

New York University
Consolidated Financial Statements
August 31, 2018 and 2017

New York University
Index
August 31, 2018 and 2017

	Page(s)
Report of Independent Auditors	1-2
Consolidated Financial Statements	
Balance Sheets	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-44
Appendix A	
Consolidating Supplemental Schedules	45-54
Notes to Consolidating Supplemental Schedules	55



Report of Independent Auditors

To the Board of Trustees of
New York University

We have audited the accompanying consolidated financial statements of New York University and its subsidiaries, which comprise the consolidated balance sheets as of August 31, 2018 and 2017, and the related consolidated statements of activities and of 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.

Auditors' 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 the Company'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 the Company'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 New York University and its subsidiaries as of August 31, 2018 and 2017, 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 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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, changes in net assets and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, changes in net assets and cash flows of the individual companies.

PricewaterhouseCoopers LLP

New York, New York
December 7, 2018

New York University
Consolidated Balance Sheets
August 31, 2018 and 2017

<i>(in thousands of dollars)</i>	2018	2017
Assets		
Cash and cash equivalents	\$ 1,487,070	\$ 1,269,599
Short-term investments (Note 4)	1,870	1,989
Accounts and loans receivable, net (Note 5)	722,997	757,406
Patient accounts receivable, net (Note 3)	895,513	858,748
Contributions receivable, net (Note 6)	458,350	459,147
Other assets (Note 7)	949,778	867,288
Deposits with trustees (Note 2)	474,168	289,088
Long-term investments (Note 4)	4,881,342	4,875,687
Assets held for professional liabilities (Note 10)	525,834	503,328
Land, buildings, and equipment, net (Note 8)	10,931,180	9,962,531
Total assets	<u>\$ 21,328,102</u>	<u>\$ 19,844,811</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,950,116	\$ 1,696,552
Deferred revenue	973,655	1,021,079
Professional liabilities (Note 10)	640,722	629,810
Debt and other obligations (Note 9)	7,123,908	6,308,820
Funds held for others (Notes 5 and 7)	344,625	306,117
Accrued benefit obligation (Note 11)	452,487	567,558
Accrued postretirement obligation (Note 11)	541,949	569,448
Asset retirement obligation	256,318	235,362
Total liabilities	<u>12,283,780</u>	<u>11,334,746</u>
Net assets		
Unrestricted	5,414,491	4,800,589
Temporarily restricted (Note 14)	1,414,620	1,627,922
Permanently restricted (Note 14)	2,215,211	2,081,554
Total net assets	<u>9,044,322</u>	<u>8,510,065</u>
Total liabilities and net assets	<u>\$ 21,328,102</u>	<u>\$ 19,844,811</u>

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

New York University
Consolidated Statements of Activities
Years Ended August 31, 2018 and 2017

(in thousands of dollars)

	2018	2017
Changes in unrestricted net assets		
Operating revenues		
Tuition and fees (net of financial aid awards of \$686,046 and \$653,168)	\$ 1,851,954	\$ 1,753,736
Grants and contracts (Note 2)	1,011,575	917,545
Patient care (net of provision for bad debt of \$98,266 and \$85,461) (Note 3)	6,981,943	5,571,455
Hospital affiliations (Note 12)	342,735	348,956
Insurance premiums earned	115,544	73,804
Contributions	168,192	183,505
Endowment distribution (Note 4)	169,149	162,214
Return on short-term investments (Note 4)	16,130	10,133
Auxiliary enterprises	505,317	513,259
Program fees and other	272,163	228,490
Net assets released from restrictions	121,469	123,365
Total operating revenues	<u>11,556,171</u>	<u>9,886,462</u>
Expenses (Note 13)		
Salaries and fringe	6,861,802	5,746,051
Medical and pharmaceutical costs	921,221	667,012
Professional services	682,020	619,620
Facilities cost	734,805	649,930
Supplies	208,506	193,006
Fees, insurance and taxes	327,901	254,630
Depreciation and amortization	718,309	574,824
Interest	248,197	222,055
Other	842,197	762,570
Total expenses	<u>11,544,958</u>	<u>9,689,698</u>
Excess of operating revenues over expenses	11,213	196,764
Nonoperating activities		
Investment return (Note 4)	157,692	209,366
Appropriation of endowment distribution (Note 4)	(61,823)	(59,375)
Pension and postretirement nonservice costs (Note 11)	(5,279)	(31,640)
Changes in pension and postretirement obligations (Note 11)	119,491	264,138
Net assets released from restrictions for capital purposes	347,319	109,242
Other	45,289	39,515
Loss on bond defeasance (Note 9)	-	(32,186)
Acquisition of Winthrop-University Hospital Association (Note 1)	-	274,927
Increase in unrestricted net assets	<u>613,902</u>	<u>970,751</u>
Changes in temporarily restricted net assets		
Contributions	172,193	134,106
Investment return (Note 4)	204,089	287,546
Appropriation of endowment distribution (Note 4)	(107,326)	(102,839)
Other	(13,470)	6,931
Net assets released from restrictions	(468,788)	(232,607)
(Decrease) increase in temporarily restricted net assets	<u>(213,302)</u>	<u>93,137</u>
Changes in permanently restricted net assets		
Contributions	140,531	154,663
Other	(6,874)	(2,305)
Increase in permanently restricted net assets	<u>133,657</u>	<u>152,358</u>
Increase in net assets	<u>\$ 534,257</u>	<u>\$ 1,216,246</u>

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

New York University

Consolidated Statements of Cash Flows

Years Ended August 31, 2018 and 2017

(in thousands of dollars)

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 534,257	\$ 1,216,246
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	718,309	574,825
Loss on sale or disposal of land, buildings and equipment and other adjustments	1,444	11,573
Noncash gain on extinguishment of debt	-	(3,651)
Net gain on investments and deposits with trustees	(294,202)	(432,881)
Bad debt expense	117,210	87,016
Pension and postretirement obligation change	(119,491)	(264,138)
Contributions received for permanent investment and capital	(143,364)	(204,723)
Acquisition of Winthrop-University Hospital Association	-	(295,427)
Proceeds from insurance recovery for capital or FEMA award	(6,742)	(55,664)
Changes in operating assets and liabilities		
Decrease in accounts and loans receivable, net	23,264	120,104
Increase in patient accounts receivable	(135,031)	(171,707)
(Increase) decrease in nonendowment and noncapital contributions receivable	(9,526)	54,894
Increase in other assets	(9,286)	(59,008)
Decrease in asset retirement obligation	(5,200)	(5,646)
Increase (decrease) in accounts payable and accrued expenses	253,660	(205,410)
Increase in professional liabilities	10,912	80,909
Increase in deferred revenue	27,935	24,557
Decrease in accrued pension obligation	(37,639)	(46,636)
Increase in accrued postretirement obligation	14,560	21,740
Net cash provided by operating activities	<u>941,070</u>	<u>446,973</u>
Cash flows from investing activities		
Purchases of investments	(2,200,132)	(1,537,038)
Sales and maturities of investments	2,441,540	1,659,797
Increase in assets held for professional liabilities	(17,672)	(40,024)
Drawdowns of unexpended bond proceeds	105,650	101,237
Additions to land, buildings, and equipment	(1,638,933)	(1,376,831)
Proceeds from insurance recovery or FEMA award for capital	5,558	111,641
Cash acquired from acquisition of Winthrop-University Hospital Association	-	68,736
Net cash used in investing activities	<u>(1,303,989)</u>	<u>(1,012,482)</u>
Cash flows from financing activities		
Contributions received for permanent investment and capital	143,364	204,723
Proceeds from FEMA award for future mitigation	1,184	46,164
Proceeds from short-term borrowings	632,413	499,356
Proceeds from long-term borrowings	5,262	1,351,420
Principal payments on short-term borrowings	(25,000)	(529,370)
Principal payments on long-term borrowings	(174,983)	(791,023)
Payments of deferred financing costs	(1,650)	(5,922)
(Decrease) increase in funds held for others	(12,047)	4,216
Decrease in deposits with bond trustees	11,847	22,278
Net cash provided by financing activities	<u>580,390</u>	<u>801,842</u>
Net increase in cash	217,471	236,333
Cash		
Beginning of year	<u>1,269,599</u>	<u>1,033,266</u>
End of year	<u>\$ 1,487,070</u>	<u>\$ 1,269,599</u>
Supplemental disclosure of cash flow information		
Bond proceeds	\$ 646,302	\$ -
Line of credit principal payments	341,685	-
Interest paid	268,977	238,686
Change in noncash acquisitions of land, buildings, and equipment	24,829	90,946
Assets acquired under capital leases	113,153	258,481
Noncash acquisition of Winthrop-University Hospital Association net assets	-	226,691

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

New York University

Notes to Consolidated Financial Statements

August 31, 2018 and 2017

(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 NYU Langone Health, which represents the operations of NYU Langone Health System (Health System) and NYU School of Medicine (NYUSoM).

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, NYUSoM (reported as a part of NYU Langone Health), 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 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, Rory Meyers College of Nursing, Institute for the Study of the Ancient World, NYU Abu Dhabi, and Tandon School of Engineering (formerly Polytechnic University founded in 1854). 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 operates NYU Shanghai, which grants NYU degrees, as a joint venture with East China Normal University. The New York based activities of NYU Shanghai are reported in the University's consolidated balance sheets and consolidated statements of activities.

NYU Langone Health

The Health System is the sole corporate member of NYU Langone Hospitals and, as of April 1, 2017, NYU Winthrop Hospital (Winthrop).

NYU Langone Hospitals operates the Kimmel Pavilion and Tisch Hospital, two acute care facilities which together consist of 844 beds, and are major centers for specialized procedures in cardiovascular services, neurosurgery, cancer treatment, reconstructive surgery, transplantation, psychiatric services and rehabilitation. NYU Langone Hospitals also operates NYU Langone Orthopedic Hospital, a 225-bed acute care facility specializing in orthopedic, neurologic, and rheumatologic services; NYU Langone Hospital-Brooklyn, a 450-bed acute care hospital; 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 for Cancer and Blood Disorders.

In addition to NYU Langone Hospitals and Winthrop, the Health System's wholly owned subsidiaries consist of: Lutheran Augustana Center for Extended Care and Rehabilitation, a 240-bed skilled nursing facility, Community Care Organization, Inc., a licensed home care agency; Shore Hill Housing, Sunset Gardens Housing and Harbor Hill Housing, which provide senior housing and rent subsidies for people meeting requirements defined by the US Department of Housing and Urban Development; and Sunset Bay Community Services, Inc., which provides

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

senior services and day care services. Lutheran Augustana Center for Extended Care and Rehabilitation received approval from New York State to discontinue operations, which was completed in April 2018. Additionally, effective August 2018, Lutheran CHHA, Inc., a certified home health agency, merged with NYU Winthrop and is no longer a separate wholly owned subsidiary of the Health System.

NYU Langone Hospitals is the sole corporate member of CCC550 Insurance, SCC. (CCC550), which provides the hospitals' professional and general liability insurance, as well as insurance to physicians employed by the NYUSoM, and starting on July 1, 2017, Winthrop. CCC550 is subject to taxation in accordance with Section 29 of the Exempt Insurance Act in Barbados.

Affiliation with NYU Winthrop

On April 1, 2017, the Health System completed an affiliation agreement (Affiliation) in which it became the sole corporate member of Winthrop (formerly Winthrop-University Hospital Association) and its subsidiary entities, Winthrop University Hospital Service Corporation and Winthrop Clinical Partners, Inc. Winthrop-University Hospital Association subsequently changed its name to NYU Winthrop Hospital. Winthrop is a 591-bed adult Level 1 trauma center and teaching hospital in Mineola, New York.

