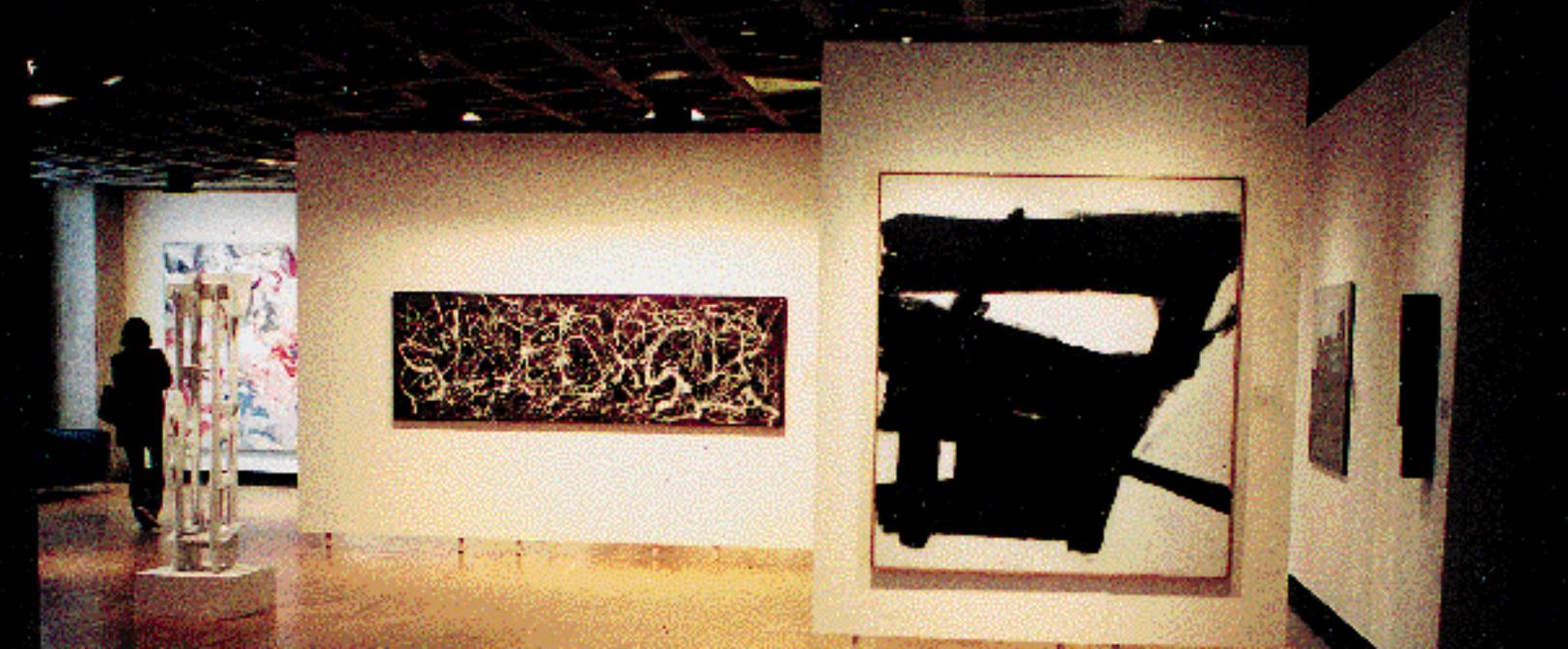


# Yale University Financial Report

1999-2000

[www.yale.edu/fr99-00](http://www.yale.edu/fr99-00)



# Highlights

	Fiscal years				
Five-Year Financial Overview (\$ in millions)	2000	1999	1998	1997	1996
Budget Activity Surplus (Deficit)	\$—	\$0.7	\$—	(\$3.8)	(\$7.5)
<b>Financial Position Highlights:</b>					
Total assets	\$12,370.0	\$9,347.4	\$8,487.5	\$7,362.9	\$6,327.9
Total liabilities	1,416.2	1,336.6	1,099.9	857.3	759.6
Total net assets	\$10,953.8	\$8,010.8	\$7,387.6	\$6,505.6	\$5,568.3
<b>Endowment:</b>					
Total investments	\$10,092.3	\$7,221.7	\$6,635.3	\$5,795.2	\$4,884.7
Total return on investments	41.0%	12.2%	18.0%	21.8%	25.7%
Spending from endowment	3.9%	3.9%	3.8%	4.0%	4.3%
<b>Facilities:</b>					
Land, buildings and equipment, net of accumulated depreciation	\$1,352.5	\$1,197.4	\$1,067.2	\$923.5	\$819.6
Disbursements for building projects	191.3	172.8	180.9	130.6	118.1
<b>Debt:</b>					
For facilities improvements	\$1,028.3	\$989.9	\$751.3	\$529.3	\$453.9
For student loans and other	45.6	45.6	45.4	45.4	45.4
<b>Statement of Activity Highlights:</b>					
Operating revenue	\$1,263.6	\$1,149.5	\$1,083.4	\$992.4	\$930.7
Operating expenses	1,283.5	1,129.9	1,066.5	995.2	927.7
Increase (decrease) in net assets from operating activities	(\$19.9)	\$19.6	\$16.9	(\$2.8)	\$3.0
<b>Five-Year Enrollment Statistics</b>					
	2000	1999	1998	1997	1996
<b>Student Fees:</b>					
Yale College term bill	\$31,940	\$30,830	\$29,950	\$28,880	\$27,630
<b>Freshmen Enrollment:</b>					
Freshmen applications	13,270	11,947	12,046	12,952	12,620
Freshmen admitted	2,135	2,100	2,144	2,371	2,522
Admissions rate	16.1%	17.6%	17.8%	18.3%	20.0%
Freshmen enrollment	1,371	1,299	1,309	1,409	1,364
Yield	65.0%	63.0%	61.7%	60.4%	55.2%
<b>Total Enrollment:</b>					
Yale College	5,340	5,411	5,375	5,376	5,281
Graduate and professional schools	5,512	5,455	5,449	5,542	5,549

# Message from the Acting Vice President for Finance and Administration

On October 21, 2000, President Levin launched the year-long celebration of Yale's 300th birthday. The University was opened to family and friends for an inside, kaleidoscopic view of our daily activities. As visitors fanned out across the campus, they were treated to a behind-the-scenes look at the University's museums, galleries, residential colleges, libraries, athletic facilities, and research and science labs. Special tours and exhibits showcased the excellence of the arts at Yale: the School of Art, the Yale Center for British Art, the Yale University Art Gallery, Paul Rudolph's Art and Architecture building, the Yale Repertory Theatre, the University Theatre, and the Yale School of Drama's New Theater at Holcombe T. Green Jr. Hall, among others. Never have the University's arts offerings been more vibrant or varied. A special section of this report presents a snapshot of the resplendent panorama of the arts at Yale.

On the financial front, the University has continued to have impressive success in building its asset base through the stellar growth of the endowment (a return of 41% for the year). The combination of endowment returns and contributions from donors augmented the value of the endowment by \$2.9 billion this year, increasing the University's total net assets by that amount.

The University's long-range capital plan includes more than \$1 billion for science, engineering, and residential facilities over the next ten years. This carries forward and expands the current effort to renew student housing and academic facilities. The completion of the Branford College renovation and the initiation of renovation of Saybrook College highlight the University's dedication to providing up-to-date student facilities. Construction began this year on a major facility at the School of Medicine that will significantly increase the University's capacity for biomedical research while housing state-of-the-art educational facilities. The longer-range plan for Medical School facilities invests \$500 million over the next ten years to continue expansion and improvement of laboratory and classroom facilities. This plan complements the new \$500 million science and engineering capital plan, which calls for constructing five new buildings and renovating existing classrooms and laboratories. Programs of study will be physically grouped by discipline to create an "environmental campus" on one stretch of Science Hill and a "molecular campus" on another. The Physical Capital

section of this report provides a closer look at these plans.

In the academic arena, the University's commitment to the highest standards was again demonstrated through continuing improvements to existing programs as well as the development of new and innovative offerings. Signaling important advances in the Social Sciences, Yale has pursued new program initiatives in Political Science and Sociology, with the former recruiting seven new faculty. Several outstanding senior appointments have been made in Psychology. Economics is also engaged in an effort to recruit a number of exciting senior faculty. Yale continues the effort to enhance both undergraduate and graduate programs in Engineering and Applied Science by recruiting new faculty and expanding the curriculum to include interdisciplinary majors in Environmental and Biomedical Engineering. The University now offers a five-year "Select Program in Engineering" that awards masters' degrees to students who aspire to leadership positions in technology. The Yale Law School, continuing its historical leadership in corporate law, has launched the Center for the Study of Corporate Law. The Center will bring preeminent legal scholars and practitioners to the campus to participate in roundtable discussions and conferences. The School of Medicine received an \$11 million grant from the National Institute of Drug Abuse to establish the New England Node of the National Drug Abuse Clinical Trials Network. This new organization will provide a research infrastructure to evaluate drug addiction treatments in real-life settings with diverse client populations. These are just a few examples of continued efforts by Yale to contribute to society through the expansion of education and research on a worldwide basis.

The University's continued success and growth would not be possible without the remarkable generosity of its supporters. We will enjoy this year's celebration of Yale's 300-year-long history of commitment to providing the highest quality teaching and research, as we act to ensure that the tradition continues.



Kemel Dawkins  
*Acting Vice President  
for Finance and Administration*

# The Arts at Yale

## Confront the Challenges of a New Era

Yale has enjoyed a long history of distinction in the arts. President Richard Levin has recommitted the University to the arts, and the enhancement of the fine and performance arts, history of art programs, and the University's arts and library collections figure prominently in the University's plan for its fourth century. "Arts" at Yale is a broad umbrella encompassing many programs and activities. The schools of Art, Architecture, Drama, and Music rank among the top professional arts schools in the country and boast stellar and world-renowned graduates. Linked to the School of Music and also the Yale Divinity School is Yale's unique Institute of Sacred Music, which trains students who sing and play for worshipping assemblies and who study liturgy and the liturgical arts. Within the Faculty of Arts and Sciences, two distinguished departments provide additional arts programs: the Department of the History of Art, which offers courses in eastern and western art from antiquity to the present, and the Department of Music, offering courses in music history, theory, composition, technology, and performance.

The holdings of the Yale University Art Gallery and the Yale Center for British Art are extraordinary and diverse. The Art Gallery is the oldest university art museum in the coun-

try, while the Center for British Art is the most notable assemblage of British art outside Great Britain. More recently, the Digital Media Center for the Arts was established to teach new digital media technologies and encourage collaboration among artists and scholars. Underpinning the arts units at Yale is the Arts Library with a comprehensive collection of volumes on art, architecture, art history, and drama.

Complementing the educational and artistic missions of the School of Music, the Institute of Sacred Music, and the Department of Music in the Faculty of Arts and Sciences are a wide variety of performance groups in the School of Music and Yale College, including the Yale Symphony Orchestra, Glee Club, Concert and Marching Bands, jazz ensemble, and a plethora of singing groups. Two music technology labs allow for the exploration of the interface between music and new digital technologies. These enterprises are supported by the scholarly holdings of the Irving S. Gilmore Music Library, the Historical Sound Collection, Beinecke Library, and the Collection of Musical Instruments. Together these music institutions comprise a cultural resource for the community, region, and nation. Over 300 concerts are staged annually, and the music facilities are used by



Hancock, MI, 2000, digital print  
Richard Benson, *Dean of Yale School of Art*



At the start... At long last...  
A train mezzanine, 207th Street NYC, 1999  
Sheila Levant de Bretteville,  
*Director of Graduate Studies, Graphic Design*



With Wanton Heed and Giddy Cunning Hedging Red and That's Not Funny, 1999  
Centre for Visual Arts, Cardiff, Wales  
Jessica Stockholder,  
*Director of Graduate Studies, Sculpture*



Before & After, 1999 oil on canvas  
Rochelle Feinstein,  
*Director of Graduate Studies, Painting/Printmaking*



The work shown here is by the  
Dean and the Directors of Study  
in the School of Art.

at left:  
Holcombe T. Green Jr. Hall,  
1156 Chapel



Paris, 1997, photograph  
Tod Papageorge,  
*Director of Graduate Studies, Photography*



School Colors, 2000, acrylic, oil, paper, metal fasteners  
Robert Reed, *Director of Undergraduate Studies*

School of Art

www.yale.edu/art

many local organizations. Increasingly, Yale's musicians and music scholars are working with artists, performers, and other arts scholars to explore innovative ventures, especially those utilizing the new digital media.

Arts activities have been thriving under strong leadership as Yale rededicates itself to the arts. Nonetheless, the University recognizes that the distinction of these great programs is not matched by their facilities, which are in serious disrepair. Two planning efforts have been initiated to meet this challenge, one for the arts programs clustered around the intersection of York and Chapel streets, the "arts area," and the other, more recently, for the "music campus." The focus of this report is on the former initiative. To study the challenges facing the arts programs and recommend solutions, the University convened the Arts Area Planning Committee, headed by Jules Prown, Paul Mellon Professor of the History of Art. The Committee completed its final report in 1995. It was succeeded by the Arts Area Advisory Committee (AAAC), convened by the Provost and chaired by Diana E. E. Kleiner, Dunham Professor of Classics and History of Art and Deputy Provost for the Arts. Still active, the AAAC is composed of the deans, chairs, and directors of the arts units and is charged with being the keeper of the

vision for the arts at Yale and maximizing the opportunity for the exchange of ideas, skills, resources, and people among the arts entities. The Prown Committee found that the arts buildings showed considerable signs of physical deterioration and that space for the arts was too restricted, causing the dispersion of programs in scattered locations and inhibiting interactivity critical to arts education. As a result, a plan of action was devised that involves extensive building and renovation that will allow the arts community to achieve even greater excellence through programmatic reconfiguration and realignment in enhanced, consolidated facilities. Arts units will be able to take advantage of mutual intellectual and aesthetic enrichment, so that boundaries between arts disciplines can be permeated, both in theory and in practice.

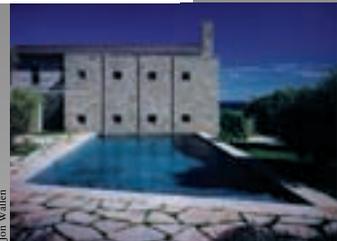
The Arts Area Plan, totaling \$250 million, was approved by the Officers of the University and the Yale Corporation. Altogether, 500,000 square feet will be renovated and an additional 275,000 is planned. Because of the complexities and cost of construction and reassignment, the Plan will be carried out over the course of eight to ten years, with the oversight of the AAAC. A carefully planned implementation sequence has been designed to accomplish the goals of expanding and modernizing



Ohrstrom Library, 1998, St. Paul's School, Concord, N.H.  
Design: Robert A.M. Stern Architects  
Robert A.M. Stern,  
Dean & JM Hoppin Professor of Architecture



29-45 Broadway, New Haven, CT, 2001  
Design of buildings B and C above:  
Hammond Beby, Rupert Ainge  
Thomas Beby, Professor (Adj) of Architecture  
Design of building A above:  
Judith DiMaio, Associate Professor  
(Adj) of Architecture



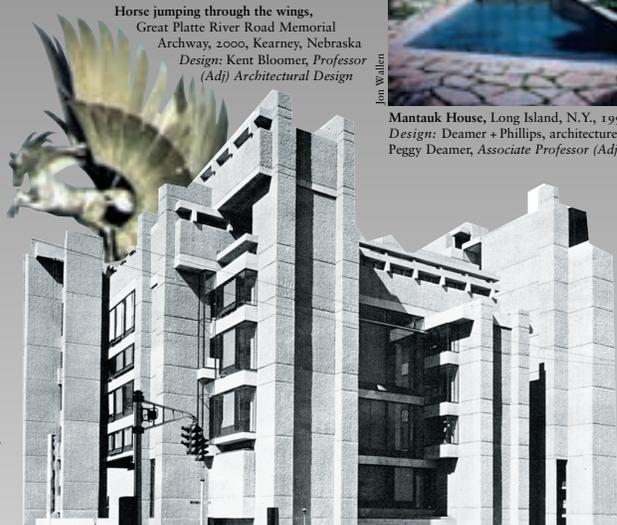
Mantauk House, Long Island, N.Y., 1999,  
Design: Deamer + Phillips, architecture  
Peggy Deamer, Associate Professor (Adj) of Architecture



Battery Park City Parks Corporation Headquarters,  
New York, N.Y., 1998,  
Design: Deborah Berke Architect PC  
Deborah Berke, Associate Professor (Adj) of Architecture



Public Buildings for TEDA: New Administrative Center, Cultural Center, and Sports Center, 1999, Tiangin Province, Peoples Republic of China  
Design: Koetter Kim & Associates  
Fred Koetter, Professor (Adj) of Architecture



Gilder Boathouse, Derby, CT, 2000,  
Design: Turner Brooks Architects/  
E-L. Pelkonen/  
Michael Curtis,  
Turner Brooks, Associate Professor (Adj) of Architecture  
Eeva-Liisa Pelkonen, Assistant Professor (Adj) of Architecture

Examples of professional work by faculty members.

