KPMG

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Consolidated Financial Statements

June 30, 2001 and 2000

(With Independent Auditors' Report Thereon)

345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Trustees
The Cooper Union for the Advancement
of Science and Art:

We have audited the accompanying consolidated balance sheets of The Cooper Union for the Advancement of Science and Art (The Cooper Union) as of June 30, 2001 and 2000, and the related consolidated statements of changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of The Cooper Union's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Cooper Union for the Advancement of Science and Art as of June 30, 2001 and 2000, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

September 14, 2001

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Consolidated Balance Sheets

June 30, 2001 and 2000

		2001	2000
Assets			
Cash and cash equivalents	$	478,275	457,334
Investments (note 2)		100,265,811	140,656,832
Contributions receivable, net (note 3)		7,537,906	1,741,522
Other receivables		1,508,016	763,579
Prepaid expenses and other assets (note 5)		1,642,957	1,765,045
Loans to students, net of allowance for doubtful loans of $32,570 in 2001 and 2000		412,660	350,419
Funds held by trustee (notes 2 and 5)		3,786,584	6,479,854
Plant assets, net (note 4)		50,991,782	48,697,031
Total assets	$	166,623,991	200,911,616
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	4,303,061	3,652,774
Deferred revenue		544,956	659,830
Accrued interest (note 5)		788,003	913,130
Other liabilities		1,894,415	1,924,710
Liability under lease agreement (note 8)		2,000,000	3,000,000
Liability under charitable trusts and annuity agreements		3,209,157	3,179,973
Obligations to Dormitory Authority of the State of New York (note 5)		28,192,538	28,728,166
Accrued postretirement benefit costs (note 7)		7,656,020	7,630,027
Total liabilities		48,588,150	49,688,610
Net assets:			
Unrestricted:			
Board-designated for long-term investment		13,290,391	46,462,121
Net investment in plant assets		22,799,244	19,968,865
Total unrestricted		36,089,635	66,430,986
Temporarily restricted (note 6)		34,973,347	39,840,181
Permanently restricted (note 6)		46,972,859	44,951,839
Total net assets		118,035,841	151,223,006
Total liabilities and net assets	$	166,623,991	200,911,616

See accompanying notes to consolidated financial statements.

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Consolidated Statements of Changes in Unrestricted Net Assets

Years ended June 30, 2001 and 2000

	2001	2000
Operations:		
Revenues:		
Investment income:		
Income from real estate (note 8)	$ 12,268,247	12,083,750
Investment return utilized for operations (note 2)	4,802,398	5,330,343
Student tuition and fees	8,385,547	8,230,814
Tuition discount	(7,016,040)	(6,925,444)
Net student tuition and fees	1,369,507	1,305,370
Contributions	4,209,318	4,581,817
Government grants and contracts	1,229,105	1,199,930
Appropriations - State of New York aid	100,967	117,845
Rental income (note 8)	1,365,638	1,210,253
Auxiliary enterprises	1,255,683	1,073,420
Other revenue	1,029,155	164,215
	27,630,018	27,066,943
Net assets released from restrictions (note 6)	2,711,608	5,113,119
Total revenues	30,341,626	32,180,062
Expenses:		
Program services:		
Instruction	13,737,873	12,231,775
Academic support	8,989,772	8,581,673
Public service	1,807,171	1,352,670
Research	289,973	170,928
Student services	2,229,305	2,207,436
Student aid	1,209,595	1,129,792
Auxiliary enterprises	2,435,327	2,191,483
	30,699,016	27,865,757
Supporting services:		
Management and general	8,558,382	7,430,045
Fund-raising	2,198,666	1,950,901
	10,757,048	9,380,946
Total expenses	41,456,064	37,246,703
Excess of expenses over revenues from operations before nonoperating activity	(11,114,438)	(5,066,641)
Nonoperating activity:		
Excess (deficiency) of investment return over amount utilized for operations (note 2)	(19,226,913)	10,361,291
(Decrease) increase in unrestricted net assets	$ (30,341,351)	5,294,650

See accompanying notes to consolidated financial statements.