The Affiliation and subsequent change in control of Winthrop was accounted for as a business combination in accordance with Accounting Standards Codification (ASC), Topic 805, *Business Combinations*, and ASC 958-805-05, *Acquisition by a Not-for-Profit Entity*. NYU recorded \$274,927 of unrestricted non-operating income in the 2017 consolidated statement of activities which represents Winthrop's net assets at March 31, 2017 and the excess of the fair value of assets acquired over the fair value of liabilities assumed. No consideration was exchanged for the acquisition.

In 2017, Winthrop changed its fiscal year end from December 31 to August 31 to conform to NYU's year end. As a result of this change, obtaining revenues and changes in net assets as though the acquisition occurred at the beginning of fiscal year 2017 was impracticable.

The following is a summary of the Winthrop activity included in the 2017 consolidated statements of activities:

Net assets as of March 31, 2017	\$ 176,444
Excess of the fair value of assets acquired over liabilities	98,483
Acquisition of Winthrop-University Hospital Association	<u>274,927</u>
Operating revenues	649,478
Operating expenses	<u>630,016</u>
	19,462
Nonoperating activities	<u>25,839</u>
Change in unrestricted net assets	320,228
Change in temporarily restricted net assets	12,750
Change in permanently restricted net assets	<u>8,820</u>
Total change in net assets as a result of the acquisition	<u>\$ 341,798</u>

New York University

Notes to Consolidated Financial Statements

August 31, 2018 and 2017

(in thousands of dollars)

The following is a summary of the Winthrop amounts included in the consolidated balance sheet as of August 31, 2017:

Assets	\$ 1,231,969
Liabilities	890,171
Unrestricted net assets	320,228
Temporarily restricted net assets	12,750
Permanently restricted net assets	8,820

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 ASC Topic 958, *Not for Profit Entities*. 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 asset 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

Revenues and expenses related to conducting programmatic activities and provision of services by NYU are classified as operating in the consolidated statement of activities. 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. Investment return relating to management-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.

New York University

Notes to Consolidated Financial Statements

August 31, 2018 and 2017

(in thousands of dollars)

Grants and Contracts

Grant and contract revenues represent reimbursements of costs incurred in direct support of research and other sponsored activities. 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 \$163,509 and \$150,927 for the years ended August 31, 2018 and 2017, respectively.

In 2014, NYU Langone Health was awarded a \$982,400 multi-year fixed capped public assistance grant from the Federal Emergency Management Agency (FEMA) for both repair and replacement of damages and hazard mitigation projects as a result of Superstorm Sandy. As allowable repairs and replacement costs are incurred, revenues are recognized within the consolidated statements of activities based on the nature of the expenditure, as either operating or capital. Cash received in advance of spending is recorded as deferred revenue with a corresponding assets limited as to use within other assets on the consolidated balance sheet (Note 7). The hazard mitigation project portion of the award was recognized as a temporarily restricted contribution (Note 14), with a corresponding FEMA receivable (Note 5). The net assets are released from restriction as the costs are incurred, and totaled \$84,007 and \$82,851 for the years ending August 31, 2018 and 2017, respectively.

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 (3.6% in 2018 and 2.9% in 2017). 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.

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. NYU maintains its deposits with high credit quality financial institutions, with balances that exceed federal depository insurance limits. Management does not believe the credit risk related to these deposits is significant.

Deposits with Trustees

Deposits with trustees consist of unexpended bond proceeds (to fund various construction projects) held by the trustee, the Dormitory Authority of the State of New York (DASNY), of \$412,289 and \$256,542 as well as debt service reserve funds held by NYU of \$61,879 and \$32,546 at August 31, 2018 and 2017, respectively.

New York University

Notes to Consolidated Financial Statements

August 31, 2018 and 2017

(in thousands of dollars)

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 10-60 years, equipment 3-10 years) using the straight-line method.

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.

Funds Held for Others

Funds held for others consist of the University's federal grants refundable and deferred compensation plan liabilities (for NYU's (457)(b) plans). Corresponding assets are included within accounts receivable (Note 5) and other assets (Note 7), respectively.

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 2017 consolidated financial statements have been reclassified to conform to the current year's presentation.

New Authoritative Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2017. NYU has implemented this standard using a modified retrospective approach in fiscal year 2019 and concluded there will be no opening net asset impact.

New York University

Notes to Consolidated Financial Statements

August 31, 2018 and 2017

(in thousands of dollars)

In February 2016, the FASB issued ASU 2016-02, *Leases*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, representing the lessee's right to use, or control the use of, a specified asset for the lease term. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842) Targeted Improvements*, to provide an additional transition method to adopt the guidance by allowing entities to initially apply the new leases standard at the adoption date and recognize a cumulative effect to the opening balance of net assets. The standard is effective for fiscal years beginning after December 15, 2018. NYU is currently evaluating the impact this standard will have on the 2020 consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. This standard marks the completion of the first phase of a larger project aimed at improving not-for-profit financial reporting. Under the new guidance, the existing three categories of net assets will be replaced with a simplified model that combines temporarily restricted and permanently restricted net assets into a single category called "net assets with donor restrictions" and renames unrestricted net assets as "net assets without donor restrictions." There will be new reporting requirements for expenses and additional disclosures to describe an organization's liquidity. The standard is effective for fiscal years beginning after December 15, 2017. NYU has implemented this standard using a retrospective approach in fiscal year 2019 and concluded there will be no opening net asset impact.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard provides a framework for evaluating whether grants should be accounted for as exchange transactions or as nonexchange transactions. For nonexchange transactions, the new guidance clarifies whether arrangements are conditional or unconditional. The standard is effective for fiscal years beginning after June 15, 2018. NYU has implemented this standard using a modified prospective approach in fiscal year 2019 and concluded there will be no opening net asset impact.

3. Patient Care Revenue and Receivables

NYU Langone Health 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.

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

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 NYU Langone Health is reported at the estimated net realizable amounts due from patients, third-party payors 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 service revenues are also reduced for allowances for uncollectible accounts. Patient service revenue for NYU Langone Health, net of contractual allowances and discounts, is as follows for the years ended August 31, 2018 and 2017:

	2018	2017
Gross charges	\$ 32,151,225	\$ 22,743,511
Allowances	<u>(25,126,972)</u>	<u>(17,141,474)</u>
Patient service revenue, net of contractual allowances	7,024,253	5,602,037
Bad debt expense	<u>(98,266)</u>	<u>(85,461)</u>
Total net patient service revenue	<u>\$ 6,925,987</u>	<u>\$ 5,516,576</u>

NYU Langone Health's patient accounts receivable, after contractual allowances but before allowances for bad debts is \$1,079,842 and \$1,042,953 at August 31, 2018 and 2017, respectively. The process for estimating the ultimate collection of receivables involves significant assumptions and judgments. NYU Langone Health implemented a quarterly standardized approach to estimate and review the collectability of receivables based on the payor classification and the 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, NYU Langone Health 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. NYU Langone Health 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. NYU Langone Health's allowance for uncollectible accounts are \$193,502 and \$190,681 at August 31, 2018 and 2017, respectively, and have remained consistent as a percentage of accounts receivables net of contractual allowances. NYU Langone Health's patient accounts receivable, net, is \$886,340 and \$852,272 at August 31, 2018 and 2017, respectively.

NYU Langone Health has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior years' payment rates, based on industry-wide and NYU Langone Health-specific data. The amounts due to third party payors at August 31, 2018 and 2017 are \$96,693 and \$76,661, respectively, and are included in accounts payable and accrued expenses on the consolidated balance sheets. Additionally, certain payors' payment rates for various years have been appealed by NYU Langone Health. If the appeals are successful, additional income applicable to those years may be realized.

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

NYU Langone Hospitals' cost reports have been audited by the Medicare fiscal intermediary through December 31, 2014; however, final settlements are pending for 2003 and 2004. NYU Langone Hospital-Brooklyn cost reports have been audited by the Medicare fiscal intermediary through December 31, 2015; however, final settlements are pending for the years 2008 to 2015. Winthrop's cost reports have been audited by the Medicare fiscal intermediary through December 31, 2015.

NYU Langone Health grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. The mix of net patient service revenue for the years ended August 31, 2018 and 2017 are as follows:

	2018		2017	
	Health System	NYUSoM	Health System	NYUSoM
Medicare	18 %	16 %	17 %	17 %
Medicaid	2	1	2	1
Medicare and Medicaid managed care	17	16	17	13
Blue Cross	24	16	24	17
Managed care and other	39	51	40	52
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The mix of net patient receivables from patients and third party payors at August 31, 2018 and 2017 are as follows:

	2018		2017	
	Health System	NYUSoM	Health System	NYUSoM
Medicare	11 %	11 %	11 %	11 %
Medicaid	2	1	2	1
Medicare and Medicaid managed care	20	18	23	17
Blue Cross	19	14	19	15
Managed care and other	48	56	45	56
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The Health System 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.

New York University

Notes to Consolidated Financial Statements

August 31, 2018 and 2017

(in thousands of dollars)

The Health System'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. Since payment of the difference between NYU Langone Hospitals' standard charges and the charity care fee schedules is not sought, these forgone charges for charity care are not reported as revenue. Total forgone charges for charity care totaled \$94,726 and \$55,775 for fiscal year 2018 and 2017, respectively. This equated to an approximate cost of \$20,586 and \$13,192 for the years ended August 31, 2018 and 2017, respectively which is based on a ratio of cost to charges during the respective years.

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 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 \$59,315 and \$51,307 for 2018 and 2017, 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 Health System's 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 \$98,266 and \$85,461 for the years ended August 31, 2018 and 2017, respectively.

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 unadjusted 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.

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.

New York University

Notes to Consolidated Financial Statements

August 31, 2018 and 2017

(in thousands of dollars)

Investments for which fair value is measured at net asset value (NAV) per share as a practical expedient consist primarily of NYU's ownership in alternative investments (principally limited partnership interests in public equity, hedge funds, credit, real assets, private equity, real estate, and other similar funds). The 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 on these investments and believes the reported NAV as a practical expedient is an appropriate measure of fair value as of August 31, 2018 and 2017. ASU 2015-07 removed the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share as a practical expedient. As such, alternative investments measured using a NAV that is not publicly available are excluded from the fair value hierarchy disclosures and reported separately in the fair value hierarchy tables.

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.

Asset Classes

NYU invests across a broad range of asset classes, including public equity, fixed income, hedge funds, credit, real assets, private equity, real estate, and cash and other. 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. 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.

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

Public Equity

Public equity consists of publicly-traded equity, mutual funds, and other commingled funds (which may include passive index exposure).

Fixed Income

Fixed income includes investments in securities such as U.S. government securities, non-U.S. sovereign bonds, and corporate and asset-backed securities.

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

Hedge Funds

Hedge funds include investments with managers who invest across different strategies such as long and short equity, multi-strategy, event driven and relative value funds. These managers typically employ some leverage.

Credit

Credit includes public and private investments in strategies including distressed debt and special situations.

Real Assets

Real assets includes public and private investments in real assets.

Private Equity

Private equity investments include limited partnership investments in funds pursuing strategies in corporate buyouts, growth equity, and venture capital.

Real Estate

Real estate includes public and private investments in real estate.

Cash and Other

Cash and other predominantly includes cash and cash equivalents.

