

Financial Statements

June 30, 2002 and 2001

(With Independent Auditors' Report Thereon)



345 Park Avenue New York, NY 10154

Independent Auditors' Report

	The Board of Trustees Pace University:	(' <u></u>	20 2002 and 2001 and
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Balance Sheets

June 30, 2002 and 2001

Amarta	2002	2001	agara.
Assets	\$ 245,8	13 200,276	
Cash and cash equivalents Student accounts receivable (net of allowance for doubtful accounts of \$1,479,000 in 2002 and 2001) Grants and other receivables (note 21)	6,215,7 16,435,5 5,959,9	7,330,233 14 9,192,248	
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Statements of Changes in Unrestricted Net Assets Years ended June 30, 2002 and 2001

			То	tal
	Operating	Nonoperating	2002	2001
evenues:			161 002 014	170 549 724
Tuition and fees, net (note 16)	\$ 166,293,214		166,293,214	160,548,634
State appropriations	1,235,981		1,235,981	1,310,418
Contributions (note 17)	943,646	·	943,646	598,372
Investment return (note 3)	1,356,291	(3,127,121)	(1,770,830)	(1,487,645)
Investment return on funds held by bond trustees		344,478	344,478	(57,135)
Sales and services of auxiliary enterprises	16,077,684		16,077,684	17,487,186
Other sources	4,523,650		4,523,650	3,796,128
Net assets released from restrictions	20,895,328		20,895,328	18,194,505
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<u> </u>	211 325 70/	(2.782.643)	208 543 151	200.390.463

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Expenses (notes 17 and 19):	90,602,574	2,110,921	92,713,495	88,191,292	

Statements of Changes in Net Assets Years ended June 30, 2002 and 2001

The second secon	Increase (decrease) in unrestricted net assets	_ \$	2002 149.389	(3.917.816)	
	nicrease (decrease) in unrestricted het assets	3	147.303	13.917.0101	
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ž	Changes in temporarily restricted net assets: Government grants and contracts		8 402 991	7 489 906	
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	Investment return (note 3)		(8 N45 578)	(7 217 200)	

