

The distinction between being serious and being solemn seems to be vanishing. Being solemn is easy. Being serious is hard. Though we talk a great deal about the virtue of being serious, we generally prefer people who are solemn over people who are serious.

- Shakespeare is serious. David Suskind is solemn.
- S.J. Perelman is serious. Norman Mailer is solemn.
- Arguing about "structured programs" of anything is solemn. So are talking about "utilization," and attending conferences on the future of anything. Taking a long walk by yourself during which you devise a foolproof scheme for robbing Cartiers is serious.
- Washington is solemn. New York is serious

It is hard to be Shakespeare. It is hard to be S.J. Perelman. It is hard to be serious. We must at least make the effort to be serious, and so, with the best of intentions, we try our best, only to end up being vastly, uninterestingly solemn.

- Russell Baker, Sunday Observer, The New York Times, April 30, 1978

Stecherism *n* : a *bon mot* from the lips of Professor Milton Stecher

“Assume your audience is highly intelligent...

...and profoundly ignorant.”

“...and their time is extremely valuable.”*

*Droginism

FY2011 / FY2012 Budget

[a] [b] [c] = [b] - [a]
FY20

I. EDUCATIONAL AND GENERAL

A. Income from Endowment:

Chrysler Building - Rent

Chrysler Building - Tax Equivalency

26 Astor Place - Tax Equivalency

51 Astor Place - Tax Equivalency

Cooper Square Retail Rental

Astor Place Holding Corporation

Sub-Total

108 148

(107) (91)

27,569 28,448

B. Other Income

Fees

3,294 3,360

New York State Bundy Aid

77 77

Annual Giving

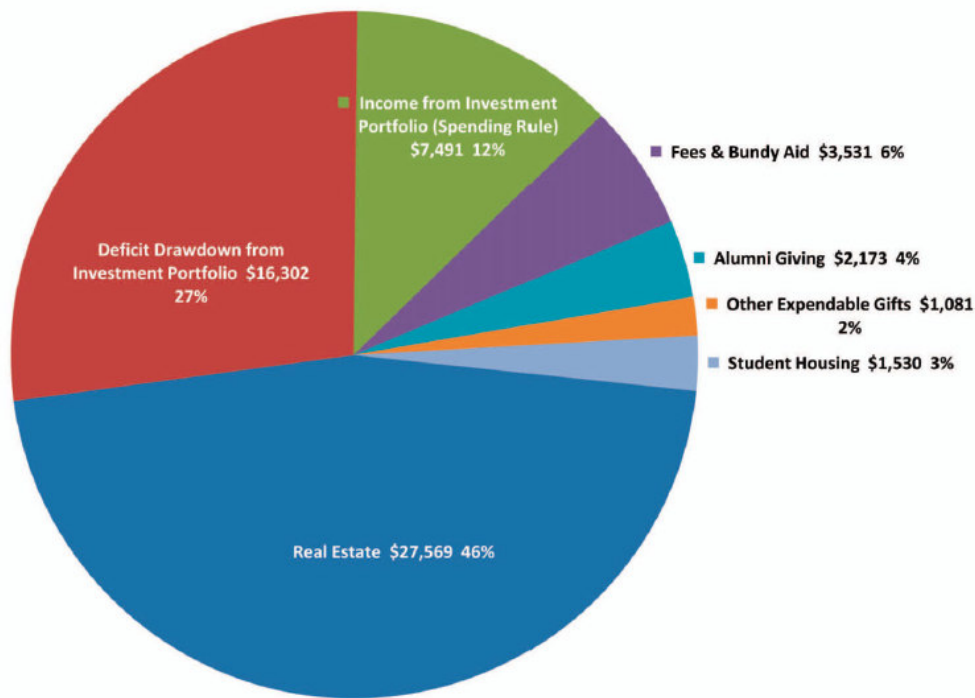
2,086 2,149

Here's TC Westcott, VP of Finance, and a table, or "sexy spreadsheet"

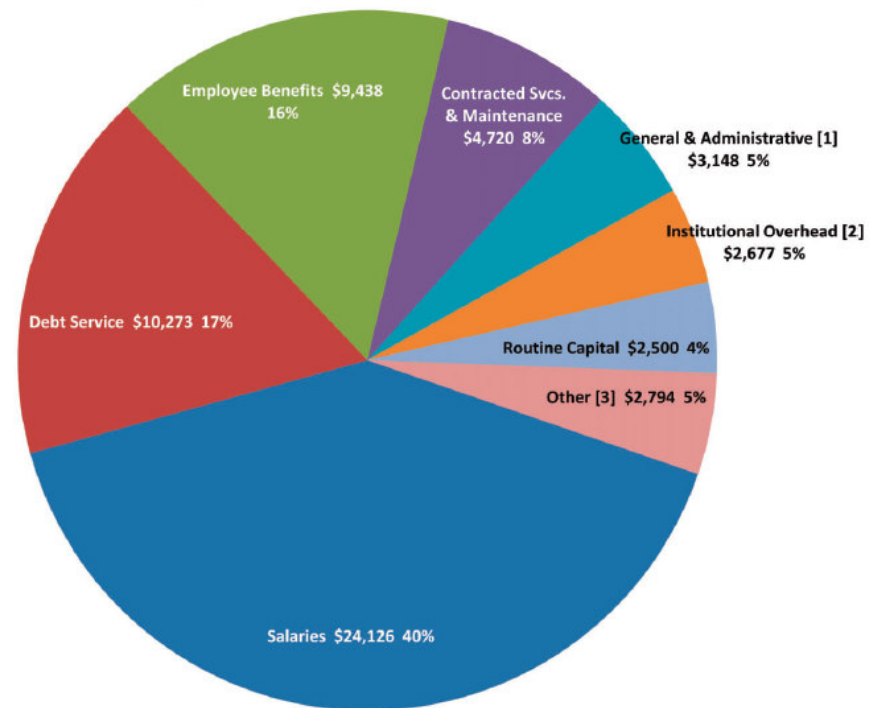


...and employee benefits up here!

Cooper Union FY 2011 Revenues (in \$000s)



Cooper Union FY 2011 Expenses (in \$000s)



This pie chart puts employee salaries down here...

this is 10 million dollars



Plant Assets

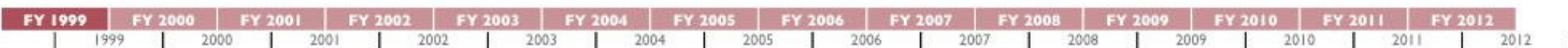
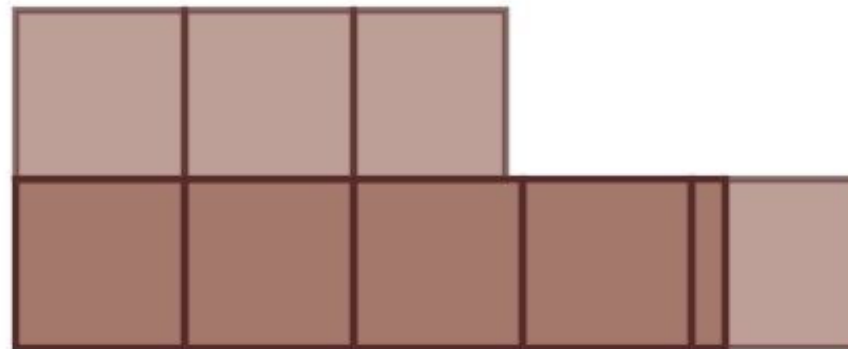
In 1999, Plant Assets were land, the Foundation Building, Hewitt Building, and Engineering Building, and the equipment inside... except there's a note saying that the costs of the buildings are gone due to "accumulated depreciation and amortization." Let's put them back in!

this is 42 million dollars

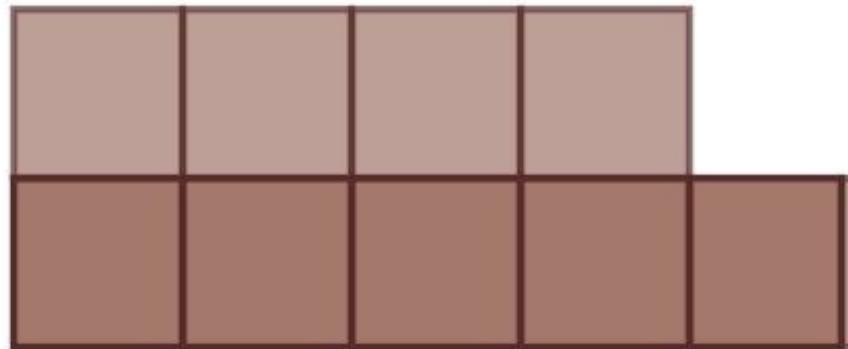


Plant Assets

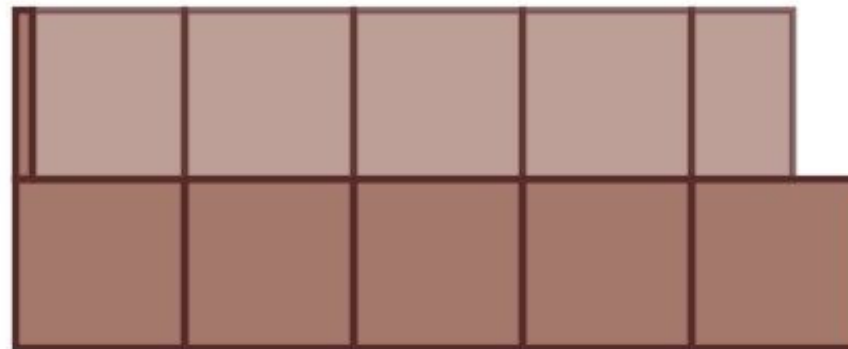
Let's follow the timeline.



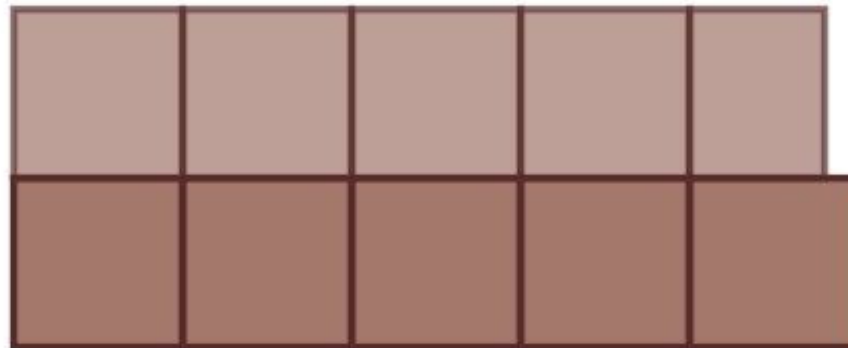
Plant Assets



Plant Assets

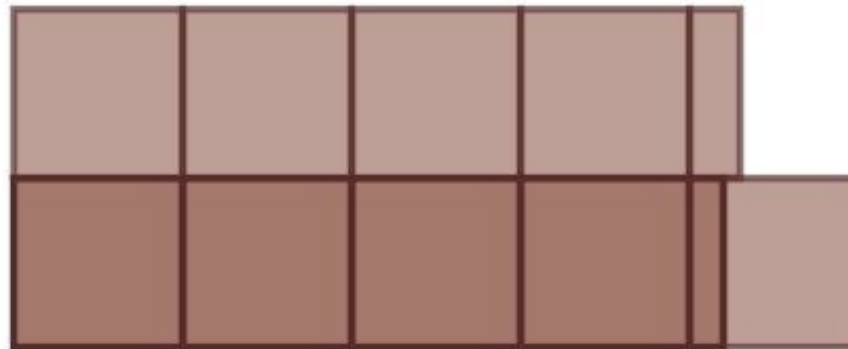


Plant Assets



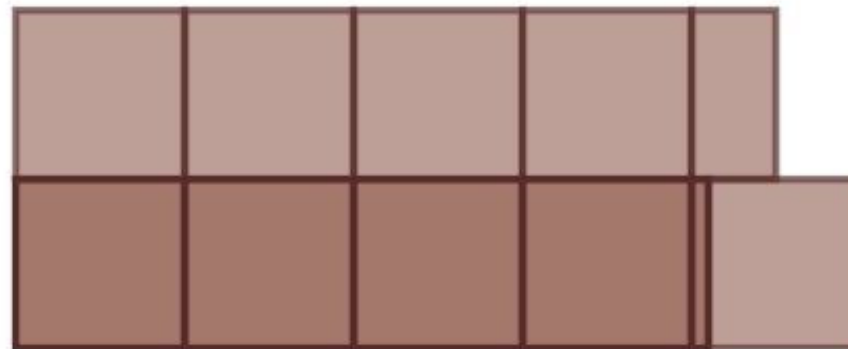
FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