NYU invests in various retirement plan assets as part of the deferred compensation plans. In addition to the asset categories described above, investments held by the deferred compensation plans (Note 7) are categorized as follows:

Variable Annuity

Variable annuity contracts invest in a variety of public equity securities to generate varying rates of return based on the underlying public equities.

Fixed Income Annuity

Fixed income annuities are used to purchase a guaranteed amount of future retirement benefits.

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

The following tables summarize the fair value of financial instruments at August 31, 2018 and 2017:

	2018			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Long-term investments-investment pool				
Public equity	\$ 940,925	\$ -	\$ -	\$ 940,925
Fixed income	-	355,149	-	355,149
Real assets	17,083	-	-	17,083
Cash and other	261,153	-	-	261,153
	<u>1,219,161</u>	<u>355,149</u>	<u>-</u>	<u>1,574,310</u>
Alternative investments measured at NAV as a practical expedient				2,675,188
Subtotal investment pool				<u>4,249,498</u>
Other long-term investments				
Public equity	197,058	2,960	-	200,018
Fixed income	407,431	10,191	-	417,622
Cash and other	11,399	-	2,805	14,204
Subtotal other long-term investments	<u>615,888</u>	<u>13,151</u>	<u>2,805</u>	<u>631,844</u>
Total long-term investments	<u>1,835,049</u>	<u>368,300</u>	<u>2,805</u>	<u>4,881,342</u>
Short-term investments				
Cash and other	1,870	-	-	1,870
Total short-term investments	<u>1,870</u>	<u>-</u>	<u>-</u>	<u>1,870</u>
Other financial instruments				
Split-interest agreements and interest in perpetual trust (Note 7)	-	-	37,299	37,299
Deposits with trustees (Note 2)				
Fixed income	71,181	402,987	-	474,168
Total deposits with trustees	<u>71,181</u>	<u>402,987</u>	<u>-</u>	<u>474,168</u>
Deferred compensation plan held for others (Note 7)				
Variable annuities	85,975	37,239	-	123,214
Pooled separate account	-	2,764	-	2,764
Fixed income annuity	14,746	4,626	22,420	41,792
Public equity	103,831	7,132	-	110,963
Total deferred compensation plan held for others	<u>204,552</u>	<u>51,761</u>	<u>22,420</u>	<u>278,733</u>
Assets held for professional liabilities (Note 10)				
Cash and other	25,889	-	-	25,889
Public equity	43,559	-	-	43,559
Fixed income	10,187	446,199	-	456,386
Total assets held for professional liabilities	<u>79,635</u>	<u>446,199</u>	<u>-</u>	<u>525,834</u>
	<u>\$ 2,192,287</u>	<u>\$ 1,269,247</u>	<u>\$ 62,524</u>	<u>\$ 6,199,246</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

	2017			
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Long-term investments-investment pool				
Public equity	\$ 865,299	\$ -	\$ -	\$ 865,299
Fixed income	-	183,147	-	183,147
Real assets	16,535	-	-	16,535
Cash and other	406,230	-	43,980	450,210
	<u>1,288,064</u>	<u>183,147</u>	<u>43,980</u>	<u>1,515,191</u>
Alternative investments measured at NAV as a practical expedient				<u>2,585,944</u>
Subtotal investment pool				<u>4,101,135</u>
Other long-term investments				
Public equity	256,233	2,794	-	259,027
Fixed income	434,014	10,200	-	444,214
Cash and other	68,007	29	3,275	71,311
Subtotal other long-term investments	<u>758,254</u>	<u>13,023</u>	<u>3,275</u>	<u>774,552</u>
Total long-term investments	<u>2,046,318</u>	<u>196,170</u>	<u>47,255</u>	<u>4,875,687</u>
Short-term investments				
Cash and other	1,989	-	-	1,989
Total short-term investments	<u>1,989</u>	<u>-</u>	<u>-</u>	<u>1,989</u>
Other financial instruments				
Split-interest agreements and interest in perpetual trust (Note 7)				
	-	-	35,508	35,508
Deposits with trustees (Note 2)				
Fixed income	65,446	223,642	-	289,088
Total deposits with trustees	<u>65,446</u>	<u>223,642</u>	<u>-</u>	<u>289,088</u>
Deferred compensation plan held for others (Note 7)				
Variable annuities	67,053	30,585	-	97,638
Pooled separate account	-	2,417	-	2,417
Fixed income annuity	12,731	3,971	19,057	35,759
Public equity	86,093	6,270	-	92,363
Total deferred compensation plan held for others	<u>165,877</u>	<u>43,243</u>	<u>19,057</u>	<u>228,177</u>
Assets held for professional liabilities (Note 10)				
Cash and other	18,150	-	-	18,150
Public equity	40,066	-	-	40,066
Fixed income	9,039	436,073	-	445,112
Total assets held for professional liabilities	<u>67,255</u>	<u>436,073</u>	<u>-</u>	<u>503,328</u>
	<u>\$ 2,346,885</u>	<u>\$ 899,128</u>	<u>\$ 101,820</u>	<u>\$ 5,933,777</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

The following tables represent NYU's investments measured at NAV as a practical expedient by asset class and the respective liquidity terms as of August 31, 2018 and 2017:

Asset category	2018			Fair Value
	Redemption Frequency (if currently eligible)	Redemption Notice Period		
Redeemable alternative investments				
Public equity	Daily, Weekly, Monthly, Quarterly	Daily to 90 days	\$	1,305,436
Hedge funds	Quarterly, Semi-Annual, Annual, Bi-Annual	45-90 days		697,303
Credit	Quarterly	60 days		12,970
			\$	<u>2,015,709</u>
Nonredeemable alternative investments				
	Remaining Life	Time to draw Commitment	Unfunded Commitments	Fair Value
Private equity	Up to 9 years	7-14 days	\$ 152,419	\$ 263,307
Credit	Up to 8 years	7-14 days	47,819	154,187
Real assets	Up to 15 years	7-14 days	40,883	72,748
Real estate	Up to 13 years	7-14 days	103,363	169,237
			\$ 344,484	<u>659,479</u>
				<u>\$ 2,675,188</u>

Alternative investments measured at NAV as a practical expedient

Asset category	2017			Fair Value
	Redemption Frequency (if currently eligible)	Redemption Notice Period		
Redeemable alternative investments				
Public equity	Daily, Weekly, Monthly, Quarterly	Daily to 90 days	\$	1,338,387
Hedge funds	Quarterly, Semi-Annual, Annual, Bi-Annual	45-90 days		676,698
			\$	<u>2,015,085</u>
Nonredeemable alternative investments				
	Remaining Life	Time to draw Commitment	Unfunded Commitments	Fair Value
Private equity	Up to 9 years	7-14 days	\$ 148,373	\$ 219,924
Credit	Up to 9 years	7-14 days	69,034	128,464
Real assets	Up to 8 years	7-14 days	22,057	69,763
Real estate	Up to 13 years	7-14 days	108,792	152,708
			\$ 348,256	<u>570,859</u>
				<u>\$ 2,585,944</u>

Alternative investments measured at NAV as a practical expedient

The following table provides the changes for financial instruments classified within Level 3 of the fair value hierarchy as defined above:

	2018			
	Split-interest and Perpetual Trust	Cash and Other	Deferred Compensation Plan Assets	Total
Fair value at August 31, 2017	\$ 35,508	\$ 47,255	\$ 19,057	\$ 101,820
Unrealized gains	1,791	-	931	2,722
Sales	-	(44,450)	(700)	(45,150)
Transfers in	-	-	3,132	3,132
Fair value at August 31, 2018	<u>\$ 37,299</u>	<u>\$ 2,805</u>	<u>\$ 22,420</u>	<u>\$ 62,524</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

	2017			
	Split-interest and Perpetual Trust	Cash and Other	Deferred Compensation Plan Assets	Total
Fair value at August 31, 2016	\$ 33,875	\$ 47,742	\$ -	\$ 81,617
Unrealized gains (losses)	1,633	(487)	-	1,146
Transfers in	-	-	19,057	19,057
Fair value at August 31, 2017	\$ 35,508	\$ 47,255	\$ 19,057	\$ 101,820

Total investment return for the years ended August 31, 2018 and 2017 is as follows:

	2018	2017
Dividends and interest	\$ 84,775	\$ 73,977
Realized and unrealized gains, net	301,561	437,612
Investment expenses	(8,425)	(4,544)
Total investment return, net	<u>\$ 377,911</u>	<u>\$ 507,045</u>
Endowment distribution approved for spending	\$ 169,149	\$ 162,214
Return on short-term investments	16,130	10,133
Unrestricted investment return, net of spending	95,869	149,991
Temporarily restricted investment return, net of spending	96,763	184,707
Total investment return, net	<u>\$ 377,911</u>	<u>\$ 507,045</u>

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 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.

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 the endowment to support operations (approximately 4.5% in 2018 and 2017) 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 may 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 endowment, 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.

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

5. Accounts and Loans Receivable, net

Accounts and loans receivable, net of allowances for uncollectable amounts consist of the following at August 31, 2018 and 2017:

	2018	2017
Students and other	\$ 159,078	\$ 147,571
Grants and contracts	114,856	93,302
Student loans	110,182	113,074
FEMA award receivable	101,592	167,984
Housing loans and other loans to employees	65,567	64,202
Insurance premiums and recoveries (Note 10)	218,286	214,087
	<u>769,561</u>	<u>800,220</u>
Allowance for uncollectible amounts	(46,564)	(42,814)
Accounts and loans receivable, net	<u>\$ 722,997</u>	<u>\$ 757,406</u>

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 \$67,857 and \$77,940 at August 31, 2018 and 2017, respectively. NYU records a liability on its consolidated balance sheet for these advances within funds held for others.

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

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

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

6. Contributions Receivable

Contributions receivable consist of the following at August 31, 2018 and 2017:

	2018	2017
Amounts expected to be collected in		
Less than one year	\$ 269,603	\$ 205,967
One to five years	222,414	281,638
More than five years	66,509	71,834
	<u>558,526</u>	<u>559,439</u>
Discount	(31,313)	(36,397)
Allowance for uncollectible amounts	(68,863)	(63,895)
	<u>\$ 458,350</u>	<u>\$ 459,147</u>
Contributions receivable, net		

Contributions receivable activity for the years ended August 31, 2018 and 2017 is as follows:

	2018	2017
Contributions receivable, gross, beginning of year	\$ 559,439	\$ 639,639
New pledges received	168,777	175,448
Adjustments and write-offs	(8,870)	(21,989)
Pledge payments received	<u>(160,820)</u>	<u>(233,659)</u>
Contributions receivable, gross, end of year	558,526	559,439
Discount and allowance for uncollectible amounts	<u>(100,176)</u>	<u>(100,292)</u>
Contributions receivable, net, end of year	<u>\$ 458,350</u>	<u>\$ 459,147</u>

Conditional promises to give, bequests, and intentions to give not included in the consolidated financial statements, are \$952,420 and \$847,131 at August 31, 2018 and 2017, respectively.

Expenses related to fundraising activities are \$48,699 and \$49,220 for the years ended August 31, 2018 and 2017, respectively.

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

7. Other Assets

Other assets consist of the following at August 31, 2018 and 2017:

	2018	2017
Deferred compensation plan assets held for others	\$ 278,733	\$ 228,177
Prepaid expenses and deferred charges	161,290	167,100
Inventory	100,305	78,512
Intangible assets and goodwill	87,897	40,686
Assets held for sale	73,461	-
Third-party payor receivables	72,775	61,202
Split-interest agreements	37,299	35,508
Assets limited as to use - FEMA award	14,904	90,263
Tenant improvement allowance	7,553	66,934
Other	115,561	98,906
	<u>949,778</u>	<u>867,288</u>
Other assets	<u>\$ 949,778</u>	<u>\$ 867,288</u>

Deferred compensation plan assets held for others represents employee contributions and investment income for NYU's 457(b) plans. A corresponding obligation is recorded within funds held for others on the consolidated balance sheets.

