

New York University
Consolidated Financial Statements
August 31, 2014 and 2013

New York University
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August 31, 2014 and 2013

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Independent Auditor's Report

To the Board of Trustees of
New York University

We have audited the accompanying consolidated financial statements of New York University ("NYU"), which comprise the consolidated balance sheets as of August 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to NYU's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NYU's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NYU at August 31, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information on pages 46 through 53 in Appendix A – Supplemental Schedules is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the balance sheets and statement of activities of the individual companies.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

December 19, 2014

New York University
Consolidated Balance Sheets
August 31, 2014 and 2013

(in thousands of dollars)

	2014	2013
Assets		
Cash and cash equivalents	\$ 1,242,690	\$ 1,095,001
Short-term investments (Note 4)	58,948	28,680
Accounts and loans receivable, net (Note 5)	378,877	360,179
Patient accounts receivable, net	366,030	316,182
Contributions receivable, net (Note 6)	578,125	519,290
Other assets (Note 7)	320,356	290,412
Assets limited as to use - disaster recovery (Note 20)	67,054	-
Disaster-related receivable (Note 20)	480,383	90,021
Deposits with trustees (Note 8)	166,905	202,203
Long-term investments (Note 4)	3,950,958	3,619,637
Assets held by insurance captive (CCC550) (Note 12)	274,296	255,247
Land, buildings, and equipment, net (Note 9)	<u>6,153,963</u>	<u>5,481,727</u>
Total assets	<u>\$ 14,038,585</u>	<u>\$ 12,258,579</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,048,714	\$ 924,835
Disaster-related accounts payable and accrued expenses (Note 20)	62,800	79,858
Deferred revenue	831,296	842,883
Deferred revenue - disaster related (Note 20)	67,054	-
Outstanding losses and loss adjustment expenses (Note 12)	233,239	215,972
Bonds and notes payable (Notes 10 and 11)	3,890,152	3,607,614
Other leasing obligations (Note 11)	122,208	86,990
Federal grants refundable (Note 5)	80,117	77,361
Accrued benefit obligation (Note 13)	190,475	165,985
Accrued postretirement obligation (Note 14)	523,945	457,109
Asset retirement obligation	<u>181,285</u>	<u>162,561</u>
Total liabilities	<u>7,231,285</u>	<u>6,621,168</u>
Net assets		
Unrestricted	3,256,992	2,996,591
Temporarily restricted (Note 18)	1,865,851	1,044,316
Permanently restricted (Note 18)	<u>1,684,457</u>	<u>1,596,504</u>
Total net assets	<u>6,807,300</u>	<u>5,637,411</u>
Total liabilities and net assets	<u>\$ 14,038,585</u>	<u>\$ 12,258,579</u>

The accompanying notes are an integral part of these consolidated financial statements.

New York University
Consolidated Statements of Activities
Years Ended August 31, 2014 and 2013

(in thousands of dollars)

	2014	2013
Changes in unrestricted net assets		
Operating revenues		
Tuition and fees (net of financial aid awards of \$481,090 and \$442,318)	\$ 1,581,523	\$ 1,529,550
Grants and contracts (Note 15)	694,562	641,948
Patient care (net of provision for bad debt \$46,244 and \$68,469) (Note 3)	2,659,471	2,173,003
Hospital affiliations (Note 16)	292,078	291,381
Insurance premiums earned	39,356	33,497
Contributions	143,293	136,166
Endowment distribution (Note 4)	126,661	120,496
Return on short-term investments (Note 4)	25,731	7,816
Auxiliary enterprises	408,108	386,577
Program fees and other	193,046	214,491
Commercial insurance-disaster recovery (Note 20)	11,000	70,000
Disaster recovery reimbursement (Note 20)	133,897	252,915
Net assets released from restrictions	109,115	117,124
	<u>6,417,841</u>	<u>5,974,964</u>
Expenses (Note 17)		
Instruction and other academic programs	1,466,385	1,354,904
Research and other sponsored programs	810,884	730,194
Patient care	2,294,478	1,916,792
Hospital affiliations (Note 16)	272,070	264,074
Libraries	75,516	71,837
Student services	118,299	121,235
Auxiliary enterprises	460,536	439,078
Institutional services	765,084	808,762
Disaster-related expenses (Note 20)	78,490	248,076
	<u>6,341,742</u>	<u>5,954,952</u>
Excess of operating revenues over expenses	76,099	20,012
Nonoperating activities		
Investment return (Note 4)	156,601	85,884
Appropriation of endowment distribution (Note 4)	(41,540)	(47,643)
Disaster recovery reimbursement for capital (Note 20)	94,548	-
Gain (loss) on disaster-related disposal of property, plant, and equipment	2,039	(61,134)
Other	25,628	5,460
Net assets released from restrictions for capital purposes	17,753	73,359
Net assets released from restrictions for hazard mitigation	12,267	-
Changes in pension and postretirement obligations (Notes 13 and 14)	(82,994)	285,600
	<u>260,401</u>	<u>361,538</u>
Changes in temporarily restricted net assets		
Contributions	300,372	296,867
Investment return (Note 4)	239,797	159,653
Appropriation of endowment distribution (Note 4)	(85,121)	(72,853)
Disaster award for mitigation	530,748	-
Other	(25,126)	754
Net assets released from restrictions for hazard mitigation	(12,267)	-
Net assets released from restrictions	(126,868)	(190,483)
	<u>821,535</u>	<u>193,938</u>
Changes in permanently restricted net assets		
Contributions	92,859	94,584
Other	(4,906)	(1,659)
	<u>87,953</u>	<u>92,925</u>
Increase in permanently restricted net assets	87,953	92,925
Increase in net assets	<u>\$ 1,169,889</u>	<u>\$ 648,401</u>

The accompanying notes are an integral part of these consolidated financial statements.

New York University

Consolidated Statements of Cash Flows

August 31, 2014 and 2013

(in thousands of dollars)

	2014	2013
Cash flows from operating activities		
Change in net assets	\$ 1,169,889	\$ 648,401
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	405,344	351,511
(Gains) losses on disposal of property, plant, and equipment	(6,425)	5,385
Impairment of property, plant and equipment	99	61,134
Net gain on investments and deposits with trustees	(367,476)	(205,012)
Bad debt expense	84,947	99,612
Gain on extinguishment of debt	(4,272)	-
Loss on sale of real estate	-	904
Pension and postretirement obligation change	82,994	(285,600)
Contributions received for permanent investment and capital	(142,016)	(143,589)
Proceeds from disaster recovery award for future mitigation	(137,870)	-
Changes in operating assets and liabilities		
Increase in accounts and loans receivable, net	(22,130)	(5,975)
Increase in disaster recovery receivable	(399,000)	(83,521)
Increase in patient accounts receivable	(96,092)	(80,232)
Increase in nonendowment and noncapital contributions receivable	(95,319)	(99,330)
Increase in other assets	(32,680)	(51,850)
Increase in asset retirement obligation	(3,703)	(13,946)
Increase (decrease) in accounts payable and accrued expenses	100,565	(39,408)
(Decrease) increase in disaster-related accounts payable and accrued expenses	(21,256)	58,994
Increase in outstanding losses and adjustment expenses	17,267	27,010
(Decrease) increase in deferred revenue	(106,135)	17,358
(Decrease) increase in accrued pension obligation	(4,175)	38,309
Increase in accrued postretirement obligation	12,507	26,596
Net cash provided by operating activities	<u>435,063</u>	<u>326,751</u>
Cash flows from investing activities		
Purchases of investments	(1,499,446)	(2,823,564)
Sales and maturities of investments	1,481,247	2,376,772
Proceeds from sale of real estate	-	9,456
(Increase) decrease in deposits held with captive	(9,969)	5,197
Drawdowns of unexpended bond proceeds	197,096	59,442
Additions to land, buildings, and equipment, net of disposals	(954,982)	(794,020)
Proceeds from commercial insurance or disaster recovery for capital	103,186	-
Net cash used in investing activities	<u>(682,868)</u>	<u>(1,166,717)</u>
Cash flows from financing activities		
Contributions restricted for permanent investment and capital	142,016	143,589
Proceeds from disaster recovery award for future mitigation	137,870	-
Proceeds from short-term borrowings	225,346	333,000
Proceeds from long-term borrowings	150,000	348,562
Principal payments on short-term borrowings	(132,623)	(228,400)
Principal payments on bonds and notes payable	(140,570)	(82,877)
Payments of deferred financing costs	(1,314)	(981)
Increase in federal grants refundable	2,756	1,696
Decrease in deposits with bond trustees	12,013	2,731
Net cash provided by financing activities	<u>395,494</u>	<u>517,320</u>
Net increase (decrease) in cash	147,689	(322,646)
Cash		
Beginning of year	1,095,001	1,417,647
End of year	<u>\$ 1,242,690</u>	<u>\$ 1,095,001</u>
Supplemental disclosure of cash flow information		
Bond proceeds	\$ 158,805	\$ -
Other leasing obligations	35,218	86,990
Interest paid	175,735	154,302
Non-cash acquisitions of land, buildings, and equipment	44,327	105,116
Assets acquired under capital leases	31,336	48,707

The accompanying notes are an integral part of these consolidated financial statements.

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Notes to Consolidated Financial Statements

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(in thousands of dollars)

1. Description of New York University

Founded in 1831, New York University (NYU) is a private institution of higher education, research, and patient care located primarily in New York City. NYU is recognized both nationally and internationally as a leader in scholarship and is a member of the distinguished Association of American Universities.

The consolidated reporting entities for NYU consist of the University and the NYU Langone Medical Center (Medical Center), which represents the consolidation of the NYU Hospitals Center (the Hospitals Center), the NYU School of Medicine (NYUSoM) and CCC550 as described below. Consolidating balance sheets and statements of activities for the University and the NYU Langone Medical Center are presented in Appendix A.

NYU's balance sheets and statements of activities presented in Appendix A include balances for NYU's affiliates such as the Institute for Fine Arts Foundation, NYU Imaging, Inc., NYU School of Business Foundation and NYU School of Law Foundation.

The University

The University includes nineteen colleges and divisions each with its own traditions, programs and faculty. The schools, in order of founding date, are the College of Arts and Science, School of Law, NYU School of Medicine (reported with the Hospitals Center as a part of NYU Langone Medical Center), College of Dentistry, Graduate School of Arts and Science, Steinhardt School of Culture, Education and Human Development, Leonard N. Stern School of Business, Courant Institute of Mathematical Sciences, School of Continuing and Professional Studies, Institute of Fine Arts, Robert F. Wagner Graduate School of Public Service, Post-Graduate Medical School, Silver School of Social Work, Tisch School of the Arts, Gallatin School of Individualized Study, College of Nursing, the Institute for the Study of the Ancient World, NYU Abu Dhabi, and NYU Polytechnic School of Engineering. The University also operates academic program sites and research programs in other parts of the United States and abroad.

In addition to the colleges and divisions, NYU began operating NYU Shanghai in fall 2013, which grants NYU degrees, as a joint venture with East China Normal University. The NY-based activities of NYU Shanghai are reported as a receivable in the University's balance sheet.

NYU Langone Medical Center

NYU is the sole member of the Hospitals Center. The NYU Board of Trustees appoints the members of the Hospitals Center Board, who are also appointed as members of the New York University School of Medicine Advisory Board. The Hospitals Center and the NYU School of Medicine are referred to collectively as the NYU Langone Medical Center and share a common management. The University has not assumed any responsibility or liability for the financial obligations of the Hospitals Center.

The Hospitals Center is a Section 501(c) (3) organization exempt from federal income taxes under Section 501(a) of the Internal Revenue Code and from New York State and City income taxes. It operates the following: Tisch Hospital, a 705-bed acute care facility and a major center for specialized procedures in cardiovascular services, neurosurgery, cancer treatment, reconstructive surgery and transplantation; NYU Hospital for Joint Diseases, a 190-bed acute care facility specializing in orthopedic, neurologic, and rheumatologic services; and several ambulatory facilities including the Laura and Isaac Perlmutter Cancer Center, the Ambulatory Care Center, the Center for Musculoskeletal Care and Hassenfeld Children's Center. In October, 2012, The Rusk Institute of Rehabilitation Medicine relocated its services to other areas of the Medical Center in order for the

New York University

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building to be demolished in preparation for the construction of a new 374-bed clinical facility to be known as the Kimmel Pavilion. CCC550 is solely owned by the Hospitals Center and provides hospital professional liability and hospital general liability insurance to the Hospitals Center and professional liability insurance to voluntary attending physicians affiliated with the Hospitals Center. CCC550 is subject to taxation in accordance with section 29 of the Exempt Insurance Act in Barbados.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of NYU have, in all material respects, been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements include the accounts of NYU, as well as its separately incorporated affiliates. NYU and, generally, all of its affiliates are exempt from federal income taxes under the provisions of Section 501(c) (3) of the Internal Revenue Code.

NYU prepares its consolidated financial statements in accordance with the provisions of Accounting Standards Codification (ASC), Topic 958. This standard focuses on the entity as a whole and requires classification of net assets as unrestricted, temporarily restricted or permanently restricted, as determined by the existence or absence of restrictions placed on the assets' uses by donors or by provision of law. A description of the net assets classifications follows:

Permanently Restricted net assets include gifts, pledges, trusts, and gains explicitly required by donors to be retained in perpetuity, while allowing the use of the investment return for general or specific purposes, in accordance with donor provisions.

Temporarily Restricted net assets include contributions and investment return that can be expended when donor or legal restrictions have been met. Contributions receivable that do not carry a purpose restriction are deemed to be time restricted. Temporary restrictions are removed either through the passage of time or because certain actions are taken by NYU that fulfill the restrictions or both.

Unrestricted net assets are the remaining net assets of NYU that are used to carry out its missions of education, research and patient care which are not subject to donor restrictions.

Operations

Tuition and fees are derived from degree programs as well as executive and continuing education programs. Tuition and fee revenue is recognized as operating income in the period in which it is earned. Tuition and fee receipts received in advance are recorded as deferred revenue. Net tuition and fees are computed after deducting certain scholarships and fellowships awarded to students. Revenues and expenses related to conducting programmatic activities and provision of services by NYU are classified as operating in the consolidated statement of activities. Investment return relating to board-designated endowment funds and the related endowment appropriation, as well as changes in pension and postretirement obligations and unusual or nonrecurring activity, are classified as nonoperating in the consolidated statement of activities.

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(in thousands of dollars)

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received at their fair value. Contributions receivable are reported at their discounted present value, using an estimated interest rate for the year in which the promise was received and considering market and credit risk as applicable (1.9% in 2014 and 3.5% in 2013). Amortization of the discount is recorded as additional contribution revenue. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Allowances are recorded for estimated uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Uncompensated Care

As a matter of policy, the Hospitals Center provides significant amounts of partially or totally uncompensated patient care. For accounting purposes, such uncompensated care is treated either as charity care or bad debt expense.

The Hospitals Center's charity care policy, in accordance with the New York State Department of Health's guidelines, ensures the provision of quality health care to the community served while carefully considering the ability of the patient to pay. The policy has sliding fee schedules for inpatient, ambulatory and emergency services provided to the uninsured and under-insured patients that qualify. Patients are eligible for the charity care fee schedule if they meet certain income and liquid asset tests. For accounting and disclosure purposes, charity care is reported at cost. Since payment of this difference is not sought, charity care allowances are not reported as revenue. Total forgone charges for charity care totaled \$24,274 and \$15,838 for fiscal year 2014 and 2013, respectively. This equated to an approximate cost of \$7,587 and \$6,088 for the years ended August 31, 2014 and 2013, which is based on a ratio of cost to charges during the year.