Plant Assets

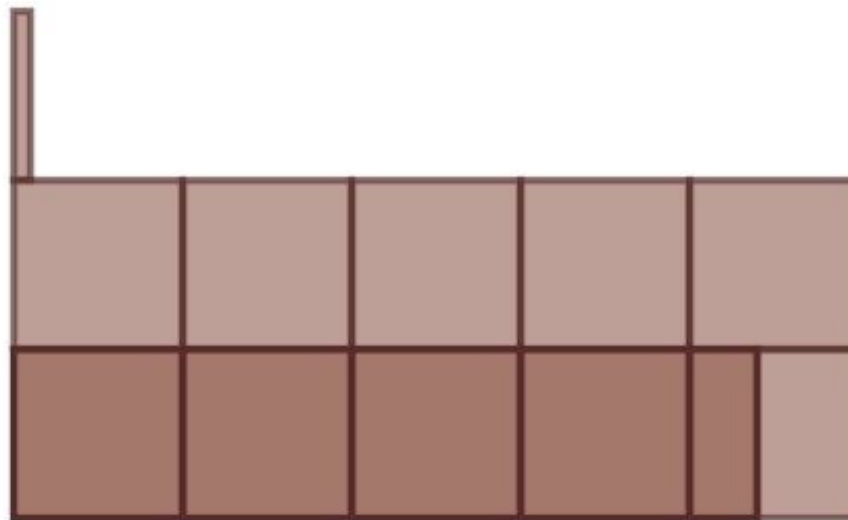


FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

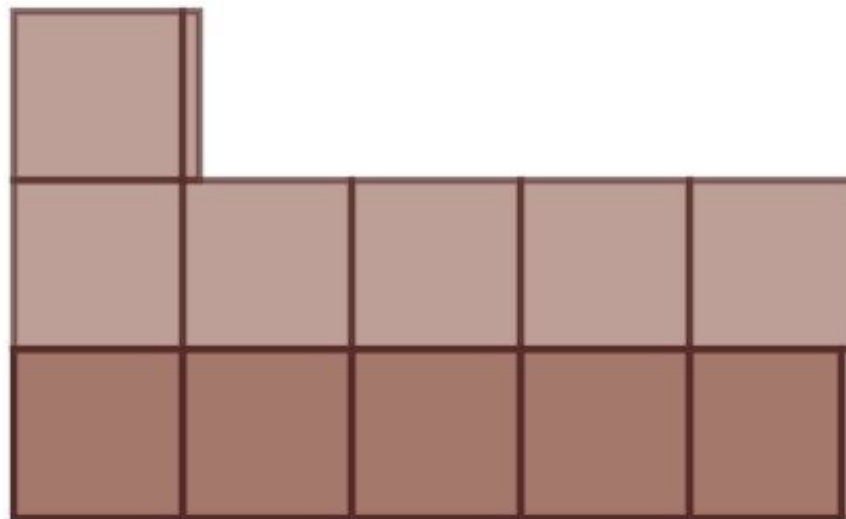
Plant Assets



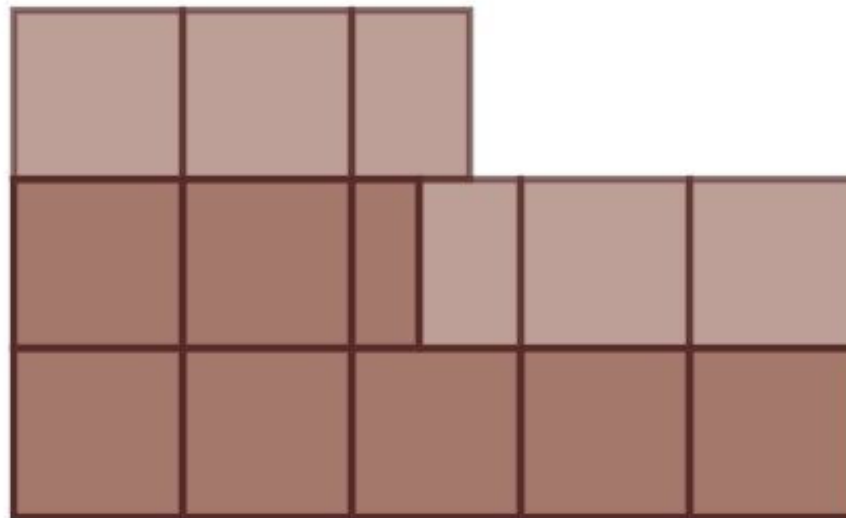
Plant Assets



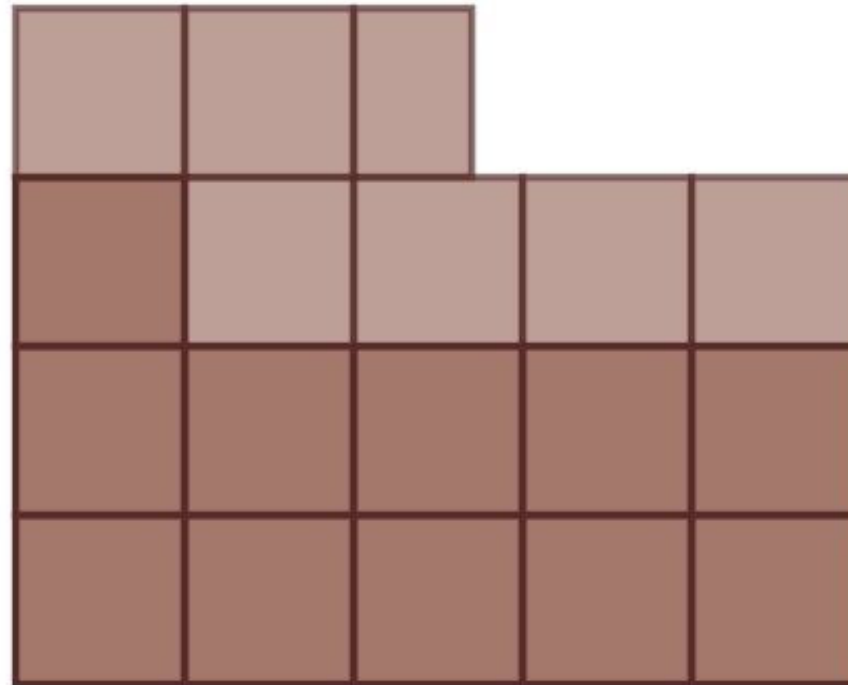
Plant Assets



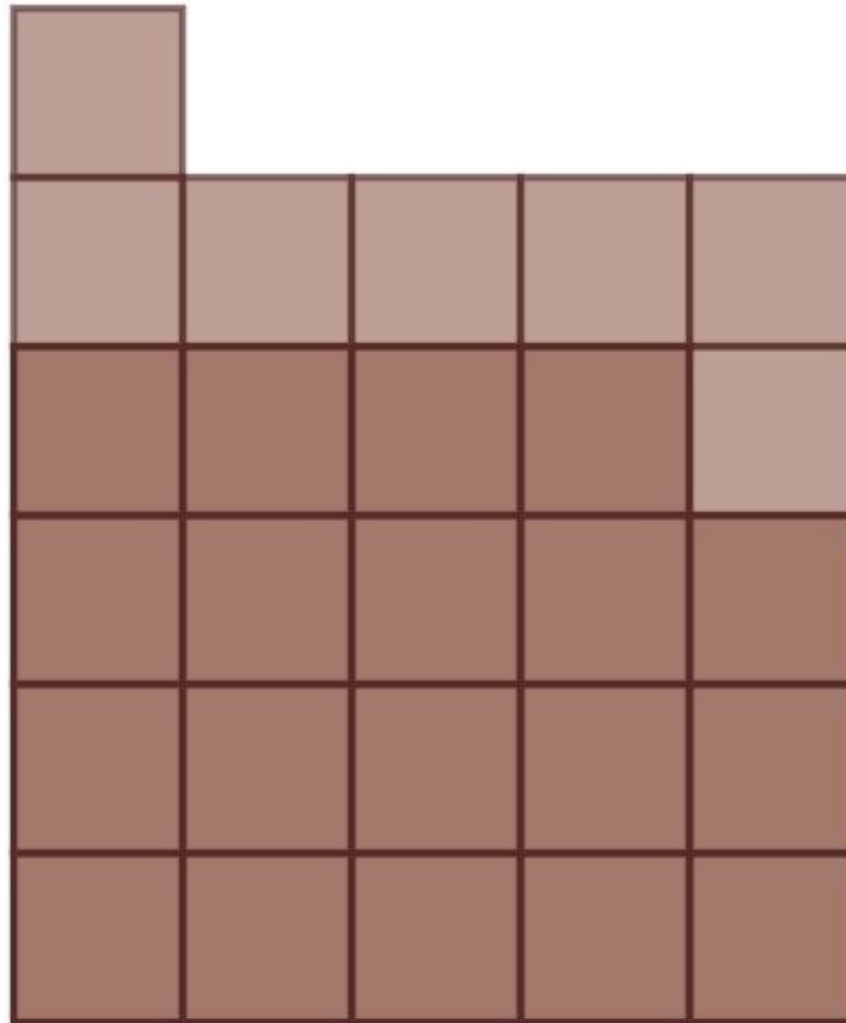
Plant Assets



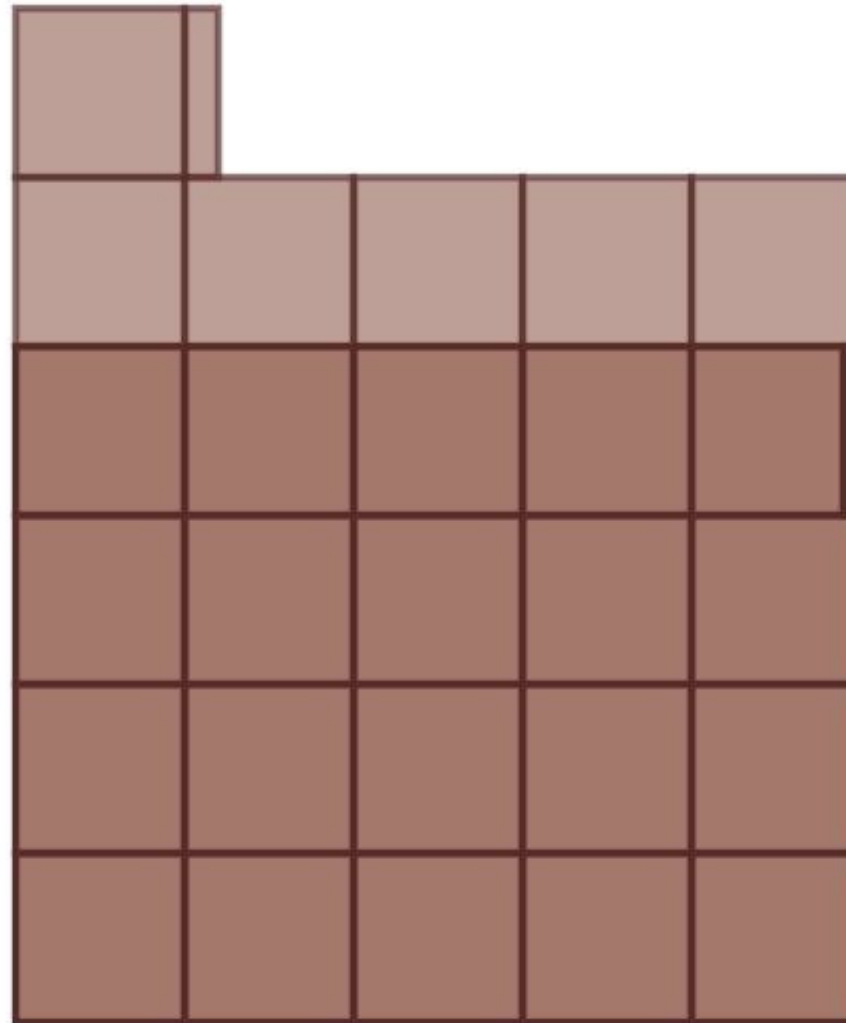
Plant Assets



Plant Assets



Plant Assets



Now we've built a New Academic Building (NAB) that hasn't depreciated out yet.

Epstein kept talking about the Capital Campaign...

Capital Campaign

Building 41 Cooper Square

The Board approved the construction of the new academic building in November 2006. The premise behind the plan to construct the building was to consolidate two academic facilities into one, reducing operating costs and replacing the more than 50-year old engineering building with a building that is adaptable to the evolving learning environment of the 21st century. In addition, the building, an architectural icon in New York City, was viewed by the Board as a key magnet for the Capital Campaign which had been launched in 2001.

While The Cooper Union raised approximately \$197 million in the Capital Campaign, including \$60 million for the building, we nonetheless fell short of our goal of \$250 million.

This is from the Memo from the Trustees.
It says they started the Capital Campaign in 2001,
with the goal of raising \$250 million,
but raised only \$197 million,
including \$60 million for the NAB.

Capital Campaign

CAPITAL CAMPAIGN YIELDS SPECTACULAR RESULTS

In 2000 we launched The Campaign for Cooper Union, with the goal of raising \$250 million in new funding for the college: \$60 million to endow faculty chairs and student scholarships; \$100 million to support academic programs and operations; and \$90 million to upgrade our facilities, including the construction of the new academic building. The campaign will run through 2012.

Then why does their Capital Campaign literature say it started in 2000?

Maybe the Trustees meant FY 2001. Anyway, the \$250 million is the same.

It says they need \$90 million for the NAB, and the Campaign will keep going until 2012.

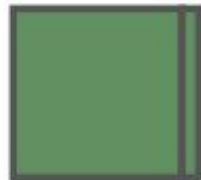


Capital Campaign



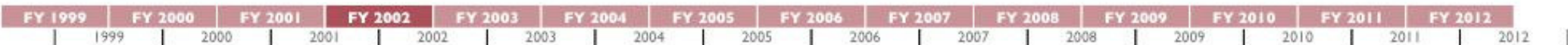
FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

Capital Campaign



FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

Capital Campaign



Capital Campaign



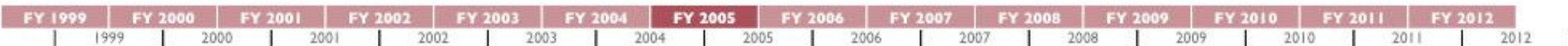
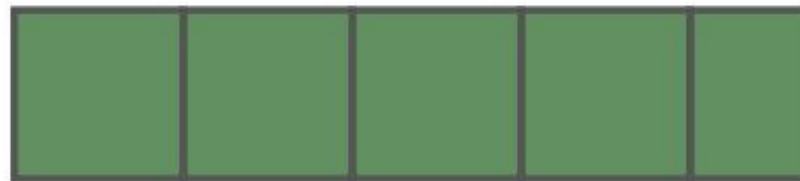
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Capital Campaign

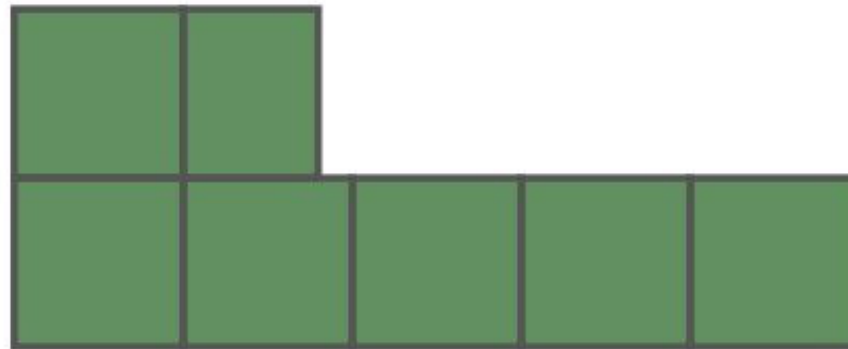


FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

Capital Campaign

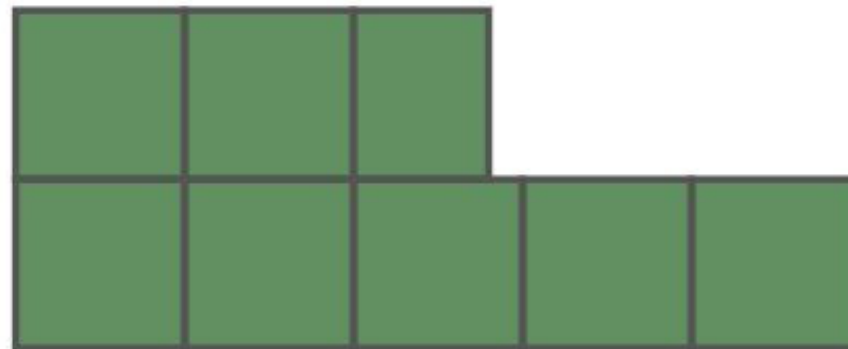


Capital Campaign

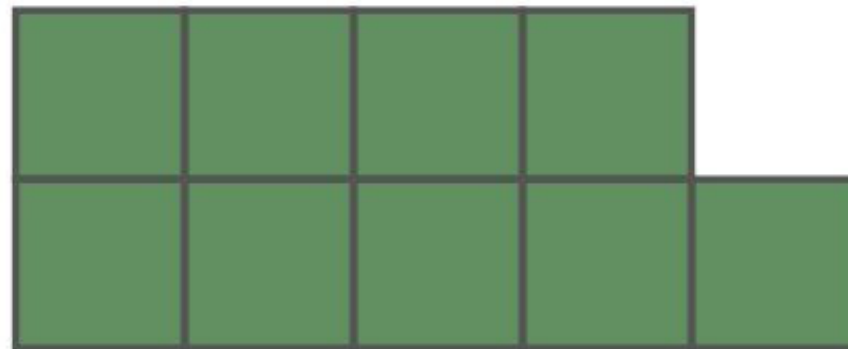


FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

Capital Campaign

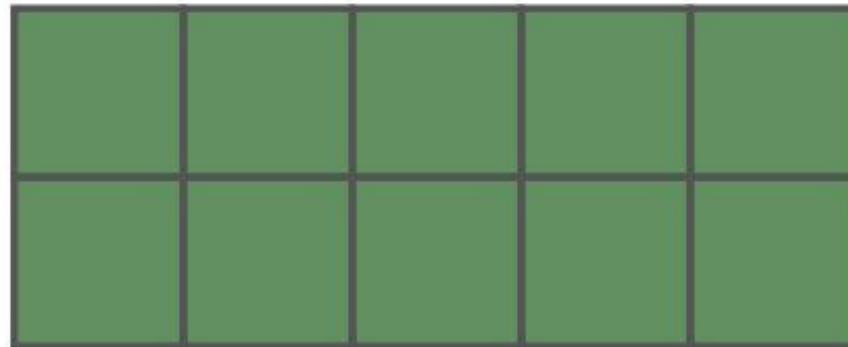


Capital Campaign



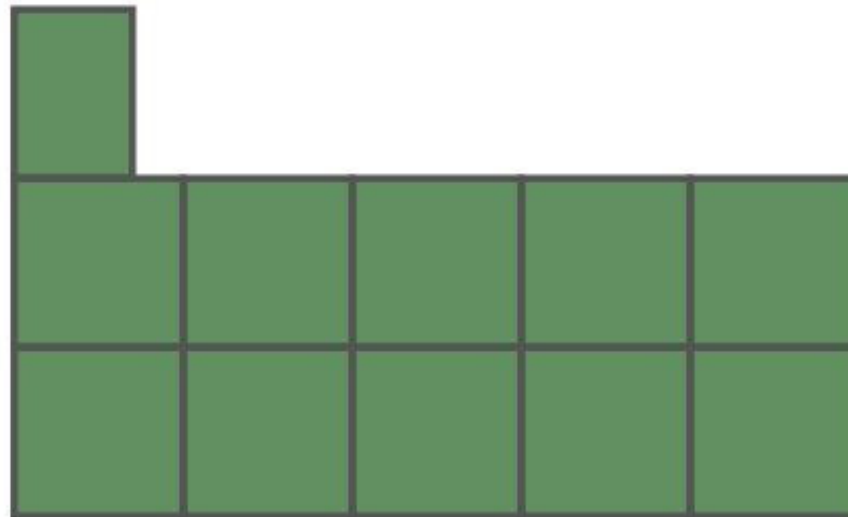
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1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

Capital Campaign



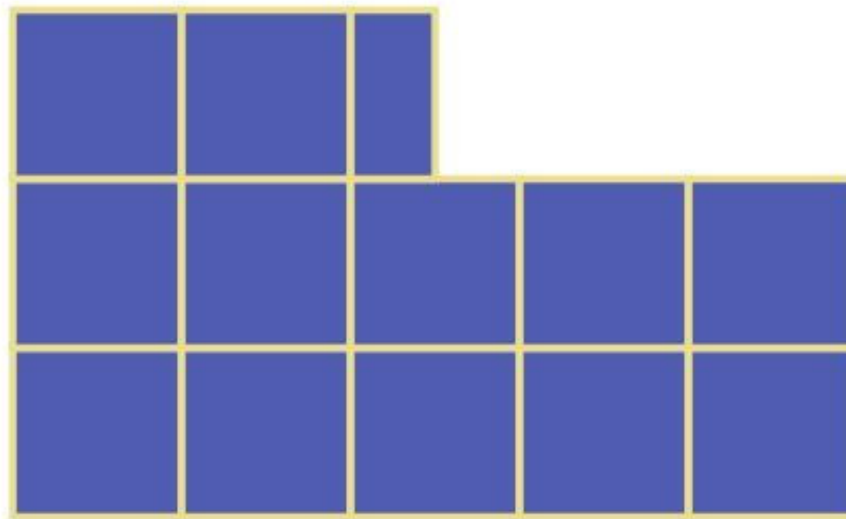
Capital Campaign

This is \$107 million.
Maybe they raised \$60 million,
and then took \$30 million from
what was raised for the faculty
and academic support and put it
in the Building Fund. I dunno.
But that would add up to \$197 million.

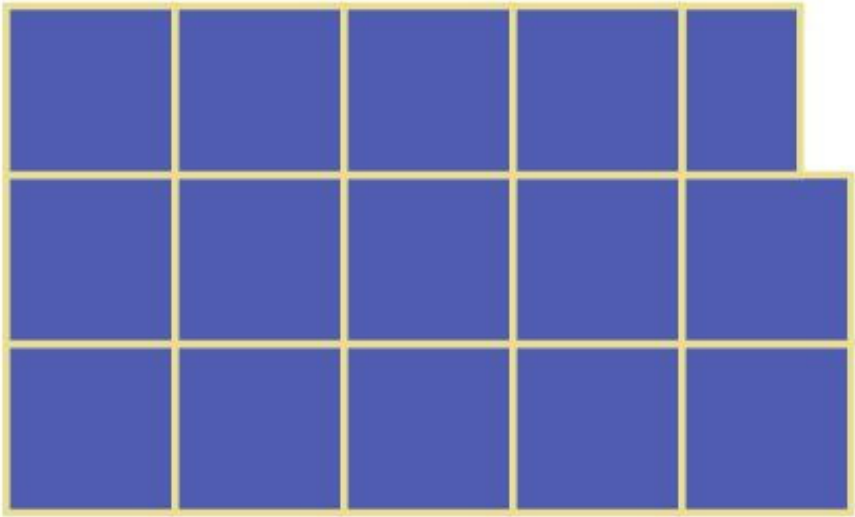


Investment Portfolio

Let's look at our investment portfolio – cash, bonds, equity securities...