School of Architecture

at left: The Rudolph Building, 1962

# Chronology of the Arts at Yale

## School of Art

Richard Benson, Dean



Degree offered:  
Master of Fine Arts (MFA), two-year program

Chronology:  
1864 School of Fine Arts established through the generosity of Augustus Russell Street.  
1869 Opens as first school of art connected with an institution of higher learning in the country. Offers classes in drawing, painting, sculpture, and art history.  
1871 Moves to a building endowed by Augustus Street, named Street Hall; collection augmented by the acquisition of the Jarves Collection of early Italian paintings.  
1953 Opening of the Art Gallery building at 1111 Chapel Street, in which some art classes are conducted.  
1963 Opening of Art and Architecture building, designed by Paul Rudolph, in which classes of both the schools of Art and Architecture are held; sculpture program housed in Hammond Hall, 14 Mansfield Street.  
2000 Opening of the new home for the School of Art, in Holcombe T. Green Jr. Hall, 1156 Chapel Street-353 Crown Street.

## Yale University Art Gallery

Jock Reynolds, Director

Chronology:  
1832 Opening of the Trumbull Gallery, one of the earliest art museums in the Anglo-Saxon world and the first (and long the only) to be connected with a college in this country.  
1928 Addition of new art gallery (connected to Street Hall by a bridge above High Street); Street Hall used for art instruction.  
1953 Opening of large addition to the gallery, at 1111 Chapel Street, designed by Louis I. Kahn.

Exhibitions presented in 1999-2000:  
Dance of the Dragon: Fabulous Beasts in Asian Art  
Imaging African Art: Documentation and Transformation  
Philip Guston: A New Alphabet  
Modern Gothic: The Revival of Medieval Art

## School of Architecture

Robert A. M. Stern, Dean



Degrees offered:  
Master of Architecture I  
Master of Architecture II  
Master of Environmental Design

Chronology:  
1905 Appointment of a full-time professor of architecture to the faculty of the School of Fine Arts.  
1916 Establishment of a Department of Architecture under Professor Everett V. Meeks, which offered a three-year course leading to a certificate.  
1942 Conferral of the first Bachelor of Architecture degree (in lieu of Bachelor of Fine Arts in Architecture).  
1947 Awarding of first Master of Architecture degree.  
1953 School of Art and Architecture moves to new Art Gallery wing at 1111 Chapel Street.  
1963 Opening of the Art and Architecture building, designed by Paul Rudolph, in which classes of both the schools of Art and Architecture are held.  
1972 Architecture established as separate school.

## Yale Center for British Art

Patrick McCaughey, Director

Chronology:  
1965 Announcement of the intention to found the Center through a gift from Paul Mellon '29, the largest gift ever made to Yale.  
1977 Center opens to the public, displaying the most comprehensive collection of English paintings, prints, drawings, rare books, and sculpture outside Great Britain, in building designed by Louis I. Kahn.

Exhibitions presented in 1999-2000:  
The Art of Bloomsbury  
C. R. W. Nevinson: The Twentieth Century  
The Twentieth Century Collection: Paintings, Sculpture, and Works of Art on Paper  
Ruskin: Past, Present, Future  
Patrick Caulfield: A Retrospective  
A Treasure House in Farmington: The Lewis Walpole Library  
James Tissot: Victorian Life/Modern Love  
John Walker: A Theatre of Recollection and the Anthony and Madeleine Carter Gift  
Rachel Whiteread: Untitled (Ten Tables)  
Doomed Youth: The Poetry and the Pity of the First World War

## School of Drama

Stan Wojewodski, Jr., Dean



Degrees offered:  
Master of Fine Arts (MFA), two-year program  
Doctor of Fine Arts (DFA)  
Certificate in Drama

Chronology:  
1924 Department of Drama founded in the School of Fine Arts through the generosity of Edward S. Harkness, B.A. 1897.  
1925 George Pierce Baker brought to Yale his playwriting course and workshop; first students are registered.  
1926 Opening of the University Theatre.  
1931 First Master of Fine Arts in Drama awarded.  
1955 Drama becomes an independent school.  
1967 Yale Repertory Theatre founded by the School of Drama to foster a closer relationship between training and the professional theater.

## Department of the History of Art

Edward S. Cooke, Jr., Chair

Graduate program leading to the Doctor of Philosophy  
Undergraduate Major

Chronology:  
1869 Beginning of instruction in art history within the School of Fine Arts.  
1940 Establishment of a department in the Faculty of Arts and Sciences.

Field of study:  
Greek and Roman; Medieval and Byzantine; Renaissance; Baroque; eighteenth, nineteenth, twentieth century European; African; African American; American; British; Pre-Columbian; Chinese; Japanese; and film.

## Arts Library

Max Marmor, Librarian

Chronology:  
1952 Established as a separate collection in the Yale libraries prior to its move in 1953 from Weir Hall to the Sculpture Hall of the Old Art Gallery.  
1963 Named as the Art and Architecture Library.  
1963 Moved to new space in the Rudolph building.  
1999 Renamed as the Arts Library as part of the Arts area Plan.

More than 100,000 volumes.  
Basic reference works, monographs, exhibition catalogues, and histories of the various arts fields, bound periodicals, and more than 500 current periodicals and museum bulletins.

## School of Music

Robert L. Blocker, Dean



Degrees offered:  
Master of Music  
Master of Musical Arts  
Doctor of Musical Arts  
Artist Diploma  
Certificate in Performance

Chronology:  
1855 Appointment of Gustave Joseph Stoeckel as instructor in music and director of the choir in Yale College.  
1889 Creation of the Department of Music by the Yale Corporation.  
1890 Gustave Joseph Stoeckel appointed Battell Professor of Music; Yale offers first courses in music for credit.  
1894 Awarding of first Bachelor of Music degrees; establishment of the Yale School of Music.  
1917 Opening of the Albert Arnold Sprague Memorial Hall as a home for the School.  
1932 First Master of Music conferred.  
1958 School becomes exclusively a graduate professional school.  
1973 Establishment of the Institute of Sacred Music as an interdisciplinary graduate center for the study of music, liturgy, and the arts.

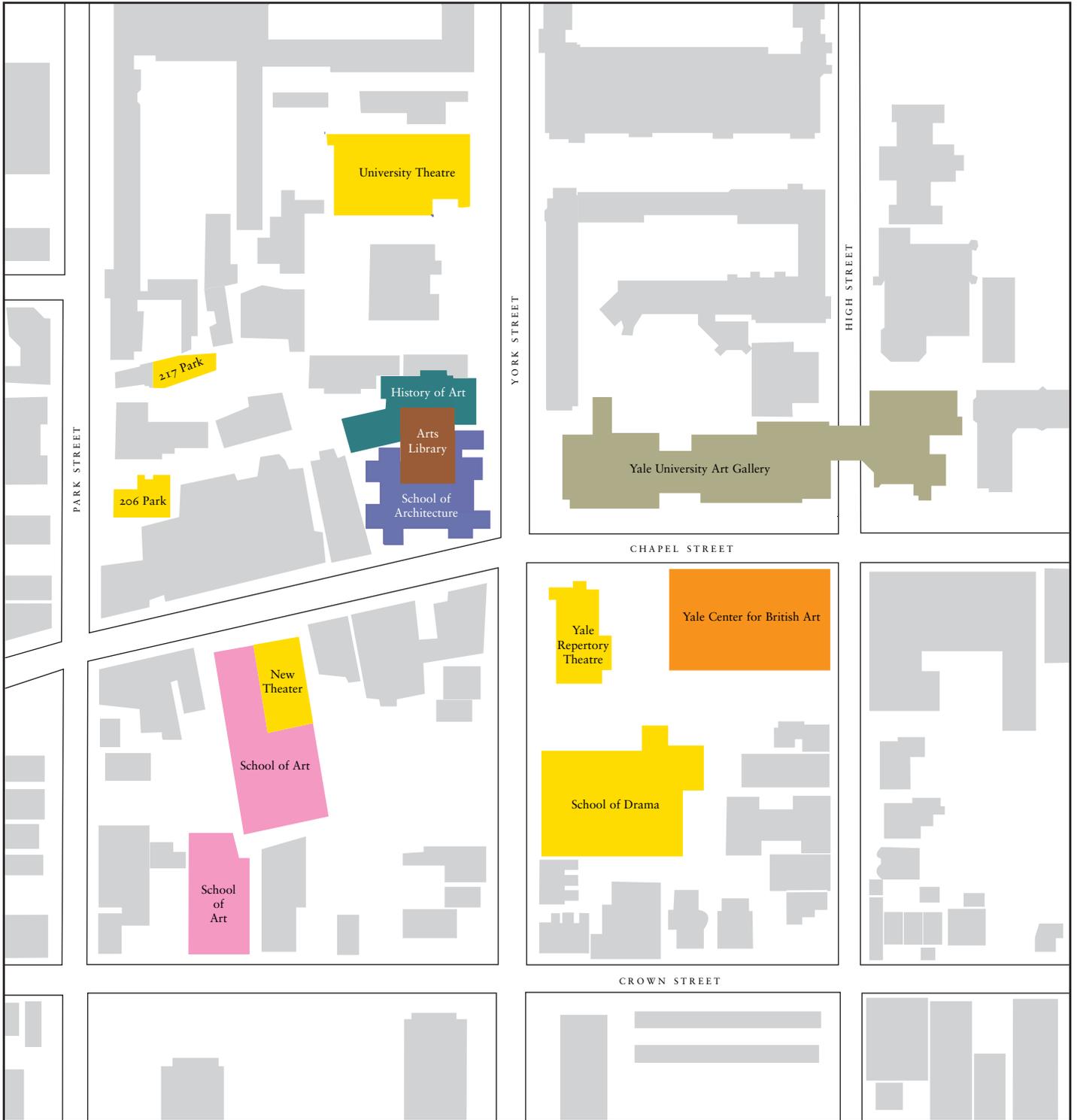
## Digital Media Center for the Arts (DMCA)

Carol Scully, Director

Activities of DMCA:  
• encourage and enable discovery and creation within the Arts Area community in the field of electronic media  
• investigate how new information technologies fit into established educational systems in the Arts  
• implement new models of arts education.

DMCA Project Grants:  
The Digital Media Center for the Arts solicits proposals for project grants to be produced at the Center during the academic year. The Project Grants offer faculty, staff and students the opportunity to explore the uses of interactive digital technology.  
Academic Program:  
The DMCA features multi-disciplinary courses that break down the barriers between the schools of Art, Architecture, Music, and Drama, and the Departments of Film Studies and the History of Art and converge creative energies in the arts. It provides a forum for experiments in digital imaging, time-based art forms, and interactive modes of communication.  
Current Classes:  
The DMCA facilities are open to member units for the teaching of classes each semester.

# Arts Area Plan



spaces while not overly disrupting the operations of the programs.

Geographically, the Arts Plan encompasses the region roughly bounded by High Street (including Street Hall) to the east, the University Theatre building on York Street to the north, Crown Street to the south, and Park Street to the west. Institutionally, the Plan encompasses the schools of Art, Architecture, and Drama; the Yale University Art Gallery; the Center for British Art; the Arts Library; the Digital Media Center for the Arts; and the Department of the History of Art. The Plan improves the space available for all the units while also invigorating the urban assets of the Arts Area of the campus. It was conceived with the University's urban environment in mind, and the expansion of the arts complex westward on Chapel Street is intended to encourage more interaction with the surrounding community and the many visitors to the Greater New Haven area each year.

#### Holcombe T. Green Jr. Hall - A New Home for the School of Art

The first phase of the Arts Area Plan has been realized with the opening of the new Holcombe T. Green Jr. Hall at 1156 Chapel Street-353 Crown Street as the home of the School of Art and the School of Drama's New

Theater. The School of Art programs were formerly spread across several buildings, including the Rudolph building, various sites on Park Street, and one on Wall Street. Now, with the exception of the sculpture program which remains in Hammond Hall on Mansfield Street (to take advantage of the large-scale space there), they have been unified into this 105,000-square-foot building complex. The sculpture program may eventually move closer to Green Hall.

Green Hall is the fifth home to be occupied by the Yale School of Art in the course of its history. Founded in 1864, the School was the first school of art in the country to be connected with an institution of higher learning. Since 1959, the School has been an exclusively graduate-level institution, which confers the degree of Master of Fine Arts and requires that matriculating students hold a bachelor's degree. At the same time, in keeping with University policy on integrated teaching between the Faculty of Arts and Sciences and the professional schools, the School of Art offers a major program for undergraduate students in Yale College and opens art courses to students in other schools within the University. On average there are about fifty undergraduate majors at any one time, and approximately 800 undergraduate enrollments in classes over

**School of Drama**  
www.yale.edu/drama

*More than 200 evenings of theater are offered each year through the School of Drama.*

*photo top center: Angel Desai as Tina in Yale Repertory Theatre's world premiere of Rice Boy by Sunil Kuruvilla, November 2000*

the course of a year. The availability of this curriculum to students in other fields or programs is a distinctive trait of a Yale University education.

In addition to the School's regular faculty, many visiting artists and scholars participate in the programs of the various departments offering individual critiques, workshop seminars, and formal lectures. Throughout its history, the School of Art has benefited from the presence of exceptional teachers who were also famous for their own work as artists. Among notable names that stand out are those of Josef Albers, who chaired Yale's Department of Design (which included painting, sculpture, and graphic arts) from 1951 to 1959; William Bailey, who taught painting from 1956 to 1995; photographer Walker Evans, who taught graphic arts at Yale from 1964 to 1975; Herbert Matter, a teacher of photography from 1952 to 1976; and Paul Rand, a professor of graphic design from 1956 to 1996 who was known as "the father of modern American graphic design" in the industrial sector and after whom the graphic design studio is named. Among an impressive list of artists who have studied at Yale are Jennifer Bartlett, Leonard Baskin, Chuck Close, Eva Hesse, Sylvia Mangold, Richard Serra, and Gary Trudeau.

The School of Art aims to provide an educational context within which artists and designers of unusual artistic promise and strong motivation can explore the horizons of their own talents in the midst of an intense critical dialogue. The students' primary educational experience is centered on studio activity, but opportunities for interactions, especially in workshops and critiques, abound. This joint emphasis on individual studio work and communal projects helps to make the School a place of energy and dynamism.

Green Hall also is the home of the New Theater of the School of Drama. This New Theater now joins other Drama School venues including the Yale Repertory Theatre on the corner of York and Chapel streets, the University Theatre, and the Experimental Theater, both located at 222 York Street.

### Paul Rudolph Building and the School of Architecture

Known informally as the Art and Architecture building, the Rudolph building at 180 York Street is slated for a thorough renovation and restoration that will result in considerably enhanced facilities for the Yale School of Architecture.

The School of Architecture, which has been a separate institution at Yale since 1972,



*The School of Music presents 200 of the more than 300 concerts that take place on the Yale campus each year.*

views the task of architecture as the creation of human environments through a design process that addresses the interrelated physical, behavioral, and cultural issues that underlie the organization of built form. The student of architecture is called upon to direct sensitivity, imagination, and intellect to the physical significance of these fundamental issues in designing a coherent environment for people. Architectural design as a comprehensive creative process is the focus of the Yale School of Architecture.