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2001 and 2000

	2001	2000
Changes in unrestricted net assets:		
Operations:		
Total unrestricted revenues, before net assets released from restrictions	$ 27,630,018	27,066,943
Net assets released from restrictions (note 6)	2,711,608	5,113,119
Total unrestricted expenses	(41,456,064)	(37,246,703)
Excess of unrestricted expenses over revenues from operations	(11,114,438)	(5,066,641)
Excess (deficiency) of investment return over amount utilized for operations (note 2)	(19,226,913)	10,361,291
(Decrease) increase in unrestricted net assets	(30,341,351)	5,294,650
Changes in temporarily restricted net assets:		
Contributions	7,534,194	1,994,529
Investment (losses) return (note 2)	(9,689,420)	9,580,713
Net assets released from restrictions (note 6)	(2,711,608)	(5,113,119)
(Decrease) increase in temporarily restricted net assets	(4,866,834)	6,462,123
Changes in permanently restricted net assets:		
Contributions	2,021,020	3,813,520
Increase in permanently restricted net assets	2,021,020	3,813,520
(Decrease) increase in net assets	(33,187,165)	15,570,293
Net assets at beginning of year	151,223,006	135,652,713
Net assets at end of year	$ 118,035,841	151,223,006

See accompanying notes to consolidated financial statements.

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Consolidated Statements of Cash Flows

Years ended June 30, 2001 and 2000

	2001	2000
Cash flows from operating activities:		
(Decrease) increase in net assets	$ (33,187,165)	15,570,293
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation and amortization expense	3,698,021	3,840,155
Net decrease (increase) in appreciation of fair value of investments	25,993,250	(22,346,745)
Permanently restricted contributions	(2,021,020)	(3,813,520)
Changes in assets and liabilities:		
(Increase) decrease in contributions receivable, net of permanently restricted portion	(6,046,384)	630,065
(Increase) decrease in other receivables	(744,437)	29,145
Decrease (increase) in prepaid expenses and other assets, net of payment of bond issuance costs	88,885	(295,813)
Increase in loans to students	(62,241)	(14,853)
Increase in accounts payable and accrued expenses	650,287	985,520
(Decrease) increase in deferred revenue	(114,874)	380,130
(Decrease) increase in accrued interest	(125,127)	443,901
Decrease in other liabilities	(30,295)	(25,955)
Decrease in liability under lease agreement	(1,000,000)	(1,000,000)
Increase in accrued postretirement benefit costs	25,993	210,007
Net cash used in operating activities	(12,875,107)	(5,407,670)
Cash flows from investing activities:		
Purchases of investments	(188,317,273)	(138,099,774)
Proceeds from sales of investments	202,715,044	139,352,809
Decrease (increase) in funds held by trustee	2,693,270	(3,275,794)
Purchases of plant assets	(5,945,197)	(8,026,260)
Net cash provided by (used in) investing activities	11,145,844	(10,049,019)
Cash flows from financing activities:		
Permanently restricted contributions	2,021,020	3,813,520
Decrease (increase) in permanently restricted contributions receivable	250,000	(167,000)
Proceeds from Dormitory Authority of the State of New York Series 1999 Bonds	—	11,652,495
Payment of bond issuance costs	—	(507,963)
Payment of obligation to Dormitory Authority of the State of New York	(550,000)	(465,000)
Increase in liability under charitable trusts and annuity agreements	29,184	983,462
Net cash provided by financing activities	1,750,204	15,309,514
Net increase (decrease) in cash and cash equivalents	20,941	(147,175)
Cash and cash equivalents at beginning of year	457,334	604,509
Cash and cash equivalents at end of year	$ 478,275	457,334
Supplemental cash flow information:		
Cash paid during the year for interest	$ 1,701,133	834,461
Supplemental disclosure of noncash investing and financing activity:		
Transfer of investment to plant assets	$ —	2,549,115

See accompanying notes to consolidated financial statements.

(1) Organization and Summary of Significant Accounting Policies

Organization

The accompanying consolidated financial statements include the financial position, changes in net assets, and cash flows of The Cooper Union for the Advancement of Science and Art (the College) and its affiliates, The Cooper Union Research Foundation, Inc. (CURF) and Astor Place Holding Corporation (Astor Place).