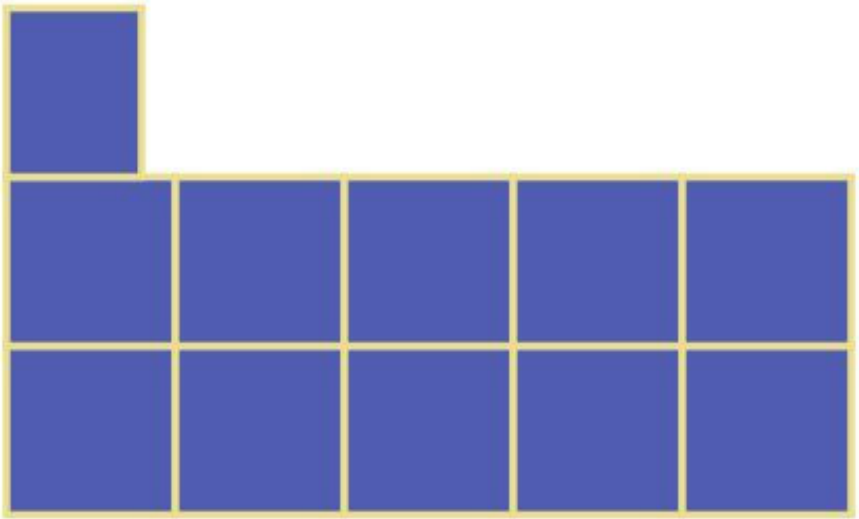


Investment Portfolio

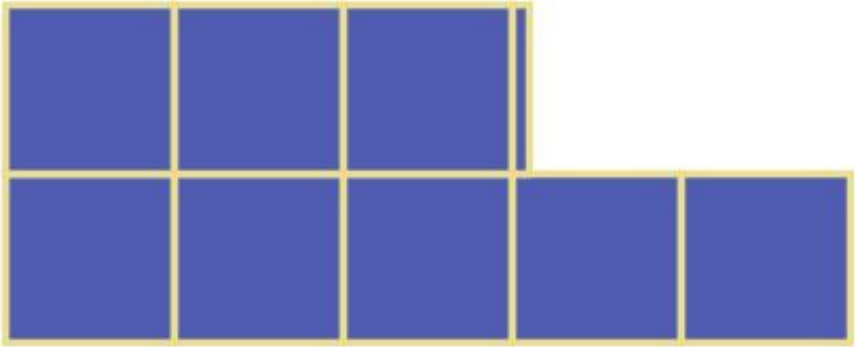


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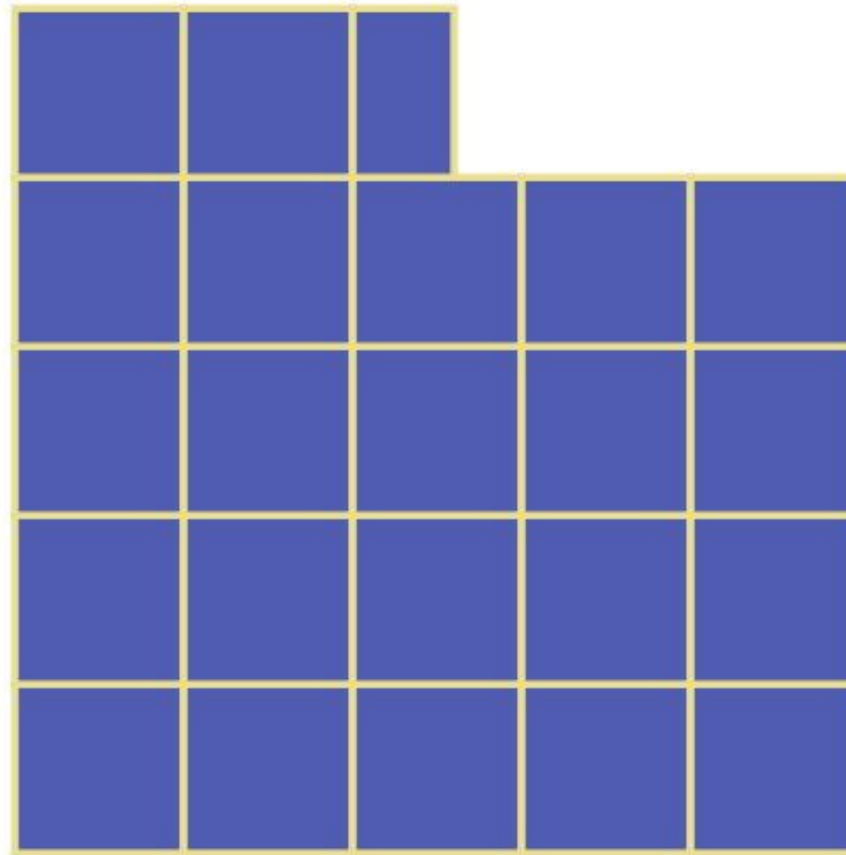
Investment Portfolio



Investment Portfolio

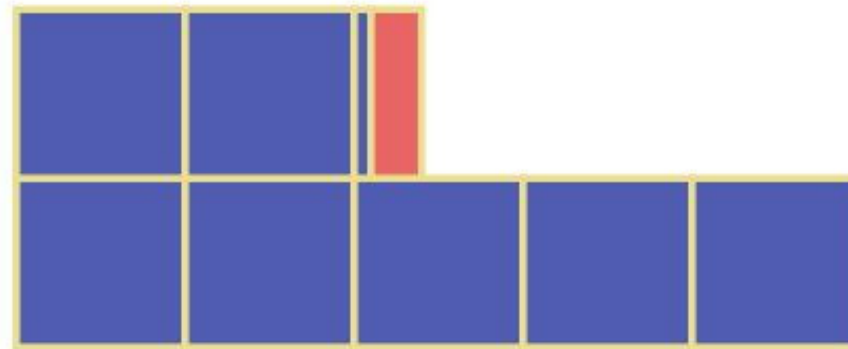


Investment Portfolio



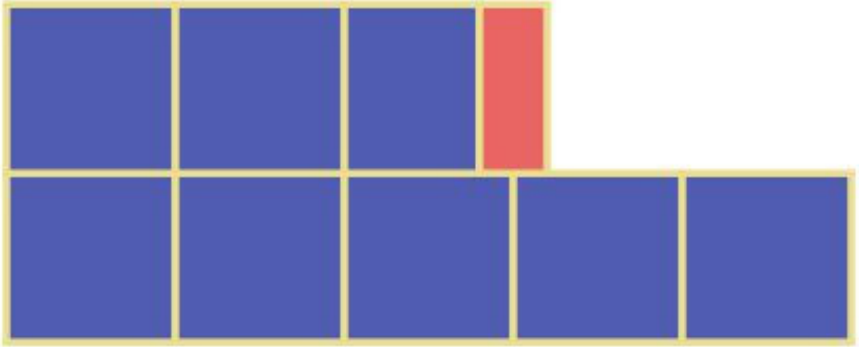
Whoa, what happened there?
That's called a
"change in
accounting
principle."
They put the fair
value of the
Chrysler Building
land into the
investment
portfolio.
Let's take it back
out.

Investment Portfolio

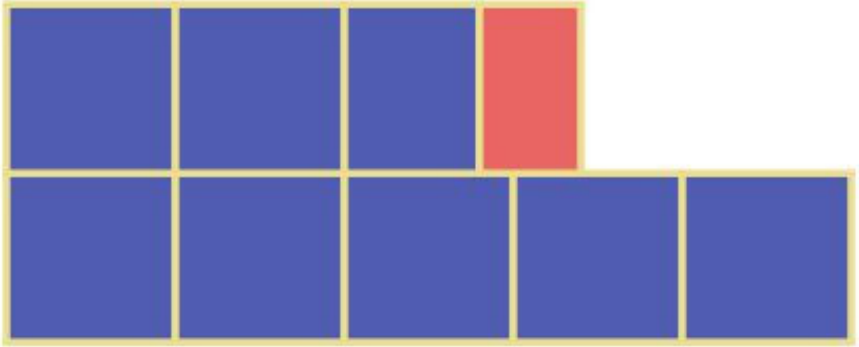


Hmm, we decided to put some money in a hedge fund. Let's see how that works out.

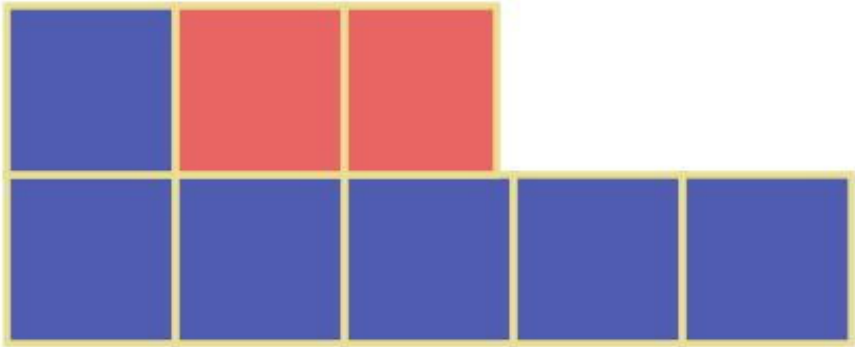
Investment Portfolio



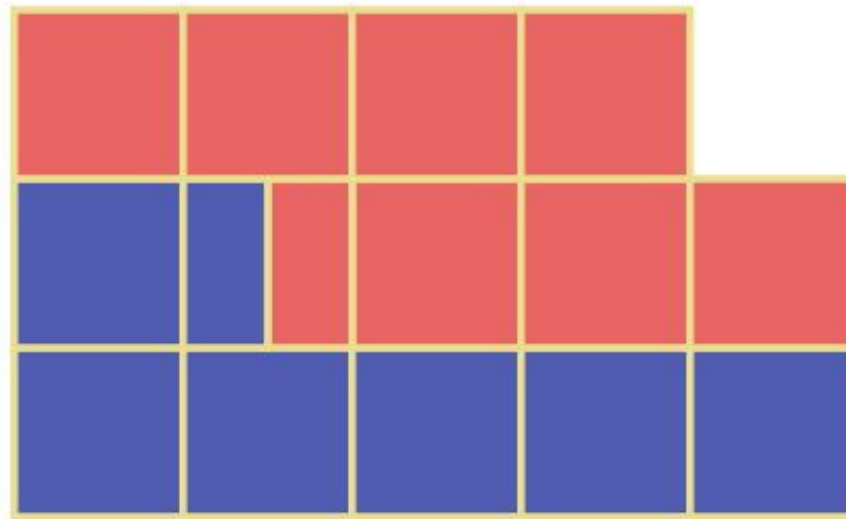
Investment Portfolio



Investment Portfolio



Investment Portfolio

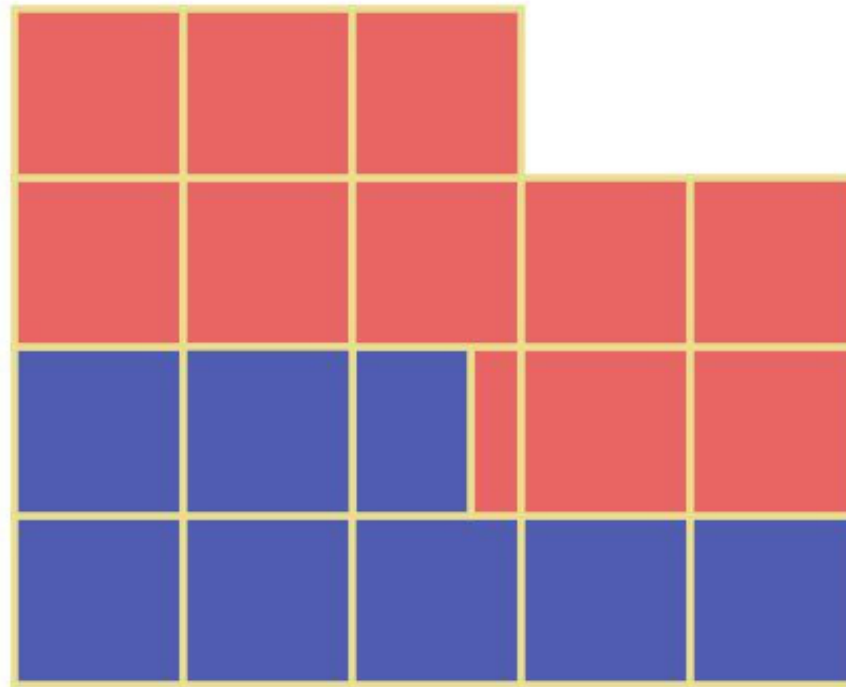


All the
way!
All the
way!



FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011

Investment Portfolio

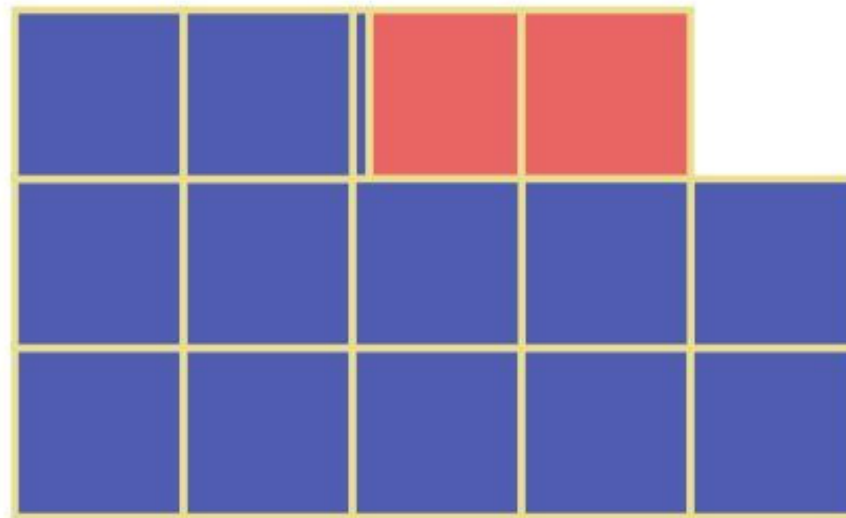


All the way!
All the way!



FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011

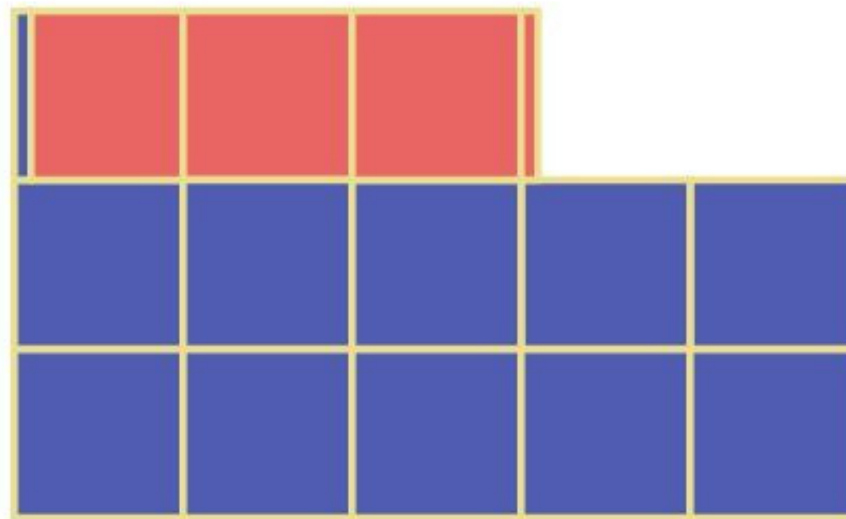
Investment Portfolio



Oh!!!
The crash of 2008!
I don't have the
day-by-day or
month-by-month.
How many people
think we got all of the
money out before
October 2008?




Investment Portfolio

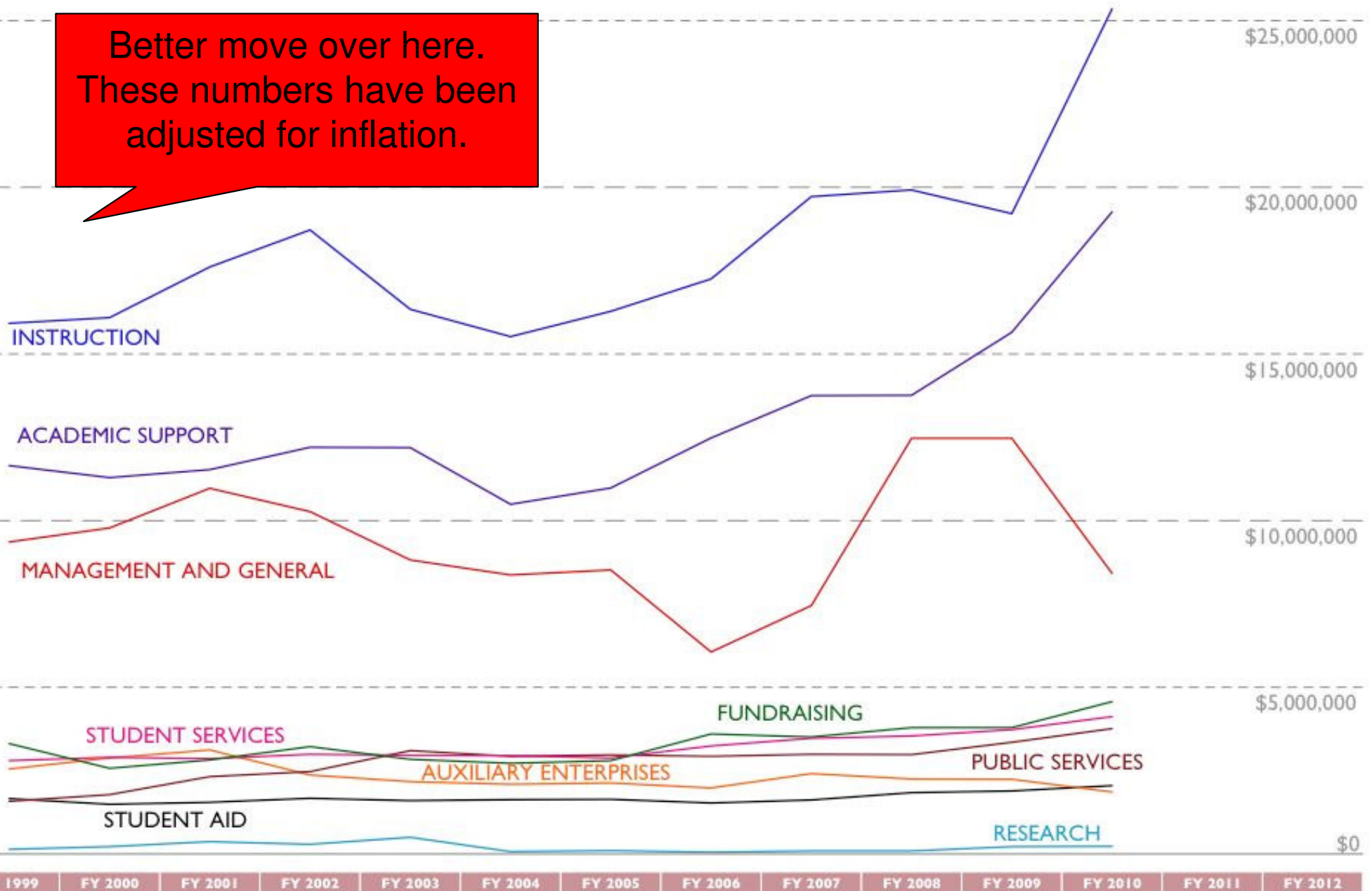


Let's move on
to expenses
and revenue...