The School offers instruction by distinguished theorists and practitioners, including a number of visiting faculty members each year. Celebrated architects who have taught here or acted as visiting critics include Peter Eisenman, Charles Gwathmey, Frank Gehry, Zaha Hadid, Philip Johnson, Daniel Libeskind, Greg Lynn, Richard Meier, I.M. Pei, Cesar Pelli, Aldo Rossi, Paul Rudolph, Moshe Safdie, James Sterling, Robert A.M. Stern (currently Dean), Stanley Tigerman, and Robert Venturi. Alumni of the School have achieved distinction in a wide range of architectural disciplines.

The School's professional degree, the Master of Architecture I, is fully accredited by the National Architectural Accrediting Board. The School also offers a post-professional

Master of Architecture and a Master of Environmental Design as well as combined degree programs with the School of Management and a major course of study for Yale College students. As a basis for developing a comprehensive approach to architectural design, students take courses in architectural theory; building technology; architectural practice and construction; planning, design, and development of the urban landscape; digital media design; and visual studies. Students may also find support for urban studies through the extracurricular programs of the Yale Urban Design Workshop and Center for Urban Design Research. The diversity of course offerings in the School represents a concern for design that ranges in scale from the individual building to the urban landscape.

The Paul Rudolph building, the School's home for the past twenty-seven years, was remodeled after a fire in 1969 and received a small but dramatic interim renovation in the summer of 2000. Under the Arts Area Plan, however, it will be restored to its original 1963 configuration, which included striking multi-story spaces that had been divided with the subsequent addition of new floors and partitions.

With the School of Art now housed in Green Hall, the School of Architecture has

**I CLAUDIA**  
WOMEN IN ANCIENT ROME  
Editet by Diana E.E. Kleiner, *Dunham Professor of Classics and History of Art*, and Susan B. Matheson, *Molly and Walter Bareiss Curator of Ancient Art*, Yale University Art Gallery

**COLONIAL MASSACHUSETTS SILVERSMITHS AND JEWELERS**  
By Patricia E. Kane, *Curator of American Decorative Arts*, Yale University Art Gallery

By Helen A. Cooper, *Holcombe T. Green Curator of American Painting*, Yale University Art Gallery

By Daphne Deeds, *Former Curator of Exhibitions and Programs*, Yale University Art Gallery

**AMERICAN CASE FURNITURE**  
By Gerald W. R. Ward, *Former Assistant Curator of the Garvan and Related Collections of American Art*, Yale University Art Gallery

By Robin Jaffee Frank, *Associate Curator of American Paintings & Sculpture*, Yale University Art Gallery

The Sculpture Court façade of the Gallery

A sampling of published works by past and present staff members

**Master of the Life and Art of Lotta and Buda Shatzen**  
By Fangyu Wang and Richard M. Barnhart, *Former John M. Schiff Professor of the History of Art*

Yale University Art Gallery

www.yale.edu/artgallery

assumed more space in the Rudolph building. In addition, the undergraduate architecture program, which had been housed in the Fence Club at 220 York Street, has moved to the Rudolph building, increasing the interactions between the undergraduate and graduate programs. Also, as noted in the next section, the Arts Library will occupy the ground floor and basement of both this building and the History of Art building.

### History of Art Building

Adjacent to the Rudolph building and located at 194-200 York Street, a new structure will be built to house the History of Art Department while sharing the housing of the Arts Library with the Rudolph building. The sharing of building space will foster connections among the various entities. History of Art will occupy the upper floors of the new building, the Arts Library the ground floor and basement of both buildings. The existing gallery in the Rudolph building will be accompanied by two large lecture halls, the Visual Resources Collection, and a café/lounge serving both buildings.

The discipline of History of Art was taught by Yale's former School of Art and Architecture until 1940 when it became a new department as an outgrowth of the former

graduate program in History, the Arts and Letters. Today the Department offers an undergraduate major along with a doctoral program. The broad spectrum of interests of the Department's prominent founders, Sumner Crosby, Charles Seymour, George Kubler, George Heard Hamilton, and Carroll Meeks, is reflected in the array of instruction, including courses in western and non-western art as well as in archaeology and architectural history. Subject matter in art history crosses boundaries of material and discipline, and thrives at the hands of a faculty with diverse specializations of field and methodology.

Interdisciplinary approaches are additionally encouraged by the ability of students to enroll in a wide spectrum of courses across the University. Students also benefit from the other arts resources at Yale, namely the museums whose collections serve as teaching tools, and their colleagues who are practicing artists in the professional schools of the arts.

The History of Art Department, now located in Street Hall, will be brought up-to-date to meet the demands of current digital image technology. Students will greatly benefit by learning in the same building complex where practitioners of the arts are at work and where the Arts Library is housed. The new building will help address the pressing need

By Patrick McCaughey, Director, Yale Center for British Art  
 Malcolm Warner, Curator of Paintings and Sculpture, Yale Center for British Art  
 Scott B. Wilcox, Curator of Paintings and Drawings, Yale Center for British Art

By Patrick Noon, Former Curator of Prints and Drawings, Yale Center for British Art

By Malcolm Warner, Curator of Paintings and Sculpture, Yale Center for British Art and Julia Marciari-Alexander, Assistant Curator of Paintings and Sculpture, Yale Center for British Art

By Scott B. Wilcox, Curator of Prints and Drawings, Yale Center for British Art

Yale Center for British Art, 1972  
 Louis I. Kahn, Architect

By Duncan Robinson, Former Director, Yale Center for British Art  
 Photographs by David Finn

By Patrick McCaughey, Director, Yale Center for British Art and Emily M. Weeks

**Yale Center for British Art**  
[www.yale.edu/cfba](http://www.yale.edu/cfba)

*A sampling of published works by past and present staff members*

for space for the Arts Library, whose collection of books has more than quadrupled to over 100,000 volumes since its founding. Serving as the working library for the schools of Art and Architecture, the History of Art Department, and the Yale University Art Gallery, and as adjunct library for the Yale Center for British Art, the Arts Library collection includes basic reference works, monographs, exhibition catalogues, histories of the various arts fields, bound periodicals, and more than 500 current periodicals and museum bulletins. At the same time, the Library has developed a new service model to provide off-campus high-efficiency shelving for significant portions of its holdings.

**Digital Media Center for the Arts (DMCA)**

The DMCA, now located at 149 York Street, is a multimedia facility created to explore new areas of education and cross-disciplinary interactivity that result when traditional art collides with the computer age. The Center has been conceived and designed over the past four years by Yale's leaders in Art, Architecture, Drama, History of Art, Film Studies, and Music and at the University Art Gallery, the Center for British Art, the Arts Library, and Information Technology Services, working closely with the Offices of the

President and Provost. The Center assists students, faculty, and staff in finding ways to utilize digital technology, especially emerging technologies, to make and study art, and cultivates critical inquiry into the implications of digital expression, new digital art forms, and modes of transmission and dissemination. As part of the Arts Area Plan, the DMCA will be relocated to a facility that best suits its needs. The York Street building will then be renovated to meet the Drama School's teaching and rehearsal requirements.

**The School of Drama**

The Yale School of Drama, celebrating its 75th anniversary in 2000-2001, is widely recognized for the contributions of its faculty and alumni to theater, film, television, and the entertainment industry. The 75-year milestone was marked in November 2000 at a gala event held simultaneously by satellite in New York and Los Angeles and broadcast to the University Theatre at Yale so that students could watch for free. Alumni Ed Norton, Oliver Stone, and Julie Harris, and Yale undergraduate Claire Danes were among those who co-chaired the celebration. The production featured such well-known Yale graduates as Angela Bassett, Dick Cavett, Chris Durang, Jodie Foster, John Guare, Jane Kaczmarek,



Stacy Keach, Meryl Streep, Sam Waterston, Sigourney Weaver, and Henry Winkler. Among other distinguished former students are Frances McDormand, Paul Newman, and Wendy Wasserstein.

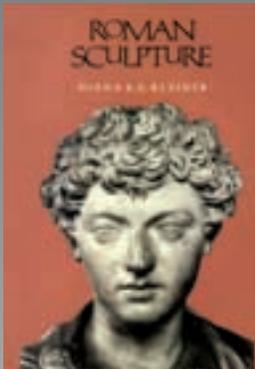
The School affords an opportunity for theater professionals and students to work together in a conservatory setting. The life of the School includes classroom training and a variety of production experiences, ranging from readings to performances at the Yale Repertory Theatre. Each department of the School develops its own course of study emphasizing personal attention to the individual student. The Master of Fine Arts degree is offered in the departments of Acting, Directing, Design, Dramaturgy and Drama Criticism, Playwriting, Technical Design and Production, Sound Design/Engineering, Theater Management, and Stage Management. In addition, the Doctor of Fine Arts is offered in Dramaturgy and Drama Criticism. Each program is staffed with nationally respected scholars and professionals who provide training in the classroom as well as in the School's various studios, workshops, and theaters. Each year, students participate in numerous informal projects and in more than fifty productions supervised by faculty members. The Repertory Theatre, one of the most

respected regional theater companies in the country, occupies a site at the corner of Chapel and York streets. The "Yale Rep" is closely integrated into the life of the School, providing students the opportunity to observe as well as to participate in all aspects of dramatic production while working closely with professionals. The School conducts its own season of fully staged productions at the University Theatre, a York Street facility that the School shares with the undergraduate drama society, the Yale Dramat. School of Drama students also have performance and production opportunities during the busy season of the small-scale Yale Cabaret.

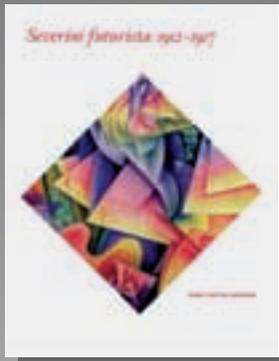
In addition to creating the New Theater in Green Hall, the Arts Area Plan calls for the renovation of the Yale Repertory Theatre as well as the University Theatre. The offices, classrooms, workshops, and rehearsal spaces of the School, now dispersed among various buildings along York Street, will be consolidated in a renovated facility at 149 York, once the DMCA has moved to its new site.

### Yale University Art Gallery

With its collection of some 80,000 objects, the gallery—the first of several museum buildings designed by Louis I. Kahn—is a world-famous resource serving Yale and New Haven. But it



By Diana E.E. Kleiner, Dunham Professor of Classics & History of Art



By Anne Coffin Hanson, Professor Emeritus of the History of Art

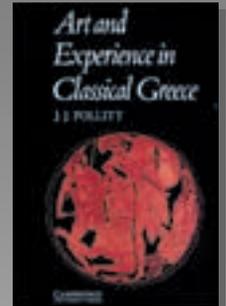
*A sampling of scholarly publications by past and present members of the History of Art Department*



By Robert Farris Thompson, Colonel John Trumbull Professor of the History of Art



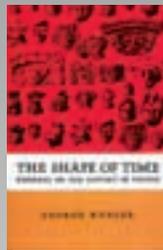
By Mary Ellen Miller, Vincent J. Scully Professor of the History of Art



By Jerome J. Pollitt, Professor Emeritus of the History of Art

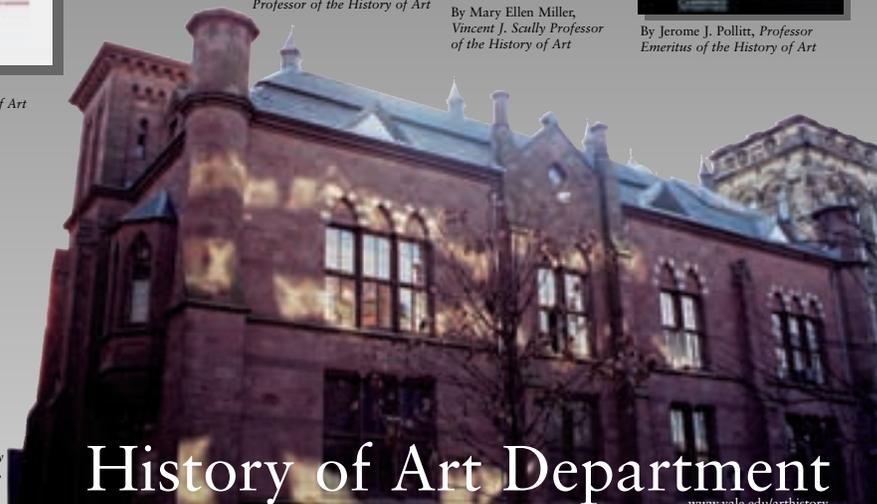


By Vincent J. Scully, Sterling Professor Emeritus of the History of Art



By George Kubler, Former Professor Emeritus of the History of Art

at right: Street Hall, home of the History of Art Department for many years, slated to become part of the Yale University Art Gallery.



# History of Art Department

[www.yale.edu/arhistory](http://www.yale.edu/arhistory)

faces a shortage of space to house and exhibit its collections, as well as serious structural problems. The gallery's permanent holdings are tended to by departments of Ancient, Pre-Columbian, African, Asian, American, European, and Contemporary Art, as well as a department of Prints, Drawings, and Photographs. Its American paintings and decorative arts form a collection considered one of the finest in the world.

As stipulated by the Arts Area Plan, the gallery will expand from its site at 1111 Chapel Street through the Old Art Gallery building on Chapel Street and into Street Hall on High Street. These three buildings will be completely renovated, with space reconfigured and systems upgraded to contemporary standards of museum design to provide state-of-the-art environmental controls and lighting. When completed, the gallery will feature a continuous sequence on the second and third floors that will enable patrons to circulate among the three buildings without retracing their steps; a new Yale Art Study Center; object-study classrooms; a teaching gallery curated by Yale faculty; and an expanded lobby with extra space for special events and egress to the rear sculpture garden, which will be restored and given a new access path from York Street.

The University also plans to build a new facility near the gallery to provide ready-access and limited-access storage areas, including space for future growth of the collections; a Decorative Arts Collections study; additional object-study classrooms; curatorial work areas; and installation support areas. Along with the renovations described, the new facility will enable the Yale University Art Gallery to reaffirm its mission as a teaching museum in which the first-hand study of objects plays a primary role.

### **The Yale Center for British Art**

Integral to the refurbishment of the arts at Yale, although not under the auspices of the Arts Area Plan, are the renovations completed last year at the Yale Center for British Art, an extraordinary gift of the late Paul Mellon '29 to the University, supported by the Paul Mellon Fund. Its holdings of paintings, sculpture, prints, drawings, and rare books, which illustrate British life and culture from the sixteenth century to the present, are housed in an award-winning building designed by Louis I. Kahn.

Public events at the Center for British Art include exhibitions, lectures and symposia, talks and tours, concerts, teacher programs, films, and parent and family programs. In addition to its approximately 100 sculptural works, the permanent collection contains some 1,500 paintings with particular strength in the period from William Hogarth in the eighteenth century to J. M. W. Turner in the nineteenth century. The prints and drawings collection consists of more than 20,000 drawings and watercolors and over 30,000 prints. The reference collection comprises about 20,000 books, over 45 periodicals, and a growing collection of sales catalogues and dissertations on British art. A rare book collection of approximately 20,000 volumes is also housed at the Center.

### **Conclusion**

It has been the goal of the University to develop an area plan for the arts that is ambitious and attainable, and that will foster and perpetuate Yale's distinction in the arts. Together with the equally ambitious plan to enhance Yale's facilities for music, the Arts Area Plan addresses the central issues, both programmatic and structural, of Yale's multiple arts units and provides them with a new foundation on which to build and interact in the new millennium.