Assets held for sale represent certain assets of the Health System that meet the requirements to be classified as held for sale and are presented at the lower of cost of fair value, less cost to sell. The assets include the land and buildings of Shore Hill Housing, Sunset Gardens Housing and Harbor Hill Housing. The determination of fair value involves judgement and assumptions including the nature of the potential sales transaction, composition of assets and negotiations with third party purchasers. The carrying amounts of the assets held for sale were reviewed to determine whether the carrying amounts are fully recoverable in comparison to estimated fair values and an impairment of \$22,670 was recorded within depreciation and amortization in the consolidated statement of activities for the year ended August 31, 2018.

8. Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following at August 31, 2018 and 2017:

	2018	2017
Land	\$ 363,955	\$ 431,078
Buildings and building improvements	11,957,137	9,802,512
Equipment	2,176,047	1,868,040
Capital leases	562,360	474,811
Construction in progress	1,149,131	2,266,669
	<u>16,208,630</u>	<u>14,843,110</u>
Less: Accumulated depreciation	<u>(5,277,450)</u>	<u>(4,880,579)</u>
Land, buildings, and equipment, net	<u>\$ 10,931,180</u>	<u>\$ 9,962,531</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

Depreciation expense is \$685,905 and \$581,335 for the years ended August 31, 2018 and 2017, respectively.

9. Debt and Other Obligations

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".

Debt and other obligations consists of the following at August 31, 2018 and 2017:

	2018				
	University	NYUSoM	Total Obligated Group	Health System	Consolidated NYU
Issuer					
Dormitory Authority of the State of New York (DASNY)	\$ 3,059,068	\$ 705,053	\$ 3,764,121	\$ 366,830	\$ 4,130,951
New York University	287,285	72,895	360,180	-	360,180
NYU Langone Hospitals	-	-	-	1,490,662	1,490,662
Nassau County Local Economic Assistance Corporation	-	-	-	156,365	156,365
Other obligations	51,058	432,852	483,910	501,840	985,750
Debt and other obligations	<u>\$ 3,397,411</u>	<u>\$ 1,210,800</u>	<u>\$ 4,608,211</u>	<u>\$ 2,515,697</u>	<u>\$ 7,123,908</u>
	2017				
	University	NYUSoM	Total Obligated Group	Health System	Consolidated NYU
Issuer					
Dormitory Authority of the State of New York (DASNY)	\$ 2,666,619	\$ 522,869	\$ 3,189,488	\$ 387,264	\$ 3,576,752
New York University	296,581	76,359	372,940	-	372,940
NYU Langone Hospitals	-	-	-	1,490,325	1,490,325
Nassau County Local Economic Assistance Corporation	-	-	-	160,925	160,925
Other obligations	101,477	384,748	486,225	221,653	707,878
Debt and other obligations	<u>\$ 3,064,677</u>	<u>\$ 983,976</u>	<u>\$ 4,048,653</u>	<u>\$ 2,260,167</u>	<u>\$ 6,308,820</u>

In May 2018, DASNY issued \$348,880 of revenue bonds (Series 2018A) on behalf of the Obligated Group with interest rates ranging from 3.25% to 5.00%. The Series 2018A bonds mature serially from July 2019 through July 2042. The Series 2018A bonds maturing in July 2048 are payable in annual sinking fund installments from July 2043 to maturity.

In May 2018, DASNY issued \$243,705 of taxable bonds (Series 2018B) on behalf of the Obligated Group, with interest rates ranging from 2.27% to 4.85%. The Series 2018B bonds mature serially from July 2019 through July 2035. The Series 2018B bonds maturing in July 2040 are payable in annual sinking fund installments from July 2036 to maturity. The Series 2018B bonds maturing in July 2048 are payable in annual sinking fund installments from July 2041 to maturity.

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

The proceeds from the DASNY Series 2018A and Series 2018B were used to fund improvements on the Manhattan and Brooklyn campuses and repay certain lines of credit.

In June 2017, DASNY issued \$450,170 of revenue bonds (Series 2017A) on behalf of the Obligated Group with interest rates ranging from 3.00% to 5.00%. The Series 2017A bonds mature serially from July 2019 through July 2040, as well as July 2043. The Series 2017A bonds maturing in July 2043 are payable in annual sinking fund installments from July 2041 to maturity.

In June 2017, DASNY issued \$227,836 of taxable bonds (Series 2017B), with interest rates ranging from 1.60% to 4.15%. The Series 2017B bonds mature serially from July 2019 through July 2032, as well as in July 2034, July 2039, and July 2047. The Series 2017B bonds maturing in July 2034 are payable in annual sinking fund installments from July 2033 to maturity. The Series 2017B bonds maturing in July 2039 are payable in annual sinking fund installments from July 2035 to maturity. The Series 2017B bonds maturing in July 2047 are payable in annual sinking fund installments from July 2043 to maturity.

The proceeds from the DASNY Series 2017A and Series 2017B were used, in part, to advance refund portions of the DASNY Series 2009A and Series 2009B bonds as well as the NYCIDA 2007 Polytechnic University Project bonds. The remainder of the proceeds were used to fund improvements on the Manhattan and Brooklyn campuses and repay certain lines of credit. In connection with the transaction, the Obligated Group recorded a loss on bond defeasance of \$32,186.

In May 2017, NYU Langone Hospitals issued Series 2017A Taxable Bonds totaling \$600,000. The Series 2017A Taxable Bonds require annual interest payments through August 2047 at rates varying from 4.17% to 4.37%. The proceeds of the Series 2017A bonds were used to repay a bank loan and certain outstanding lines of credit, pay the costs of various construction, renovation and equipment projects, and for working capital and other eligible corporate purposes.

New York University

Notes to Consolidated Financial Statements

August 31, 2018 and 2017

(in thousands of dollars)

The principal amounts outstanding for debt and other obligations consist of the following at August 31, 2018 and 2017:

	University	NYUSoM	2018 Total Obligated Group	Health System	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 \$3,174)	\$ 129,104	\$ -	\$ 129,104	\$ -	\$ 129,104
2001 Series 1 bonds, with an interest rate of 5.50%, maturing serially from July 2011, through July 2025, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including premiums of \$2,136 and \$2,327)	59,265	49,069	108,334	-	108,334
Series 2009A bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2019 (including net premiums of \$142 and \$16)	9,443	887	10,330	-	10,330
Series 2011A bonds, with interest rates ranging from 2.00% to 6.00%, maturing serially through July 2020, payable thereafter in annual sinking fund installments	-	-	-	8,240	8,240
Series 2012A bonds, with interest rates ranging from 3.00% to 5.00%, maturing serially through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including net premiums of \$11,811 and \$4,233)	144,326	44,113	188,439	-	188,439
Series 2012B bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including premium of \$3,900)	58,936	-	58,936	-	58,936
Series 2012C taxable bonds, with interest rates ranging from 1.93% to 3.62%, maturing serially through July 2027	19,715	-	19,715	-	19,715
Series 2013A bonds, with interest rates ranging from 2.00% to 5.00%, maturing serially through July 2033, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2043 (including net premiums of \$6,900)	123,150	-	123,150	-	123,150
Series 2013B taxable bonds, with interest rates ranging from 2.33% to 5.25%, maturing serially through July 2028, payable thereafter in annual sinking fund installments to maturities in July 2033 and July 2043	26,680	-	26,680	-	26,680

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

	University	NYUSoM	2018 Total Obligated Group	Health System	Consolidated NYU
Series 2014 bonds, with interest rate ranging from 2.00% to 5.00%, maturing serially through July 2032 and July 2036 (including premium of \$7,958)	-	-	-	80,233	80,233
Series 2014 S2 bonds, with interest rate ranging from 3.75% to 4.95%, maturing serially through July 2034 and July 2035 (including premium of \$15,236)	-	-	-	118,241	118,241
Series 2014A taxable bonds, with an interest rate of 2.59% maturing in July 2034, payable in annual sinking fund installments through July 2034	53,350	-	53,350	-	53,350
Series 2015 bonds, with interest rates ranging from 2.00% to 5.50%, maturing serially through July 2035, payable in annual sinking fund installments from July 2036 to July 2048 (including premium of \$77,046)	758,581	-	758,581	-	758,581
Series 2016A bonds, with interest rates ranging from 2.00% to 5.00%, maturing serially through July 2036 payable thereafter in annual sinking fund installments until July 2043 (including premiums of \$71,777 and \$22,067)	518,432	158,287	676,719	-	676,719
Series 2016B taxable bonds, with interest rates ranging from 1.20% to 5.00%, maturing serially through July 2022 payable thereafter in annual sinking fund installments until July 2046	192,420	37,255	229,675	-	229,675
Series 2016A bonds, with interest rates ranging from 3.53% to 4.77%, maturing serially to maturity in July 2040 and payable thereafter in annual sinking fund installments until July 2043 (including premium of \$21,513)	-	-	-	164,083	164,083
Series 2017A bonds, with interest rates ranging from 3.25% to 5.00%, maturing serially to maturity in July 2040 and payable thereafter in annual sinking fund installments until July 2047 (including premium of \$44,704 and \$21,306)	340,698	175,482	516,180	-	516,180
Series 2017B taxable bonds, with interest rates ranging from 1.60% to 4.15%, maturing serially to maturity in July 2032	177,430	50,406	227,836	-	227,836
Series 2018A bonds, with interest rates ranging from 3.25% to 5.00%, maturing serially through July 2048 payable thereafter in annual sinking fund installments (including premiums of \$38,921 and \$9,766)	313,336	84,231	397,567	-	397,567
Series 2018B taxable bonds, with interest rates ranging from 2.27% to 4.85%, maturing serially through July 2048 payable thereafter in annual sinking fund installments (including premiums of \$7,114 and \$2,919)	147,254	106,484	253,738	-	253,738
Deferred financing costs	(13,052)	(1,161)	(14,213)	(3,967)	(18,180)
Subtotal of DASNY bonds	3,059,068	705,053	3,764,121	366,830	4,130,951

New York University

Notes to Consolidated Financial Statements

August 31, 2018 and 2017

(in thousands of dollars)