Operating Expenses

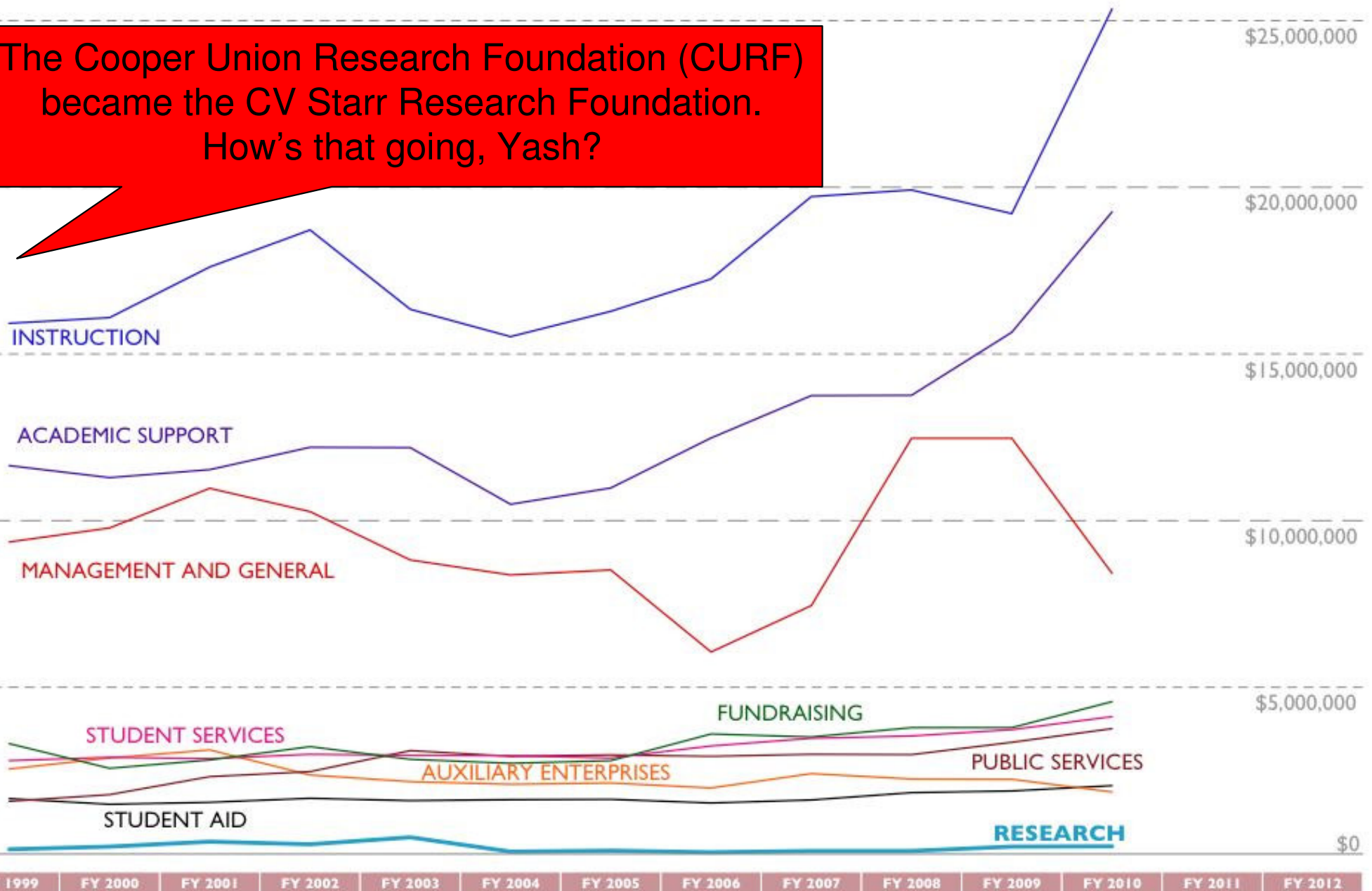


Better move over here.
These numbers have been
adjusted for inflation.



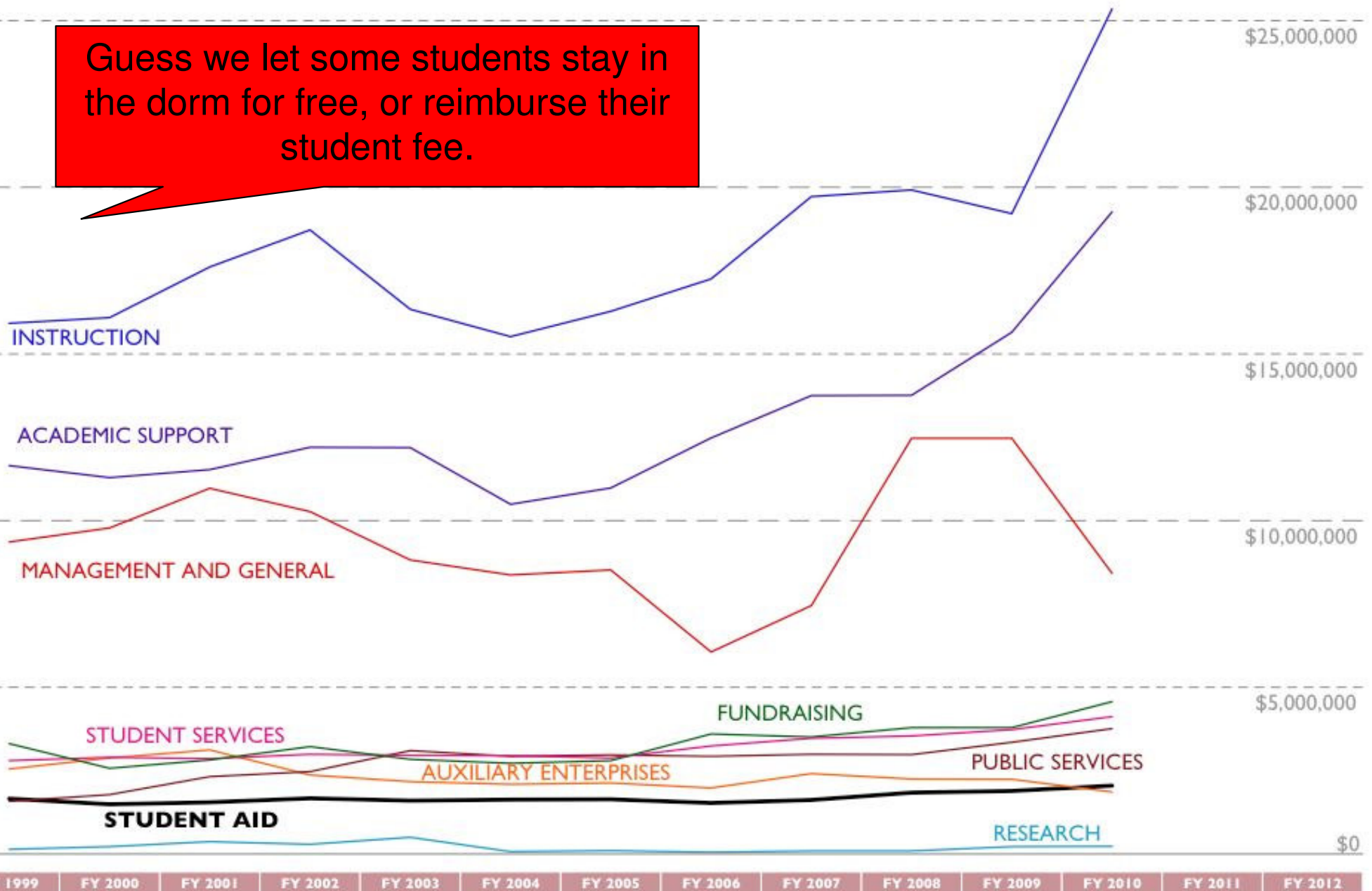
Operating Expenses

The Cooper Union Research Foundation (CURF)
became the CV Starr Research Foundation.
How's that going, Yash?



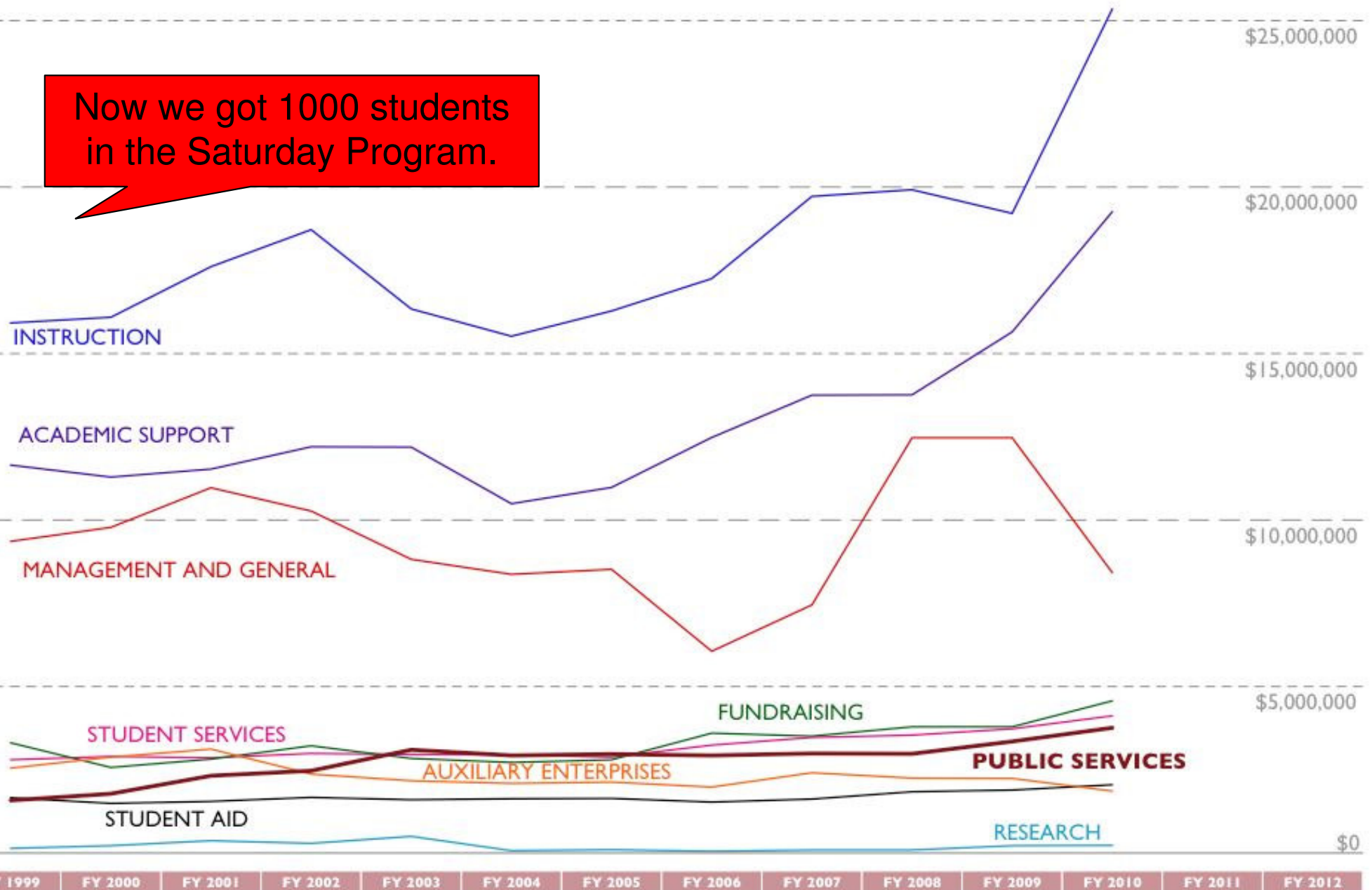
Operating Expenses

Guess we let some students stay in the dorm for free, or reimburse their student fee.



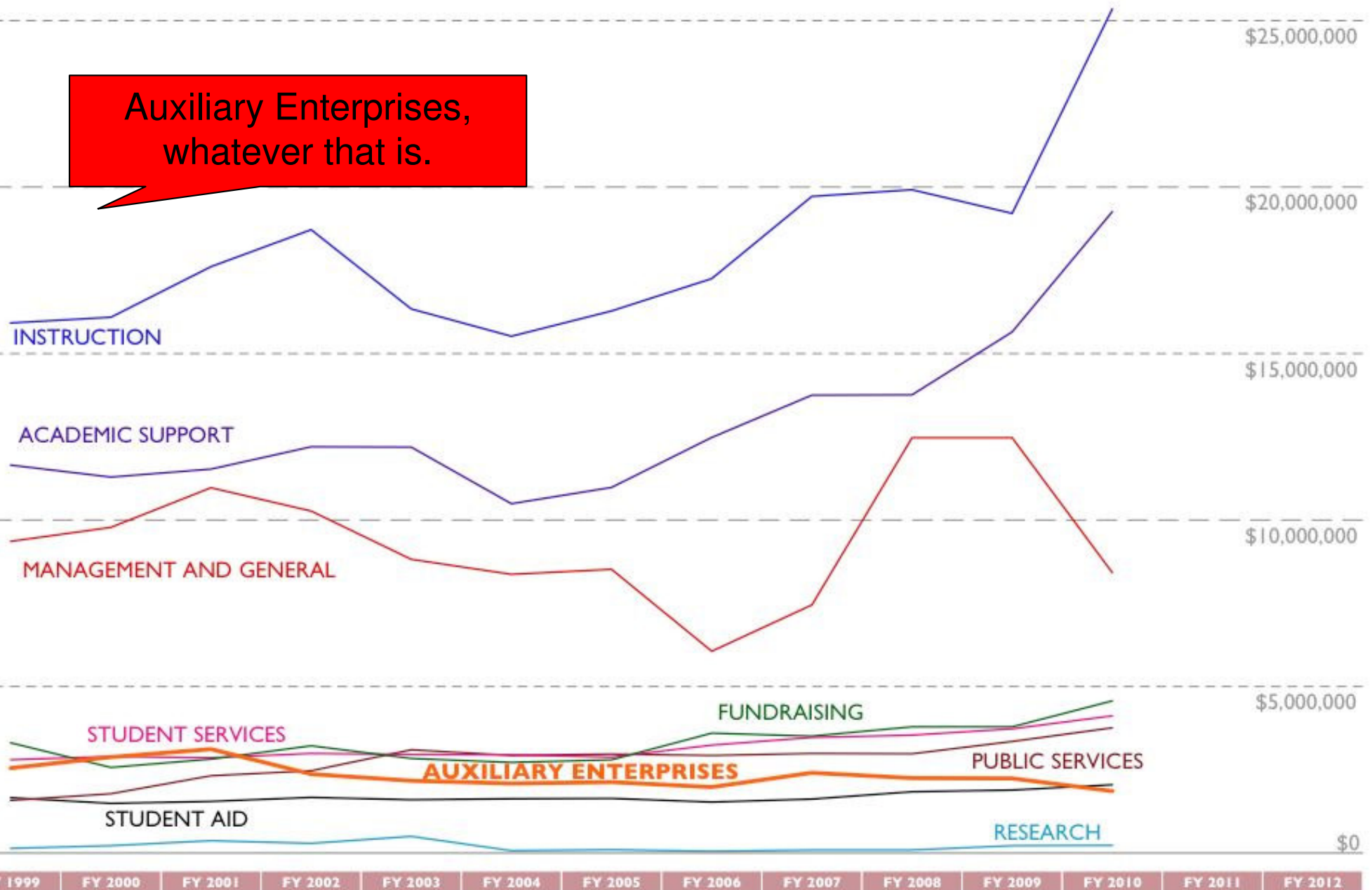
Operating Expenses

Now we got 1000 students
in the Saturday Program.