# Financial Results Overview

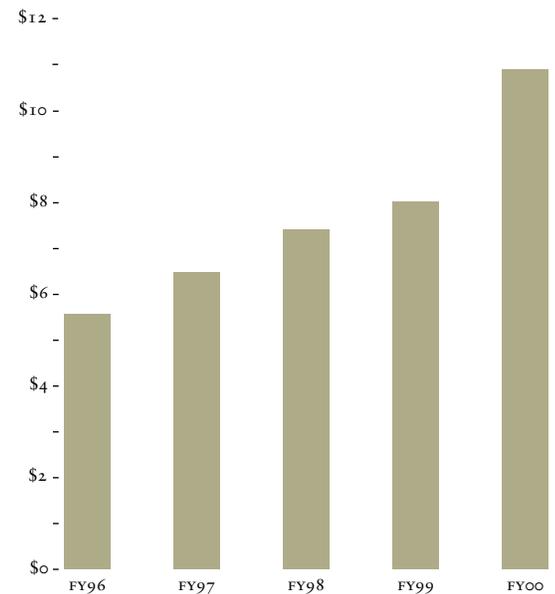
During fiscal 2000, the University's financial strength was significantly enhanced through astute investment policies, responsible spending, and the enormous generosity of its donors. Total assets grew to \$12.4 billion, in large part due to an astonishing 41.0% rate of return on endowment investments. Significant expenditures for facilities also contributed to the increase in total assets, as the University spent \$191.3 million on disbursements for building projects as part of its long-term plan to restore and renew the campus. Liabilities grew to \$1.4 billion, as the University issued \$50 million in new commercial paper to finance these ongoing investments in facilities. Total contributions for the year amounted to \$321.6 million, the largest amount ever received by the University in a single year. Net assets increased by a remarkable \$2.9 billion, reaching over \$10.9 billion at June 30, 2000.

For the third year in a row, the University achieved a balanced operating budget in fiscal 2000, as presented in the Supplemental Statement of Operations. Total operating revenue increased by 9.9%, driven by large increases in the amount of contributions to be used for current operations and the allocation of endowment spending to operations. Steady growth in student income, grant and contract income, and medical services income also

contributed to the growth in revenue during the year. Total operating expenses increased by 13.6%. This growth in expenses is largely a reflection of vigorous activity in programs throughout the University, combined with higher debt service costs related to our facility and systems programs, higher utility costs, and expanding student aid expenses.

## Net Assets

Five-year trend analysis (\$ in billions)



A scene from the Yale Repertory Theatre's 1999 production of Molière's *The Imaginary Invalid*.



# Operating Revenue

As shown in the chart below, the University derives its operating revenues primarily from five main sources: student income, grants and contracts, medical services, contributions, and investments. Additional revenues are received from a variety of programs. Operating revenues from all sources totaled \$1.26 billion in 2000.

## Student Income

Student income, which includes revenue from tuition, fees, and room and board, increased 6.4% during 2000, and amounted to \$195.4 million, or 15.5% of operating revenues. Of the total amount, tuition and fees accounted for \$237.2 million, a 4.5% increase over 1999. Revenue from room and board increased 6.3% to \$39.0 million during 2000. In accordance with generally accepted accounting principles, student income is presented net of certain scholarships and fellowships, which totaled \$80.8 million and \$79.9 million for 2000 and 1999, respectively.

During the 1999-00 academic year, 10,852 students were enrolled at the University; 5,340 were undergraduate students attending programs at Yale College, and 5,512 were pursuing their studies at the Graduate School of Arts and Sciences and ten professional schools. (Figures are based on full-time equivalents).

Students enrolled in Yale College paid \$24,500 for tuition and \$7,440 for room and board, bringing the total term bill to \$31,940 for the 1999-00 academic year.

As it has since 1964, the University maintained its policy of offering Yale College admission to qualified U.S. and Canadian citizens and permanent residents without regard to family financial circumstances. This 'need-blind' admission policy is supported with a commitment to meet in full the demonstrated financial need of all such students throughout their four undergraduate years.

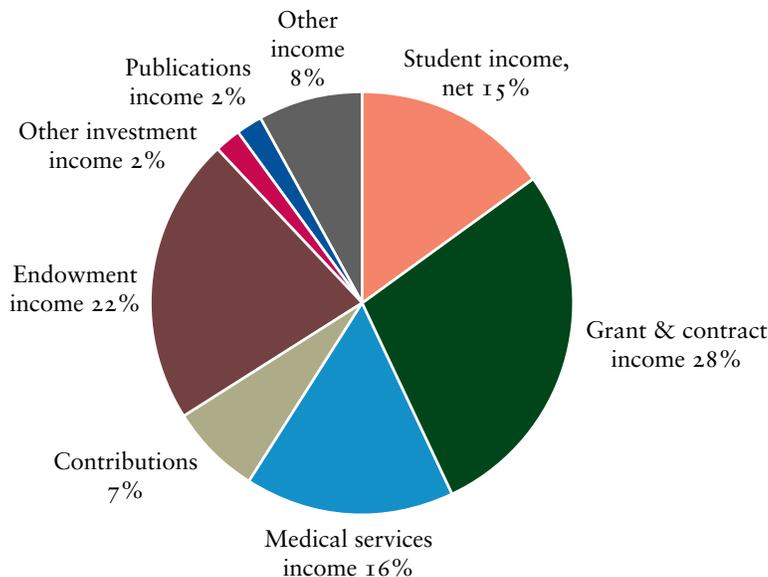
The University continued to improve the delivery of financial services to students. Throughout the 1999-00 academic year, Student Financial and Administrative Services implemented several organizational and processing improvements to complement financial aid program initiatives that had been introduced in 1998-99. Through the renovation of 246 Church Street, the University was able to accommodate student service units such as Financial Aid, the Registrar, Dining Services, Student Accounts, and the ID Center in one location. In addition, this provided an opportunity to create a Student Financial Services Center where students can receive assistance with any financial issue from a trained professional in a single location. This is a service delivery environment that exists at only a few higher education institutions. It provides services from a student-centered perspective and takes advantage of efficiencies derived from and capabilities provided through the University's investment in technology to support student administrative functions.

## Grant and Contract Income

Grant and contract income, the University's largest source of operating revenues, experienced a strong 9.4% rate of growth, from \$323.7 million in 1999 to \$354.1 million in 2000. The Yale School of Medicine, which receives approximately 75% of the University's grant and contract revenues, reported an increase of 10.4% for 2000, while the remaining campus sectors had a growth rate of 6.0%.

Approximately \$275 million, or 77%, of 2000 grant and contract revenues was received from the federal government in support of Yale's research and training programs. The largest federal sponsor is the National Institutes of Health, providing revenues of \$213 million during 2000, an increase of 10.4% over the prior year. The University also receives significant research support from the National Science Foundation, the Department of Energy, and the Department of Defense, and

## Operating Revenue



student aid awards from the Department of Education. Non-federal sources, including foundations, voluntary health agencies, corporations, and the State of Connecticut, provided an additional \$79 million of grant and contract revenues in 2000 for research, training, and other purposes.

In addition to funding the direct costs of sponsored programs, grant and contract awards generally include reimbursement for a portion of the costs related to research laboratories and other facilities, and administrative and support costs incurred for research and other sponsored activities. These reimbursements for facility and administrative costs amounted to \$82.9 million during 2000, an increase of 9.1% over the prior year. Recovery of facility and administrative costs allocable to federally sponsored programs is recorded at rates negotiated with the University's cognizant agency, the Department of Health and Human Services. The current rate agreement remains in effect through June 30, 2001.

The primary regulations governing federal grants and contracts are encompassed in Office of Management and Budget *Circular A-21*,

*Cost Principles for Educational Institutions and Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*. The A-21 principles were modified several times during the 1990's to impose limits on the types and amounts of facility and administrative costs eligible for reimbursements and to mandate more stringent (and in some cases duplicative) Federal Cost Accounting Standards for both grants and contracts.

#### Medical Services Income

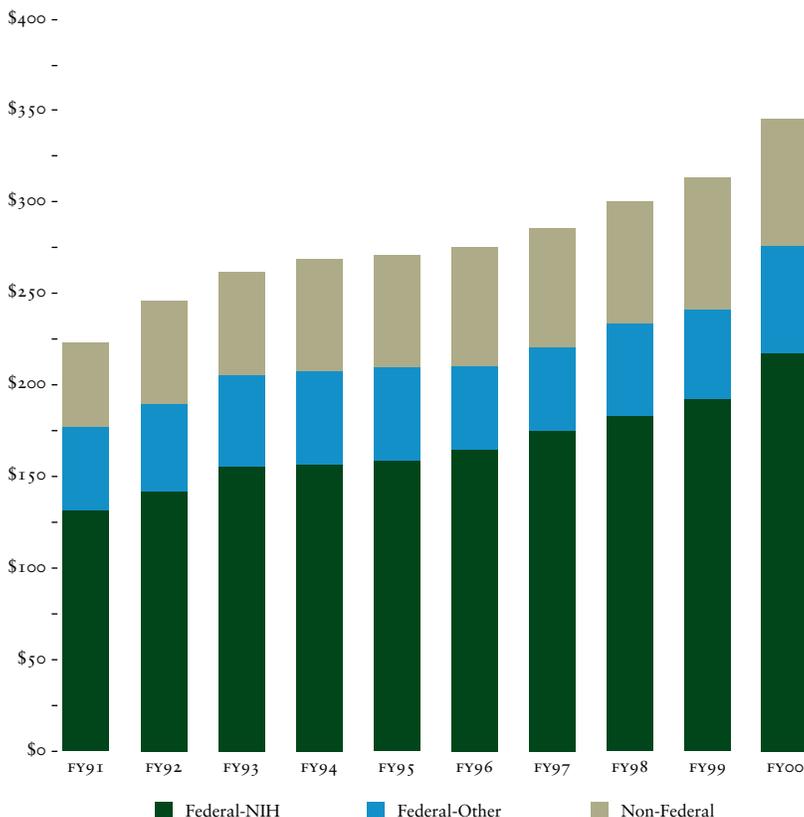
Medical services income totaled \$201 million in fiscal 2000 and continues to represent the University's third largest source of operating revenues. The largest portion of this income stream is derived from patient care services provided at the School of Medicine's Faculty Practice. Other components include income from diagnostic laboratory services and contracts with affiliated medical centers, including Yale-New Haven Hospital (YNHH).

For thirty-five years, the University and YNHH have operated under a general agreement that establishes a framework for the conduct of joint activities in patient care, teaching, and administration at the Medical Center. In June 1999, the University entered into an affiliation agreement with Yale-New Haven Health System ("the Health System")—an entity that serves as the parent of YNHH and a number of other nonprofit health-care enterprises. The principal purposes of this new affiliation agreement are to enhance the long-standing, successful relationship between the University and the Health System and to align the interests of these institutions to develop the Medical Center into a clinical powerhouse that is distinguished favorably from its peers. This development will occur through the joint efforts of the Health System, System Affiliates, and the Yale School of Medicine as these entities work together to support and contribute to: (i) the delivery of exemplary, cost-effective clinical care; (ii) the provision of exceptional medical education and training; and (iii) the development of new medical knowledge through innovative research initiatives. The agreement includes a new clinical development fund that is financed jointly by the Yale School of Medicine and the Health System to support the development and implementation of new clinical programs at the Medical Center.

Year 2000 also witnessed another major

## Grant and Contract Income

Ten-year trend analysis (\$ in millions)



## *Operating Revenue*

change for the Yale School of Medicine that stems from the new affiliation agreement. On June 22, 2000, the University transferred its operational responsibility for the Yale Psychiatric Institute to YNHH. This transfer was precipitated by a number of factors, including a desire to eliminate duplicate overhead costs through the consolidation of psychiatric services at the Medical Center. Moreover, YNHH has greater access to patients through its hospital-based services and can participate in federal programs such as Medicare and Medicaid more fully than a free-standing psychiatric hospital.

### *Other Investment Income*

Each year, a portion of accumulated endowment investment returns is allocated to operating and physical capital net assets to support operational activity. The level of spending is computed in accordance with the endowment spending policy. Because of the design of the spending policy formula, which has the effect of smoothing year-to-year market swings, endowment investment returns allocated to operating income increased by 11.0% to \$280.8 million. Other investment income of \$19.7 million represents interest, dividends, and gains on investments held outside of the endowment. The performance of the endowment investment portfolio and the endowment spending policy are discussed in detail in the endowment section of this report.

### *Contributions*

Contributions for operating programs rose significantly in 2000, to \$82.8 million from \$57.5 million last year. Contributions from private (non-governmental) sources continue to grow and provide significant resources for current operations and, in the form of gifts to endowment, for funds that help secure the University's future financial wellbeing. Historically, Yale's success in fund raising has rested on the support of very generous alumni; that continued during fiscal year 2000 as giving by alumni increased significantly.

### *Publications and Other Income*

Publications income is earned primarily through Yale University Press, a separately endowed department of the University. The Press published approximately 300 titles in fiscal year 2000 and has 3,000 titles in print, many of them winners of prizes including four Pulitzer Prizes. Its authors are academic and professional people from all over the world; approximately 17% are from Yale.

Income from other operating sources totaled \$105.9 million in 2000, and includes royalty income and revenue from a variety of other sources. Royalty income continues to be a significant source of revenue, derived from intellectual assets such as patentable inventions and copyrightable works and ideas developed by faculty in the course of fulfilling Yale's educational mission. Development of these intellectual assets usually requires partners outside the University who have the requisite resources. The University received \$33.4 million related to these types of licensing agreements in 2000, up from \$30.7 million in 1999.

# Operating Expenses

Operating expenses totaled \$1.3 billion, representing a 13.6% increase in expenses for the year. The largest component of expenses, compensation and related expense, rose 9.4%. This category of expense represents 58.4% of total University operating costs. Other costs incurred in support of University operations made up the rest of the \$153.6 million

increase in expenses during 2000. Increases in the level of support received from gifts and the endowment have allowed the University to expand and enhance programs in instruction and support areas across the University.

## Faculty and Staff Compensation

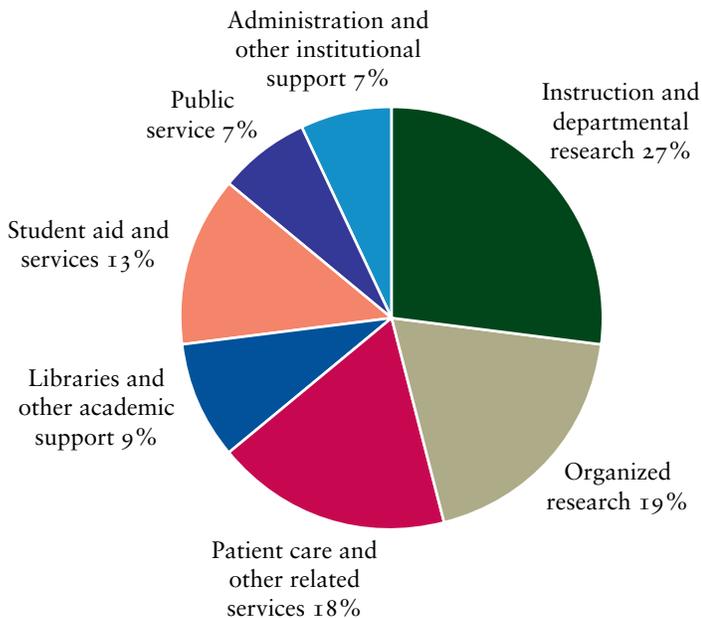
The University employs approximately 3,300 faculty, 3,400 managerial and professional staff, and 4,100 unionized clerical and technical and service and maintenance personnel. The increase in total salaries and wages was anticipated due to normal increases for faculty and staff, as well as an increase in the number of employees necessary to support an increase in instruction and research and patient care programs, and to support new technology initiatives. Faculty salaries constitute 44.2% of total salary expense, and Yale strives to maintain competitive salary levels to enable successful recruitment and retention of the most qualified candidates from among academic institutions and private sector organizations. The University has also made it a priority to ensure that salary and benefit programs for staff are equitable and competitive with the marketplace. The cost of providing employee benefits, including various pension, postretirement health, and insurance plans in addition to social security and other statutory benefits, amounted to \$148.1 million, an increase of 9.5% over 1999.