The College was founded in 1859 through the bequest of Peter Cooper, a noted industrialist and philanthropist. Consistent with Peter Cooper's wishes, the College remains one of the few private, full-tuition scholarship colleges in the United States. The College has designated a $25,000 tuition charge for full-time students to facilitate eligibility for outside tuition assistance programs. All new students are required to apply to such programs. The College is dedicated exclusively to preparing students for the professions of architecture, art, and engineering. The College was incorporated under a special act of the New York State Legislature in 1859 and is subject to the jurisdiction of the Regents of the University of the State of New York.

CURF is an affiliated, not-for-profit corporation which was founded in February 1976 for the purpose of enhancing the quality of education at the College by promoting, encouraging, and supporting scientific investigation and research by faculty and students.

The College is the sole stockholder of Astor Place, a corporation organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof less expenses to the College.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the College, CURF, and Astor Place (collectively referred to as The Cooper Union). All significant interorganizational balances and transactions have been eliminated in consolidation.

Summary of Significant Accounting Policies

Basis of Presentation

Net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> <u>Unrestricted net assets</u> - Net assets not subject to donor-imposed stipulations. Unrestricted net assets are designated for long-term investment and net investment in plant assets.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of The Cooper Union or the passage of time. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by The Cooper Union. Generally, the donors of these assets permit The Cooper Union to use all or part of the income earned on related investments for general or specific purposes.

Income Tax Status

The College and CURF are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Astor Place is exempt from Federal income tax under Section 501(c)(2) of the Internal Revenue Code.

Cash Equivalents

Cash equivalents consist of short-term investments with original maturities of three months or less, except for those short-term investments which are managed by The Cooper Union's investment managers and trustees and are included in investments.

Depreciation and Amortization

Buildings and equipment are depreciated on a straight-line basis over their estimated useful lives ranging from three to forty years. Leasehold improvements are amortized on a straight-line basis over their estimated useful lives or the life of the lease, whichever is shorter.

Use of Estimates

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

Fair Value of Financial Instruments

The fair value of investments other than real estate is based on quoted market prices at the reporting date. The carrying amount of bonds payable approximates fair value because they carry an interest rate similar to the market rate offered by similar instruments. The carrying amounts of all other financial instruments approximate fair value because of the short maturity of those instruments.

(Continued)

Reclassifications

Certain 2000 amounts have been reclassified to conform to the current year presentation.

Other Significant Accounting Policies

Other significant accounting policies are set forth in the consolidated financial statements and the following notes.

(2) Investments

Investments in debt and equity securities are reported at fair value based on quoted market values. Limited partnerships are reported at fair value as determined by the general partner. The College owns the Chrysler Building. Legal title to both the land and building, subject to a lease (see note 8) which is scheduled to run until the year 2147, rests with the College. The College's investments in real estate have been recorded at appraised value at the date of gift or at cost.

Investments at fair value, including debt service reserve and other funds held by the trustee, consist of the following at June 30, 2001 and 2000:

		2001	2000
Cash and cash equivalents held by investment managers and trustees	$	3,207,459	13,856,647
Bonds and promissory note		27,043,764	31,658,689
Equity securities		70,664,007	97,322,941
Real estate and other		709,574	709,574
Limited partnerships		2,427,591	3,588,835
	$	104,052,395	147,136,686

Included in investments are charitable trusts and gift annuities amounting to $4,467,735 and $4,938,972 at June 30, 2001 and 2000, respectively.

The Cooper Union has committed to invest an additional $4.8 million in limited partnerships.