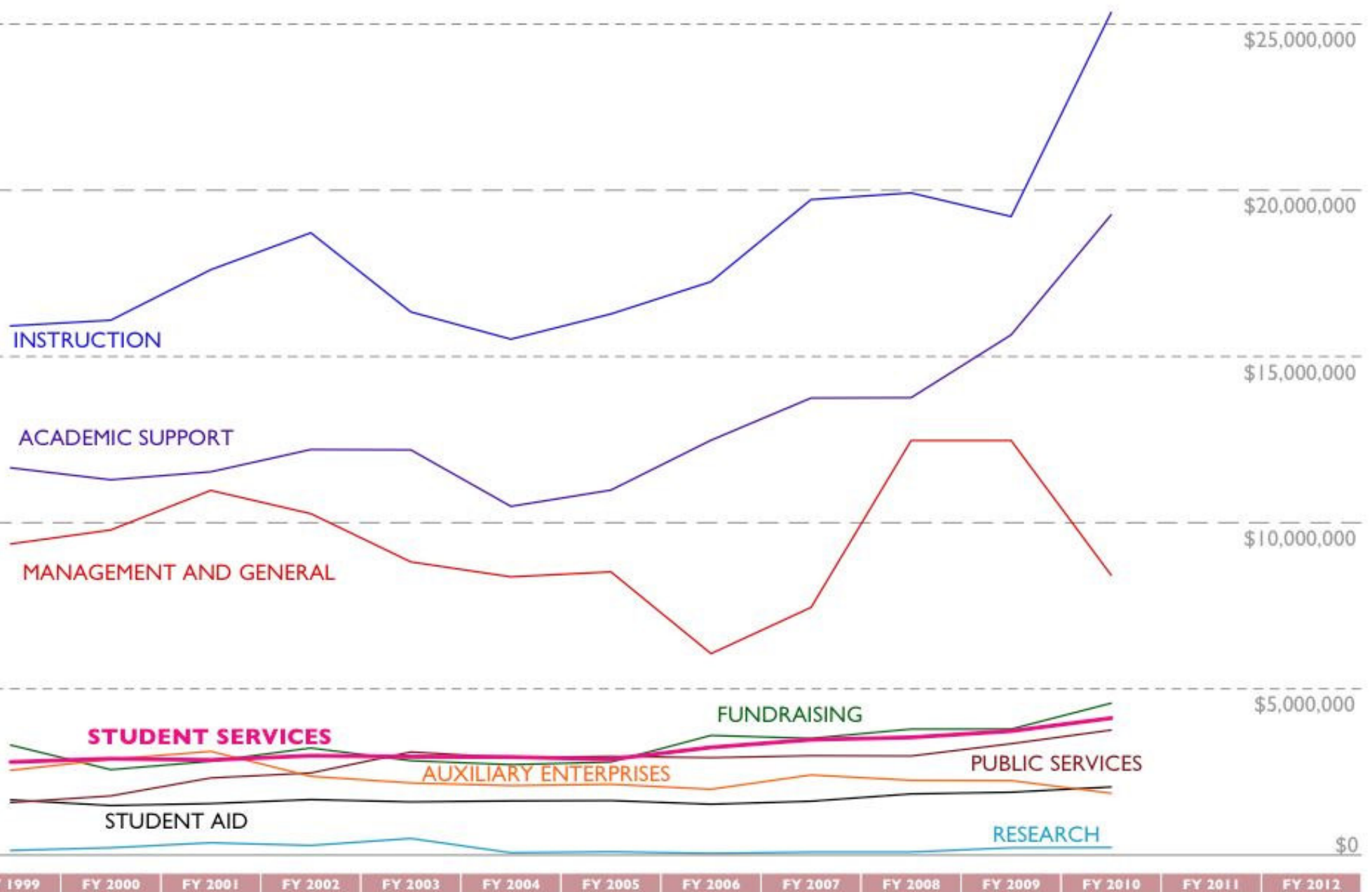


Operating Expenses

Auxiliary Enterprises, whatever that is.

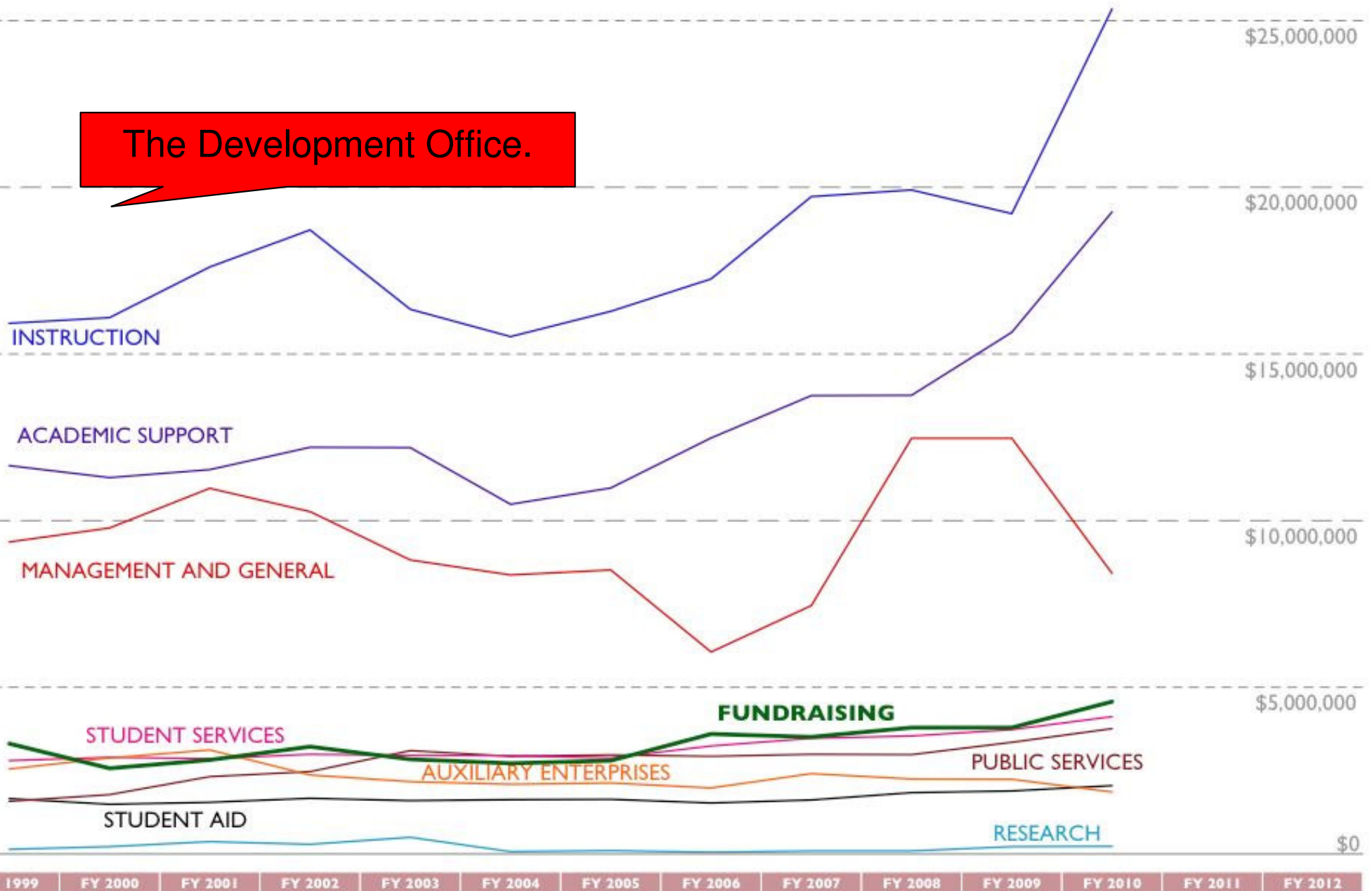


Operating Expenses



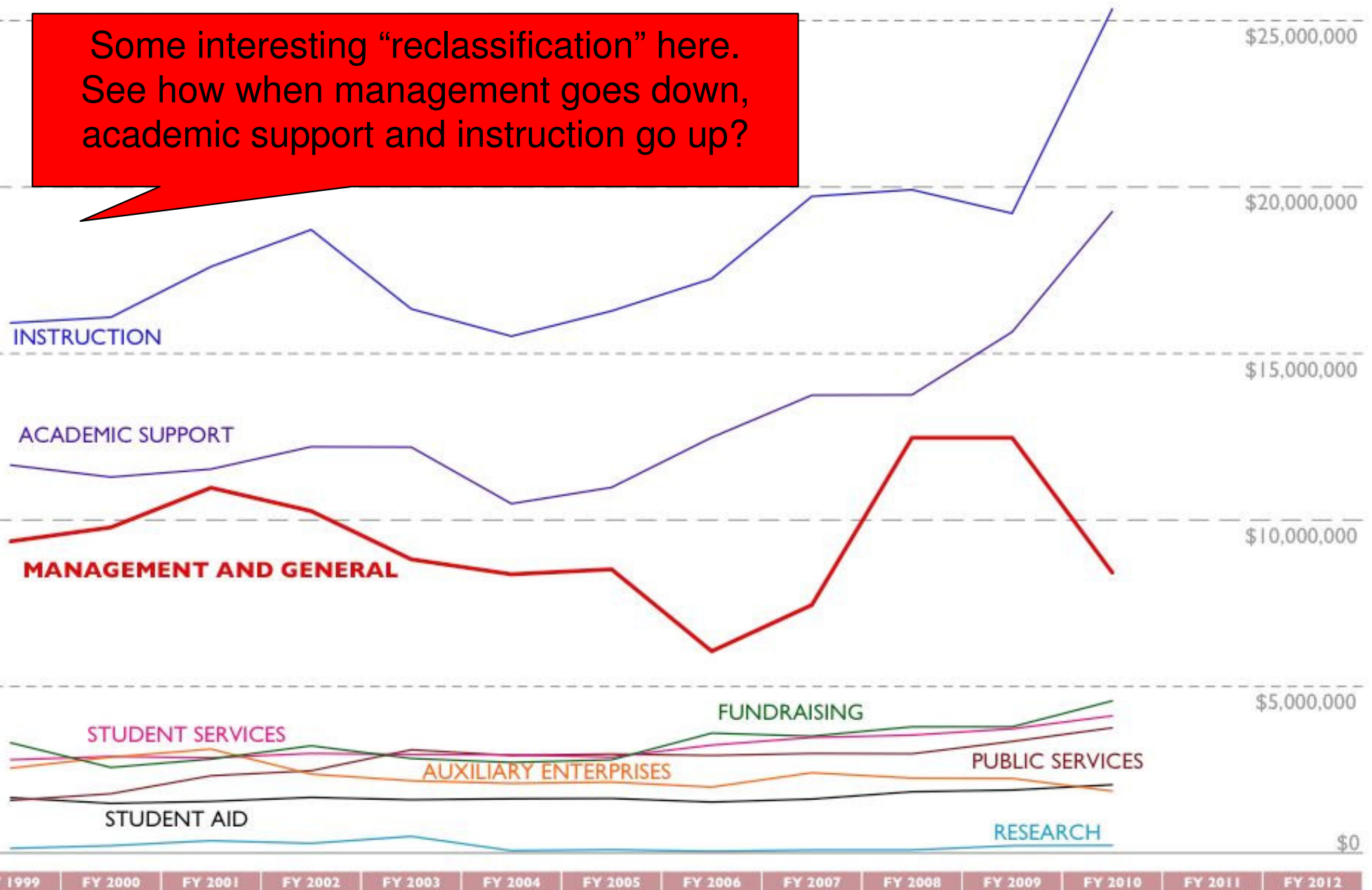
Operating Expenses

The Development Office.



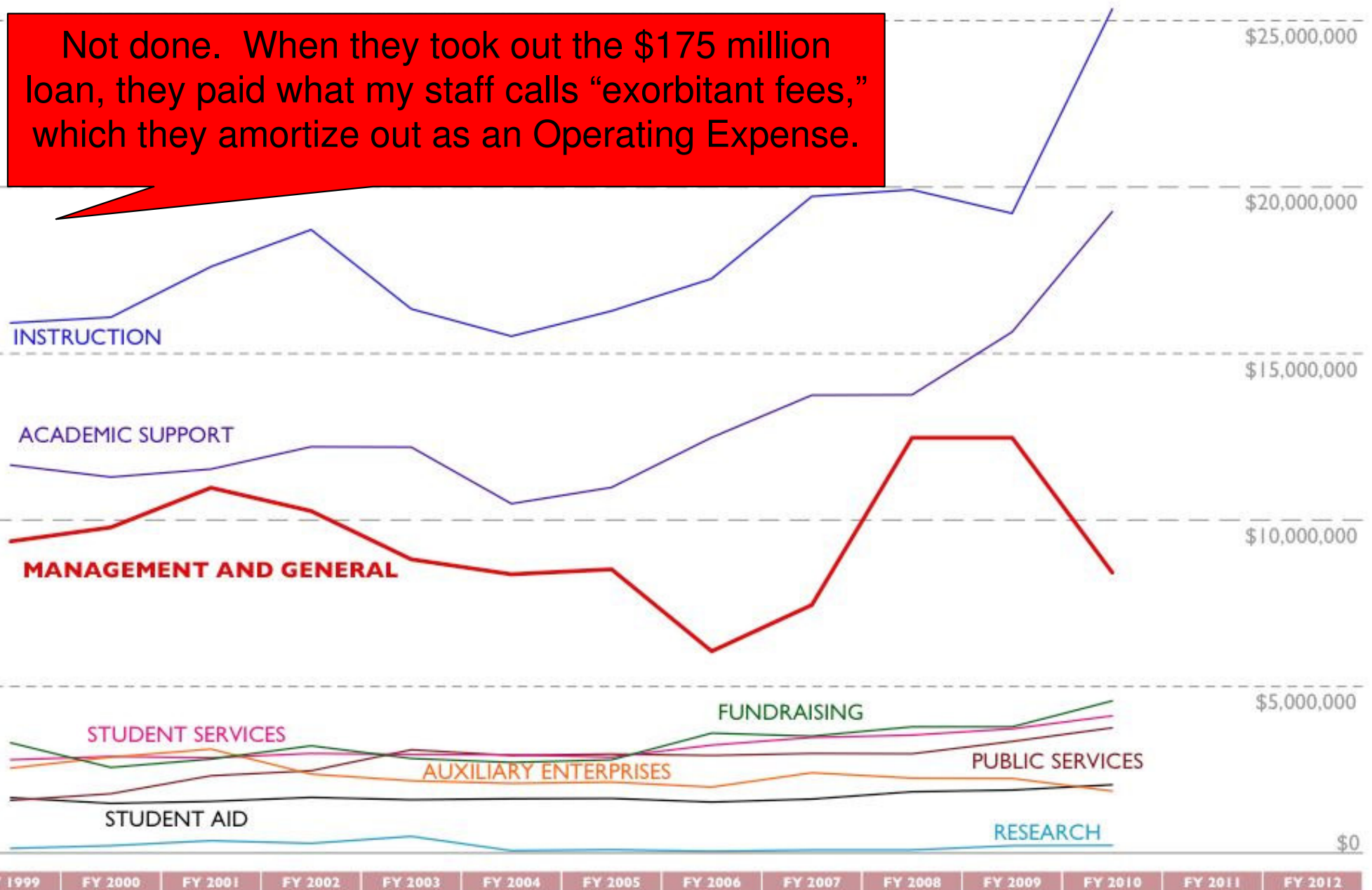
Operating Expenses

Some interesting “reclassification” here. See how when management goes down, academic support and instruction go up?



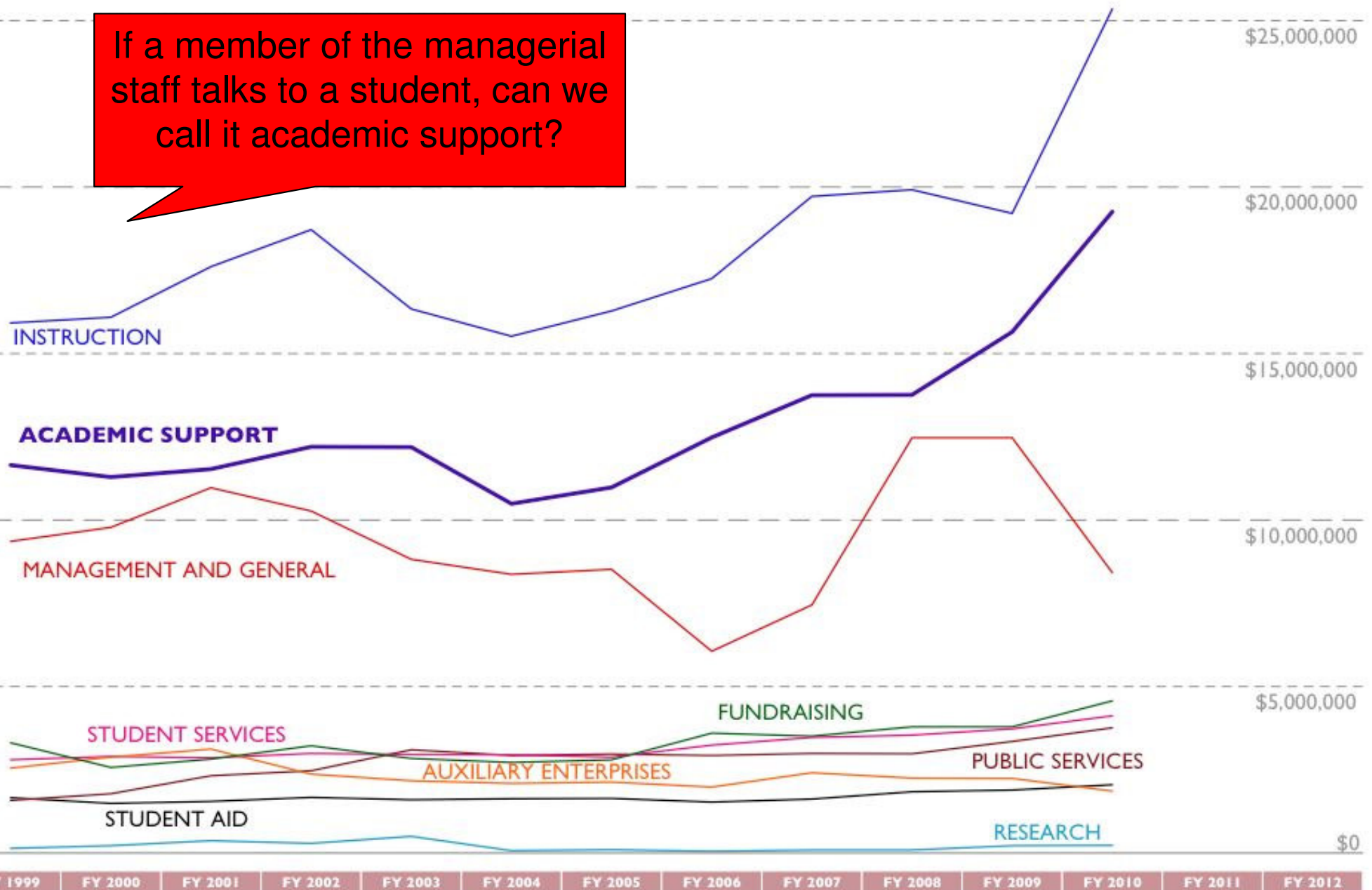
Operating Expenses

Not done. When they took out the \$175 million loan, they paid what my staff calls “exorbitant fees,” which they amortize out as an Operating Expense.