## Other Expenses

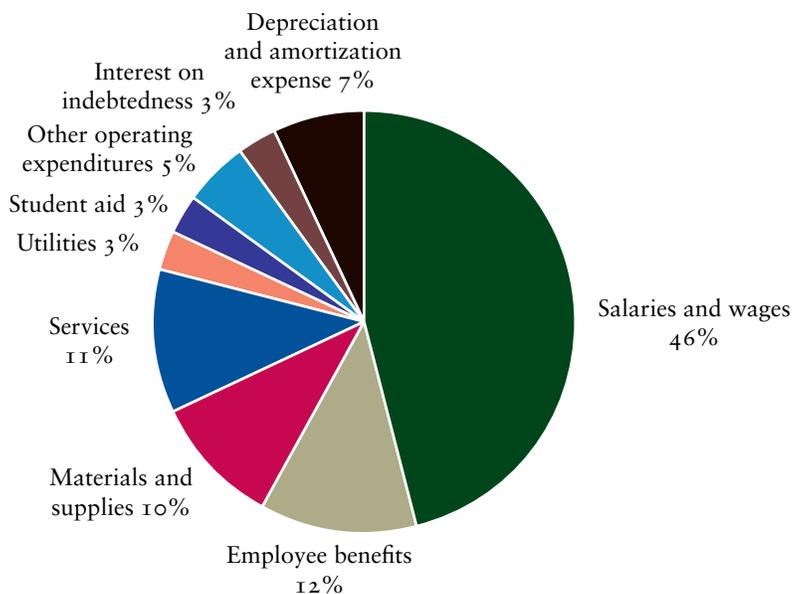
Expenses other than compensation reported by natural classification on the Supplemental Statement of Operations include materials and supplies, services, utilities, student aid, interest on indebtedness, depreciation and amortization expense, and other operating expenses. The University is experiencing significant increases in interest and depreciation expenses as expected due to increased borrowings for construction projects and the financial systems project. Other operating costs related to material, services, and other costs are increasing consistent with increased research and patient care activity and information technology initiatives.

In accordance with generally accepted accounting principles, Yale reports its operating expenses by functional classification on the Statement of Activities. This presentation groups and categorizes salaries and wages, employee benefit costs, purchases of goods and services, and all other operating expenses

## Operating Expenses by Functional Classification



## Operating Expenses by Natural Classification



## *Operating Expenses*

The School of Architecture Gallery illustrates important topics in architecture and its related fields in the newly renovated exhibition space on the second floor of the Rudolph building. Major exhibitions that were recently produced by the School of Architecture's Exhibitions Program, Dean S. Sakamoto, Director, included

**Re-Connections:**

The Work of the Eames Office;

**Representing Modernism:**

Ezra Stoller's Photographs of the Yale Art & Architecture Building;

**The Work Daniel Libeskind:**

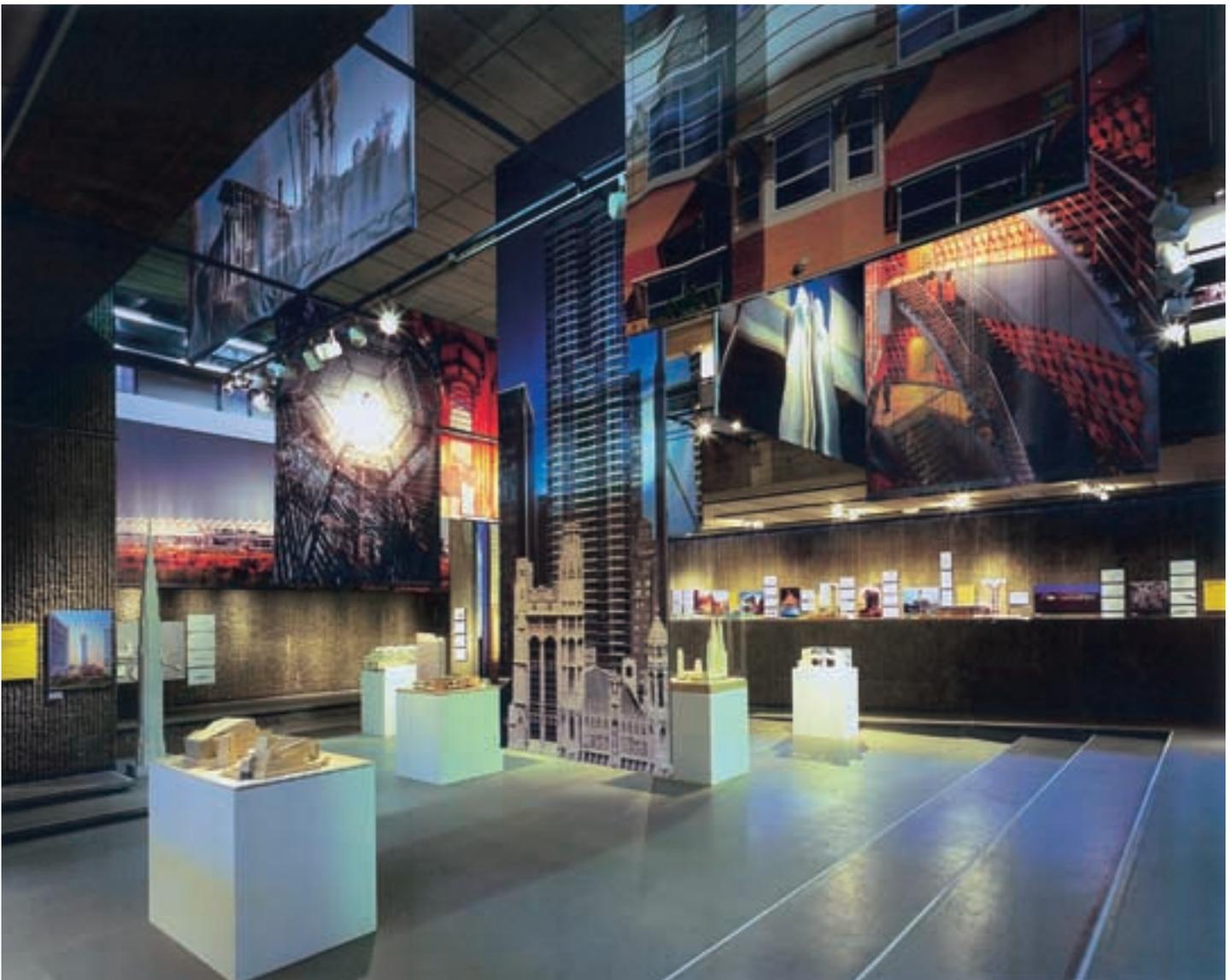
Two Museums and a Garden; and

**Cesar Pelli:**

Building Designs 1965-2000 (pictured below).

within the major operational functions, or lines of business, of the University.

Costs associated with the operation and maintenance of Yale's physical plant have been allocated to these functional expense categories. These allocated expenses totaled \$125.8 million and \$123.7 million in 2000 and 1999, respectively, having undergone a growth rate of less than 2%. Depreciation expense (\$81.3 million) and interest on indebtedness (\$44.1 million) are allocated to the functional expense categories in a similar fashion, and have increased significantly over prior years as discussed previously.



# Physical Capital

The University continued the momentum of its capital refurbishment program throughout fiscal year 2000. Yale expended over \$191 million on capital projects, including building renovation, new construction, and acquisition of property. The year also saw the completion of a campus planning framework, intended not as a specific program for development, but as a set of organizing principles to inform future decisions about individual buildings and the structure of the campus as a whole. The University was at work in many campus areas (see pie chart), particularly in the residential colleges and the Medical School.

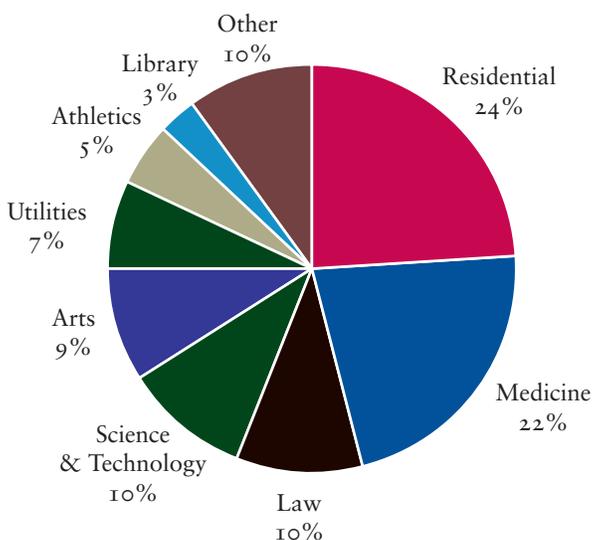
During the year, the comprehensive renovation of Berkeley College was completed, the renovation of Branford College neared completion, the renovation of Saybrook College was initiated, and planning for the renovation of Timothy Dwight got under way. Discussion is beginning about the sequencing of renovations among the colleges that remain. As with the first wave of renovations, this will depend on both the physical condition of each college and the success of fund-raising efforts. The residential “Swing Dorm” building, completed several years ago, continues to serve as housing for students whose college is under renovation.

At the Yale School of Medicine, work continues on the new clinical research building, which is the most substantial project ever undertaken by the University. The building will contain approximately 450,000 square feet of space that will house key research laboratory and state-of-the-art educational facilities. The new building is part of a longer-term University commitment to expand and improve the School of Medicine facilities, increasing its laboratory space by 25% and expanding its capacity for biomedical research, one of Yale’s greatest academic strengths. A substantial portion of the new building will be funded by contributions, including a generous \$30 million bequest from a donor. The School of Medicine is also nearing completion of its renovation of Harkness Dormitory, its principal residential facility.

On Science Hill, a major reconstruction program has begun with the construction of a new Environmental Sciences Facility. This building will rehouse the Peabody Museum’s collections in state-of-the-art facilities, and surround them with classrooms, laboratories, and offices for faculty drawn from a wide range of disciplines with a common interest in the environment and the history of life on earth. When this work is completed, together with the new building planned for the School of Forestry and Environmental Studies, the southern area of Science Hill will become an “environmental campus.” Work in another area of Science Hill is proceeding to create a “molecular campus,” with plans for a new Chemistry building well along and an initial planning study for the new Biology building. This area will house the departments of Chemistry, Molecular Biophysics and Biochemistry, and Molecular, Cellular, and Developmental Biology, along with common areas for labs, lecture halls, dining, and informal meeting space. Renovations to existing buildings include reconfiguration of portions of the Sloane Physics building; the renovation of the Prospect Street wing of Osborn Memorial Laboratory, which is nearing completion; and the initiation of building system improvements to Kline Biology Tower.

The University continues to rely heavily on the generosity of its alumni and friends in pursuing its aggressive facilities program. Total contributions received for physical capital during the year were more than three times the amount received in the prior year: \$76.6 million in fiscal year 2000 compared

Capital Spending by Campus Area



to \$21.7 million in fiscal year 1999. As mentioned, gift targets were established for the residential colleges, and the University has been successful in raising \$20 million or more for each of Berkeley, Branford, and Saybrook. Significant portions of the cost of the Environmental Sciences building, the Divinity School's adaptive reuse construction, and the Art School building are funded through gifts. Gifts are essential to the University's facility improvement plans. Without them, improvements must necessarily slip further into the future, increasing cost and delaying needed repairs.

Yale also believes that true financial equilibrium must annually recognize the cost of consuming or using its buildings during the year. Consequently it has established a program of allocating from the operating budget an increasing amount for this purpose. In fiscal year 2000, the amount so allocated was \$23.9 million.

Yale's third major source of cash for its building program is debt. As of year end, the total facility debt outstanding was \$1.0 billion. Of this, approximately \$723 million was in tax-exempt bonds, with the remainder in taxable debt, primarily remaining from the

period between 1986 and 1997 when the University did not have access to the tax-exempt market. The proportion of variable-rate debt to total debt is slightly over 60%, after taking into consideration the \$170 million in swaps the University has issued to achieve a synthetic fixed rate. Although the University relies on the liquidity of its own portfolio to fund any return of variable-rate bonds, it has entered into various revolving credit agreements totaling \$500 million to serve as a backup liquidity facility. With the exception of its commercial paper program, which can be retired at will, and certain small borrowings, all of the University's debt is in the form of bullet maturities due between 2027 and 2096; that is, the debt matures in a single or a few years at the end of its life. The University annually expenses depreciation/amortization, a non-cash expense that effectively builds a reserve for future repayment.

The University continues to enjoy the highest bond ratings available: AAA from Standard and Poor's and Aaa from Moody's. Only a few other institutions have this rating.

The Library Court in the Yale Center for British Art. The paintings of George Stubbs are displayed on the lowest section of the three walls.



# Endowment

The role of the endowment is to support both current and future academic programs of the University. To balance these current and future needs, Yale has adopted investment and spending policies designed to preserve endowment asset values while providing a substantial flow of income to the operating budget. At

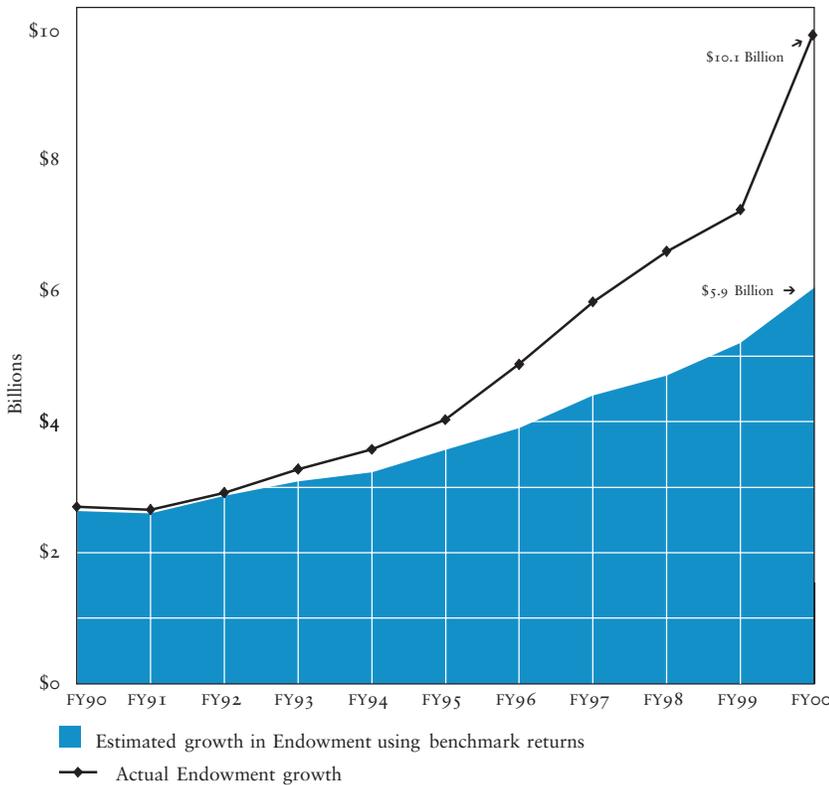
June 30, 2000, the endowment reached a record high market value of more than \$10 billion, after providing \$281 million to the operating budget for the year.

## Investment Performance

For the year ended June 30, 2000, the endowment achieved a 41% investment return, generating investment income and gains of more than \$3 billion. During the past decade, the endowment earned an annualized 17.5% return, net of fees, outperforming the mean returns of its peer group and exceeding median results of institutional fund managers. Yale's disciplined and diversified asset allocation policies, combined with strong active management, added substantial value to the endowment.

Over the ten years ended June 30, 2000, Yale's superior investment returns added \$4.2 billion relative to the University's composite benchmark, and an estimated \$2.8 billion relative to the mean return of a broad universe of colleges and universities.