New York State regulations provide for the distribution of funds from an indigent care pool, which is intended to partially offset the cost of bad debts and services provided to the uninsured. The funds are distributed to the Hospitals Center based on each hospital's level of bad debt and charity care in relation to all other hospitals. Subsidy payments recognized as revenue amounted to approximately \$8,496 and \$9,588 for 2014 and 2013, respectively, and are included in net patient service revenue in the accompanying consolidated statement of activities.

Patients who do not qualify for sliding scale fees and all uninsured inpatients who do not qualify for Medicaid assistance are billed at the Hospitals Center's full rates. Uncollected balances for these patients are categorized as bad debts. Similarly, at NYUSoM, those balances which are deemed uncollectible based on an inability or unwillingness to pay are written off. Uncollected balances for these patients are categorized as bad debts and totaled \$46,244 and \$68,469 for the years ended August 31, 2014 and 2013, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly-liquid debt instruments with original maturities of three months or less when purchased. This does not include pooled investments with less than three months to maturity held within the long-term investment portfolio. The carrying amount of cash and cash equivalents approximates fair value due to the short-term maturity of the instruments.

Land, Buildings, and Equipment

Land, buildings, and equipment are carried at their acquisition or construction cost. If donated, these assets are recorded at their fair value on the date of the gift. Buildings and equipment are depreciated over their estimated useful lives (buildings and building improvements 10-55 years, equipment 3-10 years) using the straight-line method.

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(in thousands of dollars)

Collections

The University does not assign a value to collection items. Collection items are generally held for educational purposes and are not disposed of for financial gain or otherwise encumbered in any manner.

Asset Retirement Obligation

NYU recognizes asset retirement obligations on future events, such as the abatement of asbestos, and removal of lead-based paint and petroleum bulk storage tanks from buildings. The fair value of the liability for a conditional asset retirement obligation is recognized in the period in which it occurred, provided that it can be reasonably estimated. Corresponding asset retirement costs (net of accumulated depreciation) have been included in land, buildings, and equipment.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies 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.

Reclassifications

Certain amounts in the 2013 consolidated financial statements have been reclassified to conform to the current year's presentation.

3. Patient Care Revenue

The Medical Center has agreements with third party payors that provide for payments at amounts different from its established rates (i.e. gross charges). Payment arrangements include prospective determined rates per discharge, reimbursed costs, discounted charges and per diem payments.

Patient care services rendered are recorded in the period in which the service is performed, net of contractual and other allowances that represent differences between gross charges and the estimated receipts under such programs. Patient care revenue for the Medical Center is reported at the estimated net realizable amounts due from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments due to ongoing and future audits, reviews and investigations. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Patient accounts receivable are also reduced for allowances for uncollectible accounts. The Medical Center's allowance for uncollectible accounts has remained consistent as a percentage of accounts receivables net of contractual allowances as of both August 31, 2014 and 2013.

The process for estimating the ultimate collection of receivables involves significant assumptions and judgments. The Medical Center has implemented a monthly standardized approach to estimate and review the collectability of receivables based on the payor classification and the

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(in thousands of dollars)

period for which the receivables have been outstanding. Past due balances over 90 days from the date of billing and in excess of a specified amount are considered delinquent and are reviewed for collectability. Account balances are written off against the allowance when management feels it is probable the receivable will not be recovered. Historical collection and payor reimbursement experience is an integral part of the estimation process related to reserves for doubtful accounts. In addition, the Medical Center assesses the current state of its billing functions in order to identify any known collection or reimbursement issues and assess the impact, if any, on reserve estimates. The Medical Center believes that the collectability of its receivables is directly linked to the quality of its billing processes, most notably those related to obtaining the correct information in order to bill effectively for the services it provides. Revisions in reserve for doubtful accounts estimates are recorded as an adjustment to bad debt expense. The Medical Center's allowance for uncollectible accounts has remained consistent as a percentage of accounts receivables net of contractual allowances as of both August 31, 2014 and 2013.

Federal and state law requires that hospitals provide emergency services regardless of a patient's ability to pay. Uninsured patients seen in the emergency department, including patients subsequently admitted for inpatient services, often do not provide information necessary to allow the Medical Center to qualify such patients for charity care. Uncollectible amounts due from such uninsured patients represent a substantial portion of the provision for bad debts. Patient service revenue for the Medical Center, net of contractual allowances and discounts, is as follows for the years ended August 31, 2014 and 2013:

	2014	2013
Gross charges	\$ 8,927,364	\$ 6,524,475
Allowances	<u>(6,262,860)</u>	<u>(4,327,280)</u>
Patient service revenue, net of contractual allowances	2,664,504	2,197,195
Bad debt	<u>(46,244)</u>	<u>(68,469)</u>
Total net patient service revenue	<u>\$ 2,618,260</u>	<u>\$ 2,128,726</u>

The Medical Center has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payers for adjustments to current and prior years' payment rates, based on industry-wide and Medical Center-specific data. The net amounts due to third party payers at August 31, 2014 and 2013 are \$73,759 and \$97,994, respectively. Additionally, certain payers' payment rates for various years have been appealed by the Medical Center. If the appeals are successful, additional income applicable to those years may be realized.

The Hospitals Center's Medicare cost reports have been audited through December 31, 2009. In addition, the cost reports through December 31, 2002, and the cost report for the year ended December 31, 2009 have been finalized. Cost reports for the years 2003 through 2008 have yet to be finalized. The audits of cost reports for years 2010 through 2013 have not been performed.

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(in thousands of dollars)

The Medical Center grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer arrangements. The mix of patient service revenue, net of contractual allowances from patients and third party payers for the years ended August 31, 2014 and 2013 are as follows:

	2014		2013	
	NYUHC	NYUSoM	NYUHC	NYUSoM
Medicare	17 %	17 %	16 %	12 %
Medicaid	1	1	1	1
Medicare and Medicaid managed care	11	8	11	3
Blue Cross	24	17	23	17
Managed care and other	47	57	49	67
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The mix of receivables (net of contractual allowances) from patients and third party payers at August 31, 2014 and 2013 are as follows:

	2014		2013	
	NYUHC	NYUSoM	NYUHC	NYUSoM
Medicare	12 %	15 %	12 %	18 %
Medicaid	1	1	1	3
Medicare and Medicaid managed care	17	11	17	5
Blue Cross	21	15	19	17
Managed care and other	49	58	51	57
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

4. Investments

Fair Value Measurements

Authoritative guidance of fair value measurements, ASC Topic 820, *Fair Value Measurements and Disclosures*, *Fair Value Measurements*, establishes a hierarchy of valuation methodologies based on the extent to which asset valuations are observable in the marketplace. The following describes the hierarchy of methodologies used to measure fair value of investments:

Fair value for Level 1 is based on quoted prices in actively traded markets that NYU has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. NYU does not adjust the quoted price for such assets and liabilities.

Fair value for Level 2 is based on quoted prices for instruments similar to those held by NYU in actively traded markets, quoted prices for identical instruments held by NYU in markets that are not actively traded and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data. Inputs are obtained from various sources including market participants, dealers and brokers.

Fair value for Level 3 is based on valuation techniques used to assess prices that are unobservable as the assets trade infrequently or not at all.

Investments included in Level 3 primarily consist of NYU's ownership in alternative investments (principally limited partnership interests in Fixed Income, Equity, Opportunistic & Credit, Real

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(in thousands of dollars)

Assets and other similar funds). The net asset value (NAV) of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer and subsequent developments concerning the companies to which the securities relate. NYU has performed due diligence around these investments to ensure NAV is an appropriate measure of fair value as of August 31, 2014 and 2013.

Asset Classes

Investments held by NYU's investment pool are categorized as follows:

NYU invests across a broad range of asset classes, including Equity, Real Assets, Opportunistic & Credit, and Fixed Income. NYU may invest directly in the securities of these asset classes, or indirectly through interests in funds and limited partnerships. Securities held directly by NYU are valued at their observable market prices. The value of holdings in funds and limited partnerships are in accordance with the valuations provided by their investment managers. Funds and limited partnerships may make investments in securities that are publicly traded, which are generally valued based on observable market prices, unless a restriction exists. Managers of investment funds and limited partnerships value those investments based upon the best information available for a given circumstance and may incorporate assumptions that are the investment manager's best estimates after consideration of a variety of internal and external factors. If no public market exists for the investments, the fair value is determined by the investment manager taking into consideration, among other things, the cost of the investment, prices of recent significant placements of similar investments of the same issuer and subsequent developments concerning the companies to which the investments relate. If NYU has the ability to redeem from an alternative investment up to 90 days beyond the measurement date at NAV, the alternative investment is generally categorized as Level 2. If the redemption period extends beyond 90 days, the investment is categorized as Level 3. Funds that NYU does not have discretion for timing of withdrawals are categorized as Level 3.

Equity

Equity consists of public equity (which may include passive index exposure) and alternative equity strategies including long/short equity and private equity. Included in this asset class are \$269,151 and \$275,564 of private equity funds as of August 31, 2014 and 2013, respectively.

Real Assets

Real Assets includes public and private investments in real estate and natural resources. Included in this asset class are \$131,415 and \$115,479 of private investments as of August 31, 2014 and 2013, respectively.

Opportunistic & Credit

Opportunistic & Credit includes a diverse range of strategies which includes: credit, distressed situations, opportunistic value, macro, event driven, relative value, risk arbitrage and special situations.

Fixed Income

Fixed Income includes investments in cash and cash equivalents, U.S. and foreign bonds, and corporate and asset-backed securities.

Other Long-Term Investments

Other Long-Term Investments is predominantly comprised of liquidating investments (valued at NAV as determined by the general partner).

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The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while NYU believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table summarizes the fair value of financial instruments at August 31:

	2014			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Long-term investments				
Equity	\$ 459,366	\$ 794,856	\$ 629,885	\$ 1,884,107
Real assets	76,909	113,783	150,380	341,072
Opportunistic & credit	-	255,055	624,914	879,969
Fixed income	124,074	202,914	-	326,988
Other	-	6,629	24,086	30,715
Subtotal investment pool	660,349	1,373,237	1,429,265	3,462,851
Equity	36,580	3,316	-	39,896
Fixed income	438,074	1,763	-	439,837
Other	1,171	-	7,203	8,374
Subtotal other long-term investments	475,825	5,079	7,203	488,107
Total long-term investments	1,136,174	1,378,316	1,436,468	3,950,958
Short-term investments				
Working capital	58,948	-	-	58,948
Total short-term investments	58,948	-	-	58,948
Other financial instruments				
Split-interest agreements (Note 7)	-	-	8,504	8,504
Deposits with trustees (Note 8)	112,167	54,738	-	166,905
Assets held by CCC550	22,984	251,312	-	274,296
Total	\$ 1,330,273	\$ 1,684,366	\$ 1,444,972	\$ 4,459,611

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	2013			
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Long-term investments				
Equity	\$ 306,474	\$ 737,020	\$ 523,175	\$ 1,566,669
Real assets	83,358	107,084	169,151	359,593
Opportunistic & credit	-	278,124	527,152	805,276
Fixed income	159,172	188,152	-	347,324
Other	10,631	6,262	25,298	42,191
Subtotal investment pool	559,635	1,316,642	1,244,776	3,121,053
Equity	18,316	3,218	-	21,534
Fixed income	468,918	1,265	-	470,183
Other	842	-	6,025	6,867
Subtotal other long-term investments	488,076	4,483	6,025	498,584
Total long-term investments	1,047,711	1,321,125	1,250,801	3,619,637
Short-term investments				
Working capital	28,680	-	-	28,680
Total short-term investments	28,680	-	-	28,680
Other financial instruments				
Split-interest agreements (Note 7)	-	-	6,737	6,737
Deposits with trustees (Note 8)	172,484	29,719	-	202,203
Assets held by CCC550	30,238	225,009	-	255,247
Total	\$ 1,279,113	\$ 1,575,853	\$ 1,257,538	\$ 4,112,504

The following table provides the changes in the amounts reported in the consolidated balance sheets for financial instruments classified by NYU within Level 3 of the fair value hierarchy defined above:

	2014							Total Investments
	Equity	Real Assets	Opportunistic & Credit	Fixed Income	CCC550	Split-interest agreements	Other	
Fair value, August 31, 2013	\$ 523,175	\$ 169,151	\$ 527,152	\$ -	\$ -	\$ 6,737	\$ 31,323	\$ 1,257,538
Realized gains (losses)	33,552	3,678	42,856	-	-	-	371	80,457
Unrealized gains (losses)	81,187	2,528	(18,852)	-	-	632	6,299	71,794
Purchases	85,642	46,133	171,446	-	-	1,135	300	304,656
Sales	(83,886)	(80,895)	(97,688)	-	-	-	(7,004)	(269,473)
Transfers (out) in	(9,785)	9,785	-	-	-	-	-	-
Fair value, August 31, 2014	\$ 629,885	\$ 150,380	\$ 624,914	\$ -	\$ -	\$ 8,504	\$ 31,289	\$ 1,444,972

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	2013							
	Equity	Real Assets	Opportunistic & Credit	Fixed Income	CCC550	Split-interest agreements	Other	Total Investments
Fair value, August 31, 2012	\$ 570,259	\$ 100,198	\$ 582,978	\$ 132,366	\$ 262,628	\$ 6,784	\$ 34,842	\$ 1,690,055
Realized gains (losses)	76,718	14,980	39,036	8,155	-	-	(489)	138,400
Unrealized (losses) gains	(6,188)	(17,967)	40,185	(9,188)	-	(47)	3,629	10,424
Purchases	68,315	108,929	82,828	-	-	-	4,000	264,072
Sales	(144,544)	(36,989)	(217,875)	(131,333)	-	-	(10,659)	(541,400)
Transfers out	(41,385)	-	-	-	(262,628)	-	-	(304,013)
Fair value, August 31, 2013	\$ 523,175	\$ 169,151	\$ 527,152	\$ -	\$ -	\$ 6,737	\$ 31,323	\$ 1,257,538

At August 31, 2014, NYU's unfunded commitments are as follows:

	Unfunded Commitments	Remaining Life	Timing to Draw Commitments
Equity	\$ 152,000	Up to 10 years	7 to 30 days
Opportunistic & credit	106,000	Up to 10 years	7 to 30 days
Real assets	125,000	Up to 15 years	7 to 30 days
	<u>\$ 383,000</u>		

NYU records purchases and sales of securities on a trade-date basis. NYU has included receivables for securities sold of \$276 and \$7,213 at August 31, 2014 and 2013, respectively, and liabilities for securities purchased of \$25,537 and \$10,265 at August 31, 2014 and 2013, respectively, in long-term investments.

Total investment return for the years ended August 31, 2014 and 2013 is as follows:

	2014	2013
Dividends and interest	\$ 71,830	\$ 53,080
Realized and unrealized gains, net	360,496	208,816
Investment expenses	(10,197)	(8,543)
Total investment return, net	<u>\$ 422,129</u>	<u>\$ 253,353</u>
Endowment distribution approved for spending	\$ 126,661	\$ 120,496
Return on short-term investments	25,731	7,816
Unrestricted investment return, net of spending	115,061	38,241
Temporarily restricted investment return, net of spending	154,676	86,800
Total investment return, net	<u>\$ 422,129</u>	<u>\$ 253,353</u>

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NYU maintains an investment pool for its long-term investments which include its endowment and similar funds. The pool is managed to achieve the maximum long-term return given prudent risk parameters. NYU's Board of Trustees has authorized a spending policy designed to allow asset growth while providing a predictable flow of return to support operations. Distributions from endowment to support operations (approximately 5% in 2014 and 2013) are calculated using the prior year distribution adjusted for the change in the New York Metro Area Consumer Price Index (CPI). To preserve the endowment's purchasing power, caps further limit spending as follows: 1) the distribution of endowment return to support operations may not exceed the prior year's distribution by more than 10%, unless the increase was the result of new gifts to the endowments, and 2) if the results of using only the average market value of either the final four quarters alone or the final eight quarters alone would be a decline in the distribution from the prior year's distribution, then the distribution may not exceed the previous year's level.