The Cooper Union utilizes a spending rate of 6% of the average of the previous three years' fair value of investments as the investment return to be utilized for operations. Amounts in excess of such amounts are reported as nonoperating (expense) revenue. The components of investment return for the years ended June 30, 2001 and 2000 are as follows:

		2001	2000
Interest and dividends	$	2,669,235	3,709,548
Unrealized (losses) gains in fair value of investments		(29,725,089)	11,719,644
Realized gains in fair value of investments		3,731,839	10,627,101
Investment expenses		(789,020)	(783,946)
		(24,113,035)	25,272,347
Temporarily restricted		(9,689,420)	9,580,713
Amount utilized for operations		4,802,398	5,330,343
Excess (deficiency) of investment return over amount utilized for operations and classified as temporarily restricted	$	(19,226,013)	10,361,291

(3) Contributions Receivable

Contributions receivable at June 30, 2001 are scheduled to be collected as follows:

Year ending June 30		Amount
2002	$	6,641,595
2003 through 2007		1,169,090
Thereafter		20,000
		7,830,685
Adjustment to reflect contributions receivable at discount value of 7%		(192,779)
Less allowance for uncollectible contributions receivable		(100,000)
	$	7,537,906

(Continued)

(4) Plant Assets

Plant assets consist of the following at June 30, 2001 and 2000:

		2001	2000
Land and land improvements	$	7,274,159	7,274,159
Buildings, building improvements, and equipment		72,563,194	69,173,816
Leasehold improvements		3,001,629	2,973,530
Construction in progress		12,760,834	10,233,114
		95,599,816	89,654,619
Accumulated depreciation and amortization		(44,608,034)	(40,957,588)
	$	50,991,782	48,697,031

(5) Obligations to Dormitory Authority of the State of New York

The Cooper Union is in the process of completing a major renovation of the exterior of its Foundation Building, one of the College's main academic and administrative sites. The cost of the renovations was substantially financed by a bond issue of the Dormitory Authority of the State of New York (DASNY) Insured Revenue Bonds, Series 1999 (Series 1999 Bonds) maturing serially to July 1, 2029. The original principal amount of the bonds was $11,500,000 and they bear interest rates ranging from 4.5% to 6.25%, payable semiannually.

As a result of issuing the Series 1999 Bonds, The Cooper Union incurred bond issuance costs of $544,274 and a net bond premium of $152,495. These amounts have been deferred and are being amortized over the life of the related debt. The unamortized net bond premium was $143,766 and $148,901 as of June 30, 2001 and June 30, 2000, respectively.

During 1993, The Cooper Union completed construction of a facility, 84.5% of which provides student residence space, with the remainder (15.5%) intended for retail use. Construction of the student residence portion of the building was financed by a bond issue of DASNY (Series 1990 Bonds) maturing serially to July 1, 2020. The original principal amount of the bonds was $17,975,000 and they bore interest at rates ranging from 5.7% to 7.2%, payable semiannually. On November 1, 1996, The Cooper Union replaced these bonds with $18,825,000 of DASNY Insured Revenue Bonds, Series 1996 (Series 1996 Bonds) which mature in 2020 and bear interest at rates ranging from 3.6% to 5.375%. The proceeds from the issuance of the Series 1996 Bonds were deposited with the trustee of the Series Bonds and were used to acquire direct obligations of the United States Government; the principal of and the interest on such obligations will be sufficient to (a) pay the interest on and the redemption price of the Series 1990 Bonds when they are due; (b) make required deposits to the debt service fund, debt service reserve fund, and buildings and equipment reserve fund; and (c) pay the cost of issuing the Series 1996 Bonds. As a result, the Series 1990 Bonds are considered retired in the accompanying consolidated financial statements. The amount of defeased Series 1990 Bonds outstanding at June 30, 2001 and 2000 was $15,645,000 and $16,000,000, respectively. The Bonds have been fully paid as at July 1, 2001.

As a result of issuing the Series 1996 Bonds, The Cooper Union incurred bond issuance costs of $360,650 and a bond discount of $473,606. These amounts have been deferred and are being amortized over the life of the related debt. The unamortized bond discount at June 30, 2001 and 2000 was $386,228 and $405,734, respectively.

Interest expense on the Series 1999 and 1996 bond issues in 2001 and 2000 was $1,576,006 and $1,278,362, respectively. The Series 1990 Bonds proceeds also provided funds for the defeasement of a previous bond issue. (At June 30, 2001 and 2000, $1,380,000 and $1,685,000, respectively, of such defeased bonds are outstanding.) The Cooper Union has pledged to DASNY the rental income derived from the facility and, to the extent such income is insufficient, unrestricted endowment income.