Yale Endowment vs. Composite Benchmark  
1990 - 2000

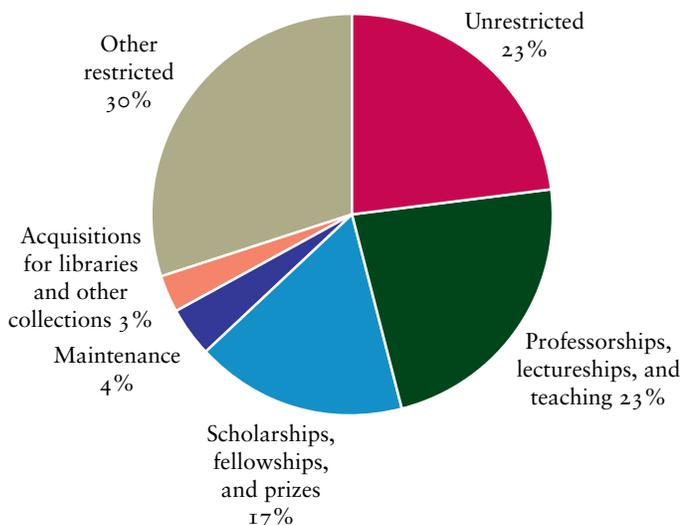


## Endowment Spending

The endowment spending policy, the means by which endowment earnings are allocated to operations, balances the competing objectives of providing a stable flow of income to the operating budget and protecting the real value of the endowment over time. The spending policy attempts to achieve these two objectives by using a long-term spending rate target combined with a smoothing rule, which adjusts spending gradually to changes in endowment market value. The target spending rate approved by the Yale Corporation is currently 5.0%. The smoothing rule, along with the diversified nature of the endowment, is designed to mitigate the impact of short-term market volatility.

Through the spending policy, the endowment provided \$280.8 million to operating revenue in 2000, representing 22.2% of the University's operating revenues for the year. Ten years ago, endowment distributions contributed approximately \$85 million, or 11.8% of the operating budget. Over the past decade, endowment distributions have grown at an annualized rate of 12.7%.

## Endowment Restrictions and Designations



## Asset Allocation

Asset allocation is the key to successful endowment performance. Yale's asset allocation policy combines tested theory and

## Endowment

informed market judgment to balance investment risks with the need for high returns.

The need to provide resources for current operations as well as preserve the purchasing power of assets dictates investing for high returns, causing the endowment to be biased toward equity. In addition, the endowment's vulnerability to inflation directs the University away from fixed income and toward equity instruments. Hence, nearly 85% of the endowment is invested in some form of equity, through domestic and international securities, real assets, private equity, and absolute return vehicles.

Over the past decade, Yale has significantly reduced the endowment's exposure to traditional domestic marketable securities, reallocating assets to nontraditional asset classes. In 1990, more than 70% of the endowment was committed to U.S. stocks, bonds, and cash. Today, this percentage is approximately 30%. Foreign equity, private equity, absolute return strategies, and real assets now represent close to 70% of the endowment.

The heavy allocation to nontraditional asset classes stems from the diversifying power they provide relative to the portfolio as a whole. Alternative assets, by their very nature,

tend to be less efficiently priced than traditional marketable securities, providing an opportunity to exploit market inefficiencies through active management. Today's actual and target portfolios have significantly higher expected returns and lower volatility than 1990's portfolio.

In June 1999, the Investment Committee approved a change to the endowment's asset allocation policy, establishing a 17.5% allocation to real assets. This new asset class includes real estate as well as natural resource investments previously classified as private equity.

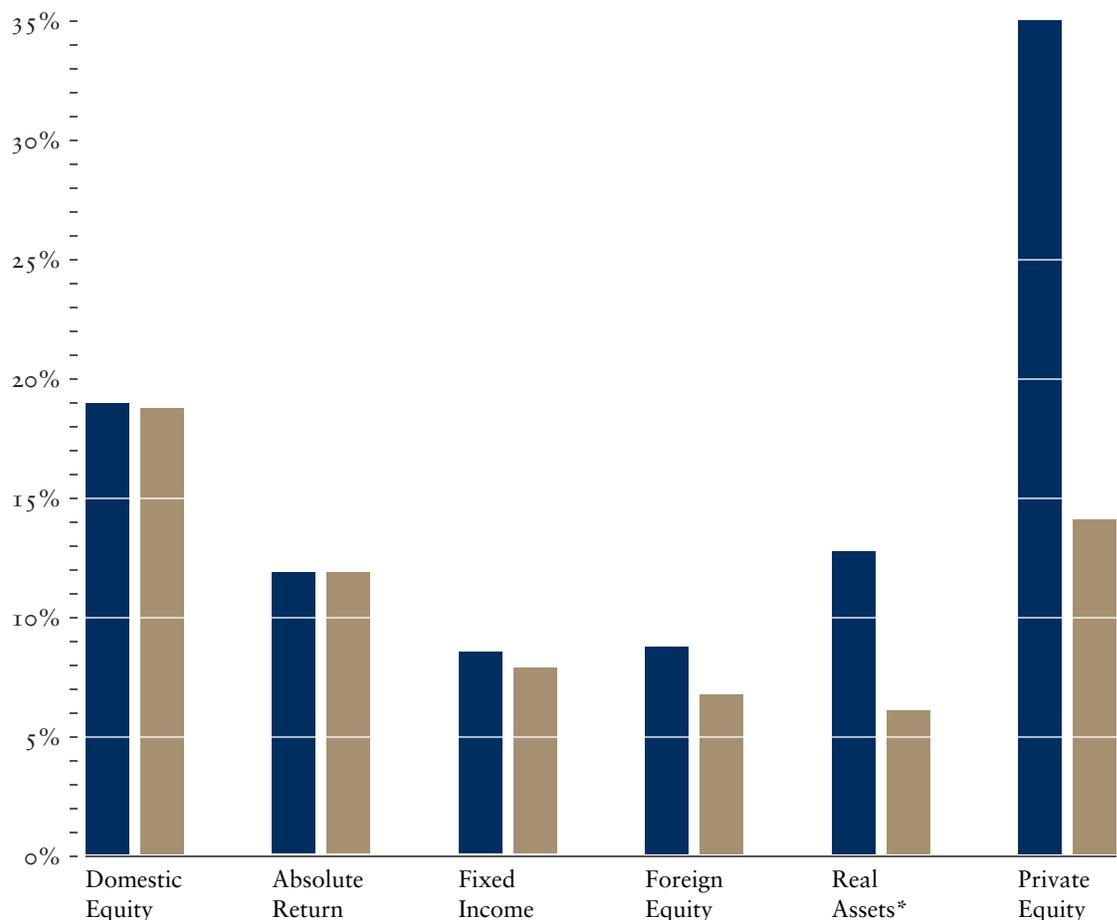
Asset Class	June 2000	Current Target
Domestic Equity	14.2%	15.0%
Fixed Income	9.4%	10.0%
Absolute Return	19.5%	22.5%
Foreign Equity	9.0%	10.0%
Private Equity	25.0%	25.0%
Real Assets	14.9%	17.5%
Cash	8.0%	00.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

## Yale Endowment

Asset Classes versus benchmarks: Annualized returns net of fees for ten years ended June 30, 2000

### Benchmarks

- Domestic Equity  
Wilshire 5000
- Absolute Return  
University Inflation plus 8%
- Fixed Income  
Lehman Brothers  
Government Bond Index
- Foreign Equity  
Composite Benchmark
- Real Assets  
University Inflation plus 6%
- Private Equity  
University Inflation plus 10%



\* Real assets included only real estate before June 30, 1999.

■ Yale Asset Class    ■ Benchmark

REPORT OF INDEPENDENT ACCOUNTANTS

To the President and Fellows of  
Yale University:

In our opinion, the accompanying statement of financial position and the related statements of activities and cash flows present fairly, in all material respects, the financial position of Yale University (the "University") as of June 30, 2000, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. The supplemental statement of operations is presented for purposes of additional analysis and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. These financial statements are the responsibility of the University's management; our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the University's 1999 financial statements and, in our report dated September 29, 1999, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America which, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

October 6, 2000

# Yale University Statements of Financial Position

June 30, 2000 and 1999 (\$ in thousands)

	2000	1999
<b>Assets:</b>		
Cash and cash equivalents	\$ 107,033	\$ 150,490
Accounts receivable, net	112,241	97,838
Contributions receivable, net	110,118	78,795
Student notes receivable, net	83,794	87,423
Investments, at market value	10,491,441	7,624,742
Other assets	112,909	110,731
Land, buildings and equipment, net of accumulated depreciation	1,352,502	1,197,422
<b>Total assets</b>	<b>\$12,370,038</b>	<b>\$9,347,441</b>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 141,719	\$ 129,540
Advances under grants and contracts and other deposits	53,573	46,498
Accrued employee benefit liabilities	35,243	31,769
Liabilities under split-interest agreements	80,277	62,622
Bonds and notes payable	1,073,944	1,035,460
Advances from Federal government for student loans	31,462	30,772
<b>Total liabilities</b>	<b>1,416,218</b>	<b>1,336,661</b>
<b>Net assets:</b>		
Unrestricted	5,976,480	4,611,384
Temporarily restricted	3,786,119	2,369,658
Permanently restricted	1,191,221	1,029,738
<b>Total net assets</b>	<b>10,953,820</b>	<b>8,010,780</b>
<b>Total liabilities and net assets</b>	<b>\$12,370,038</b>	<b>\$9,347,411</b>

## Detail of net assets:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2000	1999
Endowment and student loan	\$3,422,065	\$3,385,304	\$1,191,221	\$ 7,998,590	\$5,611,880
Funds functioning as endowment	1,993,352	79,721	-	2,073,073	1,589,398
Physical capital investment	428,742	199,096	-	627,838	541,337
Operating:					
Accumulated general budget deficit	(70,933)	-	-	(70,933)	(70,933)
Designated and restricted for specific purposes	203,254	121,998	-	325,252	339,098
	<b>\$5,976,480</b>	<b>\$3,786,119</b>	<b>\$1,191,221</b>	<b>\$10,953,820</b>	<b>\$8,010,780</b>

The accompanying notes are an integral part of the financial statements.

# Yale University Statement of Activities

for the year ended June 30, 2000 with summarized information for the year ended June 30, 1999  
(\$ in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2000	1999
<b>Operating</b>					
<i>Revenues and reclassifications:</i>					
Student income, net	\$ 195,440	\$ -	\$ -	\$ 195,440	\$ 183,743
Grant and contract income, primarily for research and training	354,125	-	-	354,125	323,654
Medical services income	200,979	-	-	200,979	181,822
Contributions	14,751	68,058	-	82,809	57,474
Allocation of endowment spending from financial capital	96,285	184,532	-	280,817	252,951
Other investment income	19,657	-	-	19,657	20,549
Publications income	23,905	-	-	23,905	22,437
Other income	105,928	-	-	105,928	106,898
<b>Total revenues and gains</b>	<b>1,011,070</b>	<b>252,590</b>	<b>-</b>	<b>1,263,660</b>	<b>1,149,528</b>
Net assets released from restrictions	244,096	(244,096)	-	-	-
<b>Total revenues and reclassifications</b>	<b>1,255,166</b>	<b>8,494</b>	<b>-</b>	<b>1,263,660</b>	<b>1,149,528</b>
<i>Expenses:</i>					
Instruction and departmental research	349,371	-	-	349,371	316,910
Organized research	238,763	-	-	238,763	216,753
Patient care and other related services	225,974	-	-	225,974	204,327
Libraries and other academic support	117,295	-	-	117,295	95,045
Student aid and services	170,370	-	-	170,370	139,329
Public service	87,085	-	-	87,085	79,737
Administration and other institutional support	94,675	-	-	94,675	77,800
<b>Total expenses</b>	<b>1,283,533</b>	<b>-</b>	<b>-</b>	<b>1,283,533</b>	<b>1,129,901</b>
<b>Increase (decrease) in net assets from operating activities</b>	<b>(28,367)</b>	<b>8,494</b>	<b>-</b>	<b>(19,873)</b>	<b>19,627</b>
<b>Capital</b>					
<i>Physical capital:</i>					
Contributions	-	76,615	-	76,615	21,675
Allocation of endowment spending from financial capital	3,980	-	-	3,980	3,667
Other investment income	3,170	-	-	3,170	1,961
Other increases (decreases)	(2,130)	-	-	(2,130)	493
Net assets released from restrictions	33,792	(33,792)	-	-	-
<b>Increase in net assets from physical capital activities</b>	<b>38,812</b>	<b>42,823</b>	<b>-</b>	<b>81,635</b>	<b>27,796</b>
<i>Financial capital:</i>					
Contributions	1,291	7,296	153,550	162,137	59,465
Investment income	58,428	115,287	222	173,937	146,079
Gains on investments, net of investment management fees	961,191	1,882,691	4,264	2,848,146	638,089
Other increases (decreases)	(14,737)	(6,855)	3,447	(18,145)	(11,262)
Allocation of endowment spending to operating and physical capital	(100,265)	(184,532)	-	(284,797)	(256,618)
Net assets released from restrictions	448,743	(448,743)	-	-	-
<b>Increase in net assets from financial capital activities</b>	<b>1,354,651</b>	<b>1,365,144</b>	<b>161,483</b>	<b>2,881,278</b>	<b>575,753</b>
<b>Total increase in net assets</b>	<b>1,365,096</b>	<b>1,416,461</b>	<b>161,483</b>	<b>2,943,040</b>	<b>623,176</b>
Net assets, beginning of year	4,611,384	2,369,658	1,029,738	8,010,780	7,387,604
<b>Net assets, end of year</b>	<b>\$5,976,480</b>	<b>\$3,786,119</b>	<b>\$1,191,221</b>	<b>\$10,953,820</b>	<b>\$8,010,780</b>

The accompanying notes are an integral part of the financial statements.

# Yale University Supplemental Statement of Operations

for the year ended June 30, 2000 with summarized information for the year ended June 30, 1999  
(\$ in thousands)

	Unrestricted			Temporarily Restricted	2000	1999
	General Operating Budget	Designated for Specific Purposes	Totals			
<i>Revenues and reclassifications:</i>						
Student income, net	\$192,046	\$ 3,394	\$ 195,440	\$ -	\$ 195,440	\$ 183,743
Grant and contract income, primarily for research and training	83,228	270,897	354,125	-	354,125	323,654
Medical services income	-	200,979	200,979	-	200,979	181,822
Contributions	14,751	-	14,751	68,058	82,809	57,474
Allocation of endowment spending from financial capital	66,026	30,259	96,285	184,532	280,817	252,951
Other investment income	21,521	(1,864)	19,657	-	19,657	20,549
Publications income	-	23,905	23,905	-	23,905	22,437
Other income and transfers	93,421	12,507	105,928	-	105,928	106,898
<b>Total revenues and gains</b>	<b>470,993</b>	<b>540,077</b>	<b>1,011,070</b>	<b>252,590</b>	<b>1,263,660</b>	<b>1,149,528</b>
Net assets released from restrictions and designations	99,613	144,483	244,096	(244,096)	-	-
<b>Total revenues and reclassifications</b>	<b>570,606</b>	<b>684,560</b>	<b>1,255,166</b>	<b>8,494</b>	<b>1,263,660</b>	<b>1,149,528</b>
<i>Operating expenses and other decreases:</i>						
Salaries and wages	274,607	327,389	601,996	-	601,996	550,642
Employee benefits	60,976	87,122	148,098	-	148,098	135,210
Materials and supplies	54,553	68,294	122,847	-	122,847	105,247
Services	56,866	78,932	135,798	-	135,798	120,815
Utilities	32,046	337	32,383	-	32,383	25,875
Student aid	9,674	28,106	37,780	-	37,780	32,528
Other operating expenditures	2,415	67,784	70,199	-	70,199	53,851
Interest on indebtedness	43,902	243	44,145	-	44,145	30,664
Depreciation and amortization expense	35,567	54,720	90,287	-	90,287	75,069
<b>Total operating expenses</b>	<b>570,606</b>	<b>712,927</b>	<b>1,283,533</b>	<b>-</b>	<b>1,283,533</b>	<b>1,129,901</b>
<b>Increase (decrease) in net assets from operating activities</b>	<b>\$ -</b>	<b>\$ (28,367)</b>	<b>\$ (28,367)</b>	<b>\$ 8,494</b>	<b>\$ (19,873)</b>	<b>\$ 19,627</b>

The accompanying notes are an integral part of the financial statements.