	University	NYUSoM	2018 Total Obligated Group	Health System	Consolidated NYU
NYU					
Series 2009 taxable bonds, with an interest rate of 5.24%, maturing in July 2032, payable in annual sinking fund installments from July 2018 through July 2032	14,075	73,430	87,505	-	87,505
Series 2010 taxable bonds, with an interest rate of 4.96%, maturing in July 2032, payable in annual sinking fund installments from July 2018 through July 2032	21,495	-	21,495	-	21,495
Series 2015 taxable bonds, with interest rates ranging from 1.32% to 4.14%, maturing serially through July 2028, payable in annual sinking fund installments from July 2029 to July 2048	252,800	-	252,800	-	252,800
Deferred financing costs	(1,085)	(535)	(1,620)	-	(1,620)
Subtotal of NYU bonds	287,285	72,895	360,180	-	360,180
NYU Langone Hospitals					
Series 2012 taxable bonds, with an interest rate of 4.40%, maturing in July 2042 (including discount of \$828)	-	-	-	249,172	249,172
Series 2013 taxable bonds, with an interest rate of 5.75%, maturing in July 2043 (including discount of \$1,195)	-	-	-	348,805	348,805
Series 2014 taxable bonds, with an interest rate of 4.78%, maturing in July 2044 (including discount of \$1,088)	-	-	-	298,912	298,912
Series 2017A taxable bonds, with an interest rate ranging from 4.17% to 4.37%, maturing in August 2047	-	-	-	600,000	600,000
Deferred financing costs	-	-	-	(6,227)	(6,227)
Subtotal of NYU Langone Hospitals bonds	-	-	-	1,490,662	1,490,662
Nassau County Local Economic Assistance Corporation					
Series 2012 taxable bonds with varying interest rates of 3.00% to 5.00%, maturing in July 2042 (including premium of \$7,803)	-	-	-	122,033	122,033
Series 2014 taxable bonds, with an interest rate of 2.99%, maturing in July 2036	-	-	-	34,332	34,332
Subtotal of Nassau County Local Economic Assistance Corporation bonds	-	-	-	156,365	156,365
Other obligations					
Various at fixed and variable interest rates	-	-	-	19,113	19,113
Mortgage loans	-	42,000	42,000	41,837	83,837
Lines of credit	45,000	138,700	183,700	311,519	495,219
Capital leases	6,058	252,152	258,210	129,371	387,581
Subtotal of other obligations	51,058	432,852	483,910	501,840	985,750
Total amounts outstanding	\$ 3,397,411	\$ 1,210,800	\$ 4,608,211	\$ 2,515,697	\$ 7,123,908

New York University

Notes to Consolidated Financial Statements

August 31, 2018 and 2017

(in thousands of dollars)

	University	NYUSoM	2017 Total Obligated Group	Health System	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 \$3,814)	\$ 140,159	\$ -	\$ 140,159	\$ -	\$ 140,159
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 \$2,297 and \$2,433)	60,751	50,260	111,011	-	111,011
Series 2008A bonds, with an interest rate of 4.00% maturing serially through the call date in July 2018 (including premium of \$20)	3,795	-	3,795	-	3,795
Series 2008B bonds, with an interest rate of 4.00% maturing serially through the call date in July 2018 (including premium of \$17)	3,097	-	3,097	-	3,097
Series 2008C bonds, with an interest rate of 4.00% maturing serially through the call date in July 2018 (including premium of \$7)	2,412	-	2,412	-	2,412
Series 2009A bonds, with an interest rate of 5.00%, maturing serially through the call date in July 2019 (including net premiums of \$442 and discounts of \$13)	9,744	890	10,634	-	10,634
Series 2011A bonds, with interest rates ranging from 2.00% to 6.00%, maturing serially through July 2026, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040	-	-	-	12,075	12,075
Series 2012A bonds, with interest rates ranging from 3.00% to 5.00%, maturing serially through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including net premiums of \$12,671 and \$4,410)	150,323	45,823	196,146	-	196,146
Series 2012B bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including premium of \$4,199)	59,234	-	59,234	-	59,234
Series 2012C taxable bonds, with interest rates ranging from 1.93% to 3.62%, maturing serially through July 2027	21,670	-	21,670	-	21,670
Series 2013A bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2033, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2043 (including net premiums of \$7,380)	125,965	-	125,965	-	125,965
Series 2013B taxable bonds, with interest rates ranging from 2.33% to 5.25%, maturing serially through July 2028, payable thereafter in annual sinking fund installments to maturities in July 2033 and July 2043	27,895	-	27,895	-	27,895

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

	University	NYUSoM	2017 Total Obligated Group	Health System	Consolidated NYU
Series 2014 bonds, with interest rate ranging from 2.00% to 5.00%, maturing serially through July 2032 and July 2036 (including premium of \$8,402)	-	-	-	83,442	83,442
Series 2014 S2 bonds, with interest rate ranging from 3.75% to 4.95%, maturing serially through July 2034 and July 2035 (including premium of \$16,132)	-	-	-	123,347	123,347
Series 2014A bonds, with an interest rate of 2.59% maturing in July 2034, payable in annual sinking fund installments from July 2018 through July 2034	54,250	-	54,250	-	54,250
Series 2015A bonds, with interest rates ranging from 2.00% to 5.50%, maturing serially through July 2035, payable in annual sinking fund installments from July 2036 to July 2048 (including premium of \$81,733)	769,207	-	769,207	-	769,207
Series 2016A bonds, with interest rates ranging from 2.00% to 5.00%, maturing serially through July 2036 payable thereafter in annual sinking fund installments until July 2043 (including premium of \$76,037 and \$22,861)	522,692	159,080	681,772	-	681,772
Series 2016B taxable bonds, with interest rates ranging from 1.20% to 3.88%, maturing serially through July 2022 payable thereafter in annual sinking fund installments until July 2046	205,535	40,700	246,235	-	246,235
Series 2016A bonds, with interest rates ranging from 3.53% to 4.77%, maturing serially to maturity in July 2040 and payable thereafter in annual sinking fund installments until July 2043 (including premium of \$22,502)	-	-	-	172,573	172,573
Series 2017A bonds, with interest rates ranging from 3.00% to 5.00%, maturing serially to maturity in July 2040 and payable thereafter in annual sinking fund installments until July 2047 (including premium of \$48,894 and \$22,082)	344,889	176,258	521,147	-	521,147
Series 2017B taxable bonds, with interest rates ranging from 1.60% to 4.15%, maturing serially to maturity in July 2032	177,429	50,406	227,835	-	227,835
Deferred financing costs	(12,428)	(548)	(12,976)	(4,173)	(17,149)
Subtotal of DASNY bonds	2,666,619	522,869	3,189,488	387,264	3,576,752

New York University

Notes to Consolidated Financial Statements

August 31, 2018 and 2017

(in thousands of dollars)

			2017 Total Obligated Group	Health System	Consolidated NYU
	University	NYUSoM			
NYU					
Series 2009 taxable bonds, with an interest rate of 5.24%, maturing in July 2032, payable in annual sinking fund installments from July 2018 through July 2032	14,747	76,933	91,680	-	91,680
Series 2010 taxable bonds, with an interest rate of 4.96%, maturing in July 2032, payable in annual sinking fund installments from July 2018 through July 2032	22,520	-	22,520	-	22,520
Series 2015 taxable bonds, with interest rates ranging from 1.32% to 4.14%, maturing serially through July 2028, payable in annual sinking fund installments from July 2029 to July 2048	260,490	-	260,490	-	260,490
Deferred financing costs	(1,176)	(574)	(1,750)	-	(1,750)
Subtotal of NYU bonds	<u>296,581</u>	<u>76,359</u>	<u>372,940</u>	<u>-</u>	<u>372,940</u>
NYU Langone Hospitals					
Series 2012 taxable bonds, with an interest rate of 4.40%, maturing in July 2042 (including discount of \$863)	-	-	-	249,137	249,137
Series 2013 taxable bonds, with an interest rate of 5.75%, maturing in July 2043 (including discount of \$1,243)	-	-	-	348,758	348,758
Series 2014 taxable bonds, with an interest rate of 4.78%, maturing in July 2044 (including discount of \$1,130)	-	-	-	298,870	298,870
Series 2017A taxable bonds, with an interest rate ranging from 4.17% to 4.37%, maturing in August 2047	-	-	-	600,000	600,000
Deferred financing costs	-	-	-	(6,440)	(6,440)
Subtotal of NYU Langone Hospitals bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,490,325</u>	<u>1,490,325</u>
Nassau County Local Economic Assistance Corporation					
Series 2012 taxable bonds with varying interest rates of 3.00% to 5.00%, maturing in July 2042 (including premium of \$8,262)	-	-	-	125,177	125,177
Series 2014 taxable bonds, with an interest rate of 2.99%, maturing in July 2036	-	-	-	35,748	35,748
Subtotal of Nassau County Local Economic Assistance Corporation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,925</u>	<u>160,925</u>
Other obligations					
Various at fixed and variable interest rates	-	-	-	21,139	21,139
Mortgage loans	-	42,000	42,000	80,429	122,429
Lines of credit	95,335	79,156	174,491	55,000	229,491
Capital leases	6,142	263,592	269,734	65,085	334,819
Subtotal of other obligations	<u>101,477</u>	<u>384,748</u>	<u>486,225</u>	<u>221,653</u>	<u>707,878</u>
Total amounts outstanding	<u>\$ 3,064,677</u>	<u>\$ 983,976</u>	<u>\$ 4,048,653</u>	<u>\$ 2,260,167</u>	<u>\$ 6,308,820</u>

Interest expense on debt and other obligations totaled \$248,197 and \$222,055 for the years ended August 31, 2018 and 2017, respectively. This excludes \$28,776 and \$21,083 of interest capitalized (net of income earned on deposits with bond trustees) for the years ended August 31, 2018 and 2017, respectively, which is included in land, buildings, and equipment, net.

NYU enters into various debt and other loan agreements that are secured by specific revenue streams, collateral and other real property or improvements, in addition to issuing debt supported by a general obligation of the University, any of which may constrain the use of certain assets.

Other agreements include covenants requiring that NYU Langone Hospitals and Winthrop maintain certain financial ratios. At August 31, 2018 and 2017, NYU is compliant with all financial and administrative covenants.

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

Obligations with Financial Institutions

At August 31, 2018, the Obligated Group has four contractually committed bank credit agreements which total \$800,000 and expire from December 2018 to June 2020. The interest is accrued at rates based on LIBOR. The amounts outstanding under these agreements are \$183,700 and \$174,491 as of August 31, 2018 and 2017, respectively.

At August 31, 2018, The Health System has four unsecured lines of credit which total \$425,000 and expire from November 2018 to May 2021. The interest is accrued at rates based on LIBOR. The amounts outstanding under these agreements are \$311,519 and \$55,000 as of August 31, 2018 and 2017, respectively.

Future Principal Payments

The aggregate required principal payments on all debt and other obligations, including capital leases, for each of the next five fiscal years, and thereafter to maturity, are as follows:

Year Ending August 31,	Debt and Other Obligations	Capital Leases	Total
2019	\$ 328,964	\$ 69,113	\$ 398,077
2020	192,722	59,916	252,638
2021	361,205	51,496	412,701
2022	142,785	44,125	186,910
2023	145,471	33,290	178,761
Thereafter	<u>5,211,621</u>	<u>328,208</u>	<u>5,539,829</u>
	6,382,768	586,148	6,968,916
Unamortized premiums and discounts, net	379,586	-	379,586
Unamortized deferred financing costs	(26,027)	-	(26,027)
Less: Imputed interest	-	(198,567)	(198,567)
	<u>\$ 6,736,327</u>	<u>\$ 387,581</u>	<u>\$ 7,123,908</u>

10. Professional Liabilities

NYU Langone Health's professional liabilities are reported on a discounted basis and comprise estimates for known reported losses and loss expenses plus a provision for losses incurred but not reported. Losses are actuarially determined and are based on the loss experience of the insured. In management's opinion, recorded reserves for both self-insured and commercially 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. Professional liabilities recorded on the consolidated balance sheets as of August 31 are as follows:

	2018	2017
CCC550 professional liabilities	\$ 453,472	\$ 417,576
Winthrop self-insured liabilities	70,201	87,365
Commercially insured liabilities	<u>117,049</u>	<u>124,869</u>
Professional liabilities	<u>\$ 640,722</u>	<u>\$ 629,810</u>

New York University

Notes to Consolidated Financial Statements

August 31, 2018 and 2017

(in thousands of dollars)

NYU Langone Hospitals is self-insured for professional and general liabilities on an occurrence basis through CC550. Beginning July 1, 2017, Winthrop and certain of its physicians are also self-insured through CCC550. Prior to July 1, 2017, Winthrop was self-insured for professional liabilities and designated funds in a revocable trust for satisfaction of claims and expenses.