The Cooper Union has received a grant from the Department of Health and Human Services which provides $96,747 annually to meet interest charges applicable to the Series 1996 Bonds.

The Cooper Union is required to maintain, as on the last day of the second and fourth quarters of each fiscal year, expendable net assets of not less than 100% of the sum of the principal amount of all outstanding Series 1999 Bonds plus any outstanding long-term indebtedness incurred subsequent to the issuance of the 1999 Bonds. The College is subject to certain restrictions regarding the issuance of any additional long-term debt. A reserve for debt service and building and equipment was not required by DASNY on the Series 1999 bond issue.

The Cooper Union is required to maintain a minimum debt service reserve fund on the Series 1996 Bonds equal to the lesser of (1) the principal and interest on the bonds coming due within the next year, or (2) 10% of the net proceeds on the sale of the bonds. DASNY also requires The Cooper Union to maintain a building and equipment reserve fund with a funding requirement of $728,500. The debt service reserve fund of $1,432,586 and the building and equipment reserve fund of $831,345 are included in funds held by the trustee at June 30, 2001.

The projected debt service for the next five years is as follows:

Year ending June 30		**Principal**	**Interest**	**Total**
2002	$	675,000	1,546,263	2,221,263
2003		705,000	1,511,913	2,216,913
2004		740,000	1,475,838	2,215,838
2005		775,000	1,436,126	2,211,126
2006		815,000	1,394,363	2,209,363

 (Continued)

(6) Net Assets

Temporarily restricted net assets at June 30, 2001 and 2000 are available for the following purposes or periods:

	2001	2000
Purpose restrictions:		
Academic support	$ 7,299,649	5,500,068
Student aid	14,343,069	19,711,455
Instruction	5,319,050	8,673,999
Other	2,617,671	3,048,375
Time restrictions	5,393,908	2,906,284
Total temporarily restricted net assets	$ 34,973,347	39,840,181

Permanently restricted net assets at June 30, 2001 and 2000 are restricted to investments in perpetuity, the income from which is expendable to support:

	2001	2000
Specific purposes of The Cooper Union, principally instructional and student financial aid	$ 30,352,159	28,431,775
General activities of The Cooper Union	16,620,700	16,520,064
Total permanently restricted net assets	$ 46,972,859	44,951,839

During 2001 and 2000, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes or by the occurrence of other events specified by donors:

	2001	2000
Purpose restrictions accomplished:		
Academic support	$ 921,810	1,050,560
Student aid	617,968	859,105
Instruction	568,702	2,409,564
Other	603,128	793,890
Total restrictions released	$ 2,711,608	5,113,119

(7) Pension Plan and Postretirement Benefits

A noncontributory, defined contribution and annuity pension plan is available to all eligible employees who have met stipulated length-of-service and age requirements. The expenses for the plan for the years ended June 30, 2001 and 2000 amounted to approximately $1,300,000 and $1,200,000, respectively.

The Cooper Union provides medical insurance benefits for its retired employees. The following provides information about the plan's funded status reconciled with the amount reported in The Cooper Union's consolidated balance sheets as of June 30, 2001 and 2000:

		2001	2000
Change in benefit obligation:			
Benefit obligation at beginning of year	$	5,355,994	4,870,891
Service cost		154,948	151,298
Interest cost		330,218	391,670
Actuarial (gain) loss		(1,159,661)	69,616
Assumptions		302,829	—
Benefits paid		(132,474)	(127,481)
Benefit obligation at end of year	$	4,851,854	5,355,994
Change in plan assets:			
Fair value of plan assets at beginning of year	$	—	—
Employer contribution		132,474	127,481
Benefit paid		(132,474)	(127,481)
Fair value of plan assets at end of year	$	—	—
Funded status	$	(4,851,854)	(5,355,994)
Unrecognized net gain		(2,804,166)	(2,274,033)
Net amount recognized in the consolidated balance sheets	$	(7,656,020)	(7,630,027)
Amount recognized in the consolidated balance sheets consists of:			
Prepaid benefits cost	$	7,630,027	7,420,020
Net periodic cost		158,467	337,488
Employer contribution		(132,474)	(127,481)
Net amount recognized	$	7,656,020	7,630,027