# Yale University Statements of Cash Flows

for the years ended June 30, 2000 and 1999 (\$ in thousands)

	2000	1999
<b>Operating activities:</b>		
Change in net assets	\$2,943,040	\$ 623,176
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	90,287	75,069
Net realized and unrealized gains on investments	(2,848,146)	(638,089)
Contributions restricted for physical and financial capital	(204,518)	(88,613)
Other adjustments	12,161	6,047
Changes in assets and liabilities that provide (use) cash:		
(Increase) decrease in accounts receivable	(14,403)	3,068
(Increase) decrease in contributions receivable	(31,323)	14,836
(Increase) decrease in other operating assets	(3,718)	(820)
Increase (decrease) in accounts payable, accrued liabilities and deposits and advances	22,728	(4,134)
<b>Net cash used in operating activities</b>	<b>(33,892)</b>	<b>(9,460)</b>
<b>Investing activities:</b>		
Student loans repaid	7,211	7,163
Proceeds from sale of student loans	16,920	13,436
Student loans granted	(22,243)	(24,382)
Purchases related to capitalized software costs and other assets	(7,452)	(41,281)
Proceeds from sale of investments	5,701,427	2,533,138
Purchases of investments	(5,719,980)	(2,488,562)
Purchases of land, buildings and equipment, net	(239,458)	(202,425)
<b>Net cash used in investing activities</b>	<b>(263,575)</b>	<b>(202,913)</b>
<b>Financing activities:</b>		
Contributions restricted for physical and financial capital	204,518	88,613
Contributions received for split-interest agreements	15,999	7,497
Payments made under split-interest agreements	(6,954)	(6,884)
Proceeds from long-term debt	50,000	265,000
Repayments of long-term debt	(11,516)	(26,204)
Interest earned and advances from Federal government for student loans	1,963	2,092
<b>Net cash provided by financing activities</b>	<b>254,010</b>	<b>330,114</b>
Net increase (decrease) in cash and cash equivalents	(43,457)	117,741
Cash and cash equivalents at beginning of year	150,490	32,749
<b>Cash and cash equivalents at end of year</b>	<b>\$ 107,033</b>	<b>\$ 150,490</b>

The accompanying notes are an integral part of the financial statements.

# Yale University

## Notes to Financial Statements

### I. Significant Accounting Policies

#### a. General

Yale University (“the University”) is a private, not-for-profit institution of higher education located in New Haven, Connecticut. The University provides educational services primarily for students and trainees at the undergraduate, graduate and postdoctoral levels, and performs research, training and other services under grants, contracts and other similar agreements with agencies of the Federal government and other sponsoring organizations. The University’s academic organization includes Yale College, the Graduate School of Arts and Sciences, ten professional schools and a variety of research institutions and museums. The largest professional school is the Yale School of Medicine, which conducts various medical services in support of its teaching and research missions.

#### b. Basis of Presentation

The financial statements of Yale University include the accounts of all academic and administrative departments of the University, and certain affiliated organizations, including the Yale University Press, that are controlled by the University.

Financial statements of private, not-for-profit organizations measure aggregate net assets based on the absence or existence of donor-imposed restrictions. Three categories of net assets serve as the foundation of the accompanying financial statements. These classes are labeled unrestricted, temporarily restricted and permanently restricted net assets. Brief definitions of the three net asset classes are presented below:

*Unrestricted Net Assets* — Net assets derived from tuition and other institutional resources that are not subject to explicit donor-imposed restrictions. Unrestricted net assets also include a portion of the appreciation on endowment investments as described in subsequent paragraphs of this note.

*Temporarily Restricted Net Assets* — Net assets that are subject to explicit donor-imposed restrictions on the expenditure of contributions or income and gains on contributed assets. The temporary restrictions may expire due to the passage of time or the incurrence of expenditures that fulfill the donor-imposed restrictions. Temporarily restricted net assets are generally established in support of schools or departments of the University, often for specific purposes such as professorships, research, faculty support, scholarships and fellowships, library and art museums, building construction and other specific purposes.

*Permanently Restricted Net Assets* — Net assets that are subject to explicit donor-imposed stipulations that they be maintained permanently by the University. Generally, the donors of these assets permit the University to use the returns on the related investments over time for general or specific purposes.

The University’s measure of operations as presented in the Statement of Activities includes income from tuition and fees, grants and contracts, medical services, contributions for operating programs, the allocation of endowment spending and other revenues. Operating expenses are reported on the Statement of Activities by functional categories, after allocating costs for operation and maintenance of plant, interest on indebtedness and depreciation expense. Certain of these functional categories represent expenses incurred in support of the University’s primary lines of business (as described in Note 1a) that have not been allocated on the Statement of Activities.

The University presents non-operating activity within the physical and financial capital sections of the Statement of Activities. The physical capital section includes contributions and other activities related to land, buildings and equipment that are not included in the University’s measure of operations. Similarly, the financial capital section includes contributions, investment returns and other activities related to endowment and student loan net assets utilized for long-term investment purposes. Financial capital also encompasses expendable contributions and the related accumulated appreciation that have been designated to function as endowment (i.e., funds functioning as endowment) by the Yale Corporation.

Administration of the University’s endowment is subject to the general provisions of the Uniform Management of Institutional Funds Act (UMIFA or “the Act”). Under the provisions of this State law, a governing board may appropriate for expenditure, for the uses and purposes for which an endowment fund is established, so much of the net appreciation as is deemed prudent based on standards established by the Act. While a governing board must exercise ordinary business care in the appropriation of such appreciation, the general provisions of UMIFA do not mandate that institutions retain endowment gains permanently. Generally accepted accounting principles require institutions that are subject to general UMIFA provisions to report gains on endowment assets as increases in unrestricted net assets or temporarily restricted net assets based on the absence or existence of donor-imposed restrictions.

The Supplemental Statement of Operations, which is not required by generally accepted accounting principles, provides additional detail of the University's operating results by segregating activities that are an integral part of the University's general operating budget from other activities that are internally designated for specific purposes or uses. Expenses are reported by natural classification on the Supplemental Statement of Operations for informational purposes.

*c. Cash and Cash Equivalents*

Cash and cash equivalents are recorded at fair value and include institutional money market funds and similar temporary investments with maturities of three months or less. Cash and cash equivalents representing investments purchased with endowment net assets are reported as investments.

*d. Investments*

The University's investments are recorded in the financial statements at fair value. The value of publicly traded fixed income and equity securities is based upon quoted market prices and exchange rates, if applicable. The fair value of significant direct real estate investments is determined from periodic valuations prepared by independent appraisers.

Fair values for certain private equity and real estate investments held through limited partnerships or commingled funds are estimated by the respective external investment managers if market values are not readily ascertainable. These valuations necessarily involve assumptions and methods that are reviewed by the University's Investments Office.

Derivative financial instruments held for investment purposes, primarily in the endowment investment portfolio, are recorded at fair value with the resulting gains or losses recognized in investment earnings. The net interest paid or received pursuant to interest rate swap agreements undertaken in connection with Yale's variable-rate debt portfolio is recorded as interest expense. The University records the cost of managing its endowment portfolio as a decrease in financial capital within the appropriate net asset class in the Statement of Activities.

The University invests its endowment investment portfolio and allocates the related earnings for expenditure in accordance with the total return concept. A distribution of endowment return that is independent of the cash yield and appreciation of investments earned during the year is provided for program support. The University has adopted an endowment spending policy designed specifically to stabilize annual spending levels and to preserve the real value of the endowment portfolio over time. The spending policy attempts to achieve these two objectives by using a long-term targeted spending rate combined with a smoothing rule, which adjusts spending gradually to changes in the endowment market value. The Yale Corporation approved a long-term targeted

spending rate of 5.0 percent effective beginning in fiscal 1996. The actual rate of spending for both 2000 and 1999, when measured against the previous year's market value, was 3.9 percent. Actual rates have been lower than long-term targets in recent years due to strong investment returns.

*e. Land, Buildings and Equipment*

Land, buildings and equipment are generally stated at cost and are presented net of accumulated depreciation. Annual depreciation is calculated on a straight-line basis over useful lives ranging from 15 to 50 years for buildings and improvements and 4 to 12 years for furnishings and equipment.

*f. Other Assets*

Capitalized software and bond issuance costs are categorized within other assets in the financial statements. Bond issuance costs are amortized over the term of the related debt and capitalized software costs are amortized over the estimated useful lives of the software, ranging from 5 to 10 years.

*g. Collections*

Collections at Yale include works of art, literary works, historical treasures and artifacts that are maintained in the University's museums and libraries. These collections are protected and preserved for public exhibition, education, research and the furtherance of public service. Purchases of such collections are recorded as operating expenses in the period in which the items are acquired.

*h. Split-Interest Agreements*

The University's split-interest agreements with donors consist primarily of charitable gift annuities, pooled income funds and irrevocable charitable remainder trusts for which the University serves as trustee. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements.

Contribution revenues for charitable gift annuities and charitable remainder trusts are recognized at the dates the agreements are established. In addition, the present values of the estimated future payments to be made to the beneficiaries under these agreements are recorded as liabilities. For pooled income funds, contribution revenue is recognized upon establishment of the agreement at the fair value of the estimated future receipts, discounted for the estimated time period until culmination of the agreement.

*i. Tuition and Fees*

Tuition and fees revenue, which is included in student income on the Statement of Activities, is generated from an enrolled student population of approximately 10,900. The undergraduate population of 5,340 is a diverse group attracted from across the United States and from many foreign countries. Foreign students account for approximately 9 percent of the undergraduate population. Tuition revenue from undergraduate enrollment represents approximately 55 percent of net tuition revenue.

The University maintains a policy of offering qualified applicants admission to Yale College without regard to financial circumstance as well as meeting in full the demonstrated financial need of those admitted. Student need in all programs throughout the University is generally fulfilled through a combination of scholarships and fellowships, loans and employment during the academic year. Tuition and fees have been reduced by certain scholarships and fellowships in the amounts of \$80.8 million and \$79.9 million in 2000 and 1999, respectively.

*j. Contributions*

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Amounts expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those contributions are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue.

Conditional promises to give are not included as support until such time as the conditions are substantially met. A facilities and administrative charge is assessed against current use gifts when received.

*k. Grant and Contract Income*

The University receives grant and contract income from governmental and private sources. In 2000 and 1999, grant and contract income received from the Federal government totaled \$274.6 million and \$254.0 million, respectively. The University recognizes revenue associated with the direct costs of sponsored programs as the related costs are incurred. Recovery of facilities and administrative costs of Federally sponsored programs is at cost reimbursement rates negotiated with the University's cognizant agency, the Department of Health and Human Services. The University and the Federal government are currently operating under an agreement that establishes facilities and administrative cost rates under Federal grants and contracts through June 30, 2001.

*l. Medical Services Income*

The University has agreements with third-party payors, including health maintenance organizations, that provide payment for medical services at amounts different from standard rates established by the University. Medical services income is reported net of contractual allowances from third-party payors and others for services rendered, and further adjusted for estimates of uncollectible amounts.

*m. Net Assets Released from Restrictions*

Reclassification of net assets is based upon the satisfaction of the purpose for which the net assets were restricted or the completion of a time stipulation. Restricted contributions and net investment returns earned are reported as temporarily restricted support and reclassified to unrestricted when any donor-imposed restrictions are satisfied. Restricted net assets associated with physical capital assets are reclassified to unrestricted net assets when the capital asset is placed in service.

*n. Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and of revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

*o. 1999 Financial Statement Presentation*

Comparative summarized information for the year ended June 30, 1999 presented in the Statement of Activities does not include sufficient detail by net asset class to constitute a presentation in conformity with generally accepted accounting principles. In addition, certain amounts have been reclassified to conform to the current-year presentation.

## 2. Investments

As described in Note 1d, investments are generally shown in the financial statements at market or appraised value. The market values of the University's investments (excluding cash and cash equivalents as described in Note 1c) are presented below, as of June 30, in thousands of dollars:

	2000	1999
<b>Endowment:</b>		
Domestic equities	\$ 1,402,329	\$1,127,336
Absolute return	1,960,647	1,547,238
Private equities	2,570,188	1,656,253
Fixed-income	1,711,803	775,619
Real assets	1,493,753	1,279,911
International equities	906,672	793,852
	10,045,392	7,180,209
<b>Assets held in trust:</b>	46,862	41,478
<b>Other investments:</b>		
Fixed-income	347,184	356,900
Other	52,003	46,155
	399,187	403,055
<b>Total investments</b>	<b>\$10,491,441</b>	<b>\$7,624,742</b>

The University's split-interest assets as described in footnote 1h and included in investments comprise the following components, in thousands of dollars:

	2000	1999
Charitable gift annuities	\$115,872	\$ 81,422
Pooled income funds	30,512	30,970
Charitable remainder trusts	46,862	41,478
	\$193,246	\$153,870

The University has developed a diversified endowment investment portfolio with a strong orientation to equity investments and to strategies designed to take advantage of market inefficiencies. The University's investment objectives are guided by its asset allocation policy and are achieved in partnership with external investment managers operating through a variety of vehicles, including separate accounts, limited partnerships and commingled funds. During the year, the University's asset allocation categories were modified to include the real assets class, which combines endowment real estate and natural resource investments.

The University may employ derivatives and other strategies to (1) hedge against market risks, (2) arbitrage mispricings of related securities and (3) replicate long or short positions more cost effectively. Accordingly, derivatives in the investment portfolio may include currency forward contracts, interest rate and currency swaps, call and put options, debt and equity futures

contracts, equity swaps and other vehicles that may be appropriate in certain circumstances. Since Yale does not strive for higher returns through market timing or by making leveraged market bets, derivatives are not used for speculation. At June 30, 2000, the University directly held equity swaps with a notional value of \$242.9 million and has recognized approximately \$3 million in investment gains during the year relating to equity swaps. Derivatives held by limited partnerships and commingled investment trusts in which Yale invests pose no off-balance sheet risk to the University due to the limited liability structure of the investments.

In connection with certain hedged investment strategies, the University is required to maintain collateral balances at various financial institutions. Collateral balances amounted to \$1.5 billion and \$570 million at June 30, 2000 and 1999, respectively, and are primarily classified as fixed-income investments.

Certain investment transactions, including derivative financial instruments, necessarily involve counterparty credit exposure. Such exposure is monitored regularly by the University's Investments Office in accordance with established credit policies and other relevant criteria.

At June 30, 2000, approximately 69 percent of the University's endowment investments were invested in limited partnerships or limited liability corporations. Under the terms of certain limited partnership agreements for private equity and real estate investments, the University is obligated to remit additional funding periodically as capital calls are exercised. At June 30, 2000, the University had uncalled commitments of approximately \$1.6 billion. Such commitments are generally called over a period of years and contain fixed expiration dates or other termination clauses.

A summary of the University's total investment return as reported in the Statement of Activities is presented below, in thousands of dollars:

	2000	1999
Investment income	\$ 173,937	\$146,079
Realized and unrealized gains, net of investment management fees	2,848,146	638,089
Return on the endowment	3,022,083	784,168
Other investment income	22,827	22,510
<b>Total return on investments</b>	<b>\$3,044,910</b>	<b>\$806,678</b>

Endowment investment returns totaling \$284.8 million and \$256.6 million were allocated to operating and physical capital activities in 2000 and 1999, respectively, using the spending policy described in Note 1d.

### 3. Accounts Receivable

Accounts receivable from the following sources were outstanding at June 30, in thousands of dollars:

	2000	1999
Medical services	\$ 51,709	\$ 57,849
Grants and contracts	35,578	22,960
Investment income receivable	16,145	10,870
Affiliated organizations	11,919	9,962
Yale University Press receivables	8,141	6,446
Other	15,867	14,754
	139,359	122,841
Less: Allowance for doubtful accounts	(27,118)	(25,003)
	\$ 112,241	\$ 97,838

Medical services receivables are net of an allowance for contractual reserves in the amount of \$29.7 million and \$33.8 million at June 30, 2000 and 1999, respectively.

The University and Yale-New Haven Hospital (“the Hospital”) are parties to an affiliation agreement that establishes guidelines for the operation of activities between these two separate organizations. These guidelines set forth each organization’s responsibility under the common goal of delivering comprehensive patient care services. Under the terms of the arrangement, the Hospital is responsible for providing a clinical setting and clinical support for the University to carry out its teaching and research missions. The University provides professional services from faculty of the Yale School of Medicine and a variety of other administrative and clinical services.