NYU relies on a total return strategy, the objective of which is to achieve a long-term rate of return consisting of a combination of current income and capital appreciation, recognizing that changes in market conditions and interest rates will result in varying strategies in an attempt to optimize results. Investment return (realized and unrealized net gains or losses, interest and dividends) and the appropriation for the approved endowment distribution for board-designated endowment funds are reported as nonoperating activities in the consolidated statement of activities. Investment return and the appropriation for the approved endowment distribution for true endowment funds are reported as temporarily restricted activities in the consolidated statement of activities.

5. Accounts and Loans Receivable, net

Accounts and loans receivable, net consist of the following at August 31, 2014 and 2013:

	2014	2013
Students and other	\$ 107,533	\$ 118,176
Grants and contracts	84,578	62,709
Student loans	123,825	118,894
Housing loans and other loans to employees	71,416	71,568
Insurance premiums (CCC550)	42,405	37,251
	<u>429,757</u>	<u>408,598</u>
Allowance for uncollectible amounts	<u>(50,880)</u>	<u>(48,419)</u>
Accounts and loans receivable, net	<u>\$ 378,877</u>	<u>\$ 360,179</u>

The allowance for uncollectible amounts at August 31, 2014 and 2013 consists of the following:

	2014	2013
Students and other	\$ (22,888)	\$ (24,642)
Grants and contracts	(19,761)	(15,808)
Student loans	(7,509)	(7,078)
Housing loans and other loans to employees	<u>(722)</u>	<u>(891)</u>
Total allowance for uncollectible amounts	<u>\$ (50,880)</u>	<u>\$ (48,419)</u>

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A reasonable estimate of the fair value of loans receivable from students under government loan programs could not be made because the notes cannot be sold and can only be assigned to the U.S. Government or its designees. The fair value of loans receivable from students under NYU's loan programs approximates carrying value.

Student loans consist primarily of Federal advances to the University under Perkins and other Federal Loan Programs which totaled \$80,117 and \$77,361 at August 31, 2014 and 2013, respectively. NYU records a liability on its consolidated balance sheet for these advances.

Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluation of the accounts and loans receivable portfolios.

Housing loans and other loans to employees are secured by an interest in the underlying property or continued employment.

6. Contributions Receivable

Contributions receivable consist of the following at August 31, 2014 and 2013:

	2014	2013
Amounts expected to be collected in:		
Less than one year	\$ 135,687	\$ 173,738
One to five years	421,191	348,849
More than five years	<u>131,154</u>	<u>118,460</u>
	688,032	641,047
Discount	(47,676)	(65,913)
Allowance for uncollectible amounts	<u>(62,231)</u>	<u>(55,844)</u>
Contributions receivable, net	<u>\$ 578,125</u>	<u>\$ 519,290</u>

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Contributions receivable activity for the years ended August 31, 2014 and 2013 is as follows:

	2014	2013
Contributions receivable, beginning of year, net	\$ 519,290	\$ 442,864
Add discount and allowance for uncollectible amounts	<u>121,757</u>	<u>120,036</u>
Contributions receivable, beginning of year, gross	641,047	562,900
New pledges received	320,735	353,478
Adjustments and write-offs	(31,518)	(23,177)
Pledge payments received	<u>(242,232)</u>	<u>(252,154)</u>
Subtotal	688,032	641,047
Deduct discount and allowance for uncollectible amounts	<u>(109,907)</u>	<u>(121,757)</u>
Contributions receivable, end of year, net	<u>\$ 578,125</u>	<u>\$ 519,290</u>

Conditional promises to give, not included in these financial statements, are \$503,828 and \$435,321 at August 31, 2014 and 2013, respectively.

Expenses related to fundraising activities are \$46,399 and \$40,431 for the years ended August 31, 2014 and 2013, respectively.

7. Other Assets

Other assets consist of the following at August 31, 2014 and 2013:

	2014	2013
Prepaid expenses and deferred charges	\$ 115,559	\$ 92,029
NYC MTA escrow	28,618	34,010
NYPD escrow	5,700	10,002
Unamortized bond issuance costs	38,608	44,004
Inventory	40,590	38,441
Split-interest agreements	8,504	6,737
Third-party payer receivables	31,938	11,285
Donated royalty	8,000	10,225
Collateral for securities loaned	1,301	2,634
Other	<u>41,538</u>	<u>41,045</u>
Other assets	<u>\$ 320,356</u>	<u>\$ 290,412</u>

NYC MTA and NYPD escrow accounts represent funds held by NYU for the remediation of a building. As the MTA and NYPD complete steps in the remediation process, the funds are released to the respective entities.

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8. Deposits with Trustees

Deposits with trustees consist of the following at August 31, 2014 and 2013:

	2014	2013
Unexpended bond proceeds		
Construction funds	\$ 73,255	\$ 103,563
Debt service funds	6,516	5,674
Debt service reserve funds	62,549	67,716
Capitalized interest funds	-	2,267
Other	391	511
Perpetual trust	<u>24,194</u>	<u>22,472</u>
Deposits with trustees	<u>\$ 166,905</u>	<u>\$ 202,203</u>

NYU is the income beneficiary of a perpetual trust. The income from this trust must be used for the support, maintenance and utilization of Villa La Pietra and the Acton Collection located in Florence, Italy. The trust income is also to be used for the education, benefit and assistance of faculty and students of the arts and crafts, architecture, literature, music, history of the arts and all other arts either in the United States or abroad.

9. Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following at August 31, 2014 and 2013:

	2014	2013
Land	\$ 205,445	\$ 205,445
Buildings and building improvements	6,900,776	6,388,880
Equipment	1,145,253	1,128,834
Construction in progress	<u>1,364,380</u>	<u>914,358</u>
	9,615,854	8,637,517
Less: Accumulated depreciation	<u>(3,461,891)</u>	<u>(3,155,790)</u>
Land, buildings, and equipment, net	<u>\$ 6,153,963</u>	<u>\$ 5,481,727</u>

Depreciation expense is \$399,953 and \$346,600 for the years ended August 31, 2014 and 2013, respectively.

Capitalized software totaled \$25,570 and \$60,197 for the years ended August 31, 2014 and 2013, respectively.

10. Bonds and Notes Payable

NYU has various bond issues outstanding, primarily issued through the Dormitory Authority of the State of New York (DASNY). The University and NYUSoM are considered the legally obligated group for certain borrowings presented below as the "Total Obligated Group".

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Bonds and notes payable consist of the following at August 31, 2014 and 2013:

	2014				
	University	School of Medicine	Total Obligated Group	Hospitals Center	Consolidated NYU
Issuer					
Dormitory Authority of the State of New York (DASNY)	\$ 1,812,371	\$ 206,973	\$ 2,019,344	\$ 435,999	\$ 2,455,343
New York City Industrial Development Agency (NYCIDA)	98,650	-	98,650	-	98,650
New York University (NYU)	41,868	86,432	128,300	-	128,300
NYU Hospitals Center	-	-	-	597,647	597,647
Other bonds and notes payable	149,109	57,187	206,296	403,916	610,212
Bonds and notes payable	\$ 2,101,998	\$ 350,592	\$ 2,452,590	\$ 1,437,562	\$ 3,890,152

	2013				
	University	School of Medicine	Total Obligated Group	Hospitals Center	Consolidated NYU
Issuer					
Dormitory Authority of the State of New York (DASNY)	\$ 1,696,946	\$ 210,446	\$ 1,907,392	\$ 489,952	\$ 2,397,344
New York City Industrial Development Agency (NYCIDA)	101,031	-	101,031	-	101,031
New York University (NYU)	41,868	86,432	128,300	-	128,300
NYU Hospitals Center	-	-	-	597,564	597,564
Other bonds and notes payable	228,261	43,671	271,932	111,443	383,375
Bonds and notes payable	\$ 2,068,106	\$ 340,549	\$ 2,408,655	\$ 1,198,959	\$ 3,607,614

In October 2013, DASNY issued \$126,525 of revenue bonds (Series 2013A) on behalf of the Obligated Group with interest rates ranging from 2.0% to 5.0%. The Series 2013A Bonds mature serially from July 2014 through July 2033, as well as in July 2037 and July 2043. The Series 2013A Bonds maturing in 2037 and 2043 are payable in annual sinking fund installments from July 2034 and July 2038, respectively, to maturity. The proceeds from the Series 2013A bonds will be used to refinance indebtedness incurred in connection with the construction and acquisition of certain Washington Square and School of Medicine buildings.

In October 2013, DASNY issued \$32,280 of taxable revenue bonds (Series 2013B) on behalf of the Obligated Group with interest rates ranging from 0.4% to 5.3%. The Series 2013B Bonds mature serially from July 2014 through July 2028, as well as in July 2033 and July 2043. The Series 2013B Bonds maturing in 2033 and 2043 are payable in annual sinking fund installments from July 2029 and July 2034, respectively, to maturity. The proceeds from the Series 2013B bonds will be used to refinance indebtedness incurred in connection with the construction and acquisition of certain buildings, including facilities located in Brooklyn and Washington, D.C.

In 2013, the Hospitals Center issued Series 2013A taxable bonds totaling \$350,000. The Series 2013A bonds require annual interest payments through July 2043 at a fixed rate of 5.75%.

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Principal on the bonds is payable in full in 2043. The proceeds of the Series 2013A bonds will be used to pay the costs of various construction, renovation and equipment projects, repay certain outstanding lines of credit and for working capital and other eligible corporate purposes.

In April 2004, the Hospitals Center arranged for a bank syndicate to acquire all of its Series 2000D bonds thereby removing the Series 2000D bonds from the 28-day auction mode for a period of five years. This arrangement has been subsequently renewed on several occasions with the latest amendment extending for a period of 3 years and maturing on January 1, 2014. Interest was reset at an interest rate based on a 30-day LIBOR. In November 2013, the Hospitals Center cash defeased the remaining obligation outstanding.

The principal amounts outstanding for bonds and notes payable consist of the following at August 31, 2014 and 2013:

	2014				
	University	School of Medicine	Total Obligated Group	Hospitals Center	Consolidated NYU
DASNY					
Series 1998A bonds, with interest rates ranging from 5.75% to 6.00%, maturing serially through July 2020, payable thereafter in annual sinking fund installments to maturity in 2027 (including premium of \$6,000)	\$ 170,270	\$ -	\$ 170,270	\$ -	\$ 170,270
Series 2001A bonds, with an interest rate of 5.75%, maturing serially to maturity in July 2015 (including premiums of \$38 and \$27)	7,562	623	8,185	-	8,185
2001 Series 1 bonds, with an interest rate of 5.50%, maturing serially through July 2025, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including premiums of \$2,798 and \$2,753)	64,828	53,504	118,332	-	118,332
Series 2004A bonds, with interest rates ranging from 3.50% to 5.00%, maturing serially from July 2014 through July 2024, payable thereafter in annual sinking fund installments to maturities in July 2029 and July 2034 (including premium of \$690)	53,890	-	53,890	-	53,890
Series 2006A bonds, with an interest rate of 4.80%, maturing serially from July 2013 through July 2016, payable thereafter in annual sinking fund installments to maturities in July 2020 and July 2026 (including premium of \$1,618)	-	-	-	86,058	86,058
Series 2007A bonds, with an interest rate of 5.00%, maturing serially through July 2016, payable thereafter in annual sinking fund installments to maturities in July 2022, July 2026 and July 2036 (including premium of \$3,255)	-	-	-	144,880	144,880
Series 2007A bonds, with interest rates ranging from 4.25% to 5.00%, maturing serially from July 2017 through July 2027, payable thereafter in annual sinking fund installments to maturities in July 2032 and July 2037 (including premium of \$2,612)	128,757	-	128,757	-	128,757

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	University	School of Medicine	2014 Total Obligated Group	Hospitals Center	Consolidated NYU
DASNY, continued					
Series 2007B bonds, with a fixed interest rate of 5.6% payable in annual sinking fund installments from July 2009 and July 2025, to maturities in July 2024 and July 2037 (including discount of \$2,201)	-	-	-	81,579	81,579
Series 2008A bonds, with interest rates ranging from 4.00% to 5.25%, maturing serially from July 2013 through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2029, July 2038 and July 2048 (including premium of \$4,174)	280,734	-	280,734	-	280,734
Series 2008B bonds, with interest rates ranging from 4.00% to 5.25%, maturing serially through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2029, July 2038 and July 2048 (including premium of \$2,953)	217,568	-	217,568	-	217,568
Series 2008C bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2029 and July 2038 (including premium of \$682)	89,887	-	89,887	-	89,887
Series 2009A bonds, with interest rates ranging from 3.10% to 5.25%, maturing serially from July 2015 through July 2029, payable thereafter in annual sinking fund installments to maturities in July 2034 and July 2039 (including net premiums of \$12,104 and \$1,315)	378,704	37,095	415,799	-	415,799
Series 2009B bonds, with an interest rate of 5.00%, payable in annual sinking fund installments from July 2030 and July 2034, respectively, to maturities in July 2034 and July 2039 (including premium of \$912)	-	65,172	65,172	-	65,172
Series 2011A bonds, with interest rates ranging from 2.00% to 6.00%, maturing serially from July 2011 through July 2026, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including discount of \$1,723)	-	-	-	123,482	123,482
Series 2012A bonds, with interest rates ranging from 2.00% to 5.00%, maturing serially from July 2013 through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including net premiums of \$15,558 and \$4,939)	167,259	50,579	217,838	-	217,838
Series 2012B bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially from July 2027 through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including premium of \$5,156)	60,190	-	60,190	-	60,190
Series 2012C taxable bonds, with interest rates ranging from 0.72% to 3.62%, maturing serially from July 2013 to maturity in July 2027	27,380	-	27,380	-	27,380

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	2014				
	University	School of Medicine	Total Obligated Group	Hospitals Center	Consolidated NYU
DASNY, continued					
Series 2013A bonds, with interest rates ranging from 2.00% to 5.00%, maturing serially from July 2014 through July 2033, payable thereafter in annual sinking fund installments to maturities in July 2037 and, July 2043 (including net premiums of \$8,883)	133,912	-	133,912	-	133,912
Series 2013B taxable bonds, with interest rates ranging from 0.44% to 5.25%, maturing serially from July 2014 through July 2028, payable thereafter in annual sinking fund installments to maturities in July 2033 and, July 2043	31,430	-	31,430	-	31,430
Subtotal of DASNY bonds	1,812,371	206,973	2,019,344	435,999	2,455,343
NYCIDA					
NYCIDA Series 2007 bonds, with interest rates ranging from 4.35% to 5.25%, maturing serially from November 2011 to maturity in November 2037 (including premium of \$1,091)	98,650	-	98,650	-	98,650
Subtotal of NYCIDA	98,650	-	98,650	-	98,650
NYU					
Series 2009 taxable bonds, with an interest rate of 5.24%, maturing in July 2032, payable in annual sinking fund installments from July 2015 to maturity	16,568	86,432	103,000	-	103,000
Series 2010 taxable bonds, with an interest rate of 4.96%, maturing in July 2032, payable in annual sinking fund installments from July 2015 to maturity	25,300	-	25,300	-	25,300
Subtotal of NYU Bonds	41,868	86,432	128,300	-	128,300
NYU Hospitals Center					
Series 2012 taxable bonds, with an interest rate of 4.40%, maturing in July 2042 (including discount of \$967)	-	-	-	249,033	249,033
Series 2013 taxable bonds, with an interest rate of 5.75%, maturing in July 2043 (including discount of \$1,386)	-	-	-	348,614	348,614
Subtotal of NYU Hospitals Center bonds	-	-	-	597,647	597,647
Other bonds and notes payable (Note 11)					
Various with interest rates ranging from 3.00% to 5.25%, due through November 2017	-	-	-	148,750	148,750
Promissory note with an interest rate of 3.2%, maturing in July 2015	55,029	-	55,029	-	55,029
Lines of credit	88,000	26,000	114,000	200,000	314,000
Capital leases	6,080	31,187	37,267	55,166	92,433
Subtotal of other bonds and notes payable	149,109	57,187	206,296	403,916	610,212
Total amounts outstanding	\$ 2,101,998	\$ 350,592	\$ 2,452,590	\$ 1,437,562	\$ 3,890,152