CCC550 provides insurance coverage to certain voluntary attending physicians (VAPs) serving NYUSoM and NYU Langone Hospitals. The cost of this insurance coverage is the responsibility of such physicians.

At August 31, 2018 and 2017, assets held for professional liabilities of \$525,834 and \$503,328, respectively, on the consolidated balance sheet includes funds held by CCC550 of \$467,206 and \$448,815, respectively, and funds held in Winthrop's self-insurance trust of \$58,628 and \$54,513, respectively.

Commercial insurance policies are purchased by Winthrop for certain physicians on both a claims made and occurrence basis. NYU Langone Health recorded a corresponding insurance recovery receivable for claims covered by these policies within accounts and loans receivable, net on the consolidated balance sheet (Note 5).

11. Pension Plans and Other Postretirement Benefits

Pension Plans

Substantially all NYU employees are covered by retirement plans including various defined contribution plans, multi-employer defined benefit plans, and five NYU-sponsored benefit plans.

Defined contribution plans

Contributions to the defined contribution plans are based on rates required by union contracts or other contractual arrangements. Contributions of \$210,328 and \$185,097 in 2018 and 2017, respectively, are reported as expenses in the consolidated statements of activities. There is no obligation on the consolidated balance sheets for these plans.

Multi-employer defined benefit plans

Contributions to the multi-employer defined benefit plans are based on rates required by union contracts and other contractual arrangements. Contributions of \$204,646 and \$182,675 in 2018 and 2017, respectively, are reported as expenses in the consolidated statements of activities. There is no obligation on the consolidated balance sheets for these plans.

Defined benefit plans

Contributions to the five defined benefit plans are intended to provide benefits attributed to service to date, as well as for those expected to be earned in the future. Contributions are made in amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 as amended under the Pension Protection Act of 2006 (ERISA), plus such additional amounts as the sponsors may deem appropriate. Pension benefits under these defined benefit plans are based on participants' final average compensation levels and years of service and are accrued during the period the employees provide service to NYU. Contributions of \$58,003 and \$78,901 in 2018 and 2017, respectively, are reported as a reduction in the accrued benefit obligation on the consolidated balance sheets for these plans.

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

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. Contributions of \$24,624 and \$19,075 in 2018 and 2017, respectively, are reported as a reduction in the accrued postretirement obligation on the consolidated balance sheets for these plans.

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

Plans' Funded Status

	<u>Defined benefit pension plans</u>		<u>Postretirement benefit plans</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Change in benefit obligation				
Benefit obligation, beginning of year	\$ 2,214,679	\$ 1,511,162	\$ 695,568	\$ 740,308
Acquisition of Winthrop retirement plan	-	751,673	-	-
Service cost	50,447	40,052	18,979	20,063
Interest cost	77,972	60,433	25,124	24,413
Actuarial gain	(53,585)	(89,728)	(33,286)	(75,047)
Benefits paid	(73,445)	(58,348)	(24,423)	(20,474)
Benefits paid from Plan related to Lump Sum Window	(15,182)	-	-	-
Participant contributions	-	-	5,225	4,727
Retiree drug subsidy receipts	-	-	1,419	1,576
Administrative expenses	(850)	(565)	-	-
Benefit obligation, end of year	<u>2,200,036</u>	<u>2,214,679</u>	<u>688,606</u>	<u>695,566</u>
Change in fair value of plan assets				
Fair value of plan assets, beginning of year	1,647,121	949,959	126,118	109,309
Acquisition of Winthrop retirement plan	-	537,026	-	-
Actual return on plan assets	116,720	140,148	13,694	11,905
Employer contributions	58,003	78,901	24,624	19,075
Employer contributions to Plan related to Lump Sum Window	15,182	-	-	-
Benefits paid	(73,445)	(58,348)	(24,423)	(20,474)
Benefits paid from Plan related to Lump Sum Window	(15,182)	-	-	-
Participant contributions	-	-	5,225	4,727
Retiree drug subsidy receipts	-	-	1,419	1,576
Administrative expenses	(850)	(565)	-	-
Fair value of plan assets, end of year	<u>1,747,549</u>	<u>1,647,121</u>	<u>146,657</u>	<u>126,118</u>
Accrued benefit obligation	<u>\$ 452,487</u>	<u>\$ 567,558</u>	<u>\$ 541,949</u>	<u>\$ 569,448</u>

Benefit obligation range of assumptions as of August 31

Discount rate	3.96% - 4.34%	3.85% - 4.15%	4.15% - 4.30%	3.85% - 4.03%
Rate of increase in compensation levels	2.92% - 4.00%	3.00% - 4.00%	-	-

In 2018, the University offered terminated vested participants in its defined benefit pension plan the opportunity to have their pension benefit distributed as a lump sum. The University contributed an additional \$15,182 to the plan to fund the lump sum payments.

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

Net Periodic Benefit Cost

	Defined benefit pension plans		Postretirement benefit plans	
	2018	2017	2018	2017
Components of net periodic benefit cost				
Operating expense - Service cost	\$ 50,447	\$ 40,052	\$ 18,979	\$ 20,063
Nonoperating expense:				
Interest cost	77,972	60,433	25,124	24,413
Expected return on plan assets	(115,222)	(83,887)	(7,633)	(6,659)
Amortization of prior service cost (credit)	2	2	(1,322)	(5,111)
Amortization of actuarial loss	22,322	34,315	4,036	8,134
Total non-service costs	(14,926)	10,863	20,205	20,777
Net periodic benefit cost	\$ 35,521	\$ 50,915	\$ 39,184	\$ 40,840
Other changes recognized in unrestricted net assets				
Actuarial net gain arising during period	\$ (55,075)	\$ (146,530)	\$ (39,378)	\$ (80,268)
Amortization of prior service (cost) credit	(2)	(2)	1,322	5,111
Amortization of actuarial loss	(22,322)	(34,315)	(4,036)	(8,134)
Total recognized in nonoperating activities	\$ (77,399)	\$ (180,847)	\$ (42,092)	\$ (83,291)
Net periodic benefit cost range of assumptions				
Discount rate	3.37 %-4.15 %	3.07 %-4.31%	3.61 %-4.03 %	3.85 %-4.03%
Rate of increase in compensation levels	3.00 %-4.00 %	2.00 %-4.00%	-	-
Expected long-term rate of return on plan assets	6.00%-7.75 %	6.00 %-7.75%	6.00 %-7.00 %	6.00 %-7.00%
Ultimate retiree health-care cost trend	-	-	4.50%	4.50%
Year ultimate trend rate is achieved	-	-	2024-2038	2023-2038

The accumulated benefit obligation for the defined benefit pension plans is \$2,065,215 and \$2,059,069 at August 31, 2018 and 2017, respectively.

Amounts not yet reflected in net periodic benefit cost and included in unrestricted assets for the defined benefit pension plans totaled \$234,380 and \$311,239 for the years ended August 31, 2018 and 2017, respectively. Amounts not yet reflected in net periodic benefit cost and included in unrestricted assets for the postretirement benefit plans totaled \$78,874 and \$120,935 for the years ended August 31, 2018 and 2017, respectively.

Amounts in unrestricted net assets expected to be recognized in net periodic benefit cost in the next fiscal year for the defined benefit pension plans totaled \$14,234 and \$22,325 for the years ended August 31, 2018 and 2017, respectively. Amounts in unrestricted net assets expected to be recognized in net periodic benefit cost in the next fiscal year for the postretirement benefits plans totaled \$525 and \$3,413 for the years ended August 31, 2018 and 2017, respectively.

In 2018 and 2017, the effect of a 1% change in the health care cost trend rate is as follows:

	2018		2017	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Effect on net periodic benefit cost	\$ 5,742	\$ (4,556)	\$ 9,551	\$ (7,361)
Effect on postretirement benefit obligation	92,078	(75,241)	118,780	(93,477)

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

Plan Assets

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

	2018			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash equivalents	\$ 11,934	\$ -	\$ -	\$ 11,934
Fixed income	335,081	-	-	335,081
Public equity	861,441	-	-	861,441
Real estate	212,153	478	-	212,631
Private equity	130,810	101,952	-	232,762
	<u>\$ 1,551,419</u>	<u>\$ 102,430</u>	<u>\$ -</u>	<u>\$ 1,653,849</u>
Alternative investments measured at NAV as a practical expedient				<u>93,700</u>
Total				<u>\$ 1,747,549</u>

	2017			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash equivalents	\$ 15,436	\$ -	\$ -	\$ 15,436
Fixed income	374,446	89,420	-	463,866
Public equity	1,047,503	-	-	1,047,503
Real estate	-	24,549	-	24,549
Private equity	-	10,904	-	10,904
	<u>\$ 1,437,385</u>	<u>\$ 124,873</u>	<u>\$ -</u>	<u>\$ 1,562,258</u>
Alternative investments measured at NAV as a practical expedient				<u>84,863</u>
Total				<u>\$ 1,647,121</u>

The defined benefit pension assets seek to: (1) provide retirement benefits to its participants and beneficiaries; and (2) achieve full funding of the pension liability, while incurring an acceptable level of risk manageable for the sponsor. The pension liability growth rate together with the objective to achieve and maintain a fully-funded 100% level over a reasonable timeline implies a minimum absolute rate of return to be met through either: (1) annual budgeted contributions, (2) pension assets growth, (3) plan de-risking improvements, or (4) a combination thereof.

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. The asset allocation process is designed to be dynamic and employ a liability-driven, glide path investment strategy, 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 a static total-return investment. Target allocations at the funded level are 55-75% Equity and 25-45% Fixed Income. The expected long-term rate of return assumption is determined

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

by adding expected inflation to expected long-term real returns of various asset classes, weighing the asset class returns by the plans' investment in each class, and taking into account expected volatility and correlation between the returns of various asset classes. NYU management believes 6.0% - 7.75% is a reasonable estimate of long-term rates of return on plan assets for 2018 and will continue to evaluate the actuarial assumptions, and adjust them as necessary.

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

	2018			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash equivalents	\$ 133	\$ -	\$ -	\$ 133
Fixed income	37,458	21,872	-	59,330
Public equity	87,194	-	-	87,194
Total	<u>\$ 124,785</u>	<u>\$ 21,872</u>	<u>\$ -</u>	<u>\$ 146,657</u>

	2017			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Public equity	\$ 73,396	\$ -	\$ -	\$ 73,396
Fixed income	31,341	21,381	-	52,722
Total	<u>\$ 104,737</u>	<u>\$ 21,381</u>	<u>\$ -</u>	<u>\$ 126,118</u>

The plans' investment objectives seek a long-term total rate of return to meet NYU's current and future plan obligations.

The Post-Retirement Benefit Plan target asset allocation mix is 70% equity and 30% fixed income and cash, for which each asset class has a permitted range of +/- 10%.

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 6.0%-7.0% is a reasonable range of long-term rates of return on plan assets for 2018 and will continue to evaluate the actuarial assumptions, and adjust them as necessary.

Contributions

Annual contributions to the plans are determined by NYU based upon calculations prepared by the plans' actuaries. Total expected contributions for the defined benefit pension plans and other postretirement benefit plans in fiscal year 2019 are \$44,209 and \$27,023, respectively.