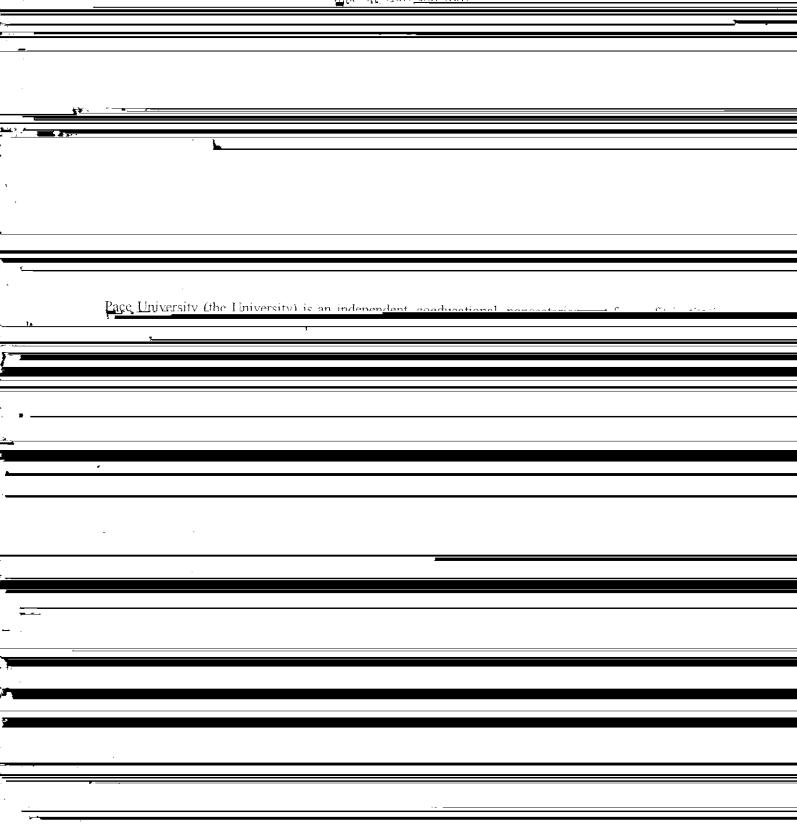
Statements of Cash Flows

Years ended June 30, 2002 and 2001

		L.	2002	2001	
	Cash flows from operating activities:	*	_(8 805 672)	(11 808 582)	
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	Adjustments to reconcile decrease in net assets to net cash				
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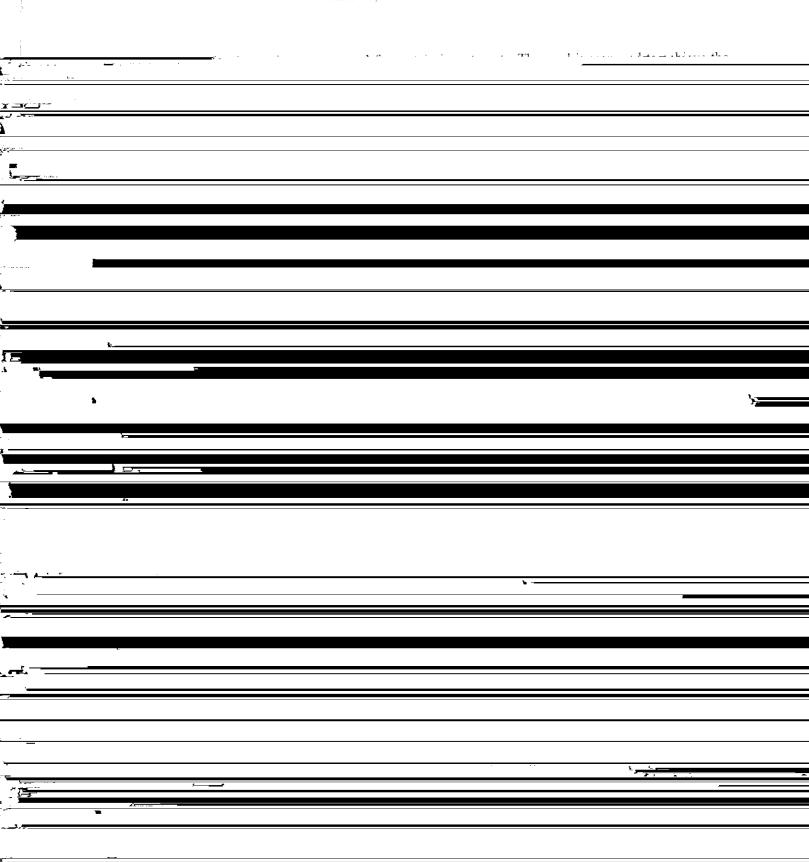
Notes to Financial Statements

Une 30, 2002 and 2001

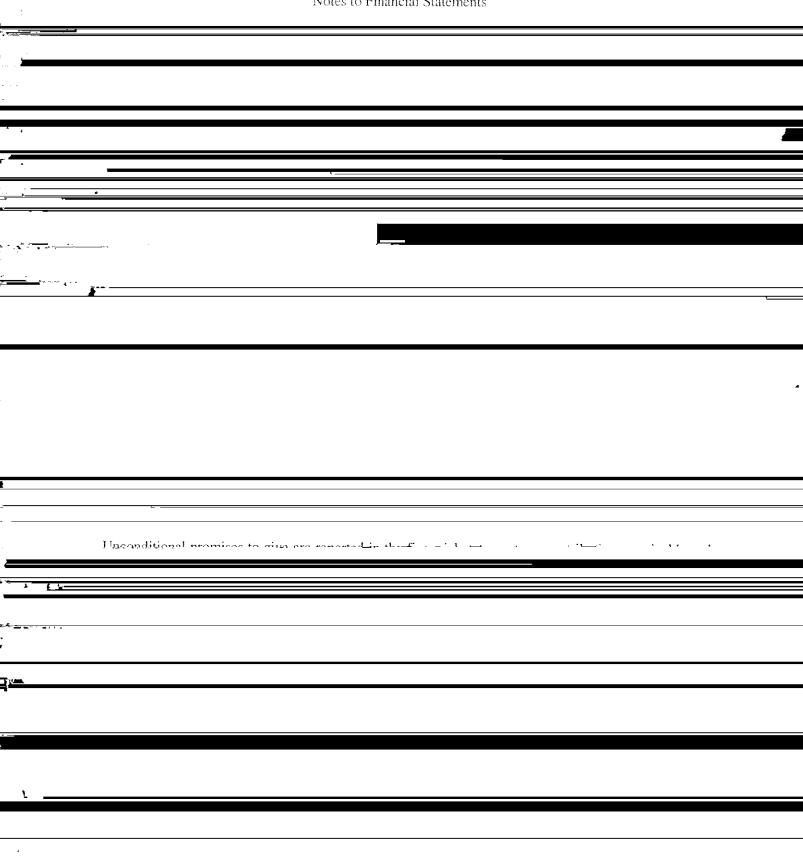


	recorded at their estimated fair value. The University reports contributions of plant assets as increases in unrestricted net assets unless the donor places restrictions on their use. Contributions to
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	uncollectible contributions based on management's judgment. past collection experience, and other
	galaxient feature. Amortization of the discount is recorded as additional contribution reseases in

· · · ·	depreciation. Fixed asset disposals resulting from the events of September 11, 2001 are recorded in
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	h) Accounting Estimates



Notes to Financial Statements



Notes to Financial Statements June 30, 2002 and 2001

month LIBOR plus 0.75%. At June 30, 2002, no amounts were outstanding under this line of credit.