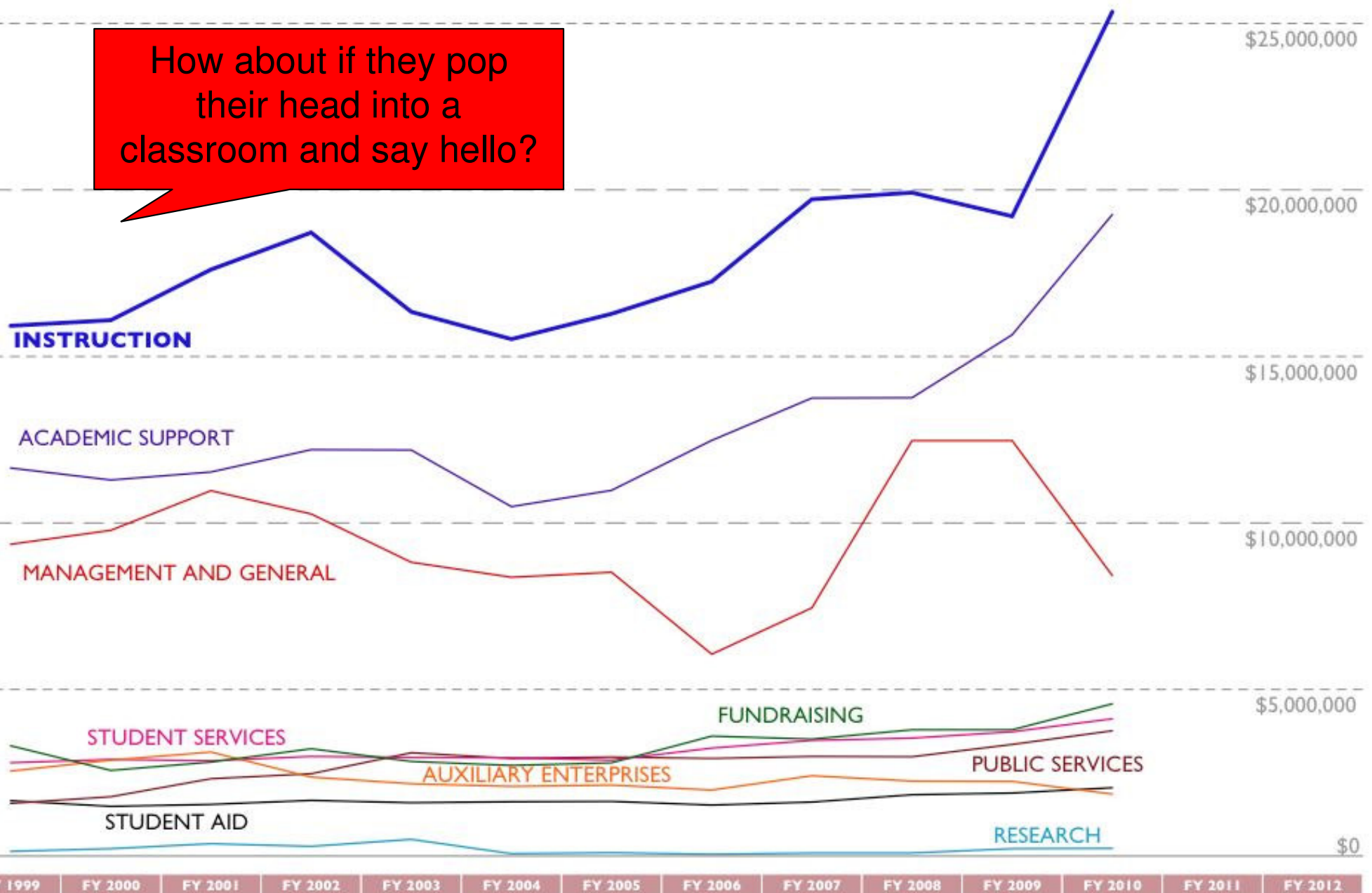
Operating Expenses

If a member of the managerial staff talks to a student, can we call it academic support?



Operating Expenses

How about if they pop
their head into a
classroom and say hello?



Capital Expenses

VP of Finance Bob Hawks wants \$90 million to build the NAB, but the Trustees start building in 2006 anyway, to lock in a good construction price.

\$175 million MetLife Loan

As the level and rate of receipt of donations in the capital campaign fell behind expectations, the decision was made to borrow \$175 million from Met Life. The loan was approved by the Board of Trustees in September of 2006 to:

- Provide cash flow for the construction of the new academic building on the order of \$115 million and secure the **Guaranteed Maximum Price** agreement with Sciame Construction, protecting the project from major cost escalations.
- Pay back the outstanding Dormitory Authority of the State of New York (DASNY) Bonds (\$23 million) that had been issued to finance the construction of the residence hall (29 Third Avenue) in the early 1990s.
- Fund necessary capital improvements to the Foundation Building
- Invest the balance of \$32 in the endowment to achieve a **greater rate of return than the 5.87%** fixed interest rate on the loan. This investment would ultimately be used to fund the institution's structural deficit.

The \$175 million loan allowed the college to proceed with the construction of the new academic building which made it possible to sell the land lease on 51 Cooper Square which unlocked value from that site (\$97 million) for addition to the endowment.

Capital Expenses

“Fund” the structural deficit?
You mean we wanted a structural deficit?

\$175 million MetLife Loan

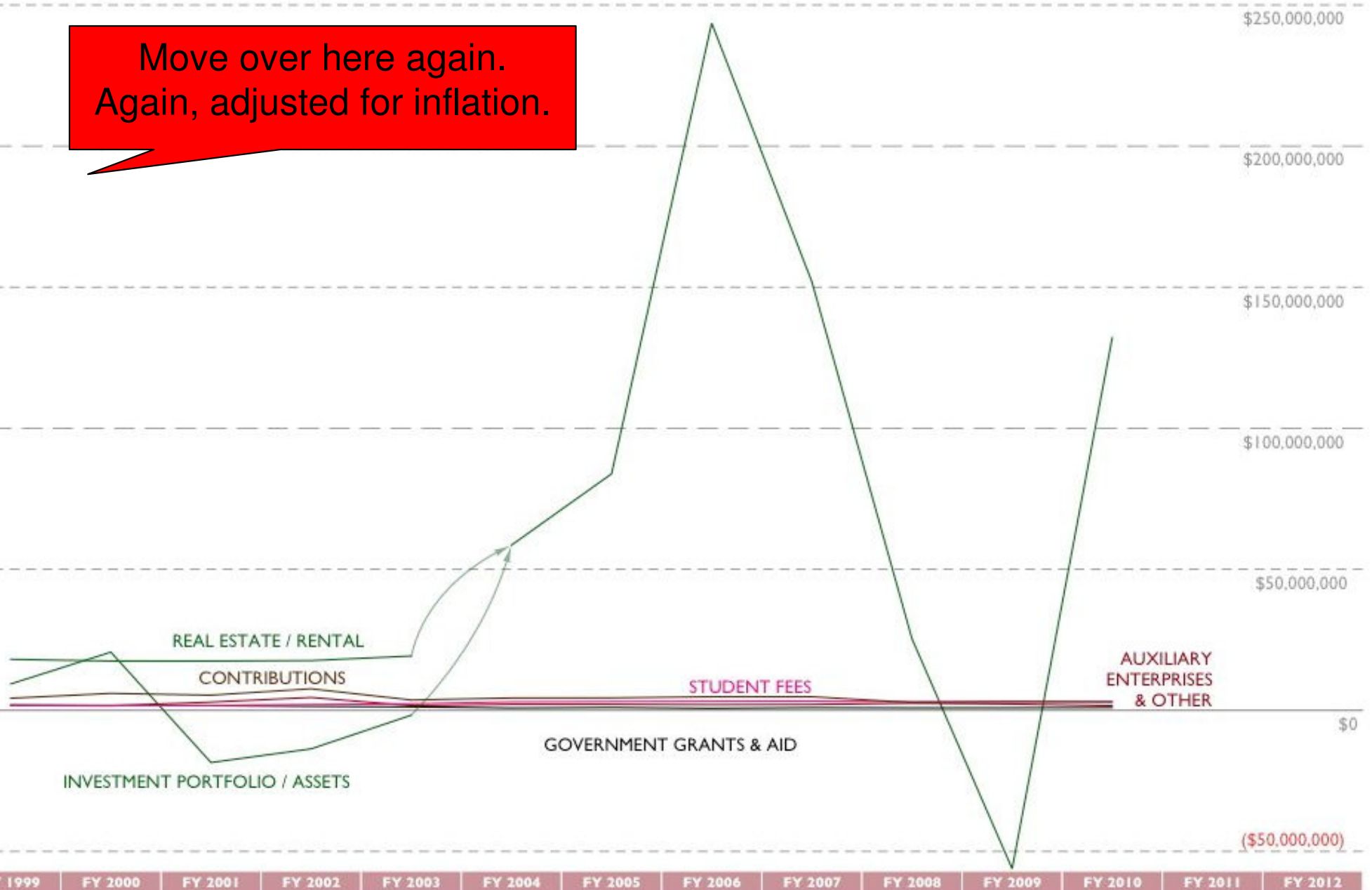
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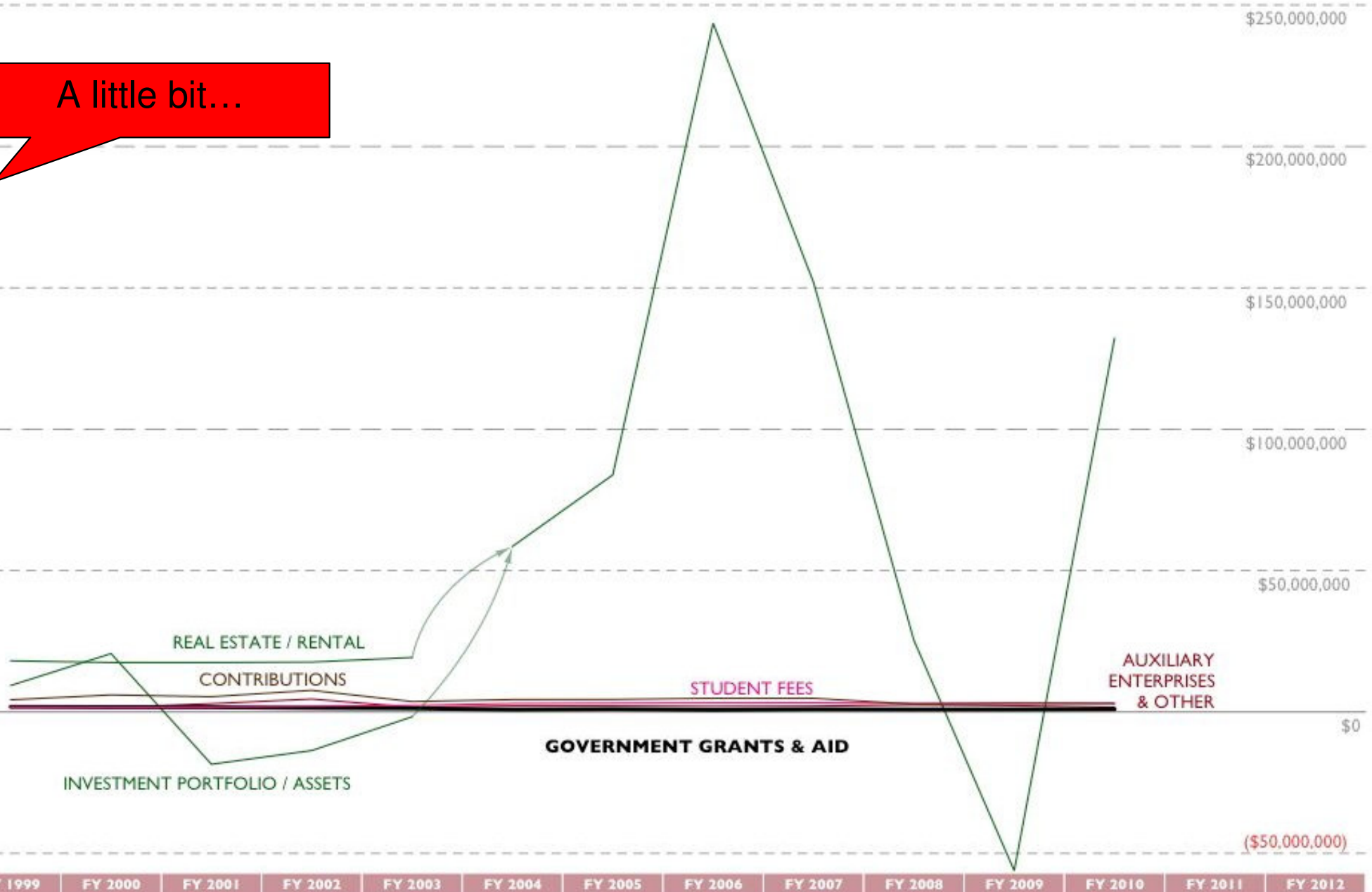
Total Revenues

Move over here again.
Again, adjusted for inflation.



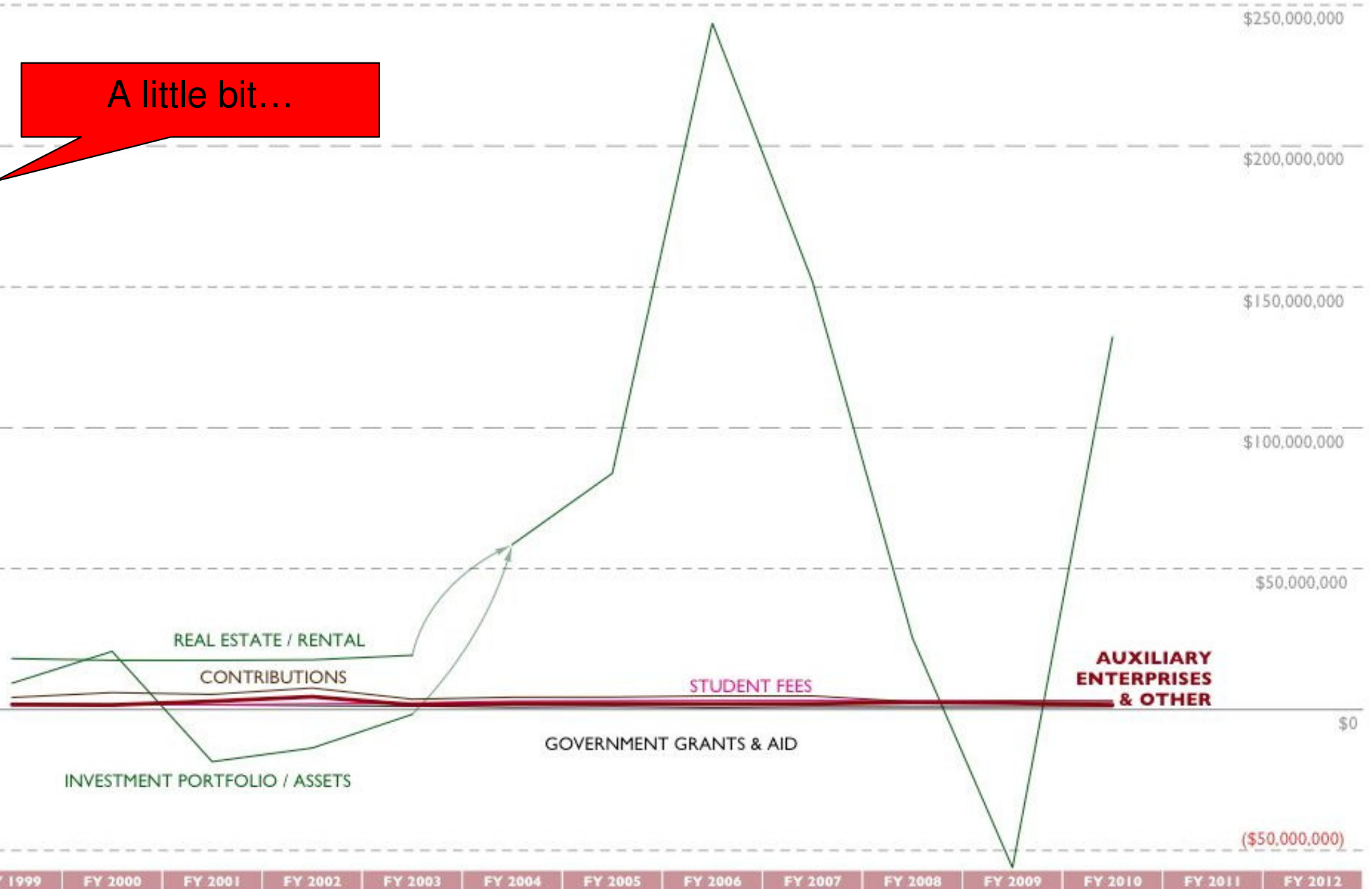
Operating Revenues

A little bit...