New York University

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	2013				
	University	School of Medicine	Total Obligated Group	Hospitals Center	Consolidated NYU
DASNY					
Series 1998A bonds, with interest rates ranging from 5.75% to 6.00%, maturing serially through July 2020, payable thereafter in annual sinking fund installments to maturity in 2027 (including premium of \$10,824)	\$ 183,409	\$ -	\$ 183,409	\$ -	\$ 183,409
Series 2000D bonds, with interest rates ranging from 1.50% to 6.80%, maturing serially through July 2026, payable in annual sinking fund installments to maturities in July 2025 and July 2026	-	-	-	41,300	41,300
Series 2001A bonds, with an interest rate of 5.75%, maturing serially to maturity in July 2015 (including premiums of \$672 and \$53)	19,330	1,531	20,861	-	20,861
2001 Series 1 bonds, with an interest rate of 5.50%, maturing serially through July 2025, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including premiums of \$3,498 and \$2,860)	66,597	54,486	121,083	-	121,083
Series 2004A bonds, with interest rates ranging from 3.50% to 5.00%, maturing serially from July 2014 through July 2024, payable thereafter in annual sinking fund installments to maturities in July 2029 and July 2034 (including premium of \$891)	55,676	-	55,676	-	55,676
Series 2006A bonds, with an interest rate of 4.80%, maturing serially from July 2013 through July 2016, payable thereafter in annual sinking fund installments to maturities in July 2020 and July 2026 (including premium of \$1,755)	-	-	-	92,215	92,215
Series 2007A bonds, with an interest rate of 5.00%, maturing serially through July 2016, payable thereafter in annual sinking fund installments to maturities in July 2022, July 2026 and July 2036 (including premium of \$3,404)	-	-	-	148,924	148,924
Series 2007A bonds, with interest rates ranging from 4.25% to 5.00%, maturing serially from July 2017 through July 2027, payable thereafter in annual sinking fund installments to maturities in July 2032 and July 2037 (including premium of \$3,084)	129,229	-	129,229	-	129,229
Series 2007B bonds, with a fixed interest rate of 5.6% payable in annual sinking fund installments from July 2009 and July 2025, to maturities in July 2024 and July 2037 (including discount of \$2,358)	-	-	-	83,382	83,382
Series 2008A bonds, with interest rates ranging from 4.00% to 5.25%, maturing serially from July 2013 through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2029, July 2038 and July 2048 (including premium of \$4,643)	284,369	-	284,369	-	284,369
Series 2008B bonds, with interest rates ranging from 4.00% to 5.25%, maturing serially through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2029, July 2038 and July 2048 (including premium of \$3,441)	220,647	-	220,647	-	220,647
Series 2008C bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2029 and July 2038 (including premium of \$856)	92,116	-	92,116	-	92,116

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	2013				
	University	School of Medicine	Total Obligated Group	Hospitals Center	Consolidated NYU
DASNY, continued					
Series 2009A bonds, with interest rates ranging from 3.10% to 5.25%, maturing serially from July 2015 through July 2029, payable thereafter in annual sinking fund installments to maturities in July 2034 and July 2039 (including net premiums of \$14,624 and \$1,368)	381,224	37,148	418,372	-	418,372
Series 2009B bonds, with an interest rate of 5.00%, payable in annual sinking fund installments from July 2030 and July 2034, respectively, to maturities in July 2034 and July 2039 (including premium of \$948)	-	65,208	65,208	-	65,208
Series 2011A bonds, with interest rates ranging from 2.00% to 6.00%, maturing serially from July 2011 through July 2026, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including discount of \$1,789)	-	-	-	124,131	124,131
Series 2012A bonds, with interest rates ranging from 2.00% to 5.00%, maturing serially from July 2013 through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including net premiums of \$18,061 and \$5,115)	174,142	52,073	226,215	-	226,215
Series 2012B bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially from July 2027 through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including premium of \$5,923)	60,957	-	60,957	-	60,957
Series 2012C taxable bonds, with interest rates ranging from 0.72% to 3.62%, maturing serially from July 2013 to maturity in July 2027	29,250	-	29,250	-	29,250
Subtotal of DASNY bonds	<u>1,696,946</u>	<u>210,446</u>	<u>1,907,392</u>	<u>489,952</u>	<u>2,397,344</u>
NYCIDA					
NYCIDA Series 2007 bonds, with interest rates ranging from 4.35% to 5.25%, maturing serially from November 2011 to maturity in November 2037 (including premium of \$1,391)	101,031	-	101,031	-	101,031
Subtotal of NYCIDA	<u>101,031</u>	<u>-</u>	<u>101,031</u>	<u>-</u>	<u>101,031</u>
NYU					
Series 2009 taxable bonds, with an interest rate of 5.24%, maturing in July 2032, payable in annual sinking fund installments from July 2015 to maturity	16,568	86,432	103,000	-	103,000
Series 2010 taxable bonds, with an interest rate of 4.96%, maturing in July 2032, payable in annual sinking fund installments from July 2015 to maturity	25,300	-	25,300	-	25,300
Subtotal of NYU Bonds	<u>41,868</u>	<u>86,432</u>	<u>128,300</u>	<u>-</u>	<u>128,300</u>
NYU Hospitals Center					
Series 2012 taxable bonds, with an interest rate of 4.40%, maturing in July 2042 (including discount of \$1,036)	-	-	-	248,999	248,999
Series 2013 taxable bonds, with an interest rate of 5.75%, maturing in July 2043 (including discount of \$1,435)	-	-	-	348,565	348,565
Subtotal of NYU Hospitals Center bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>597,564</u>	<u>597,564</u>
Other bonds and notes payable (Note 11)					
Various with interest rates ranging from 3.00% to 5.25%, due through November 2017	9,901	-	9,901	11,048	20,949
Promissory note with an interest rate of 3.2%, maturing in July 2015	57,639	-	57,639	-	57,639
Lines of credit	138,000	16,600	154,600	50,000	204,600
Capital leases	22,721	27,071	49,792	50,395	100,187
Subtotal of other bonds and notes payable	<u>228,261</u>	<u>43,671</u>	<u>271,932</u>	<u>111,443</u>	<u>383,375</u>
Total amounts outstanding	<u>\$ 2,068,106</u>	<u>\$ 340,549</u>	<u>\$ 2,408,655</u>	<u>\$ 1,198,959</u>	<u>\$ 3,607,614</u>

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The fair value of NYU's bonds and notes payable is estimated based on either the quoted market prices for the same or similar issues or NYU's current incremental borrowing rates for similar types of borrowing arrangements, and is \$4,217,000 and \$3,615,000 at August 31, 2014 and 2013, respectively. The fair value of NYU's bonds and notes payable of approximately \$3,607,000 and \$3,231,000, respectively, is classified as Level 2 as defined in Note 4. The fair value of NYU's other bonds and notes payable of approximately \$610,000 and \$384,000, respectively, is classified as Level 3 as defined in Note 4.

Interest expense on long-term debt totaled \$151,497 and \$136,871 for the years ended August 31, 2014 and 2013, respectively. This excludes \$21,744 and \$16,728 of capitalized interest (net of income earned on deposits with bond trustees) for the years ended August 31, 2014 and 2013, respectively, which is included in land, buildings, and equipment, net.

In conjunction with the current debt agreements, various security agreements were executed by the Hospitals Center. The agreements include pledging, as collateral, a security interest in the Hospitals Center's property, plant and equipment, and gross receipts and also place limitations on the use of certain assets.

Other agreements include covenants requiring that the Hospitals Center maintain certain financial ratios. At August 31, 2014 and 2013, NYU is compliant with all financial and administrative covenants.

Future Principal Payments

The aggregate required principal payments on all bonds and notes payable for each of the next five fiscal years, and thereafter to maturity, are as follows:

Year Ending August 31,	
2015	\$ 365,777
2016	122,560
2017	100,635
2018	95,292
2019	212,331
Thereafter	<u>2,922,581</u>
Total principal payments	3,819,176
Unamortized premiums and discounts, net	<u>70,976</u>
	<u><u>\$ 3,890,152</u></u>

11. Obligations With Financial Institutions & Other Leasing Obligation

At August 31, 2014 and 2013, the Obligated Group's contractually committed bank credit agreements totaled \$500,000. A \$300,000 agreement extends through August 2015. A \$200,000 agreement extends through June 2016. The interest is accrued for both lines of credit at a rate based on LIBOR. The combined amounts outstanding under these agreements are \$114,000 and \$154,600 as of August 31, 2014 and 2013, respectively.

In May 2014, the Hospitals Center entered into a loan agreement with a bank totaling \$150,000. The loan requires fixed monthly principal, and interest payments at variable rate equal to the Prime Rate in effect through May 2019. The rate for this loan at August 31, 2014 was 0.95%, and debt outstanding was \$148,750. The proceeds of the loan are to be used to finance capital and other general corporate purposes.

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The Hospitals Center has four unsecured lines of credit totaling \$500,000 (Commitments 1, 2, 3 and 4). Commitment no.1 has a total capacity of \$200,000, and expires in September 2015. Commitment no. 2 has a total capacity of \$100,000, and expires in March 2016. Commitment no. 3 has a total capacity of \$100,000 and expires in September 2015. Commitment no. 4 has a total capacity of \$100,000 and expires April 2016. As of August 31, 2014, the Hospitals Center has drawn \$200,000 from these lines of credit.

In August 2009, the Hospitals Center entered into a lease agreement with DASNY under its tax exempt leasing program (TELP). The lease line, totaling \$46,000, provides financing to the Hospitals Center for various capital equipment. In December 2013, the Hospitals Center repaid the remaining outstanding obligation due on this lease.

Other Leasing Obligation

In June 2013, NYUSoM entered into a lease agreement for four floors in a building which is currently under construction. NYUSoM plans to perform additional construction on these floors to complete certain structural elements and to customize them for use as laboratory and vivarium spaces. These activities and the cap on the construction allowances from the landlord resulted in NYUSoM being considered the accounting owner of these four floors.

NYUSoM has capitalized the total cost to construct the four floors as construction in progress and a related liability totaling \$122,208 and \$86,990 has been recorded as other leasing obligations on the consolidated balance sheet as of August 31, 2014 and 2013, respectively.

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12. Self-Insured Professional Liabilities

As described in Note 1, the Hospitals Center is self-insured for professional liability, primarily through a wholly-owned segregated cell captive company, CCC550. Prior coverage for professional and general liability risks was provided through a multi-provider pooled insurance program that includes commercial coverage and a captive insurance program.

Self-insured loss reserves comprise estimates for known reported losses and loss expenses plus a provision for losses incurred but not reported. Losses are valued by an independent actuary and are based on the loss experience of the insured. In management's opinion, recorded reserves for self-insured exposures are adequate to cover the ultimate net cost of losses incurred to date; however, the provision is based on estimates and may ultimately be settled for a significantly greater or lesser amount.

CCC550 has investment assets of \$274,296 and \$255,247 at August 31, 2014 and 2013, respectively, to fund related obligations. CCC550 has total obligations for insurance exposure of \$233,239 and \$215,972 as of August 31, 2014 and 2013, respectively. Also, within accounts payable and accrued expenses, the Hospitals Center has recorded obligations related to the multi-provider pooled program, obligations related to excess self-insured exposures not covered by CCC550.

CCC550 also provides insurance coverage to certain voluntary attending physicians servicing NYUSoM and the Hospitals Center. The cost of this insurance coverage is the responsibility of such physicians.

13. Retirement Plans

Substantially all NYU employees are covered by retirement plans. These plans include various defined contribution plans, multi-employer defined benefit plans and three NYU-sponsored defined benefit plans. NYU contributes to its defined contribution and multi-employer defined benefit plans based on rates required by union or other contractual arrangements. Expenses related to NYU's defined contribution plans are \$145,380 and \$129,987 in 2014 and 2013, respectively.

Contributions to defined benefit plans are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. Contributions to the three defined benefit plans are made in amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as the sponsors may deem appropriate, from time to time. Pension benefits under these three plans are based on participants' final average compensation levels and years of service.

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The following tables provide information with respect to the defined benefit plans for the years ended August 31:

Plans' Funded Status:

	2014	2013
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 783,842	\$ 874,181
Service cost	14,492	18,361
Interest cost	37,931	33,869
Actuarial loss (gain)	109,143	(117,167)
Benefits paid	(29,533)	(25,010)
Administrative expense	(327)	(392)
	<u>915,548</u>	<u>783,842</u>
Change in fair value of plan assets		
Fair value of plan assets, beginning of year	617,857	577,293
Actual return on plan assets	101,756	52,566
Employer contributions	35,320	13,400
Benefits paid	(29,533)	(25,010)
Administrative expense	(327)	(392)
	<u>725,073</u>	<u>617,857</u>
Fair value of plan assets, end of year	<u>725,073</u>	<u>617,857</u>
Accrued benefit obligation	<u>\$ 190,475</u>	<u>\$ 165,985</u>
Benefit obligation weighted average assumptions as of August 31		
Discount rate	4.00% - 4.25%	4.75% - 5.00%
Rate of increase in compensation levels	3.50% - 4.00%	3.50% - 4.00%

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Net Periodic Benefit Cost:

	2014	2013
Components of net periodic benefit cost		
Service cost	\$ 14,492	\$ 18,361
Interest cost	37,931	33,869
Expected return on plan assets	(40,596)	(34,541)
Amortization of prior service cost	2	2
Amortization of actuarial loss	19,317	33,989
Net periodic benefit cost	<u>\$ 31,146</u>	<u>\$ 51,680</u>
Other changes recognized in unrestricted net assets		
Actuarial net loss (gain) arising during period	\$ 47,983	\$ (135,191)
Amortization of prior service cost	(2)	(2)
Amortization of actuarial loss	(19,317)	(33,989)
Total recognized in nonoperating activities	<u>\$ 28,664</u>	<u>\$ (169,182)</u>
Amounts not yet reflected in net periodic benefit cost and included in unrestricted net asset		
Prior service cost	\$ 13	\$ 15
Accumulated loss	262,954	234,288
Amounts in unrestricted net assets, end of year	<u>\$ 262,967</u>	<u>\$ 234,303</u>
Amounts in unrestricted net assets expected to be recognized in net periodic pension cost in fiscal 2015		
Actuarial loss	\$ 25,386	\$ 19,317
Prior service cost	2	2
Net periodic benefit cost weighted average assumptions		
Discount rate	4.75% - 5.00%	3.75% - 4.00%
Rate of increase in compensation levels	3.50% - 4.00%	3.50% - 4.00%
Expected long-term rate of return on plan assets	6.00% - 7.00%	6.00%

The accumulated benefit obligation for the pension plans is \$854,933 and \$734,781 at August 31, 2014 and 2013, respectively.