At June 30, 2001, the University had a \$40,000,000 revolving line of credit which expired on December 31, 2001. At June 30, 2001, \$20,000,000 was outstanding under the line of credit at an average interest rate of 4.7%.

The above lines of credit are secured by certain investments of the University.

Interest incurred for the years ended June 30, 2002 and 2001 was \$806,726 and \$479,068, of which \$760,760 and \$282,212 has been acceptable to the second sec

(7) Long-Term Debt

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Long-term debt at June 30, 2002 and 2001 consists of the following:

(2) The Series 2000 Revenue Ronds navable to the Dormitory Authority of the State of New York
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June 30, 2002 and 2001

(8) Debt Service - Long-Term Debt

Debt service relating to long-term debt for the next five years is as follows:

		Long-term leases to DASNY	Bonds payable to HUD	Total
Year ending:				
June 30, 2003:	\$	1,560,000	100,000	1,660,000
Principal Interest, reserves, and fees	J)	4,671,868	55,227	4,727,095
,	\$	6,231,868	155,227	6,387,095
June 30, 2004:				
Principal	\$	1,640,000	119,000	1,759,000
Interest, reserves, and fees		4,593,868	52,050	4,645,918
	\$ _	6,233,868	171,050	6,404,918
June 30, 2005:				1.000.000
Principal	\$	1,715,000	93,000	1,808,000
Interest, reserves, and fees	·*·	4,511,868	47,665	4,559,533
	\$	6,226,868	140,665	6,367,533
June 30, 2006:	**			
Principal	\$	1,805,000	94,000	1,899,000
Interest, reserves, and fees	-	4,426,118	44,765	4,470,883
	\$	6,231,118	138,765	6,369,883

	every October Land principal cipking fund installments and interest 11
	every October 1 and principal, sinking fund installments, and interest payable every April 1. These bonds are solely payable from certain revenues funds and assets pledged by the System as it is a second second for the System as it is a second second for the System as it is a second for the Syste
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Notes to Financial Statements June 30, 2002 and 2001

Information with respect to this unfunded plan as of and for the years ended June 30, 2002 and 2001 is as follows:

Change in benefit obligation:			22 - 22 - 250
Benefit obligation at beginning of year	\$	44,233,205	33,777,650
Service cost		1,191,501	1,070,775
Interest cost		3,005,001	2,929,672
Benefits paid		(1,631,029)	(1,268,590)
Plan amendments		the contract of	(1,193,755)
Actuarial (gain) loss		(1,939,814)	8,917,453
Benefit obligation at end of year	\$ _	44,858,864	44,233,205
Benefit obligation at end of year Funded status	\$ ₌	44,858,864 (44,858,864)	44,233,205 (44,233,205)
,	`=		
Funded status	`=	(44,858,864)	(44,233,205)

riadia nastratirament hanafit avnanca for 2002 and 2001 includes the following companents:

Notes to Financial Statements June 30, 2002 and 2001

The first amendment reduced the medical plan liabilities by \$1,200,000 and the expense by \$150,000. The expense reduction included a prior service cost amortization component of \$154,000 that will reduce the postretirement benefit expense over the next 12 years. The second amendment has no impact on the accumulated benefit obligation since it only impacts future hires.

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Notes to Financial Statements June 30, 2002 and 2001

(15)	Temporarily	and Permanently	Restricted Net Assets
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Temporarily restricted net assets at June 30, 2002 and 2001 are principally available to support the Lubin School of Business and academic chairs. Certain temporarily restricted net assets available to support the Lubin School of Business are expendable only for projects approved by the donor's designee.

	Permanently restricted net assets at June 30, 2002 and 2001 are restricted to investment in perpetuity, with
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	The University allocates operation and maintenance of plant, depreciation, and interest expenses based
!	upon building square footage and the use of each facility. For the year ended June 30, 2002 (with comparative totals for 2001), the following allocation of expenses was included in the accompanying
:	statements of changes in unrestricted net assets:
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