(Continued)

	2001	2000
Weighted average discount rate assumptions as of June 30	7.50%	8.00%

For measurement purposes, a 6% and 7% annual rate of increase in the per capita cost of covered health care benefits was assumed for fiscal years 2001 and 2000, respectively. The rate was assumed to decrease gradually to 5.5% for fiscal year 2002 and remain at that level thereafter.

		2001	2000
Component of net periodic benefit cost:			
Service cost	$	154,948	151,298
Interest cost		330,218	391,670
Recognized actuarial gain		(326,699)	(205,480)
Net periodic benefit cost	$	158,467	337,488

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one percentage point change in assumed health care cost trend rates would have the following effects:

		One-percentage-point increase	One-percentage-point decrease
Effect on total of service and interest cost components	$	76,787	(61,859)
Effect on postretirement benefit obligation		547,400	(450,520)

(8) Operating Leases

In February 1998, The Cooper Union entered into an operating lease agreement, which expires on December 31, 2147, for the land under the Chrysler Building. Under the terms of the lease agreement, annual rental income from the real property includes:

- An amount of basic annual rent of $5,500,000 through December 31, 2007, $7,000,000 through December 31, 2012, and $7,750,000 through December 31, 2017. As of January 1, 2018 and each ten years' anniversary thereafter, the basic rent shall be adjusted based on fair value of the property.

- An amount equivalent to the taxes payable on the real property were it subject to taxation. Such amount is based on New York City's assessment of the value of the land and building subject to the existing tax rate.

Under the lease agreement, The Cooper Union has agreed to reimburse the tenant for overpayments of previous years' tax equivalency portions of the rent of $7,118,764. As of June 30, 2001, $5,118,764 has been credited to the tenant.

In 1989, The Cooper Union entered into an operating lease agreement expiring in 2038, as the lessee of property on Third Avenue in New York City where the student residence building is located. Space at the Third Avenue site is subleased to tenants under operating leases that expire at various dates through 2024. Rent and related expenses for this lease were $917,384 and $893,696 in 2001 and 2000, respectively. Sublease income for this lease was $552,613 and $516,727 in 2001 and 2000, respectively. The following is a schedule by year of future minimum rental payments and sublease income, including future rent escalations, as of June 30, 2001, for the Third Avenue site:

Year ending June 30		Minimum rental payments	Sublease income
2002	$	680,000	535,000
2003		695,000	559,000
2004		710,000	584,000
2005		725,000	610,000
2006		740,000	638,000
2007 and thereafter		31,498,000	14,977,000

Other properties owned by The Cooper Union are leased under various operating leases. Under the terms of the leases, the lessees pay The Cooper Union basic annual rents, as well as additional rents based on certain real estate taxes assessed each year. Income for these leases was $578,280 and $589,730 in 2001 and 2000, respectively. The following is a schedule of future minimum rentals on these noncancelable operating leases:

Year ending June 30		Minimum rental payments
2002	$	315,000
2003		323,000
2004		349,000
2005		363,000
2006		372,000
2007 and thereafter		1,058,000

(Continued)

In addition, The Cooper Union leases, under an operating lease agreement, office space at 30 Cooper Square in New York City. This operating lease commenced July 1, 1992 and expires in 2007. Space at 30 Cooper Square is subleased to a tenant under an operating lease which expires on August 31, 2007. Rent expense for this lease was $473,280 and $445,440 in 2001 and 2000, respectively. Sublease income for this lease was $33,366 and $32,250 in 2001 and 2000, respectively. The following is a schedule by year of future minimum rental payments and sublease income, excluding future rent escalations, at June 30, 2001:

Year ending June 30		Minimum rental payments	Sublease income
2002	$	501,000	35,000
2003		529,000	37,000
2004		529,000	40,000
2005		529,000	42,000
2006		529,000	44,000
2007		529,000	55,000