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Plan Assets:

The following table presents the fair value of the defined benefit plan investments (according to the hierarchy defined in Note 4) at August 31:

	2014			
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash equivalents	\$ 6,249	\$ -	\$ -	\$ 6,249
Fixed income	154,799	71,667	-	226,466
Equity	378,192	102,606	-	480,798
Real estate	-	11,560	-	11,560
Total	<u>\$ 539,240</u>	<u>\$ 185,833</u>	<u>\$ -</u>	<u>\$ 725,073</u>

	2013			
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash equivalents	\$ 3,966	\$ -	\$ -	\$ 3,966
Fixed income	139,096	57,634	-	196,730
Equity	320,205	87,140	-	407,345
Real estate	-	9,816	-	9,816
Total	<u>\$ 463,267</u>	<u>\$ 154,590</u>	<u>\$ -</u>	<u>\$ 617,857</u>

The pension assets seek to (1) provide retirement benefits to its eligible participants and beneficiaries and (2) achieve full funding of the pension liability, in such a timeframe and in such a way that risk and contribution levels are manageable for the sponsor, and maintain it thereafter. The pension liability growth rate together with the desire to achieve and maintain a fully-funded level (100%) implies a minimum absolute rate of return to be met through either (1) sponsor contributions, (2) pension assets growth, or (3) a combination thereof. The pension assets attempt to achieve, after taking into account the sponsor's budgeted contributions, a return sufficient to meet the desired funded level over a reasonable timeline, while incurring an acceptable level of risk.

The strategy for achieving and maintaining a fully funded pension liability may vary with the prevailing funded level and other parameters related to the overall goal. Therefore, the asset allocation process is designed to be dynamic and employ a liability-driven investment philosophy, which reframes risk and performance relative to the pension liability. This approach is expected to enable pension assets to more reliably track the value of the pension liability, with less funded level volatility, than would a static total-return investment. At low funding levels, the pension assets will focus on generating return, subject to risk tolerance and contribution policy; as the funding level rises, the objective of the pension assets will move gradually toward managing funded level volatility. Target allocations at the funded level are 34% equity, 2% real estate, 4% opportunistic and credit, and 60% fixed income and cash. The expected long-term rate of return assumption is determined by adding expected inflation to expected long-term real returns of various asset classes, weighing the asset class returns by the plans'

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investment in each class, and taking into account expected volatility and correlation between the returns of various asset classes. NYU management believes 6%-7% is a reasonable estimate of long-term rates of return on plan assets for 2014 and will continue to evaluate the actuarial assumptions and adjust them as necessary.

Contributions:

Annual contributions are determined by NYU based upon calculations prepared by the plans' actuaries. Expected contributions for the 2015 fiscal year are \$13,400.

Benefit Payments:

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the following years:

Year Ending August 31

2015	\$	34,199
2016		37,249
2017		40,099
2018		42,835
2019		45,433
Thereafter		255,866

Multi-employer Benefit Plans:

NYU participates in multi-employer defined benefit pension plans. NYU makes cash contributions to these plans under the terms of collective-bargaining agreements that cover its union employees based on a fixed rate and hours of service per week worked by the covered employees. The risks of participating in these multi-employer plans are different from other single-employer plans in the following aspects: (1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (3) if NYU chooses to stop participating in some of its multi-employer plans, NYU may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability. NYU has contributed cash and recorded expenses for the multi-employer plans noted in the table below. The measurement dates for the following plans are as of August 31 and December 31, as applicable.

	2014	2013
Pension Fund		
1199 SEIU Health Care Employees Health & Welfare Fund	\$ 63,936	\$ 56,631
1199 SEIU Health Care Employees Pension Fund	26,565	20,400
Local 810 Health & Welfare Fund	2,215	3,337
United Wire, Metal & Machine Pension Fund	1,120	1,096
Local 810 Pension Fund	883	797
Building Service 32BJ Pension Fund	113	175
	<u>\$ 94,832</u>	<u>\$ 82,436</u>

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NYU's contributions to the Building Service 32BJ Pension Fund and the 1199 SEIU Health Care Employees Pension Fund represent less than 5% of total plan contributions. In addition, the Local 810 Pension Fund's contributions are insignificant. The Health & Welfare Plans provide medical benefits (health, dental, prescription, vision) for active employees and retirees. Eligibility for benefit coverage level and type is dependent upon their status as an active employee or retiree.

The following table includes additional disclosure information related to the Pension Funds:

Plan Name	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2014	2013			
1199 Pension Fund	13-3604862/001	N/A	Green	N/A	No	September 2018

The Pension Protection Act zone status indicates the plan's funded status of either at least 80% funded (green) or less than 80% funded (yellow or red). A zone status of red requires the plan sponsor to implement a Funding Improvement Plan (FIP) or Rehabilitation Plan (RP).

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14. Other Postretirement Benefits

NYU has five health and welfare plans that provide certain health care and life insurance benefits for eligible retired employees. NYU employees may become eligible for these benefits if they reach the age and service requirements of the plan while working for NYU. The costs related to these plans are accrued during the period the employees provide service to NYU.

The following tables provide information with respect to the other postretirement plans for the years ended August 31:

Plans' Funded Status:

	2014	2013
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 524,998	\$ 604,446
Service cost	18,219	22,576
Interest cost	24,450	22,928
Plan changes	3,643	2,492
Actuarial loss (gain)	55,451	(114,315)
Participants' contributions	3,919	4,147
Retiree drug subsidy receipts	1,524	1,213
Benefits paid	<u>(20,190)</u>	<u>(18,489)</u>
Benefit obligation, end of year	<u>612,014</u>	<u>524,998</u>
Change in fair value of plan assets		
Fair value of plan assets, beginning of year	67,889	57,546
Actual return on plan assets	10,678	1,073
Employer contributions	24,249	22,399
Plan participants' contributions	3,919	4,147
Retiree drug subsidy receipts	1,524	1,213
Benefits paid	<u>(20,190)</u>	<u>(18,489)</u>
Fair value of plan assets, end of year	<u>88,069</u>	<u>67,889</u>
Accrued postretirement benefit obligation	<u>\$ 523,945</u>	<u>\$ 457,109</u>

Weighted average assumptions to determine benefit obligations and net cost as of August 31

Discount rate	4.00% - 4.25%	4.00% - 5.00%
Expected long-term rate of return	6.00% - 7.00%	6.00% - 8.50%
Ultimate retiree health-care cost trend	4.50%	4.50% - 5.00%
Year ultimate trend rate is achieved	2023 - 2027	2021 - 2027

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Net Periodic Benefit Cost:

	2014	2013
Components of net periodic benefit cost		
Service cost	\$ 18,219	\$ 22,576
Interest cost	24,450	22,928
Expected return on plan assets	(4,073)	(3,453)
Amortization of transition obligation	-	21
Amortization of plan service credit	(6,376)	(8,936)
Amortization of actuarial loss	4,800	15,891
Net periodic benefit cost	<u>\$ 37,020</u>	<u>\$ 49,027</u>
Other changes recognized in unrestricted net assets		
Amortization of actuarial net loss	\$ (4,800)	\$ (15,891)
Actuarial net loss (gain) arising during period	49,110	(111,935)
Amortization of prior service credit	6,376	8,936
Prior service cost arising during period	3,644	2,493
Amortization of transition obligation	-	(21)
Total recognized in nonoperating activities	<u>\$ 54,330</u>	<u>\$ (116,418)</u>
Amounts not yet reflected in net periodic benefit cost and included in unrestricted net assets		
Prior service credit	(17,318)	(27,337)
Accumulated loss	165,477	121,432
Amounts in unrestricted net assets, end of year	<u>\$ 148,159</u>	<u>\$ 94,095</u>
Amounts in unrestricted net assets expected to be recognized in net periodic pension cost in fiscal 2015		
Actuarial loss	\$ (9,052)	\$ (5,908)
Prior service credit	5,323	6,897

In 2014 and 2013, the effect of a 1% change in the health care cost trend rate is as follows:

	2014		2013	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Effect on net periodic benefit cost	\$ 7,835	\$ (6,276)	\$ 9,376	\$ (7,126)
Effect on postretirement benefit obligation	102,165	(80,900)	80,862	(66,236)

Contributions:

Expected contributions for the 2015 fiscal year are \$9,739.

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Plan Assets:

The following table presents the fair value of the postretirement plan investments (according to the hierarchy defined in Note 4) at August 31:

	2014			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash equivalents	\$ 123	\$ -	\$ -	\$ 123
Equity funds	-	61,158	-	61,158
Fixed income	-	26,788	-	26,788
Total	<u>\$ 123</u>	<u>\$ 87,946</u>	<u>\$ -</u>	<u>\$ 88,069</u>

	2013			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash equivalents	\$ 47	\$ -	\$ -	\$ 47
Equity funds	-	44,382	-	44,382
Fixed income	-	23,460	-	23,460
Total	<u>\$ 47</u>	<u>\$ 67,842</u>	<u>\$ -</u>	<u>\$ 67,889</u>

The plans' investment objectives seek a positive long-term total rate of return after inflation to meet NYU's current and future plan obligations. The asset allocations for the plans combine tested theory and informed market judgments to balance investment risks with the need for high returns.

The expected long-term rate of return assumption is determined by adding expected inflation to expected long-term real returns of various asset classes, taking into account expected volatility and correlation between the returns of various asset classes. NYU management believes that 6%-7% is a reasonable range of long-term rates of return on plan assets for 2014 and will continue to evaluate the actuarial assumptions and adjust them as necessary.

Benefit Payments:

The following benefit payments (net of retiree contributions), which reflect the effects of the Medicare Act and expected future service, as appropriate, are expected to be paid in:

Year Ending August 31,	
2015	\$ 18,970
2016	20,627
2017	22,121
2018	23,981
2019	25,893
Thereafter	162,333

New York University
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(in thousands of dollars)

15. Grants and Contracts

Grant and contract revenues represent reimbursements of costs incurred in direct support of research and other sponsored activities. Additionally, such sponsored grants and contracts generally provide for the recovery of indirect costs supporting these activities. Indirect costs, included in grant and contract revenues, are recovered at rates established in advance by NYU through negotiations with the federal government and other private sponsors and amount to \$127,445 and \$115,541 for the years ended August 31, 2014 and 2013, respectively.

16. Hospital Affiliations

NYUSoM has three affiliation agreements with the New York City Health and Hospitals Corporation to provide general care and mental health services. The first two agreements are with Woodhull Medical and Mental Health Center and Cumberland Diagnostic and Treatment Center, and Bellevue Medical Center and Gouverneur Diagnostic and Treatment Center and were effective for July 1, 2011 through June 30, 2014. Extension agreements cover the period from July 1, 2014 through June 30, 2015 for both affiliations. The third agreement is with Coler Hospital and Nursing Facility and the Goldwater Hospital and Nursing Facility and was effective for July 1, 2012 to June 30, 2014. An extension agreement covers the period July 1, 2014 to June 30, 2015. New multi-year affiliation agreements with an effective date of July 1, 2015 are currently being negotiated with each of these facilities.

17. Allocated Expenses

Certain expenses incurred by NYU are allocated to specific program and support service activities on the basis of utilization of the underlying assets. Expenses included in this allocation are operation and maintenance of plant, interest on indebtedness, and depreciation and amortization. These expenses, which are included in total operating expenses for the years ended August 31, 2014 and 2013, are presented below:

	2014			
	Operation and Maintenance of Plant	Interest on Indebtedness	Depreciation and Amortization	Total
Instruction and other academic programs	\$ 65,615	\$ 46,139	\$ 91,982	\$ 203,736
Research and other sponsored programs	57,460	6,265	24,923	88,648
Patient care	62,587	1,708	105,396	169,691
Libraries	6,651	492	9,127	16,270
Student services	13,122	3,667	18,300	35,089
Institutional services	150,504	55,056	53,444	259,004
Auxiliary enterprises	83,140	38,170	102,172	223,482
Total	<u>\$ 439,079</u>	<u>\$ 151,497</u>	<u>\$ 405,344</u>	<u>\$ 995,920</u>

New York University
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(in thousands of dollars)

	2013			
	Operation and Maintenance of Plant	Interest on Indebtedness	Depreciation and Amortization	Total
Instruction and other academic programs	\$ 64,269	\$ 33,324	\$ 82,593	\$ 180,186
Research and other sponsored programs	58,216	7,194	24,623	90,033
Patient care	61,291	29,450	89,699	180,440
Libraries	7,619	1,287	9,208	18,114
Student services	14,023	3,731	16,396	34,150
Institutional services	117,414	14,429	44,388	176,231
Auxiliary enterprises	72,485	47,456	84,604	204,545
Total	<u>\$ 395,317</u>	<u>\$ 136,871</u>	<u>\$ 351,511</u>	<u>\$ 883,699</u>

18. Components of Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at August 31, 2014 and 2013:

	2014	2013
Contributions and earnings for operating purposes	\$ 950,438	\$ 690,320
Contributions for buildings and equipment	224,864	218,399
Disaster recovery award for mitigation	518,481	-
Annuity trust agreements	32,713	29,037
Scholarships and fellowships	139,355	106,560
Total	<u>\$ 1,865,851</u>	<u>\$ 1,044,316</u>

Permanently restricted net assets at August 31, 2014 and 2013 are retained in perpetuity to support the following activities:

	2014	2013
Program support	\$ 432,880	\$ 415,034
Faculty and staff salaries	745,816	724,484
Scholarships and fellowships	446,448	400,645
Library books	13,564	13,541
Research and sponsored programs	38,624	35,915
Buildings and equipment	4,490	4,308
Student loans	2,635	2,577
Total	<u>\$ 1,684,457</u>	<u>\$ 1,596,504</u>

New York University
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NYU's investment pools include individual endowed funds established for a variety of purposes. Pooled assets include both donor restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NYU classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment required by the applicable donor gift instrument. Accumulated unspent earnings from the permanently restricted endowments are classified as temporarily restricted net assets. Board-designated endowments, as well as any accumulated losses on any individual permanently restricted endowment (underwater endowment), are classified as unrestricted net assets.

NYU defines the appropriation of endowment net assets for expenditure as the authorization of its investment spending rate as approved annually by the Board of Trustees (see Note 4). However, when donors have expressly stipulated the payout percentage of earnings on endowments that differs from NYU policies, the donors' intent prevails. In making a determination to appropriate or accumulate, NYU adheres to the standard of prudence prescribed by New York Prudent Management of Institutional Funds Act (NYPMIFA) and considers the following factors: the duration and preservation of the endowment fund; NYU's mission and the purpose of the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of NYU; where appropriate and circumstances would otherwise warrant, alternatives to expenditures of the endowment fund giving due consideration to the effect that such alternatives may have on NYU; and the investment policy of NYU.

The following table represents the net asset classes of NYU's endowment funds as of August 31:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	\$ -	\$ 523,814	\$ 1,615,713	\$ 2,139,527
Board-designated endowment	1,336,350	-	-	1,336,350
Underwater endowment	(13,026)	-	-	(13,026)
Total	<u>\$ 1,323,324</u>	<u>\$ 523,814</u>	<u>\$ 1,615,713</u>	<u>\$ 3,462,851</u>

New York University
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(in thousands of dollars)

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment	\$ -	\$ 369,405	\$ 1,516,466	\$ 1,885,871
Board-designated endowment	1,255,650	-	-	1,255,650
Underwater endowment	(20,468)	-	-	(20,468)
Total	\$ 1,235,182	\$ 369,405	\$ 1,516,466	\$ 3,121,053

The following table provides the changes in the net asset classes of NYU's endowment funds at August 31:

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Investment pool net assets, beginning of year	\$ 1,235,182	\$ 369,405	\$ 1,516,466	\$ 3,121,053
Contributions	57,838	-	99,446	157,284
Investment return	148,891	239,530	-	388,421
Endowment distribution	(41,540)	(85,121)	-	(126,661)
Liquidations	(77,095)	-	-	(77,095)
Reclassification of net assets	48	-	(199)	(151)
Investment pool net assets, end of year	\$ 1,323,324	\$ 523,814	\$ 1,615,713	\$ 3,462,851

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Investment pool net assets, beginning of year	\$ 1,208,473	\$ 285,174	\$ 1,440,858	\$ 2,934,505
Contributions	76,035	-	76,525	152,560
Investment return	104,169	157,084	-	261,253
Endowment distribution	(47,643)	(72,853)	-	(120,496)
Liquidations	(106,153)	-	-	(106,153)
Reclassification of net assets	301	-	(917)	(616)
Investment pool net assets, end of year	\$ 1,235,182	\$ 369,405	\$ 1,516,466	\$ 3,121,053

New York University
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From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the gift donated to the permanent endowment. In accordance with accounting principles generally accepted in the United States of America, deficits of this nature are reported as a reduction of unrestricted net assets. These deficits resulted from unfavorable market fluctuations that eroded accumulated gains for the permanently restricted endowments as well as the continued appropriation of certain programs which was deemed prudent by the University's Board of Trustees. Current and future gains will be classified as increases in unrestricted net assets until the shortfalls previously charged to unrestricted net assets have been eliminated and the individual endowment funds are returned to their required levels as stipulated by donors.

