	52,505	56,853	52,570
Short-term portion of long-term debt	9,479	9,372	11,665	26,117	34,809
Deposits	18,785	20,123	17,967	42,352	46,348
Minimum pension liability	125,322	90,299	104,139	132,846	68,719
Accrued postretirement benefits	17,218	16,872	17,634	21,352	20,016
Refundable government loan funds	31,083	31,684	32,318	25,863	21,062
Right of use liability			27,096	25,903	22,315
Finance leases payable	19,819	17,871	17,378	17,308	16,672
Long-term debt	728,342	715,242	692,961	688,918	653,235
Total liabilities	1,019,258	973,137	1,014,132	1,076,536	981,390
Without donor restrictions	(149,197)	(103,265)	(105,767)	(129,573)	65,483
With donor restrictions					
Restricted by time and purpose	170,170	192,825	184,079	171,943	351,922
Restricted in perpetuity	430,140	444,787	469,911	484,949	520,462
With donor restrictions	600,310	637,612	653,990	656,892	872,384
Total net assets	451,113	534,347	548,223	527,319	937,867
Total liabilities and net assets	1,470,371	1,507,484	1,562,355	1,603,855	1,919,257

(*) ON JULY 1, 2018, THE INSTITUTE ADOPTED ACCOUNTING STANDARD 2016-14, PRESENTATION OF FINANCIAL STATEMENTS FOR NOT-FOR-PROFIT ENTITIES. FINANCIAL INFORMATION FOR ALL YEARS PRESENTED HAS BEEN RESTATED TO CONFORM WITH THE NEW STANDARD.

(^) ON JULY 1, 2019, THE INSTITUTE ADOPTED ACCOUNTING STANDARD 2016-02, LEASES. FINANCIAL INFORMATION FOR FISCAL YEAR 2019 HAS BEEN RESTATED TO CONFORM WITH THE NEW STANDARD. OTHER YEARS PRESENTED HAVE NOT BEEN ADJUSTED.

RENSSELAER POLYTECHNIC INSTITUTE
Condensed Statements of Activities for the year ended June 30, 2021
(In thousands of dollars)

<i>Operating Revenue</i>	2017	2018	2019 (*)	2020	2021
Student related revenue, net	271,468	286,167	316,706	317,416	279,855
Gifts	23,258	34,489	25,857	21,108	24,099
Grants and contracts	74,651	78,013	84,391	111,352	87,990
Investment return	30,188	30,628	31,322	31,318	35,189
Other	5,883	10,871	7,007	7,648	7,752
Total operating revenue	405,448	440,168	465,283	488,842	434,885
<i>Operating Expenses</i>					
Salaries and wages	161,183	169,015	176,731	179,968	161,360
Employee benefits	36,944	36,861	38,447	42,242	37,257
Supplier, services and other	82,672	76,539	79,438	95,038	68,124
Occupancy, taxes and insurance	18,035	25,170	25,601	24,837	20,866
Interest on debt	38,383	37,822	36,558	32,989	25,588
Depreciation and amortization	27,952	27,612	28,054	30,031	31,115
Student aid and fellowships	42,315	43,935	47,726	51,584	50,428
Total operating expenses	407,484	416,954	432,555	456,689	394,738
Change in net assets from operating activities	(2,036)	23,214	32,728	32,153	40,147
<i>Non-operating</i>					
Realized and unrealized gains, (losses), net	32,708	25,057	(8,852)	(19,588)	288,356
Other components of net periodic benefit cost	(7,922)	(7,754)	(8,922)	(9,032)	(8,663)
Adjustment for retirement liabilities	30,677	27,074	(18,253)	(27,762)	55,793
Life income and endowment gifts	17,211	7,999	23,107	9,000	11,891
Change in value of life income contracts	7,098	7,644	3,444	5,192	23,827
Loss on extinguishment of debt	-	-	(9,376)	(10,867)	(803)
Change in net assets from non-operating activities	79,772	60,020	(18,852)	(53,057)	370,401
Total change in net assets	77,736	83,234	13,876	(20,904)	410,548
Net assets at beginning of year	373,377	451,113	534,347	548,223	527,319
Net assets at end of year	451,113	534,347	548,223	527,319	937,867

(*) IN 2019, THE INSTITUTE ADOPTED ACCOUNTING STANDARD 2014-09, REVENUE FROM CONTRACTS WITH CUSTOMERS. FINANCIAL INFORMATION FOR ALL YEARS PRESENTED HAS BEEN RESTATED TO CONFORM WITH THE NEW STANDARD.

Outstanding Indebtedness

As of June 30, 2021, Rensselaer had total outstanding indebtedness in the aggregate principal amount of \$688.0 million, net of bond premium and capitalized issuance costs of \$51.4 million. See the attached *Combined Financial Statements for the Years Ended June 30, 2021 and 2020* – Note 9-Bonds and Notes Payable for a more detailed discussion of outstanding indebtedness as of June 30, 2021.

Pension Plans

Rensselaer employees who meet eligibility requirements participate in one of two plans. A Defined Benefit Plan covers employees hired prior to July 1, 1993 and who made an election effective June 30, 1993 to remain in this plan. The Institute amended the plan effective June 30, 2014 to freeze all future benefit accruals for future service of all plan participants.

All eligible employees hired after June 30, 1993 may participate in a Defined Contribution Plan, which was established as of July 1, 1993. Eligible employees of the Rensselaer Hartford Graduate Center may also participate in the Defined Contribution Plan. See the attached *Combined Financial Statements for the Years Ended June 30, 2021 and 2020*– Note 10 -Retirement Plans for detailed information about Rensselaer's retirement plans.

Litigation

In the normal course of business, the Institute receives various claims and has been named as a defendant in various litigation proceedings. These include but are not limited to two putative class action lawsuits filed by students seeking refunds of a portion of tuition and certain other fees after Rensselaer was forced to move to online instruction in March 2020 because of the COVID-19 pandemic. Although there can be no assurance as to the eventual outcome of claims and litigation in which Rensselaer has been named, in our opinion, such claims and litigation will not, in the aggregate, have a material adverse effect on Rensselaer's financial position.