The net receivable from the Hospital amounted to \$6.3 million and \$3.3 million at June 30, 2000 and 1999, respectively. Balances are settled in the ordinary course of business.

During the year, the University transferred the operations of Yale Psychiatric Institute (YPI) to the Hospital. Revenue and expense included in the University’s financial statements for YPI for fiscal years ended June 30, 2000 and 1999 are as follows, in thousands of dollars:

	2000	1999
Medical services income	\$ 14,803	\$ 16,718
Patient care services	(26,358)	(20,211)
Decrease in unrestricted operating net assets	\$ (11,555)	\$ (3,493)

As part of the agreement, the University and the Hospital have entered into a lease of the existing YPI facility. The Hospital will lease the YPI facility from the University for an initial term of 5 years, with extensions available up to 40 years. Lease payments are calculated based on a percentage of the expenses incurred by the University to operate the facility.

### 4. Contributions Receivable

Contributions receivable consisted of the following unconditional promises to give as of June 30, in thousands of dollars:

	2000	1999
Purpose:		
Endowment	\$ 44,136	\$ 36,514
Capital purposes	54,410	24,271
Operating programs	51,846	44,408
Gross unconditional promises to give	150,392	105,193
Less: Discount	(21,415)	(11,304)
Allowance for uncollectible accounts	(18,859)	(15,094)
Net unconditional promises to give	\$ 110,118	\$ 78,795
Amounts due in:		
Less than one year	\$ 36,740	\$ 40,526
One to five years	75,842	58,458
More than five years	37,810	6,209
	\$ 150,392	\$ 105,193

Discount rates used to calculate the present value of contributions receivable at June 30, 2000 and 1999 ranged from 5.46 percent to 6.60 percent.

### 5. Student Notes Receivable

Student notes and interest receivable at June 30, in thousands of dollars, include:

	2000	1999
Stafford Loan Program	\$29,972	\$31,890
Perkins Loan Program	32,835	32,097
Other student loan notes	21,380	20,155
Tuition Postponement and Contingent Repayment Option plans	2,012	5,650
	86,199	89,792
Less: Allowance for doubtful accounts	(2,405)	(2,369)
	\$83,794	\$87,423

During the 1999 fiscal year the University decided to modify the terms of repayment for certain participants in the Tuition Postponement Option and Contingent Repayment Option loan programs offered by the University, including the acceleration of the termination of the programs from December 31, 2008 to December 31, 2001. The programs’ receivable balances have been reduced accordingly to reflect these program changes. A liability was recorded to refund individuals who took advantage of early termination provisions of the programs.

Student notes receivable include donor-restricted and Federally sponsored student loans with mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition. The fair value of these instruments could not be determined without incurring excessive costs.

Amounts received from the Federal government to fund a portion of the Perkins student loans are ultimately refundable to the Federal government and have been reported as refundable advances in the Statements of Financial Position.

## 6. Other Assets

Other assets at June 30, in thousands of dollars, include:

	2000	1999
Software costs, net of accumulated amortization	\$ 79,600	\$ 79,802
Inventories	14,481	12,781
Bond issue costs, net of accumulated amortization	7,358	7,631
Other notes receivable	6,000	5,912
Deferred expenses	5,470	4,605
	<b>\$112,909</b>	<b>\$110,731</b>

Amortization expense included in operating expenses amounted to \$9.0 million and \$3.2 million in 2000 and 1999, respectively.

The University is engaged in an entity-wide initiative to improve information systems and enhance administrative functions. The most significant project encompassed by this initiative was the human resource and financial systems project.

Additional costs were incurred during 2000 for the purchase of software and other costs related to the implementation of such software for the enhancement and increased functionality of the new systems.

## 7. Land, Buildings and Equipment

Land, buildings and equipment at June 30, less accumulated depreciation, in thousands of dollars, are as follows:

	2000	1999
Land and real estate improvements	\$ 71,750	\$ 71,750
Buildings	1,682,852	1,491,364
Equipment	357,271	345,138
	2,111,873	1,908,252
Less: Accumulated depreciation	(759,371)	(710,830)
	<b>\$1,352,502</b>	<b>\$1,197,422</b>

Depreciation expense included in operating expenses amounted to \$81.3 million and \$71.9 million in 2000 and 1999, respectively.

## 8. Bonds and Notes Payable

Bonds and notes payable of the University at June 30, in thousands of dollars, consist of:

	2000	1999
Facilities financing	\$1,028,286	\$ 989,888
Student loan financing	45,383	45,297
Other	275	275
	<b>\$1,073,944</b>	<b>\$1,035,460</b>

Total interest expense incurred on indebtedness was \$51.7 million and \$40.7 million in 2000 and 1999, respectively. Interest capitalized to land, buildings and equipment totaled \$4.8 million in 2000 and \$7.2 million in 1999.

### a. Facilities

The University has entered into various agreements to finance its facilities additions, renovations and improvements. Bonds and notes payable outstanding for such purposes at June 30, in thousands of dollars, include:

	Effective Interest Rate	Year of Maturity	Principal Outstanding 2000	Principal Outstanding 1999
Connecticut Health and Educational Facilities Authority (CHEFA) tax-exempt bonds:				
Series Q and R	5.91%	2030	\$ 87,600	\$ 87,600
Series S	3.62%	2027	135,865	135,865
Series T	3.56%	2029	250,000	250,000
Series U	3.66%	2033	250,000	250,000
Total CHEFA bonds			723,465	723,465
Medium-term notes	7.38%	2096	113,359	124,458
Taxable commercial paper	5.84%	2000	185,319	135,246
Other notes payable	3.00%–8.20%	2000–2005	6,143	6,719
			<b>\$1,028,286</b>	<b>\$989,888</b>

CHEFA Series T and Series U bonds currently bear interest at a weekly rate. The bonds may be converted from the weekly rate period to other variable-rate modes or to a fixed-rate mode at the discretion of the University. In the current weekly mode, bonds may be tendered for purchase on any business day not fewer than seven days prior to the date of purchase.

CHEFA Series S bonds currently bear interest at a money market municipal rate and are outstanding for varying interest rate periods of 270 days or less. The bonds may be converted from the money market mode to other variable-rate modes or to a fixed-rate mode at the discretion of the University. In the current money market mode, bonds may be tendered for purchase at the end of each rate period.

The Series Q and R bonds are subject to redemption in annual amounts ranging from \$2.8 million to \$10.1 million, commencing in 2022. These bonds pay interest to two groups of bondholders at variable and inverse-variable rates, providing the University with an aggregate fixed rate of approximately 6 percent for the duration of the borrowing. The Series Q and R bonds are outstanding for successive periods of approximately 35 days and are remarketed through a formal auction process set forth in the Trust indenture.

Medium-term notes in the amount of \$113.4 million are recorded net of a discount at June 30, 2000. The notes mature in the year 2096, with a call provision in the year 2026. The bonds bear interest at a fixed rate of 7.38 percent.

During the current year, the University issued an additional \$50 million of commercial paper. Commercial paper consists of notes issued in the short-term taxable market, and is sold at a discount from par. The maturities of individual notes are issued in ranges from one day to no more than one year, and fall on average in a range of sixty to ninety days.

Scheduled maturities of the facilities bonds and notes payable for the next five fiscal years, in thousands of dollars, are as follows:

2001	\$1,898
2002	838
2003	761
2004	757
2005	642

Commercial paper borrowings have no scheduled maturities. The University may choose to retire some or all of the outstanding commercial paper over the next five years.

During fiscal year 2000, the University entered into several 364-day revolving credit agreements totaling \$500 million to support the University's weekly variable-rate demand notes, CHEFA Series T and U. The revolving credit agreements support Yale's short-term debt in the unlikely event of a failed remarketing or other event of default.

#### *b. Student Loan*

Commercial paper utilized to finance student loan notes and interest receivable for fiscal years 2000 and 1999 was \$45.4 million and \$45.3 million respectively, with an effective interest rate of 5.48 percent and 5.31 percent, respectively.

#### *c. Interest Rate Swaps*

The University has entered into various interest rate swap agreements to manage the interest cost and risk associated with its variable-rate debt portfolios. Under the terms of these agreements, the University pays fixed rates, ranging from 6.0 percent to 7.7 percent, determined at inception, and receives the 3-month LIBOR on the respective notional principal amounts. The following schedule presents the notional principal amounts of the University's interest rate swaps at June 30, 2000 and the net interest expense incurred during 2000 and 1999, in thousands of dollars:

	Notional Amount	Net Interest Expense 2000	Net Interest Expense 1999	Expiration Date
Facilities	\$170,000	\$ 979	\$1,695	2002-2009
Student loan	10,000	27	91	2003
Endowment	20,000	195	334	2002
	<b>\$200,000</b>	<b>\$1,201</b>	<b>\$2,120</b>	

These financial instruments involve counterparty credit exposure. The counterparties for these swap transactions are major financial institutions that meet the University's criteria for financial stability and credit-worthiness.

#### *d. Fair Value*

The fair value of the University's fixed-rate bonds, \$200.4 million at June 30, 2000, is estimated based on quoted market prices for the same or similar issues. The carrying value of commercial paper and variable-rate bonds and notes payable, which reflects varying interest rate periods, on average 90 days, approximates fair value because of the short-term maturity of these instruments. The fair value of other notes payable of \$6.4 million represents the present value of future cash flows through the year 2006.

The fair value of interest rate swaps is the estimated amount that the University would receive or pay to terminate the agreements taking into account current interest rates and the credit-worthiness of the swap counterparties. At June 30, 2000, the University would receive approximately \$6.5 million, including accrued interest, in the event that it terminated these agreements. The total notional amount of \$200 million is not recorded on the University's financial statements because there is no exchange of principal.

## 9. Pension Plans — Defined Contribution

The University maintains the Yale University Retirement Annuity Plan as a contributory plan for faculty and certain staff employees. Participants may direct employee and employer contributions to the Teachers' Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF), as well as other investment options. Pension expense for this plan was \$36.1 million and \$32.5 million in 2000 and 1999, respectively.

## 10. Pension and Postretirement Plans — Defined Benefit

The University has a noncontributory, defined benefit pension plan for staff employees. Benefits are based on years of participation and the employee's highest annual rate of earnings during the last five years of employment. Annual contributions to the plan are made by the University based upon calculations prepared by the plan's actuary.

In addition to providing pension benefits, the University provides comprehensive health care benefits for retired employees and their eligible dependents. While the University's subsidy of these costs differs among retiree groups, substantially all employees who meet minimum age and service requirements and retire from the University are eligible for these benefits.

The University has created a trust to provide for the funding of postretirement medical benefits. Annual contributions are determined by the University and are deposited to the trust quarterly. The designated funding amounts for 2000 and 1999 were \$13.3 million and \$12.1 million, respectively.

Net periodic benefit cost for defined benefit plans includes the following components, in thousands of dollars:

Net periodic benefit cost for the fiscal year ended	Pension Benefits		Postretirement Benefits	
	2000	1999	2000	1999
Service cost	\$ 7,415	\$ 7,422	\$ 5,220	\$ 4,817
Interest cost	16,845	15,864	9,985	9,309
Expected return on plan assets	(22,897)	(20,066)	(6,724)	(5,557)
Net amortization				
– Unrecognized transition obligation	587	587	3,976	3,976
– Unrecognized prior service cost	684	684		
– Unrecognized net loss	–	–	320	309
Net periodic benefit cost	\$ 2,634	\$ 4,491	\$ 12,777	\$ 12,854

The following table sets forth the Pension and Postretirement medical benefit plans' funded status and provides a reconciliation to the accrued liability reported in the Statements of Financial Position at June 30, in thousands of dollars:

Plans' Funded Status	Pension Benefits		Postretirement Benefits	
	2000	1999	2000	1999
Change in benefit obligation:				
Benefit obligation, beginning of year	\$ 244,724	\$ 230,174	\$ 144,657	\$ 141,500
– Service cost, net of expenses	7,215	7,422	5,120	4,817
– Interest cost	16,845	15,864	9,985	9,309
– Benefit payments	(10,632)	(10,076)	(6,948)	(6,235)
– Assumption changes	(14,815)	–	14,906	–
– Amendments	–	1,028	–	–
– (Gain)/loss	1,425	312	3,827	(4,734)
Benefit obligation, end of year	\$ 244,762	\$ 244,724	\$ 171,547	\$ 144,657
Change in plan assets:				
Market value, beginning of year	\$ 284,808	\$ 257,169	\$ 69,491	\$ 59,610
– Actual return on plan assets	108,311	33,833	6,283	4,095
– University contributions	5,288	4,158	13,021	12,106
– Benefits and expenses paid	(10,764)	(10,352)	(7,021)	(6,320)
Market value, end of year	\$ 387,643	\$ 284,808	\$ 81,774	\$ 69,491
Funded status	\$ 142,881	\$ 40,084	\$ (89,773)	\$ (75,166)
Unrecognized transition obligation	1,690	2,277	51,683	55,659
Benefit payments advanced	–	–	1,394	1,625
Unrecognized net (gain)/loss	(148,784)	(49,913)	36,307	17,479
Unrecognized prior service cost	4,432	5,117	–	–
Prepaid (accrued) benefit cost included in the Statements of Financial Position	\$ 219	\$ (2,435)	\$ (389)	\$ (403)

For the year ended June 30, 2000 the change in the weighted-average discount rate from 7 percent to 7.5 percent for the Pension and Postretirement medical benefit plans and a change in the year the ultimate trend rate is achieved resulted in a decrease of \$14.8 million to the benefit obligation of the Pension Plan and an increase of \$14.9 million to the benefit obligation of the Postretirement Plan.

During the year ended June 30, 1999 the University police force negotiated a pension benefit increase to 2 percent of final pay for each year of service. This change is reflected in expense from July 1, 1998 forward.

Assumptions used in determining the obligation and net periodic costs of the Pension and Postretirement medical benefit plans were:

Assumptions	2000	1999
Weighted-average discount rate	7.50%	7.00%
Increase in future compensation levels	4.50%	4.50%
Expected long-term rate of return	9.25%	9.25%
Projected health care cost trend rate	6.00%	6.00%
Ultimate trend rate	5.00%	5.00%
Year ultimate trend rate is achieved	2004	2000

The health care cost trend rate assumption has a significant effect on the amounts reported. For 2000, a 1 percent change in the health care cost trend rate structure would cause the Postretirement plan's benefit obligation at June 30, 2000 to change by approximately 10 percent and would cause the sum of the service cost and interest cost components of postretirement expense to change by approximately 11 percent.

## 11. Commitments and Contingencies

The University is involved in various legal actions arising in the normal course of activities and is subject to periodic audits and inquiries by various regulatory agencies. Although the ultimate outcome is not determinable at this time, management, after taking into consideration advice of legal counsel, believes that the resolution of these pending matters will not have a materially adverse effect, individually or in the aggregate, upon the University's financial statements.

In the normal course of business, the University leases facilities under non-cancellable operating leases. Minimum lease payments under these agreements over the next five years, in thousands of dollars, are as follows:

2001	\$6,342
2002	5,734
2003	4,824
2004	3,816
2005	3,238

The University has entered into certain agreements to guarantee the debt of others. Under these agreements if the original debt holder defaults on the debt the University may be required to satisfy all or part of the remaining obligation. The total amount of these guarantees is approximately \$11.8 million at June 30, 2000.

# The President and Fellows of Yale University

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Richard Charles Levin, B.A.,  
B.LITT., PH.D.

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## *Front Cover*

*Top:* A detail from "Turf," with *Jockey Up*  
by George Stubbs, from the Yale Center  
for British Art, Paul Mellon Collection.

(Photo: Richard Caspole)

*Middle:* Students from the Yale School  
of Music in performance.

*Bottom:* A view of the Twentieth-Century  
gallery in the Yale Art Gallery.

## *Back Cover*

*Top:* A Yale College student's paint palette  
in Holcombe T. Green Jr. Hall.

*Middle:* A close-up of the south face  
of the Rudolph building.

*Bottom:* A scene from *The Caucasian*  
*Chalk Circle* by Bertolt Brecht, performed  
by School of Drama students in 2000.

(Photo: T. Charles Erickson)

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