As of August 31, 2014 and 2013, there were a total of 89 and 151 individual endowment funds, respectively, within the permanently restricted net asset category with a market value less than their historical corpus value. The aggregate deficit of underwater endowment funds at August 31, 2014 and 2013 totaled approximately \$13,026 and \$20,468, respectively.

19. Commitments and Contingencies

In the normal course of business, NYU leases facilities under operating leases. Minimum rental payments under these agreements over the next five years and thereafter are as follows:

	Rental Lease Payments
Year Ending August 31,	
2015	\$ 188,624
2016	163,810
2017	145,607
2018	127,997
2019	122,062
Thereafter	950,261

Rent expense is \$182,256 and \$177,272 for the years ended August 31, 2014 and 2013, respectively.

The Hospitals Center is self-insured for workers' compensation benefits. In connection with being self-insured, the Hospitals Center has maintained stand-by letters of credit aggregating approximately \$25,210 and \$22,935 at August 31, 2014 and 2013, respectively. Cash and marketable securities collateralize the letters of credit.

NYU is a defendant in various legal actions arising from the normal course of its operations and amounts expended under government grants and contracts are subject to audit by governmental agencies. In addition, amounts received for patient care from Medicare and Medicaid are subject to audit. Although the final outcome of such actions and audits cannot be determined, management believes that eventual liability, if any, will not have a material effect on NYU's consolidated financial position.

New York University
Notes to Consolidated Financial Statements
August 31, 2014 and 2013

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20. Superstorm Sandy

On October 29, 2012, Superstorm Sandy struck New York City causing widespread damage to properties throughout the region, including lower Manhattan. The main campus facilities of the Medical Center were impacted, including the Hospitals Center inpatient and outpatient facilities and the NYUSoM research, faculty group clinical practice, and education facilities all of which were temporarily closed. The Medical Center restored all of its operations during 2013 with the exception of the emergency department (“ED”) which was reopened on April 22, 2014. During the period that the ED was out of service, the Hospitals Center operated an Urgent Care Center that provided care to a material portion of the patient volume formerly treated in the ED. The Medical Center incurred business interruption losses during the period that these facilities were shut down or being repaired. In addition, the Medical Center incurred significant disaster related operating costs to replace, repair, and remediate damage to its properties and to demolish and remove damaged improvements and contents. Projects to replace major equipment and infrastructure and to reconstruct damaged facilities were started immediately after the storm subsided and remain underway.

The following is a summary of the commercial insurance and federal disaster recovery reimbursement revenues recognized by the Medical Center and reflected in the consolidated financial statements for the years ended August 31, 2014 and August 31, 2013:

	Federal Disaster Recovery			Total	Commercial Insurance
	FEMA Capped Grant Program	FEMA Emergency & Temporary Funding	Social Services Block Grant		
Estimated eligible costs	\$ 1,130,073	\$ 199,327	\$ 22,000	\$ 1,351,400	
Federal cost share	90%	90%			
Total awarded	1,017,066	179,394	22,000	1,218,460	89,638
Additional eligible costs incurred	-	65,505	-	65,505	-
Total	<u>\$ 1,017,066</u>	<u>\$ 244,899</u>	<u>\$ 22,000</u>	<u>\$ 1,283,965</u>	<u>\$ 89,638</u>
2013 Financial Statements					
Operating revenue	\$ -	\$ 252,915	\$ -	\$ 252,915	\$ 70,000
Non-operating revenue	-	-	-	-	6,500 (b)
2013 total unrestricted revenues	-	252,915	-	252,915	76,500
2013 cash received	-	(179,394)	-	(179,394)	(60,000)
Receivable at August 31, 2013	<u>\$ -</u>	<u>\$ 73,521</u>	<u>\$ -</u>	<u>\$ 73,521</u>	<u>\$ 16,500</u>
2014 Financial Statements					
Operating revenue	119,913	(8,016)	22,000	133,897	11,000
Non-operating revenue	94,548	-	-	94,548	2,138 (b)
2014 total unrestricted revenues	214,461	(8,016)	22,000	228,445	13,138
2014 temporarily restricted revenues	530,748	-	-	530,748	-
2014 total revenues	745,209	(8,016)	22,000	759,193	13,138
2014 cash received	(419,385)	-	-	(419,385)	(29,638)
Receivable at August 31, 2014	<u>\$ 325,824</u>	<u>\$ 65,505</u>	<u>\$ 22,000</u>	<u>\$ 413,329</u>	<u>\$ -</u>
Balance sheet classification of 2014 receivable					
Disaster recovery receivable	\$ 392,878	\$ 65,505	\$ 22,000	\$ 480,383	\$ -
Deferred revenue- disaster recovery	(67,054)	-	-	(67,054)	-
	<u>\$ 325,824</u>	<u>\$ 65,505</u>	<u>\$ 22,000</u>	<u>\$ 413,329</u>	<u>\$ -</u>

(b) Netted against disaster-related impairment of property, plant and equipment (see table on page 44).

New York University

Notes to Consolidated Financial Statements

August 31, 2014 and 2013

(in thousands of dollars)

Federal Disaster Recovery Assistance

The Federal Emergency Management Agency (FEMA) committed significant aid to the Medical Center to assist in the recovery process and to mitigate losses which may occur as a result of future storms. On July 29, 2014, a letter of undertaking was executed by FEMA, the State of New York, New York University and the Medical Center agreeing to the terms of a fixed, capped Public Assistance Grant ("the Capped Grant") in the amount of \$1,130,073 under the alternative procedures authorized under Section 428 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The Medical Center will receive 90% of the awarded amount for the performance of an agreed upon scope of work less amounts received from commercial insurance as may be required to avoid a duplication of benefits. This agreed upon scope of work is for the repair and replacement of eligible damage totaling \$540,353 and for approved hazard mitigation projects totaling \$589,720 for Medical Center properties. Of the \$540,353 related to repairs and replacement, the Medical Center recognized revenue of \$214,461 which represents 90% of eligible costs incurred through August 31, 2014. Of the \$589,720 related to hazard mitigation projects, the Medical Center has recognized 90% of this total (or \$530,748) as a temporarily restricted disaster recovery award for future mitigation that will be released from restriction as these related costs are incurred.

In August 2014, the Medical Center received the initial disbursement from the Capped Grant totaling \$419,385 based on the committed disaster related amounts spent or committed to be spent in the initial twelve month period pursuant to the terms of the funding agreement. This initial disbursement is comprised of \$281,515 for repairs and replacement of eligible damage and \$137,870 for hazard mitigation projects. As of August 31, 2014, the unspent portion of the amounts received for repairs and replacement totaling \$67,054 is recorded on the consolidated balance sheet in assets limited as to use-disaster recovery and deferred revenue. The revenues will be recognized as the allowable costs are incurred.

In addition to the Capped Grant award, FEMA continues to work with the Medical Center to finalize additional awards related to eligible disaster related emergency and non-permanent expenses that are not included in the Capped Grant. Revenue recognized is net of applicable insurance proceeds.

The Medical Center has received awards from federal agencies other than FEMA to assist in the recovery of certain disaster related costs. The Hospitals Center received a Social Services Block Grant (SSBG) totaling \$22,000 to assist in the recovery of certain disaster related costs. The full amount covered by the SSBG award was expended in 2014 and the entire award amount was recognized in revenue and recorded in disaster recovery receivable as of August 31, 2014.

Additionally, in 2014, NYUSoM received \$128,586 of NIH Disaster Recovery Appropriation Awards (NIH – DRAA) to restore lost research and to rebuild research space damaged as a result of the Storm. NYUSoM had total expenditures of NIH – DRAA awards of \$37,531 during the year ended August 31, 2014, which were recognized as grants and sponsored program revenue.

Commercial Insurance

The Medical Center had insurance policies in effect at the time of Superstorm Sandy for business interruption, property, casualty, and other insurance coverage subject to various limitations and deductibles.

Commercial insurance recoveries-unallocated of \$70,000 was recorded in the year ended August 31, 2013 of which \$60,000 was collected in 2013 and the balance was collected as of August 31, 2014. No allocation of these recoveries between business interruption, property casualty, and other insurance coverage has been or is expected to be made by the insurers.

New York University
Notes to Consolidated Financial Statements
August 31, 2014 and 2013

(in thousands of dollars)

In 2014, the Medical Center received \$11,000 from commercial insurance as an advance payment for losses attributed to service interruption.

The Medical Center recognized commercial insurance recoveries specifically attributed to property losses totaling \$2,138 and \$6,500 in 2014 and 2013, respectively. These amounts, collected during 2014, have been recorded as a reduction to the disaster-related impairment of property, plant and equipment within the consolidated statements of activities.

Additional commercial insurance recoveries are expected and are being pursued but the ultimate outcome cannot be determined at this time and therefore, no additional revenue has been recorded for such expected recoveries through August 31, 2014.

Disaster-related Costs

The following is a summary of the disaster-related costs reflected in the consolidated financial statements for the years ended August 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Disaster-related operating expenses (a)	\$ 78,490	\$ 248,076
Gross disaster-related impairment of property, plant, and equipment	99	67,634
Less: Anticipated insurance recoveries solely attributed to property, plant and equipment	<u>(2,138)</u>	<u>(6,500)</u>
(Gain) Loss on Disaster-related disposal of property, plant and equipment (b)	<u>\$ (2,039)</u>	<u>\$ 61,134</u>
Disaster-related capital expenditures (c)	<u>\$ 102,020</u>	<u>\$ 18,864</u>

(a) Disaster-related operating expenses

Remediation of building and grounds include environmental clean-up, emergency stabilization, and temporary repairs. Other disaster-related operating costs include temporary facilities, replacement of lost medical, surgical, pharmaceutical and research supplies, and other miscellaneous items.

(b) (Gain) Loss disaster-related disposal of property, plant and equipment

Property, plant and equipment identified as impaired or destroyed was written off at the recorded net book value. The impairment amount is reported net of anticipated insurance recoveries specifically attributed to property losses.

(c) Disaster-related capital expenditures

Capital expenses incurred for hazard mitigation and the repair/restoration for eligible damages to the main campus and offsite facilities.

New York University

Notes to Consolidated Financial Statements

August 31, 2014 and 2013

(in thousands of dollars)

21. Subsequent Events

NYU has performed an evaluation of subsequent events through December 19, 2014, which is the issuance date of the consolidated financial statements.

In October 2014, the Obligated Group defeased the remaining obligation of the Series 2004A bonds in the amount of \$53,200.

In October 2014, DASNY issued \$55,000 of revenue bonds (Series 2014A) on behalf of the Obligated Group with an interest rate of 2.59%. The Series 2014A bonds maturing in 2034 are payable in annual sinking fund installments from July 2017 to maturity. The proceeds from the Series 2014A bonds will be used to refinance indebtedness incurred in connection with the acquisition of certain Washington Square and School of Medicine buildings.

In September 2014, the Hospitals Center made repayments totaling \$150,000 on its lines of credit. In November 2014, the Hospitals Center repaid the remaining \$50,000 of the total \$200,000 outstanding on these lines of credit as of August 31, 2014.

In November 2014, the Hospitals Center issued \$300,000 of taxable bonds (Hospitals Center Series 2014A) with an interest rate of 4.78%. The Hospitals Center Series 2014A bonds mature in 2044 and are payable semi-annually on January 1 and July 1 of each year from July 2015 to maturity. The proceeds from the Hospitals Center Series 2014A bonds will be used to fund the costs of various construction, renovation and equipping projects, repay certain outstanding lines of credit and fund other eligible corporate purposes.

In December 2014, DASNY issued \$77,700 of revenue bonds (Hospitals Center Series 2014B) on behalf of the Hospitals Center. The Hospitals Center Series 2014B bonds are payable at varying dates from August 2015 to final maturity in July 2036, at fixed rates from 2.0%-5.0%. The proceeds from the Hospitals Center Series 2014B bonds will be used to advance refund the outstanding Hospitals Center DASNY Series 2007B revenue bonds.

In October 2014, the University purchased a building for \$157,500 which will house various activities including a temporary fitness center while a new athletic and recreation center is under construction.

In October 2014, the Hospitals Center commenced providing Emergency Department (ED) services at the site of the former Long Island College Hospital ED pursuant to an agreement with the State University of New York (SUNY) and a real estate development company (the Company). Pursuant to the agreement with SUNY and the Company, following demolition and remediation of adjacent premises, SUNY will deed the cleared site to the Hospitals Center at no cost and the Hospitals Center will construct on the site a four-story medical services building including a freestanding ED and other medical services.

The Hospitals Center has entered into a non-binding letter agreement with Lutheran Medical Center (Lutheran) concerning a potential affiliation transaction and is working actively towards the finalization of the proposed transaction. The governing boards of NYU, the Hospitals Center, and Lutheran have approved the proposed affiliation. Lutheran, an acute care hospital licensed to operate 450 beds, is located in the Sunset Park section of Brooklyn, with a number of health care affiliates, including a federally qualified health center with multiple sites (collectively, the Lutheran System). The Hospitals Center's affiliation with the Lutheran System is expected to expand the Hospitals Center's clinically integrated network, primarily with respect to the Hospitals Center's ambulatory base in the borough of Brooklyn. Completion of the proposed affiliation with the Lutheran System is subject to various regulatory approvals. There can be no assurance that such negotiations will be completed or that all necessary regulatory approvals will be obtained.