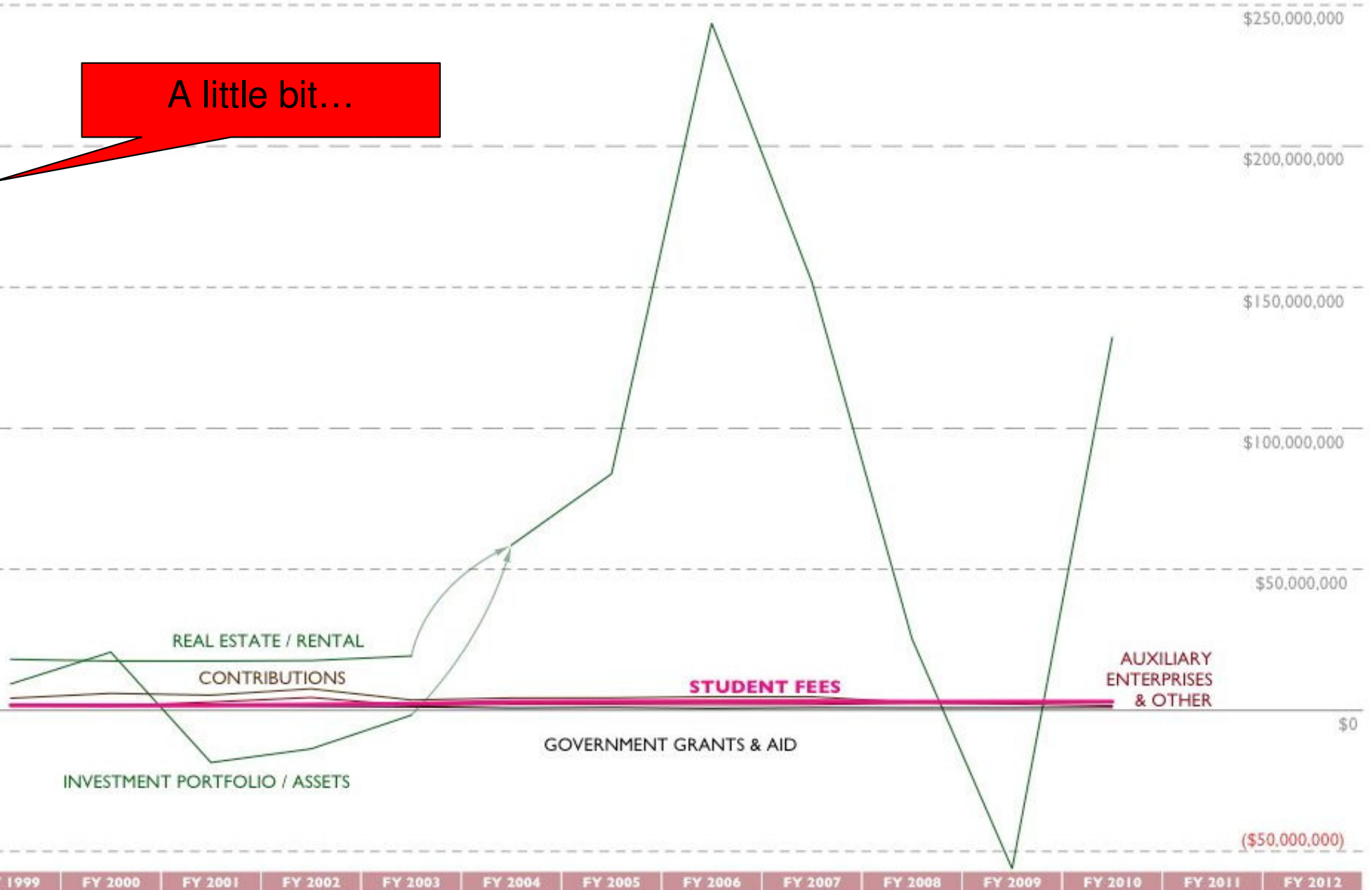
Operating Revenues

A little bit...



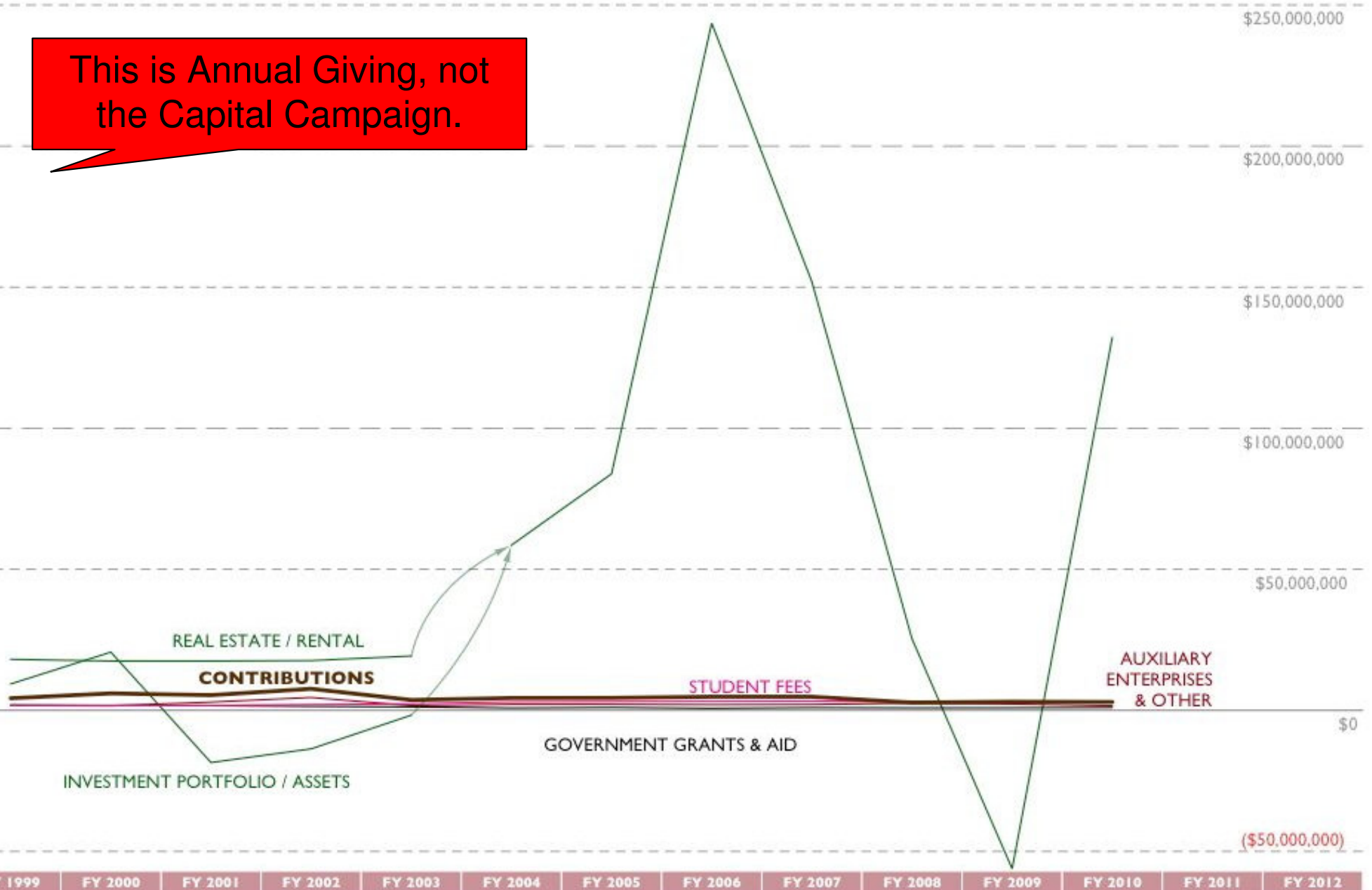
Operating Revenues

A little bit...



Operating Revenues

This is Annual Giving, not the Capital Campaign.



When Epstein says
“blame the alumni,”
does he mean the
really rich alumni
who didn’t meet the
Capital Campaign
goals?

Big difference
between raising
\$30 million over
12 years and raising
\$250 million over
12 years.

Remind me again
how we built the
NAB to save on
Operating
Expenses...

ALUMNI SUPPORT CONTINUES STRONG

A 2005 survey of the college’s graduates of the past half century shows that our alumni greatly value the education they received here and would (and do) enthusiastically recommend The Cooper Union to talented young people seeking the best available training in their field. This appreciation, which extends to the faculty and course offerings, is reflected in the strong support we receive from the dedicated members of The Cooper Union Alumni Association.

In Fiscal Years 2007–2008 contributions to the Annual Fund reached almost \$2.5 million. The Phonathon exceeded both its goal and all previous Phonathon records with 127 volunteers comprised of alumni, students, parents and friends, raising \$425,000 on the spot, reaching over \$533,000 with the addition of “unspecified” gifts from 190 donors.

“Peter Cooper himself,” says Ronni Denes, vice president for external affairs, “said our alumni would be the shepherds and caretakers of the institution, and that has proven to be the case. Over 30 percent of Cooper Union graduates give back to the college every year, which is more than twice the national average for specialized colleges.

Over a three-year period, more than 70 percent of all our alumni contribute. These are terrific numbers, and they are eloquent testimony to the bond that forms between The Cooper Union and its graduates. We are deeply grateful to the Alumni Association for all that they do.”

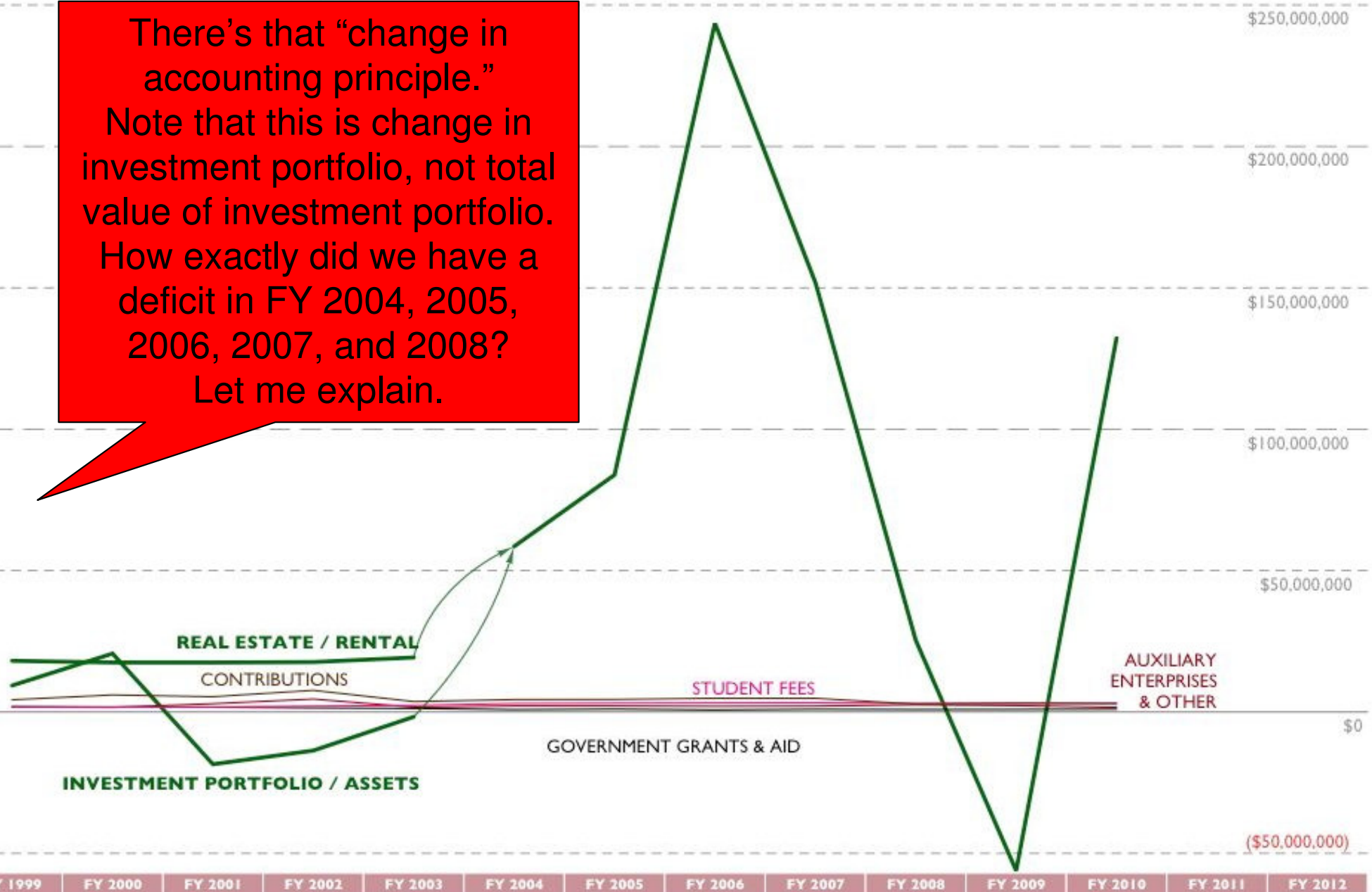
Capital Revenues

There's that "change in accounting principle."

Note that this is change in investment portfolio, not total value of investment portfolio.

How exactly did we have a deficit in FY 2004, 2005, 2006, 2007, and 2008?

Let me explain.



The Cooper Union utilizes a spending rate of 6% of the average of the previous three years' fair value of investments as the investment return to be utilized for operations. Amounts in excess of such amounts are reported as nonoperating (expense) revenue.

In FY 2003, this note disappears.
Now we can put as much
– or as little – of the fair value of
investments into Operating Revenue.
We're making money
hand over fist in the hedge fund,
but let's keep calling it a deficit.
Why?

The Cooper Union invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheet.

In FY 2009, after the crash, this note appears in the consolidated financial statements, never to appear again.

The Cooper Union invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheet.

Ya think?!



From FY 2009 onward, we have this note.

Now we use the “asset allocation spending model policy index,” whatever that is.

The Cooper Union manages its long-term investments in accordance with the total return concept and the goal of maximizing long-term return within acceptable levels of risk. The Cooper Union’s spending policy is designed to provide a stable level of financial support and to preserve the real value of its endowment. The Cooper Union compares the performance of its investments against several benchmarks, including its asset allocation spending model policy index.

FY2011 / FY2012 Budget			
	[a] FY2011	[b] FY2012	[c] = [b]-[a] Variance
I. EDUCATIONAL AND GENERAL			
A. Income from Endowment:			
Chrysler Building - Rent	8,820	8,875	55
Chrysler Building -Tax Equivalency	16,796	17,483	687
26 Astor Place - Tax Equivalency	1,951	2,033	82
51 Astor Place - Tax Equivalency	107	0	
Cooper Square Retail Rental	108	148	
Astor Place Holding Corporation	(107)	(91)	
Sub-Total	27,569	28,448	
B. Other Income			
Fees	3,294	3,360	
New York State Bundy Aid	77	77	
Annual Giving	2,086	2,149	

Unrestricted Gifts	734	756	22
Restricted Gifts	338	348	10
Misc Income	160	162	
Sub-Total	6,689	6,852	
Total E & G Revenue	34,257	35,300	
II.AUXILIARY ENTERPRISES			
Student Housing	1,530	1,530	
Operating Revenue before imputed investment income	35,788	36,830	
Imputed investment income	7,491	7,753	
<u>TOTAL OPERATING REVENUE</u>	43,279	44,583	

Now we're back to where we started. But these aren't the "consolidated" financial statements – TC is showing us the real numbers!

FY2011 / FY2012 Budget			
	[a] FY2011	[b] FY2012	[c] = [b]-[a] Variance
I. EDUCATIONAL AND GENERAL			
A. Income from Endowment:			
Chrysler Building - Rent	8,820	8,875	55
Chrysler Building -Tax Equivalency	16,796	17,483	687
26 Astor Place - Tax Equivalency	1,951	2,033	82
51 Astor Place - Tax Equivalency	107	0	
Cooper Square Retail Rental	108	148	
Astor Place Holding Corporation	(107)	(91)	
Sub-Total	27,569	28,448	
B. Other Income			
Fees	3,294	3,360	
New York State Bundy Aid			
Annual Giving			

“Imputed”
investment income
is money we pay
ourselves.
I looked it up!

Unrestricted Gifts			
Restricted Gifts			
Misc Income	6,689	6,852	
Sub-Total	34,257	35,300	1,042
Total E & G Revenue			
II.AUXILIARY ENTERPRISES			
Student Housing	1,530	1,530	
Operating Revenue before imputed investment income	35,788	36,830	1,042
Imputed investment income	7,491	7,753	262
<u>TOTAL OPERATING REVENUE</u>	43,279	44,583	1,304



\$46.1 million =

\$ 4 million Art

\$ 2.6 million Architecture

\$ 6.3 million Engineering

\$ 1.8 million Humanities

\$14.7 million for academic instruction

\$13.6 million =

\$ 10 million debt service on \$175 million loan

\$ 3.6 million other debt

TC's previous slide
also showed the
actual numbers.
This is all I could write
down in time.
"We're cut to the bone
- just ask the deans!"
You mean the
\$14.7 million out of
\$46.1 million,
President Bharucha?

student 10.31.2011 presentation - Microsoft PowerPoint

Design Animations

Slide Master Handout Master Notes Master

student 10.31.2011 presentation

Slide Show Zoom Color/Grayscale Window Macros

FY2011 / FY2012 Budget

	(a) FY2011	(b) FY2012
I. EDUCATIONAL AND GENERAL		
A. Income from Endowment:		
Chrysler Building - Rent		8,820
Chrysler Building -Tax Equivalency		16,796
26 Astor Place - Tax Equivalency		1,951
51 Astor Place - Tax Equivalency		107
Cooper Square Retail Rental		108
Astor Place Holding Corporation		(107)
Sub-Total		27,569
B. Other Income		
Fees		3,294
New York State Bundy Aid		77
Annual Giving		2,086

WE WANT THE EXPENSE SLIDE!

WE WANT THE EXPENSE SLIDE!


What are you afraid of, TC?

We will print the 2012 numbers if you don't give us the first slide.