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

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,	Defined benefit pension plans	Postretirement benefit plans
2019	\$ 82,034	\$ 24,175
2020	86,570	26,087
2021	92,474	27,880
2022	97,588	29,898
2023	103,282	32,007
2024-2028	598,350	191,470

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 worked per week 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's contributions are reported as expenses in the consolidated statements of activities for the following multi-employer defined benefit pension and postretirement plans for the years ended August 31, 2018 and 2017:

	2018	2017
1199 SEIU Health Care Employees Health & Welfare Fund	\$ 135,902	\$ 121,785
1199 SEIU Health Care Employees Pension Fund	44,776	40,240
United Federation of Teachers Welfare Fund	15,980	14,355
Local 810 United Wire, Metal & Machine Health & Welfare Fund	4,344	3,309
Local 810 United Wire, Metal & Machine Pension Fund	3,317	2,665
Local 153 Pension Fund	273	265
Local 30 Pension Fund	54	56
	<u>\$ 204,646</u>	<u>\$ 182,675</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

The Pension Protection Act (PPA) 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). The following table includes information for related pension funds:

Pension Plan Name	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/Implemented	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2018	2017			
1199 Pension Fund	13-3604862	Green	Green	N/A	No	September 2018
Local 810 United Wire Pension Fund	13-6596940	Red	Red	Yes	Yes	June 2019
Local 153 Pension Fund	13-2864289	Red	Red	Yes	No	N/A

NYU's contributions to the Local 810 United Wire Pension Fund represent approximately 58% of total plan contributions. NYU is in withdrawal status for the Local 153 Pension Fund with quarterly withdrawal payments continuing through 2036.

12. 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 three agreements are with Woodhull Medical and Mental Health Center and Cumberland Diagnostic and Treatment Center, Bellevue Hospital Center and Gouverneur Healthcare Services; and Coler Rehabilitation and Nursing Care Center and Henry J Carter Specialty Hospital and Nursing Facility and are effective from July 1, 2015 through June 30, 2020. NYUSoM recognized revenues from these affiliation agreements of \$314,345 and \$319,377 for the years ended August 31, 2018 and 2017, respectively.

NYU Langone Hospitals has several clinical affiliation agreements with New York City area hospitals where physicians provide patient care and supervision of residents at affiliated organizations. NYU Langone Hospitals also maintains an affiliation agreement with Sunset Park Health Council, Inc., a New York not-for-profit corporation, d/b/a Family Health Centers at NYU Langone (FHC). NYU Langone Hospitals recognized revenue from these affiliation agreements of \$28,390 and \$29,579 for the years ended August 31, 2018 and 2017, respectively.

13. Functional Classification of Expenses

NYU's primary program services are instruction, research and patient care. Expenses reported as hospital affiliation, libraries support, student services, auxiliary enterprises and institutional services are incurred in support of these primary program activities. Natural expenses attributed to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort.

New York University

Notes to Consolidated Financial Statements

August 31, 2018 and 2017

(in thousands of dollars)

Expenses by function classification for the years ended August 31, 2018 and 2017 consist of the following:

	2018								Total
	Instruction and other academic programs	Research and other sponsored programs	Patient care	Hospital affiliation	Libraries support	Student services	Auxiliary enterprises	Institutional services	
Salary and fringe	\$ 1,209,507	\$ 486,422	\$ 3,867,388	\$ 289,225	\$ 41,181	\$ 88,792	\$ 118,570	\$ 760,717	\$ 6,861,802
Medical and pharmaceutical costs	55	1,565	913,669	3	-	13	248	5,668	921,221
Professional services	107,035	30,587	210,002	3,324	3,665	18,354	70,690	238,363	682,020
Facilities costs	103,488	143,805	127,406	13	4,553	11,926	188,328	155,286	734,805
Supplies	42,586	40,973	62,909	24	28,928	4,362	1,932	26,792	208,506
Fees, insurance and taxes	5,523	575	165,449	10	191	1,491	15,897	138,765	327,901
Depreciation and amortization expense	64,024	35,757	272,340	-	6,601	14,841	145,397	179,349	718,309
Interest expense	67,774	11,371	82,803	-	859	3,444	49,111	32,835	248,197
Other	172,853	120,529	247,715	1,363	7,581	24,162	28,482	239,512	842,197
	<u>\$ 1,772,845</u>	<u>\$ 871,584</u>	<u>\$ 5,949,681</u>	<u>\$ 293,962</u>	<u>\$ 93,559</u>	<u>\$ 167,385</u>	<u>\$ 618,655</u>	<u>\$ 1,777,287</u>	<u>\$ 11,544,958</u>
University	\$ 1,717,992	\$ 247,303	\$ 69,712	\$ -	\$ 84,872	\$ 157,609	\$ 464,123	\$ 545,845	\$ 3,287,456
NYU Langone Health	54,853	624,281	5,879,969	293,962	8,687	9,776	159,642	1,236,627	8,267,797
	1,772,845	871,584	5,949,681	293,962	93,559	167,385	623,765	1,782,472	11,555,253
								Eliminations	(10,295)
									<u>\$ 11,544,958</u>

	2017								Total
	Instruction and other academic programs	Research and other sponsored programs	Patient care	Hospital affiliation	Libraries support	Student services	Auxiliary enterprises	Institutional services	
Salary and fringe	\$ 1,142,272	\$ 472,547	\$ 3,070,559	\$ 288,017	\$ 41,325	\$ 83,724	\$ 74,904	\$ 572,703	\$ 5,746,051
Medical and pharmaceutical costs	103	4,293	617,337	4	-	13	85	45,177	667,012
Professional services	87,988	30,750	226,203	5,639	4,113	17,311	70,754	176,862	619,620
Facilities costs	103,508	70,136	103,009	9	6,000	9,727	161,056	196,485	649,930
Supplies	43,379	41,906	54,551	22	27,901	4,179	1,551	19,517	193,006
Fees, insurance and taxes	4,181	587	134,229	10	152	2,704	15,491	97,276	254,630
Depreciation expense	65,818	55,684	216,153	-	7,539	13,890	107,619	108,121	574,824
Interest expense	64,773	15,441	70,095	-	1,531	3,672	50,229	16,314	222,055
Other	156,269	140,861	243,413	1,471	5,561	22,571	58,551	133,873	762,570
	<u>\$ 1,668,291</u>	<u>\$ 832,205</u>	<u>\$ 4,735,549</u>	<u>\$ 295,172</u>	<u>\$ 94,122</u>	<u>\$ 157,791</u>	<u>\$ 540,240</u>	<u>\$ 1,366,328</u>	<u>\$ 9,689,698</u>
University	\$ 1,611,411	\$ 230,371	\$ 59,551	\$ -	\$ 83,540	\$ 147,370	\$ 464,414	\$ 521,775	\$ 3,118,432
NYU Langone Health	56,880	601,834	4,675,998	295,172	10,582	10,421	80,651	852,003	6,583,541
	1,668,291	832,205	4,735,549	295,172	94,122	157,791	545,065	1,373,778	9,701,973
								Eliminations	(12,275)
									<u>\$ 9,689,698</u>

14. Components of Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at August 31, 2018 and 2017:

	2018	2017
Contributions and earnings for operating purposes	\$ 976,956	\$ 965,956
Contributions for buildings and equipment	24,086	247,947
FEMA award for mitigation	117,247	201,254
Scholarships and fellowships	259,268	176,719
Annuity trust agreements	37,063	36,046
	<u>\$ 1,414,620</u>	<u>\$ 1,627,922</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

Permanently restricted net assets at August 31, 2018 and 2017 are retained in perpetuity to support the following activities:

	2018	2017
Program support	\$ 491,314	\$ 476,110
Faculty and staff salaries	828,999	792,684
Scholarships and fellowships	810,344	733,810
Research and sponsored programs	52,195	55,763
Library books	24,274	15,621
Buildings and equipment	5,208	4,811
Student loans	2,877	2,755
	<u>\$ 2,215,211</u>	<u>\$ 2,081,554</u>

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.

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 (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.

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 (underwater endowment). 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.

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

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

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment	\$ -	\$ 690,229	\$ 2,097,385	\$ 2,787,614
Board-designated endowment	1,462,105	-	-	1,462,105
Underwater endowment (13 funds)	(221)	-	-	(221)
	<u>\$ 1,461,884</u>	<u>\$ 690,229</u>	<u>\$ 2,097,385</u>	<u>\$ 4,249,498</u>

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment	\$ -	\$ 600,870	\$ 1,993,398	\$ 2,594,268
Board-designated endowment	1,507,136	-	-	1,507,136
Underwater endowment (14 funds)	(269)	-	-	(269)
	<u>\$ 1,506,867</u>	<u>\$ 600,870</u>	<u>\$ 1,993,398</u>	<u>\$ 4,101,135</u>

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

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Investment pool net assets, beginning of year	\$ 1,506,867	\$ 600,870	\$ 1,993,398	\$ 4,101,135
Contributions	50,725	-	129,030	179,755
Investment pool return	108,893	202,157	-	311,050
Endowment distribution	(62,110)	(107,039)	-	(169,149)
Liquidations	(151,183)	-	-	(151,183)
Reclassification of net assets	8,692	(5,759)	(25,043)	(22,110)
Investment pool net assets, end of year	<u>\$ 1,461,884</u>	<u>\$ 690,229</u>	<u>\$ 2,097,385</u>	<u>\$ 4,249,498</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Investment pool net assets, beginning of year	\$ 1,344,766	\$ 420,162	\$ 1,848,638	\$ 3,613,566
Contributions	84,617	-	147,108	231,725
Investment pool return	170,445	286,428	-	456,873
Endowment distribution	(59,375)	(102,839)	-	(162,214)
Liquidations	(30,877)	-	-	(30,877)
Reclassification of net assets	(2,709)	(2,881)	(2,348)	(7,938)
Investment pool net assets, end of year	\$ 1,506,867	\$ 600,870	\$ 1,993,398	\$ 4,101,135

15. 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:

Year Ending August 31,	
2019	\$ 322,377
2020	293,113
2021	277,214
2022	255,635
2023	241,827
Thereafter	2,893,517

Rent expense is \$315,055 and \$260,211 for the years ended August 31, 2018 and 2017, respectively.

The University entered into a capital lease for a four story office building, with a 32 year term, which is effective November 2019. Future lease payments under this capital lease total \$285,596.

NYU, with the exception of Winthrop, which is fully insured, is self-insured for workers' compensation. The University purchases an excess workers' compensation insurance policy with a retention of \$500 per claim. In connection with being self-insured, the University has maintained a surety bond in the amount of \$11,749 at August 31, 2018 and 2017. Additionally, NYU Langone Health has maintained stand-by letters of credit aggregating approximately \$46,247 and \$35,306 at August 31, 2018 and 2017, 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 balance sheet.

New York University
Notes to Consolidated Financial Statements
August 31, 2018 and 2017

(in thousands of dollars)

16. Subsequent Events

NYU performed an evaluation of subsequent events through December 7, 2018, which is the date the consolidated financial statements were issued.

In October 2018, National Indemnity Company, a subsidiary of Berkshire Hathaway, closed on the purchase of Medical Liability Mutual Insurance Company ("MLMIC") as a Mutual Company. MLMIC was previously owned by its policyholders, and in order to complete the demutualization, policyholders would receive payouts of approximately 1.9 times the amount in premiums paid during the three-year period leading up to July 2016, when the MLMIC board approved the sale. The Health System was a holder of various professional liability insurance policies from MLMIC (Note 10), and a result of the October 2018 closing of the sale, received total demutualization payments of \$97,800 which will be recognized as income in fiscal year 2019.