Appendix A

Supplemental Schedules to the Consolidated Financial Statements

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Summary)
August 31, 2014

(in thousands of dollars)

	2014			Consolidated NYU
	University	NYU Langone Medical Center	Eliminations	
Assets				
Cash and cash equivalents	\$ 667,787	\$ 574,903	\$ -	\$ 1,242,690
Short-term investments (Note 4)	3,436	55,512	-	58,948
Accounts and loans receivable, net (Note 5)	428,782	102,566	(152,471)	378,877
Patient accounts receivable, net	2,847	363,183	-	366,030
Contributions receivable, net (Note 6)	357,603	220,522	-	578,125
Other assets (Note 7)	164,096	156,260	-	320,356
Assets limited as to use - disaster recovery (Note 20)	-	67,054	-	67,054
Disaster-related receivable (Note 20)	-	480,383	-	480,383
Deposits with trustees (Note 8)	85,925	80,980	-	166,905
Long-term investments (Note 4)	2,699,552	1,251,406	-	3,950,958
Assets held by insurance captive (CCC550) (Note 12)	-	274,296	-	274,296
Land, buildings, and equipment, net (Note 9)	3,235,364	2,918,599	-	6,153,963
Total assets	<u>\$ 7,645,392</u>	<u>\$ 6,545,664</u>	<u>\$ (152,471)</u>	<u>\$ 14,038,585</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 223,646	\$ 977,539	\$ (152,471)	\$ 1,048,714
Disaster-related accounts payable and accrued expenses (Note 20)	-	62,800	-	62,800
Deferred revenue	774,754	56,542	-	831,296
Deferred revenue - disaster related (Note 20)	-	67,054	-	67,054
Outstanding losses and loss adjustment expenses (Note 12)	-	233,239	-	233,239
Bonds and notes payable (Notes 10 and 11)	2,101,998	1,788,154	-	3,890,152
Other leasing obligations (Note 11)	-	122,208	-	122,208
Federal grants refundable (Note 5)	77,999	2,118	-	80,117
Accrued benefit obligation (Note 13)	51,191	139,284	-	190,475
Accrued postretirement obligation (Note 14)	356,515	167,430	-	523,945
Asset retirement obligation	146,643	34,642	-	181,285
Total liabilities	<u>3,732,746</u>	<u>3,651,010</u>	<u>(152,471)</u>	<u>7,231,285</u>
Net assets				
Unrestricted	1,878,311	1,378,681	-	3,256,992
Temporarily restricted (Note 18)	703,181	1,162,670	-	1,865,851
Permanently restricted (Note 18)	1,331,154	353,303	-	1,684,457
Total net assets	<u>3,912,646</u>	<u>2,894,654</u>	<u>-</u>	<u>6,807,300</u>
Total liabilities and net assets	<u>\$ 7,645,392</u>	<u>\$ 6,545,664</u>	<u>\$ (152,471)</u>	<u>\$ 14,038,585</u>

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Summary)
August 31, 2013

(in thousands of dollars)

	2013			Consolidated NYU
	University	NYU Langone Medical Center	Eliminations	
Assets				
Cash and cash equivalents	\$ 707,125	\$ 387,876	\$ -	\$ 1,095,001
Short-term investments (Note 4)	28,680	-	-	28,680
Accounts and loans receivable, net (Note 5)	414,350	79,276	(133,447)	360,179
Patient accounts receivable, net	2,985	313,197	-	316,182
Contributions receivable, net (Note 6)	300,213	219,077	-	519,290
Other assets (Note 7)	156,837	133,575	-	290,412
Disaster-related receivable (Note 20)	-	90,021	-	90,021
Deposits with trustees (Note 8)	101,161	101,042	-	202,203
Long-term investments (Note 4)	2,404,612	1,215,025	-	3,619,637
Assets held by insurance captive (CCC550) (Note 12)	-	255,247	-	255,247
Land, buildings, and equipment, net (Note 9)	3,180,744	2,300,983	-	5,481,727
Total assets	<u>\$ 7,296,707</u>	<u>\$ 5,095,319</u>	<u>\$ (133,447)</u>	<u>\$ 12,258,579</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 196,936	\$ 861,346	\$ (133,447)	\$ 924,835
Disaster-related accounts payable and accrued expenses (Note 20)	-	79,858	-	79,858
Deferred revenue	795,671	47,212	-	842,883
Outstanding losses and loss adjustment expenses (Note 12)	-	215,972	-	215,972
Bonds and notes payable (Notes 10 and 11)	2,068,106	1,539,508	-	3,607,614
Other leasing obligations (Note 11)	-	86,990	-	86,990
Federal grants refundable	75,803	1,558	-	77,361
Accrued benefit obligation (Note 13)	38,175	127,810	-	165,985
Accrued postretirement obligation (Note 14)	316,852	140,257	-	457,109
Asset retirement obligation	124,022	38,539	-	162,561
Total liabilities	<u>3,615,565</u>	<u>3,139,050</u>	<u>(133,447)</u>	<u>6,621,168</u>
Net assets				
Unrestricted	1,890,488	1,106,103	-	2,996,591
Temporarily restricted (Note 18)	510,833	533,483	-	1,044,316
Permanently restricted (Note 18)	1,279,821	316,683	-	1,596,504
Total net assets	<u>3,681,142</u>	<u>1,956,269</u>	<u>-</u>	<u>5,637,411</u>
Total liabilities and net assets	<u>\$ 7,296,707</u>	<u>\$ 5,095,319</u>	<u>\$ (133,447)</u>	<u>\$ 12,258,579</u>

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Detail)
August 31, 2014

(in thousands of dollars)

	2014							Total Consolidated NYU
	University	School of Medicine	Eliminations	Subtotal	Hospitals Center	CCC550	Eliminations	
Assets								
Cash and cash equivalents	\$ 667,787	\$ 251,444	\$ -	\$ 919,231	\$ 323,459	\$ -	\$ -	\$ 1,242,690
Short-term investments (Note 4)	3,436	-	-	3,436	55,512	-	-	58,948
Accounts and loans receivable, net (Note 5)	428,782	62,051	(152,092)	338,741	-	77,115	(36,979)	378,877
Patient accounts receivable, net	2,847	59,704	-	62,551	303,479	-	-	366,030
Contributions receivable, net (Note 6)	357,603	46,447	-	404,050	174,075	-	-	578,125
Other assets (Note 7)	164,096	33,805	-	197,901	183,864	2,362	(63,771)	320,356
Assets limited as to use - disaster recovery (Note 20)	-	2,168	-	2,168	64,886	-	-	67,054
Disaster-related receivable (Note 20)	-	350,645	-	350,645	129,738	-	-	480,383
Deposits with trustees (Note 8)	85,925	629	-	86,554	80,351	-	-	166,905
Long-term investments (Note 4)	2,699,552	767,087	-	3,466,639	484,319	-	-	3,950,958
Assets held by insurance captive (CCC550) (Note 12)	-	-	-	-	-	274,296	-	274,296
Land, buildings, and equipment, net (Note 9)	3,235,364	960,252	-	4,195,616	1,958,347	-	-	6,153,963
Total assets	\$ 7,645,392	\$ 2,534,232	\$ (152,092)	\$ 10,027,532	\$ 3,758,030	\$ 353,773	\$ (100,750)	\$ 14,038,585
Liabilities and Net Assets								
Liabilities								
Accounts payable and accrued expenses	\$ 223,646	\$ 513,767	\$ (152,092)	\$ 585,321	\$ 465,457	\$ 13,503	\$ (15,567)	\$ 1,048,714
Disaster-related accounts payable and accrued expenses (Note 20)	-	20,634	-	20,634	42,166	-	-	62,800
Deferred revenue	774,754	32,833	-	807,587	1,861	56,558	(34,710)	831,296
Deferred revenue - disaster related (Note 20)	-	2,168	-	2,168	64,886	-	-	67,054
Outstanding losses and loss adjustment expenses (Note 12)	-	-	-	-	-	233,239	-	233,239
Bonds and notes payable (Notes 10 and 11)	2,101,998	350,592	-	2,452,590	1,437,562	-	-	3,890,152
Other leasing obligations (Note 11)	-	122,208	-	122,208	-	-	-	122,208
Federal grants refundable (Note 5)	77,999	2,118	-	80,117	-	-	-	80,117
Accrued benefit obligation (Note 13)	51,191	42,690	-	93,881	96,594	-	-	190,475
Accrued postretirement obligation (Note 14)	356,515	92,868	-	449,383	74,562	-	-	523,945
Asset retirement obligation	146,643	20,535	-	167,178	14,107	-	-	181,285
Total liabilities	3,732,746	1,200,413	(152,092)	4,781,067	2,197,195	303,300	(50,277)	7,231,285
Net assets								
Unrestricted	1,878,311	347,316	-	2,225,627	1,031,365	50,473	(50,473)	3,256,992
Temporarily restricted (Note 18)	703,181	646,245	-	1,349,426	516,425	-	-	1,865,851
Permanently restricted (Note 18)	1,331,154	340,258	-	1,671,412	13,045	-	-	1,684,457
Total net assets	3,912,646	1,333,819	-	5,246,465	1,560,835	50,473	(50,473)	6,807,300
Total liabilities and net assets	\$ 7,645,392	\$ 2,534,232	\$ (152,092)	\$ 10,027,532	\$ 3,758,030	\$ 353,773	\$ (100,750)	\$ 14,038,585

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Detail)
August 31, 2013

(in thousands of dollars)

	2013							Total Consolidated NYU
	University	School of Medicine	Eliminations	Subtotal	Hospitals Center	CCC550	Eliminations	
Assets								
Cash and cash equivalents	\$ 707,125	\$ 205,015	\$ -	\$ 912,140	\$ 182,861	\$ -	\$ -	\$ 1,095,001
Short-term investments (Note 4)	28,680	-	-	28,680	-	-	-	28,680
Accounts and loans receivable, net (Note 5)	414,350	41,760	(133,447)	322,663	3,161	70,981	(36,626)	360,179
Patient accounts receivable, net	2,985	54,797	-	57,782	258,400	-	-	316,182
Contributions receivable, net (Note 6)	300,213	44,425	-	344,638	174,652	-	-	519,290
Other assets (Note 7)	156,837	34,349	-	191,186	150,864	1,445	(53,083)	290,412
Disaster-related receivable (Note 20)	-	76,962	-	76,962	13,059	-	-	90,021
Deposits with trustees (Note 8)	101,161	1,540	-	102,701	99,502	-	-	202,203
Long-term investments (Note 4)	2,404,612	720,368	-	3,124,980	494,657	-	-	3,619,637
Assets held by insurance captive (CCC550) (Note 12)	-	-	-	-	-	255,247	-	255,247
Land, buildings, and equipment, net (Note 9)	3,180,744	827,221	-	4,007,965	1,473,762	-	-	5,481,727
Total assets	<u>\$ 7,296,707</u>	<u>\$ 2,006,437</u>	<u>\$ (133,447)</u>	<u>\$ 9,169,697</u>	<u>\$ 2,850,918</u>	<u>\$ 327,673</u>	<u>\$ (89,709)</u>	<u>\$ 12,258,579</u>
Liabilities and Net Assets								
Liabilities								
Accounts payable and accrued expenses	\$ 196,936	\$ 446,461	\$ (133,447)	\$ 509,950	\$ 410,510	\$ 25,919	\$ (21,544)	\$ 924,835
Disaster-related accounts payable and accrued expenses (Note 20)	-	59,246	-	59,246	20,612	-	-	79,858
Deferred revenue	795,671	29,595	-	825,266	-	51,347	(33,730)	842,883
Outstanding losses and loss adjustment expenses (Note 12)	-	-	-	-	-	215,972	-	215,972
Bonds and notes payable (Notes 10 and 11)	2,068,106	340,549	-	2,408,655	1,198,959	-	-	3,607,614
Other leasing obligations (Note 11)	-	86,990	-	86,990	-	-	-	86,990
Federal grants refundable	75,803	1,558	-	77,361	-	-	-	77,361
Accrued benefit obligation (Note 13)	38,175	41,901	-	80,076	85,909	-	-	165,985
Accrued postretirement obligation (Note 14)	316,852	81,238	-	398,090	59,019	-	-	457,109
Asset retirement obligation	124,022	15,952	-	139,974	22,587	-	-	162,561
Total liabilities	<u>3,615,565</u>	<u>1,103,490</u>	<u>(133,447)</u>	<u>4,585,608</u>	<u>1,797,596</u>	<u>293,238</u>	<u>(55,274)</u>	<u>6,621,168</u>
Net assets								
Unrestricted	1,890,488	348,023	-	2,238,511	758,080	34,435	(34,435)	2,996,591
Temporarily restricted (Note 18)	510,833	251,279	-	762,112	282,204	-	-	1,044,316
Permanently restricted (Note 18)	1,279,821	303,645	-	1,583,466	13,038	-	-	1,596,504
Total net assets	<u>3,681,142</u>	<u>902,947</u>	<u>-</u>	<u>4,584,089</u>	<u>1,053,322</u>	<u>34,435</u>	<u>(34,435)</u>	<u>5,637,411</u>
Total liabilities and net assets	<u>\$ 7,296,707</u>	<u>\$ 2,006,437</u>	<u>\$ (133,447)</u>	<u>\$ 9,169,697</u>	<u>\$ 2,850,918</u>	<u>\$ 327,673</u>	<u>\$ (89,709)</u>	<u>\$ 12,258,579</u>

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Summary)
Year Ended August 31, 2014

(in thousands of dollars)

	2014			
	University	NYU Langone Medical Center	Eliminations	Consolidated NYU
Changes in unrestricted net assets				
Operating revenues				
Tuition and fees (net of financial aid awards of \$474,491 University; \$6,599 NYU Langone Medical Center)	\$ 1,532,863	\$ 48,660	\$ -	\$ 1,581,523
Grants and contracts (Note 15)	410,212	285,046	(696)	694,562
Patient care (net of provision for bad debts \$46,244 NYU Langone Medical Center) (Note 3)	41,211	2,618,260	-	2,659,471
Hospital affiliations (Note 16)	-	292,078	-	292,078
Insurance premiums earned	-	39,356	-	39,356
Contributions	93,531	49,762	-	143,293
Endowment distribution (Note 4)	97,571	29,090	-	126,661
Return on short-term investments (Note 4)	5,598	20,133	-	25,731
Auxiliary enterprises	390,961	22,277	(5,130)	408,108
Program fees and other	76,733	123,179	(6,866)	193,046
Commercial insurance-disaster recovery (Note 20)	-	11,000	-	11,000
Disaster recovery reimbursement (Note 20)	-	133,897	-	133,897
Net assets released from restrictions	43,383	65,732	-	109,115
Total operating revenues	<u>2,692,063</u>	<u>3,738,470</u>	<u>(12,692)</u>	<u>6,417,841</u>
Expenses (Note 17)				
Instruction and other academic programs	1,401,319	65,066	-	1,466,385
Research and other sponsored programs	373,132	438,448	(696)	810,884
Patient care	41,477	2,253,001	-	2,294,478
Hospital affiliations (Note 16)	-	272,070	-	272,070
Libraries	67,919	7,597	-	75,516
Student services	109,410	8,889	-	118,299
Auxiliary enterprises	412,572	53,094	(5,130)	460,536
Institutional services	350,892	421,058	(6,866)	765,084
Disaster-related expenses (Note 20)	-	78,490	-	78,490
Total expenses	<u>2,756,721</u>	<u>3,597,713</u>	<u>(12,692)</u>	<u>6,341,742</u>
(Deficiency) excess of operating revenues over expenses	(64,658)	140,757	-	76,099
Nonoperating activities				
Investment return (Note 4)	114,539	42,062	-	156,601
Appropriation of endowment distribution (Note 4)	(30,545)	(10,995)	-	(41,540)
Disaster recovery reimbursement for capital (Note 20)	-	94,548	-	94,548
Gain on disaster-related disposal of property, plant, and equipment	-	2,039	-	2,039
Other	16,543	9,085	-	25,628
Net assets released from restrictions for capital purposes	2,713	15,040	-	17,753
Net assets released from restrictions for hazard mitigation	-	12,267	-	12,267
Changes in pension and postretirement obligations (Notes 13 and 14)	(50,769)	(32,225)	-	(82,994)
(Decrease) increase in unrestricted net assets	<u>(12,177)</u>	<u>272,578</u>	<u>-</u>	<u>260,401</u>
Changes in temporarily restricted net assets				
Contributions	145,824	154,548	-	300,372
Investment return (Note 4)	184,772	55,025	-	239,797
Appropriation of endowment distribution (Note 4)	(67,026)	(18,095)	-	(85,121)
Disaster award for mitigation	-	530,748	-	530,748
Other	(25,126)	-	-	(25,126)
Net assets released from restrictions for hazard mitigation	-	(12,267)	-	(12,267)
Net assets released from restrictions	(46,096)	(80,772)	-	(126,868)
Increase in temporarily restricted net assets	<u>192,348</u>	<u>629,187</u>	<u>-</u>	<u>821,535</u>
Changes in permanently restricted net assets				
Contributions	56,239	36,620	-	92,859
Other	(4,906)	-	-	(4,906)
Increase in permanently restricted net assets	<u>51,333</u>	<u>36,620</u>	<u>-</u>	<u>87,953</u>
Increase in net assets	<u>\$ 231,504</u>	<u>\$ 938,385</u>	<u>\$ -</u>	<u>\$ 1,169,889</u>