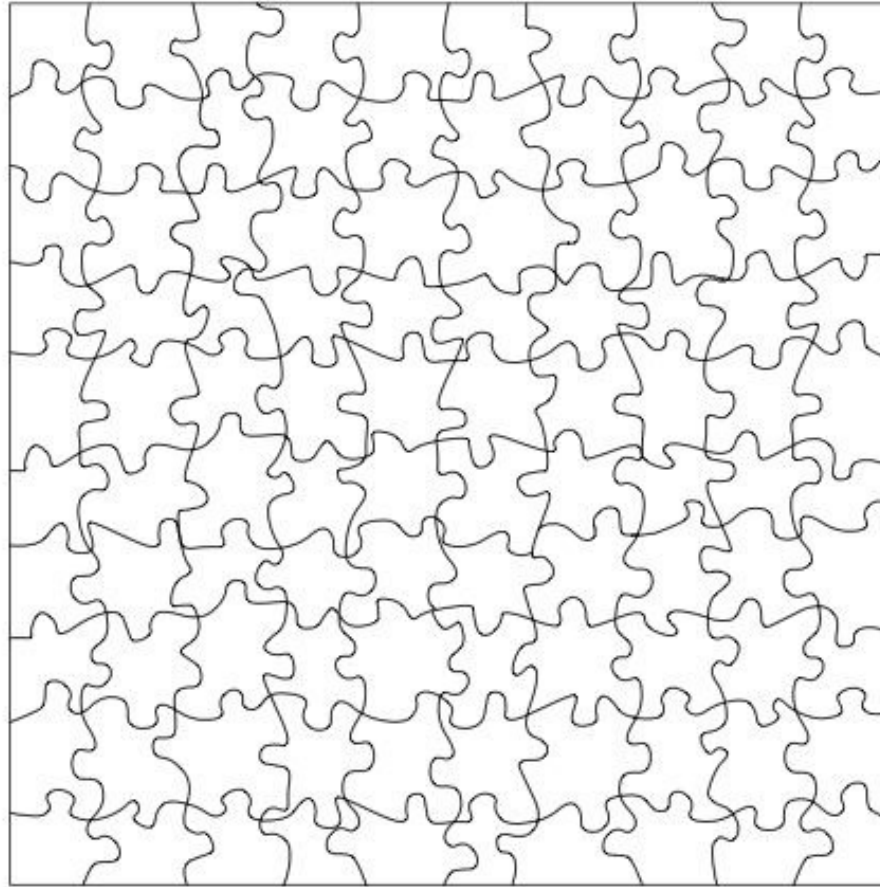
We would know what the numbers mean, TC, if you would GIVE US THE EXPENSE SLIDE!

It says, "student 10.31.2011 presentation."

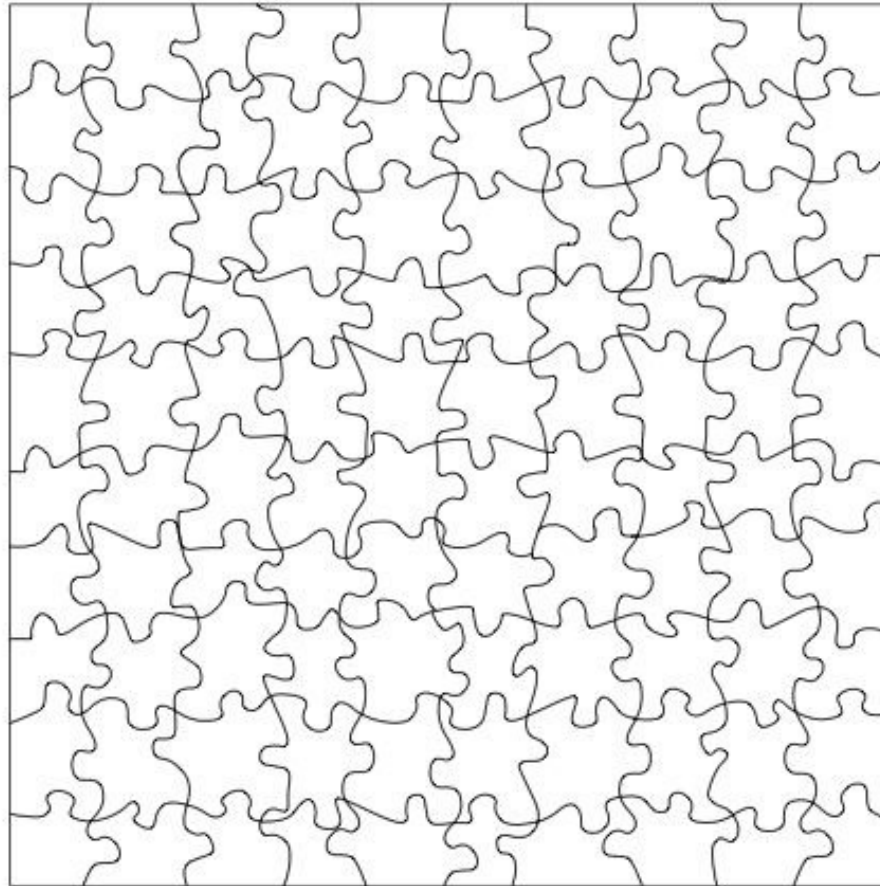
You made it just for us!



"Because there has been lack of clarity with what numbers mean, I am no longer providing information other than the audited financial statements and the filed 990."



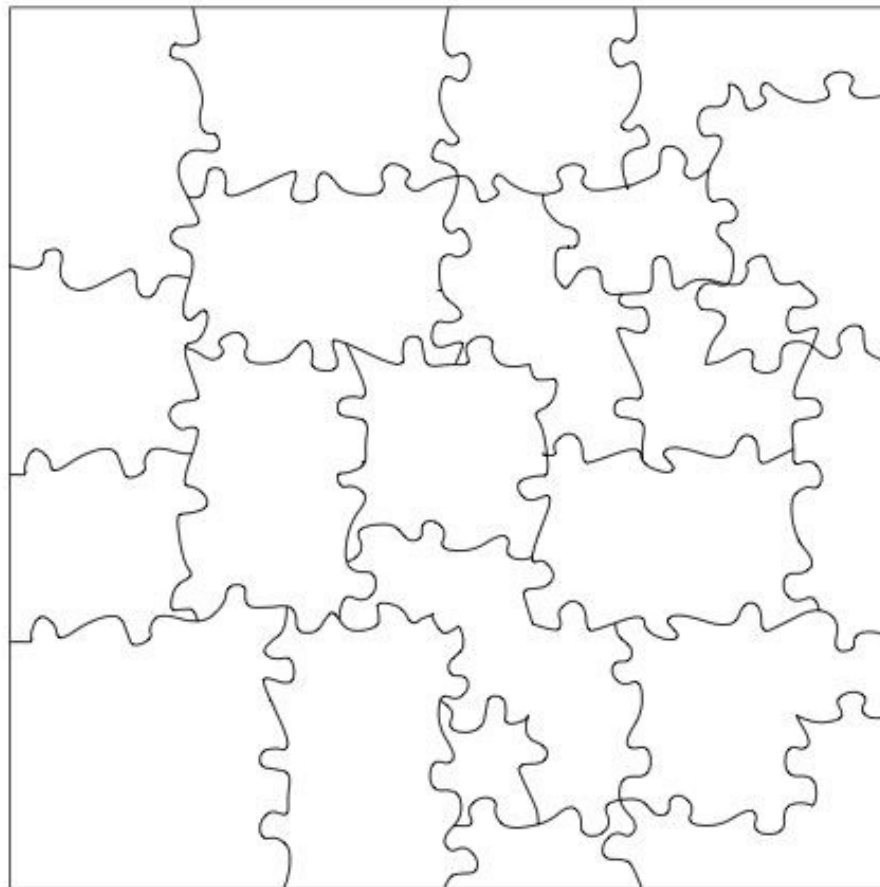
To sum up, the financial picture is complicated. It's not complicated like calculus. It's not complicated like Fourier transforms. It's not complicated like fractal geometry. It's like a 100-piece jigsaw puzzle, all in white. Addition and subtraction.



I've done 1000-
piece jigsaw puzzles
all in white. I have!

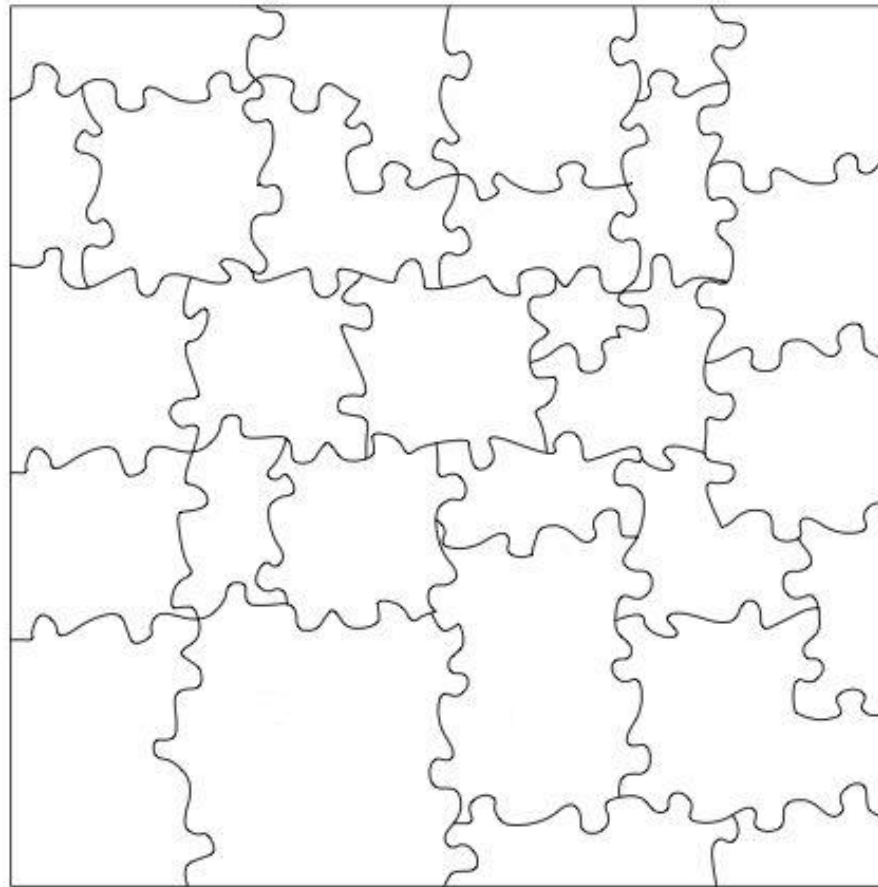


Form 990



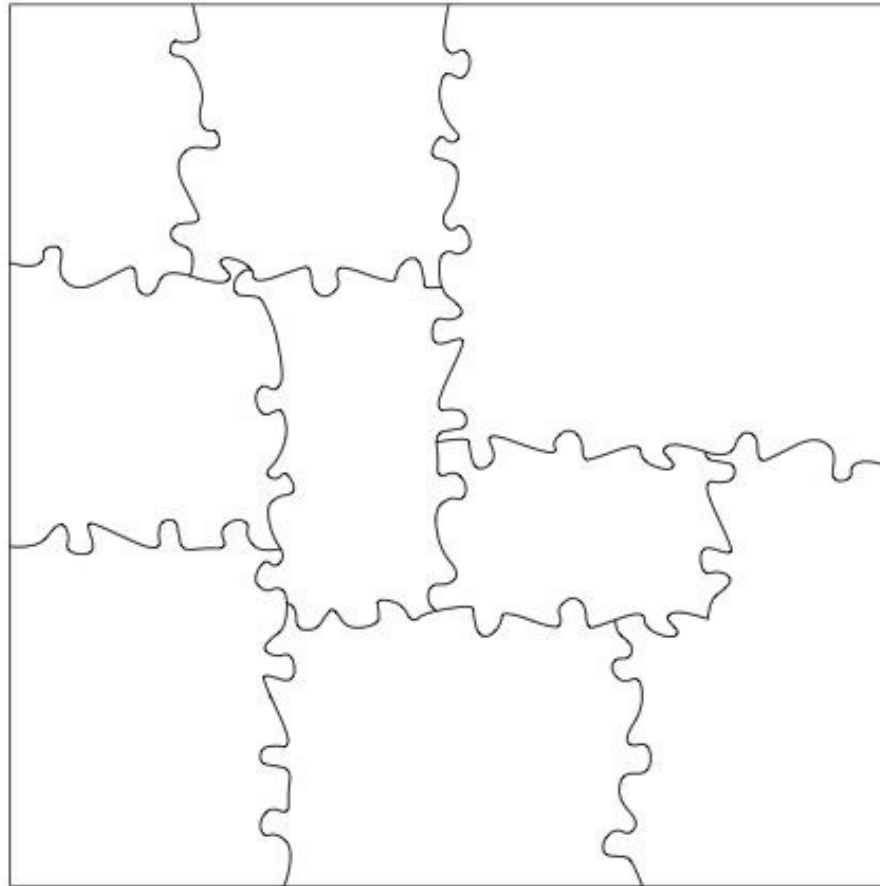
This is a Form 990.
See that big chunk
in the
bottom left corner?
That's all of the
salaries
except for
management and
fundraising,
lumped together.

Consolidated Financial Statement



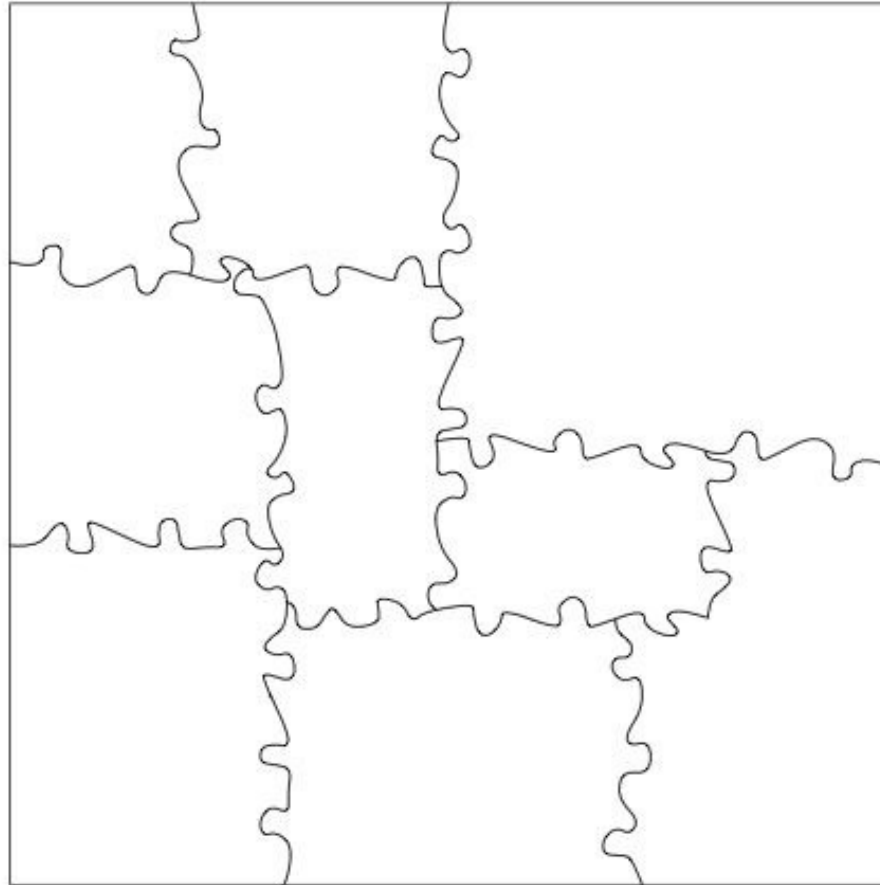
This is a consolidated financial statement. Some pieces are the same as the Form 990, some have been "reclassified." We talked about that.

Pie Chart



“But why can’t it be simple?” you cry. This is a pie chart. It looks like a puzzle for a kindergartener. In fact, my pie chart has 9 pieces, theirs only have 7 and 8 pieces.

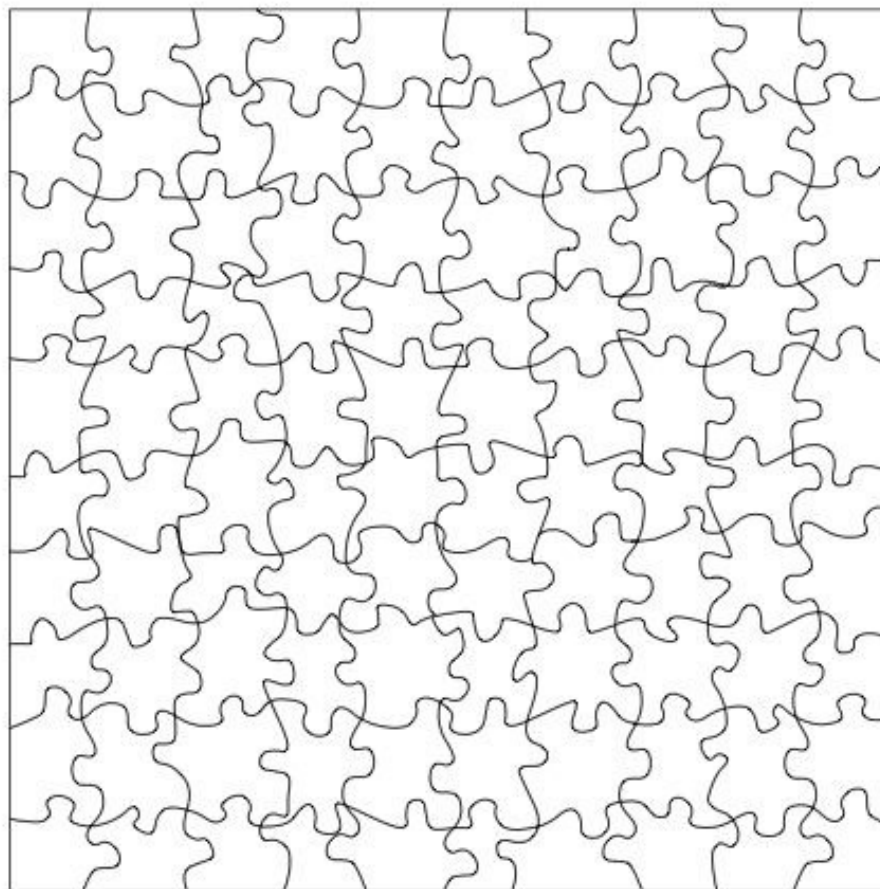
Pie Chart



Do you
want to know
what transparency
looks like?

I'll show you
what transparency
looks like.

Unconsolidated 2011 Financial Statement



Credits:

Graphic Support:

Matthew Arnold, AR '82

Data Support:

Gerald Soloway, EE '69

The Alumni Pioneer

Barry Drogin, EE '83, Publisher

<http://www.notnicemusic.com/Cassandra/cooper.html>