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Summary)
Year Ended August 31, 2013

(in thousands of dollars)

	2013			
	University	NYU Langone Medical Center	Eliminations	Consolidated NYU
Changes in unrestricted net assets				
Operating revenues				
Tuition and fees (net of financial aid awards of \$437,049 University; \$5,269 NYU Langone Medical Center)	\$ 1,483,290	\$ 46,260	\$ -	\$ 1,529,550
Grants and contracts (Note 15)	392,249	250,619	(920)	641,948
Patient care (net of provision for bad debts \$68,469 NYU Langone Medical Center) (Note 3)	44,277	2,128,726	-	2,173,003
Hospital affiliations (Note 16)	-	291,381	-	291,381
Insurance premiums earned	-	33,497	-	33,497
Contributions	95,545	40,621	-	136,166
Endowment distribution (Note 4)	86,053	34,443	-	120,496
Return on short-term investments (Note 4)	5,737	2,079	-	7,816
Auxiliary enterprises	369,758	22,041	(5,222)	386,577
Program fees and other	115,607	105,387	(6,503)	214,491
Commercial insurance-disaster recovery (Note 20)	-	70,000	-	70,000
Federal grant-disaster recovery (Note 20)	-	252,915	-	252,915
Net assets released from restrictions	61,295	55,829	-	117,124
Total operating revenues	<u>2,653,811</u>	<u>3,333,798</u>	<u>(12,645)</u>	<u>5,974,964</u>
Expenses (Note 17)				
Instruction and other academic programs	1,299,366	55,538	-	1,354,904
Research and other sponsored programs	347,619	383,495	(920)	730,194
Patient care	48,043	1,868,749	-	1,916,792
Hospital affiliations (Note 16)	-	264,074	-	264,074
Libraries	62,883	8,954	-	71,837
Student services	111,889	9,346	-	121,235
Auxiliary enterprises	394,807	49,493	(5,222)	439,078
Institutional services	344,887	470,378	(6,503)	808,762
Disaster-related expenses (Note 20)	-	248,076	-	248,076
Total expenses	<u>2,609,494</u>	<u>3,358,103</u>	<u>(12,645)</u>	<u>5,954,952</u>
Excess (deficiency) of operating revenues over expenses	44,317	(24,305)	-	20,012
Nonoperating activities				
Investment return (Note 4)	79,866	6,018	-	85,884
Appropriation of endowment distribution (Note 4)	(29,528)	(18,115)	-	(47,643)
Disaster-related impairment of property, plant, and equipment (Note 20)	-	(61,134)	-	(61,134)
Other	2,719	2,741	-	5,460
Net assets released from restrictions for capital purposes	201	73,158	-	73,359
Changes in pension and postretirement obligations (Notes 13 and 14)	101,902	183,698	-	285,600
Increase in unrestricted net assets	<u>199,477</u>	<u>162,061</u>	<u>-</u>	<u>361,538</u>
Changes in temporarily restricted net assets				
Contributions	46,031	250,836	-	296,867
Investment return (Note 4)	126,569	33,084	-	159,653
Appropriation of endowment distribution (Note 4)	(56,525)	(16,328)	-	(72,853)
Other	754	-	-	754
Net assets released from restrictions	(61,496)	(128,987)	-	(190,483)
Increase in temporarily restricted net assets	<u>55,333</u>	<u>138,605</u>	<u>-</u>	<u>193,938</u>
Changes in permanently restricted net assets				
Contributions	94,440	144	-	94,584
Other	(1,659)	-	-	(1,659)
Increase in permanently restricted net assets	<u>92,781</u>	<u>144</u>	<u>-</u>	<u>92,925</u>
Increase in net assets	<u>\$ 347,591</u>	<u>\$ 300,810</u>	<u>\$ -</u>	<u>\$ 648,401</u>

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Detail)
Year Ended August 31, 2014

(in thousands of dollars)

	2014							Total Consolidated NYU
	University	School of Medicine	Eliminations	Subtotal	Hospitals Center	CCC50	Eliminations	
Changes in unrestricted net assets								
Operating revenues								
Tuition and fees (net of financial aid awards of \$474,491 University; and \$6,599 NYU Langone Medical Center)	\$ 1,532,863	\$ 48,660	\$ -	\$ 1,581,523	\$ -	\$ -	\$ -	\$ 1,581,523
Grants and contracts (Note 15)	410,212	284,463	(696)	693,979	583	-	-	694,562
Patient care (net of provision for bad debts \$46,244 NYU Langone Medical Center) (Note 3)	41,211	756,118	-	797,329	2,039,503	-	(177,361)	2,659,471
Hospital affiliations (Note 16)	-	276,000	-	276,000	16,078	-	-	292,078
Insurance premiums earned	-	-	-	-	-	63,869	(24,513)	39,356
Contributions	93,531	43,572	-	137,103	6,190	-	-	143,293
Endowment distribution (Note 4)	97,571	28,010	-	125,581	1,080	-	-	126,661
Return on short-term investments (Note 4)	5,598	19	-	5,617	11,034	9,080	-	25,731
Auxiliary enterprises	390,961	22,277	(5,130)	408,108	-	-	-	408,108
Program fees and other	76,733	162,762	(6,866)	232,629	130,213	-	(169,796)	193,046
Commercial insurance-disaster recovery (Note 20)	-	1,768	-	1,768	9,232	-	-	11,000
Disaster recovery reimbursement (Note 20)	-	36,799	-	36,799	97,098	-	-	133,897
Net assets released from restrictions	43,383	42,688	-	86,071	23,044	-	-	109,115
Total operating revenues	<u>2,692,063</u>	<u>1,703,136</u>	<u>(12,692)</u>	<u>4,382,507</u>	<u>2,334,055</u>	<u>72,949</u>	<u>(371,670)</u>	<u>6,417,841</u>
Expenses (Note 17)								
Instruction and other academic programs	1,401,319	65,066	-	1,466,385	-	-	-	1,466,385
Research and other sponsored programs	373,132	438,448	(696)	810,884	-	-	-	810,884
Patient care	41,477	750,297	-	791,774	1,680,065	-	(177,361)	2,294,478
Hospital affiliations (Note 16)	-	272,070	-	272,070	-	-	-	272,070
Libraries	67,919	7,597	-	75,516	-	-	-	75,516
Student services	109,410	8,889	-	118,299	-	-	-	118,299
Auxiliary enterprises	412,572	53,094	(5,130)	460,536	-	-	-	460,536
Institutional services	350,892	125,358	(6,866)	469,384	417,060	36,911	(158,271)	765,084
Disaster-related expenses (Note 20)	-	56,351	-	56,351	22,139	-	-	78,490
Total expenses	<u>2,756,721</u>	<u>1,777,170</u>	<u>(12,692)</u>	<u>4,521,199</u>	<u>2,119,264</u>	<u>36,911</u>	<u>(335,632)</u>	<u>6,341,742</u>
(Deficiency) excess of operating revenues over expenses	(64,658)	(74,034)	-	(138,692)	214,791	36,038	(36,038)	76,099
Nonoperating activities								
Investment return (Note 4)	114,539	33,998	-	148,537	8,064	-	-	156,601
Appropriation of endowment distribution (Note 4)	(30,545)	(10,954)	-	(41,499)	(41)	-	-	(41,540)
Disaster recover reimbursement for capital (Note 20)	-	21,174	-	21,174	73,374	-	-	94,548
(Loss) gain on disaster-related disposal of property, plant, and equipment	-	(501)	-	(501)	2,540	-	-	2,039
Other	16,543	8,714	-	25,257	371	-	-	25,628
Mission based payment	-	30,000	-	30,000	(30,000)	-	-	-
Net assets released from restrictions for capital purposes	2,713	-	-	2,713	15,040	-	-	17,753
Net assets released from restrictions for hazard mitigation	-	267	-	267	12,000	-	-	12,267
Changes in pension and postretirement obligations (Notes 13 and 14)	(50,769)	(9,371)	-	(60,140)	(22,854)	-	-	(82,994)
(Decrease) increase in unrestricted net assets	<u>(12,177)</u>	<u>(707)</u>	<u>-</u>	<u>(12,884)</u>	<u>273,285</u>	<u>36,038</u>	<u>(36,038)</u>	<u>260,401</u>
Changes in temporarily restricted net assets								
Contributions	145,824	85,399	-	231,223	69,149	-	-	300,372
Investment return (Note 4)	184,772	52,084	-	236,856	2,941	-	-	239,797
Appropriation of endowment distribution (Note 4)	(67,026)	(17,057)	-	(84,083)	(1,038)	-	-	(85,121)
Disaster award for mitigation	-	317,495	-	317,495	213,253	-	-	530,748
Other	(25,126)	-	-	(25,126)	-	-	-	(25,126)
Net assets released from restrictions for hazard mitigation	-	(267)	-	(267)	(12,000)	-	-	(12,267)
Net assets released from restrictions	(46,096)	(42,688)	-	(88,784)	(38,084)	-	-	(126,868)
Increase in temporarily restricted net assets	<u>192,348</u>	<u>394,966</u>	<u>-</u>	<u>587,314</u>	<u>234,221</u>	<u>-</u>	<u>-</u>	<u>821,535</u>
Changes in permanently restricted net assets								
Contributions	56,239	36,613	-	92,852	7	-	-	92,859
Other	(4,906)	-	-	(4,906)	-	-	-	(4,906)
Increase in permanently restricted net assets	<u>51,333</u>	<u>36,613</u>	<u>-</u>	<u>87,946</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>87,953</u>
Increase (decrease) in net assets	<u>\$ 231,504</u>	<u>\$ 430,872</u>	<u>\$ -</u>	<u>\$ 662,376</u>	<u>\$ 507,513</u>	<u>\$ 36,038</u>	<u>\$ (36,038)</u>	<u>\$ 1,169,889</u>

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Detail)
Year Ended August 31, 2013

(in thousands of dollars)

	2013							Total
	University	School of Medicine	Eliminations	Subtotal	Hospitals Center	CCC550	Eliminations	Consolidated NYU
Changes in unrestricted net assets								
Operating revenues								
Tuition and fees (net of financial aid awards of \$437,049 University; and \$5,269 NYU Langone Medical Center)	\$ 1,483,290	\$ 46,260	\$ -	\$ 1,529,550	\$ -	\$ -	\$ -	\$ 1,529,550
Grants and contracts (Note 15)	392,249	249,856	(920)	641,185	763	-	-	641,948
Patient care (net of provision for bad debts \$68,469 NYU Langone Medical Center) (Note 3)	44,277	584,958	-	629,235	1,662,617	-	(118,849)	2,173,003
Hospital affiliations (Note 16)	-	275,364	-	275,364	16,017	-	-	291,381
Insurance premiums earned	-	-	-	-	-	59,222	(25,725)	33,497
Contributions	95,545	37,254	-	132,799	3,367	-	-	136,166
Endowment distribution (Note 4)	86,053	33,388	-	119,441	1,055	-	-	120,496
Return on short-term investments (Note 4)	5,737	74	-	5,811	4,189	(2,184)	-	7,816
Auxiliary enterprises	369,758	22,041	(5,222)	386,577	-	-	-	386,577
Program fees and other	115,607	114,222	(6,503)	223,326	79,930	-	(88,765)	214,491
Commercial insurance-disaster recovery (Note 20)	-	15,882	-	15,882	54,118	-	-	70,000
Federal grant-disaster recovery (Note 20)	-	145,495	-	145,495	107,420	-	-	252,915
Net assets released from restrictions	61,295	53,362	-	114,657	2,467	-	-	117,124
Total operating revenues	<u>2,653,811</u>	<u>1,578,156</u>	<u>(12,645)</u>	<u>4,219,322</u>	<u>1,931,943</u>	<u>57,038</u>	<u>(233,339)</u>	<u>5,974,964</u>
Expenses (Note 17)								
Instruction and other academic programs	1,299,366	55,538	-	1,354,904	-	-	-	1,354,904
Research and other sponsored programs	347,619	383,495	(920)	730,194	-	-	-	730,194
Patient care	48,043	636,492	-	684,535	1,351,106	-	(118,849)	1,916,792
Hospital affiliations (Note 16)	-	264,074	-	264,074	-	-	-	264,074
Libraries	62,883	8,954	-	71,837	-	-	-	71,837
Student services	111,889	9,346	-	121,235	-	-	-	121,235
Auxiliary enterprises	394,807	49,493	(5,222)	439,078	-	-	-	439,078
Institutional services	344,887	109,875	(6,503)	448,259	417,955	42,062	(99,514)	808,762
Disaster-related expenses (Note 20)	-	133,002	-	133,002	115,074	-	-	248,076
Total expenses	<u>2,609,494</u>	<u>1,650,269</u>	<u>(12,645)</u>	<u>4,247,118</u>	<u>1,884,135</u>	<u>42,062</u>	<u>(218,363)</u>	<u>5,954,952</u>
Excess (deficiency) of operating revenues over expenses	44,317	(72,113)	-	(27,796)	47,808	14,976	(14,976)	20,012
Nonoperating activities								
Investment return (Note 4)	79,866	13,527	-	93,393	(7,509)	-	-	85,884
Appropriation of endowment distribution (Note 4)	(29,528)	(18,074)	-	(47,602)	(41)	-	-	(47,643)
Disaster-related impairment of property, plant, and equipment (Note 20)	-	(32,177)	-	(32,177)	(28,957)	-	-	(61,134)
Other	2,719	7,382	-	10,101	(4,641)	-	-	5,460
Mission based payment	-	35,735	-	35,735	(35,735)	-	-	-
Net assets released from restrictions for capital purposes	201	500	-	701	72,658	-	-	73,359
Changes in pension and postretirement obligations (Notes 13 and 14)	101,902	87,260	-	189,162	96,438	-	-	285,600
Increase (decrease) in unrestricted net assets	<u>199,477</u>	<u>22,040</u>	<u>-</u>	<u>221,517</u>	<u>140,021</u>	<u>14,976</u>	<u>(14,976)</u>	<u>361,538</u>
Changes in temporarily restricted net assets								
Contributions	46,031	86,147	-	132,178	164,689	-	-	296,867
Investment return (Note 4)	126,569	31,206	-	157,775	1,878	-	-	159,653
Appropriation of endowment distribution (Note 4)	(56,525)	(15,314)	-	(71,839)	(1,014)	-	-	(72,853)
Other	754	-	-	754	-	-	-	754
Net assets released from restrictions	(61,496)	(53,862)	-	(115,358)	(75,125)	-	-	(190,483)
Increase in temporarily restricted net assets	<u>55,333</u>	<u>48,177</u>	<u>-</u>	<u>103,510</u>	<u>90,428</u>	<u>-</u>	<u>-</u>	<u>193,938</u>
Changes in permanently restricted net assets								
Contributions	94,440	117	-	94,557	27	-	-	94,584
Other	(1,659)	-	-	(1,659)	-	-	-	(1,659)
Increase in permanently restricted net assets	<u>92,781</u>	<u>117</u>	<u>-</u>	<u>92,898</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>92,925</u>
Increase (decrease) in net assets	<u>\$ 347,591</u>	<u>\$ 70,334</u>	<u>\$ -</u>	<u>\$ 417,925</u>	<u>\$ 230,476</u>	<u>\$ 14,976</u>	<u>\$ (14,976)</u>	<u>\$ 648,401</u>