In October 2018, the Health System amended an existing line of credit which increased the borrowing capacity from \$100,000 to \$200,000, and entered into a new line of credit in the amount of \$50,000. The interest rates on both lines are based on LIBOR.

In November 2018, the Health System extended another existing line of credit through August 2019 and increased the borrowing capacity from \$25,000 to \$50,000. The interest rate is based on LIBOR.

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, 2018

(in thousands of dollars)

	2018			Consolidated NYU
	University	NYU Langone Health	Eliminations	
Assets				
Cash and cash equivalents	\$ 1,008,398	\$ 478,672	\$ -	\$ 1,487,070
Short-term investments (Note 4)	1,870	-	-	1,870
Accounts and loans receivable, net (Note 5)	399,694	432,547	(109,244)	722,997
Patient accounts receivable, net (Note 3)	9,173	886,340	-	895,513
Contributions receivable, net (Note 6)	275,513	182,837	-	458,350
Other assets (Note 7)	235,688	714,090	-	949,778
Deposits with trustees (Note 2)	463,832	10,336	-	474,168
Long-term investments (Note 4)	3,273,725	1,607,617	-	4,881,342
Assets held for professional liabilities (Note 10)	-	525,834	-	525,834
Land, buildings, and equipment, net (Note 8)	3,880,529	7,050,651	-	10,931,180
Total assets	<u>\$ 9,548,422</u>	<u>\$ 11,888,924</u>	<u>\$ (109,244)</u>	<u>\$ 21,328,102</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 328,044	\$ 1,731,316	\$ (109,244)	\$ 1,950,116
Deferred revenue	840,531	133,124	-	973,655
Professional liabilities (Note 10)	-	640,722	-	640,722
Debt and other obligations (Note 9)	3,397,411	3,726,497	-	7,123,908
Funds held for others (Notes 5 and 7)	147,306	197,319	-	344,625
Accrued benefit obligation (Note 11)	36,267	416,220	-	452,487
Accrued postretirement obligation (Note 11)	359,923	182,026	-	541,949
Asset retirement obligation	174,588	81,730	-	256,318
Total liabilities	<u>5,284,070</u>	<u>7,108,954</u>	<u>(109,244)</u>	<u>12,283,780</u>
Net assets				
Unrestricted	1,798,901	3,615,590	-	5,414,491
Temporarily restricted (Note 14)	832,562	582,058	-	1,414,620
Permanently restricted (Note 14)	1,632,889	582,322	-	2,215,211
Total net assets	<u>4,264,352</u>	<u>4,779,970</u>	<u>-</u>	<u>9,044,322</u>
Total liabilities and net assets	<u>\$ 9,548,422</u>	<u>\$ 11,888,924</u>	<u>\$ (109,244)</u>	<u>\$ 21,328,102</u>

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Summary)
August 31, 2017

(in thousands of dollars)

	2017			Consolidated NYU
	University	NYU Langone Health	Eliminations	
Assets				
Cash and cash equivalents	\$ 889,802	\$ 379,797	\$ -	\$ 1,269,599
Short-term investments (Note 4)	1,989	-	-	1,989
Accounts and loans receivable, net (Note 5)	425,471	463,779	(131,844)	757,406
Patient accounts receivable, net (Note 3)	6,476	852,272	-	858,748
Contributions receivable, net (Note 6)	315,413	143,734	-	459,147
Other assets (Note 7)	214,223	653,065	-	867,288
Deposits with trustees (Note 2)	272,803	16,285	-	289,088
Long-term investments (Note 4)	3,129,709	1,745,978	-	4,875,687
Assets held for professional liabilities (Note 10)	-	503,328	-	503,328
Land, buildings, and equipment, net (Note 8)	3,796,033	6,166,498	-	9,962,531
Total assets	<u>\$ 9,051,919</u>	<u>\$ 10,924,736</u>	<u>\$ (131,844)</u>	<u>\$ 19,844,811</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 326,807	\$ 1,501,589	\$ (131,844)	\$ 1,696,552
Deferred revenue	797,619	223,460	-	1,021,079
Professional liabilities (Note 10)	-	629,810	-	629,810
Debt and other obligations (Note 9)	3,064,677	3,244,143	-	6,308,820
Funds held for others (Notes 5 and 7)	150,001	156,116	-	306,117
Accrued benefit obligation (Note 11)	100,955	466,603	-	567,558
Accrued postretirement obligation (Note 11)	385,009	184,439	-	569,448
Asset retirement obligation	179,036	56,326	-	235,362
Total liabilities	<u>5,004,104</u>	<u>6,462,486</u>	<u>(131,844)</u>	<u>11,334,746</u>
Net assets				
Unrestricted	1,695,986	3,104,603	-	4,800,589
Temporarily restricted (Note 14)	764,745	863,177	-	1,627,922
Permanently restricted (Note 14)	1,587,084	494,470	-	2,081,554
Total net assets	<u>4,047,815</u>	<u>4,462,250</u>	<u>-</u>	<u>8,510,065</u>
Total liabilities and net assets	<u>\$ 9,051,919</u>	<u>\$ 10,924,736</u>	<u>\$ (131,844)</u>	<u>\$ 19,844,811</u>

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Detail)
August 31, 2018

(in thousands of dollars)

	2018						
	University	NYUSoM	Eliminations	Subtotal	Health System	Eliminations	Total Consolidated NYU
Assets							
Cash and cash equivalents	\$ 1,008,398	\$ 68,643	\$ -	\$ 1,077,041	\$ 410,029	\$ -	\$ 1,487,070
Short-term investments (Note 4)	1,870	-	-	1,870	-	-	1,870
Accounts and loans receivable, net (Note 5)	399,694	222,917	(101,241)	521,370	241,493	(39,866)	722,997
Patient accounts receivable, net (Note 3)	9,173	120,436	-	129,609	765,904	-	895,513
Contributions receivable, net (Note 6)	275,513	101,964	-	377,477	80,873	-	458,350
Other assets (Note 7)	235,688	234,584	-	470,272	479,506	-	949,778
Deposits with trustees (Note 2)	463,832	-	-	463,832	10,336	-	474,168
Long-term investments (Note 4)	3,273,725	977,525	-	4,251,250	630,092	-	4,881,342
Assets held for professional liabilities (Note 10)	-	-	-	-	525,834	-	525,834
Land, buildings, and equipment, net (Note 8)	3,880,529	2,490,158	-	6,370,687	4,560,493	-	10,931,180
Total assets	<u>\$ 9,548,422</u>	<u>\$ 4,216,227</u>	<u>\$ (101,241)</u>	<u>\$ 13,663,408</u>	<u>\$ 7,704,560</u>	<u>\$ (39,866)</u>	<u>\$ 21,328,102</u>
Liabilities and Net Assets							
Liabilities							
Accounts payable and accrued expenses	\$ 328,044	\$ 769,409	\$ (101,241)	\$ 996,212	\$ 993,770	\$ (39,866)	\$ 1,950,116
Deferred revenue	840,531	32,462	-	872,993	100,662	-	973,655
Professional liabilities (Note 10)	-	-	-	-	640,722	-	640,722
Debt and other obligations (Note 9)	3,397,411	1,210,800	-	4,608,211	2,515,697	-	7,123,908
Funds held for others (Notes 5 and 7)	147,306	147,938	-	295,244	49,381	-	344,625
Accrued benefit obligation (Note 11)	36,267	31,716	-	67,983	384,504	-	452,487
Accrued postretirement obligation (Note 11)	359,923	100,211	-	460,134	81,815	-	541,949
Asset retirement obligation	174,588	39,228	-	213,816	42,502	-	256,318
Total liabilities	<u>5,284,070</u>	<u>2,331,764</u>	<u>(101,241)</u>	<u>7,514,593</u>	<u>4,809,053</u>	<u>(39,866)</u>	<u>12,283,780</u>
Net assets							
Unrestricted	1,798,901	864,810	-	2,663,711	2,750,780	-	5,414,491
Temporarily restricted (Note 14)	832,562	458,227	-	1,290,789	123,831	-	1,414,620
Permanently restricted (Note 14)	1,632,889	561,426	-	2,194,315	20,896	-	2,215,211
Total net assets	<u>4,264,352</u>	<u>1,884,463</u>	<u>-</u>	<u>6,148,815</u>	<u>2,895,507</u>	<u>-</u>	<u>9,044,322</u>
Total liabilities and net assets	<u>\$ 9,548,422</u>	<u>\$ 4,216,227</u>	<u>\$ (101,241)</u>	<u>\$ 13,663,408</u>	<u>\$ 7,704,560</u>	<u>\$ (39,866)</u>	<u>\$ 21,328,102</u>

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Detail)
August 31, 2017

(in thousands of dollars)

	2017						
	University	NYUSoM	Eliminations	Subtotal	Health System	Eliminations	Total Consolidated NYU
Assets							
Cash and cash equivalents	\$ 889,802	\$ 12,639	\$ -	\$ 902,441	\$ 367,158	\$ -	\$ 1,269,599
Short-term investments (Note 4)	1,989	-	-	1,989	-	-	1,989
Accounts and loans receivable, net (Note 5)	425,471	237,170	(131,703)	530,938	311,908	(85,440)	757,406
Patient accounts receivable, net (Note 3)	6,476	111,398	-	117,874	740,874	-	858,748
Contributions receivable, net (Note 6)	315,413	54,650	-	370,063	89,084	-	459,147
Other assets (Note 7)	214,223	282,547	-	496,770	370,518	-	867,288
Deposits with trustees (Note 2)	272,803	-	-	272,803	16,285	-	289,088
Long-term investments (Note 4)	3,129,709	974,872	-	4,104,581	771,106	-	4,875,687
Assets held for professional liabilities (Note 10)	-	-	-	-	503,328	-	503,328
Land, buildings, and equipment, net (Note 8)	3,796,033	2,033,403	-	5,829,436	4,133,095	-	9,962,531
Total assets	<u>\$ 9,051,919</u>	<u>\$ 3,706,679</u>	<u>\$ (131,703)</u>	<u>\$ 12,626,895</u>	<u>\$ 7,303,356</u>	<u>\$ (85,440)</u>	<u>\$ 19,844,811</u>
Liabilities and Net Assets							
Liabilities							
Accounts payable and accrued expenses	\$ 326,807	\$ 691,158	\$ (131,703)	\$ 886,262	\$ 895,730	\$ (85,440)	\$ 1,696,552
Deferred revenue	797,619	89,506	-	887,125	133,954	-	1,021,079
Professional liabilities (Note 10)	-	-	-	-	629,810	-	629,810
Debt and other obligations (Note 9)	3,064,677	983,976	-	4,048,653	2,260,167	-	6,308,820
Funds held for others (Notes 5 and 7)	150,001	119,588	-	269,589	36,528	-	306,117
Accrued benefit obligation (Note 11)	100,955	46,868	-	147,823	419,735	-	567,558
Accrued postretirement obligation (Note 11)	385,009	101,961	-	486,970	82,478	-	569,448
Asset retirement obligation	179,036	29,236	-	208,272	27,090	-	235,362
Total liabilities	<u>5,004,104</u>	<u>2,062,293</u>	<u>(131,703)</u>	<u>6,934,694</u>	<u>4,485,492</u>	<u>(85,440)</u>	<u>11,334,746</u>
Net assets							
Unrestricted	1,695,986	676,635	-	2,372,621	2,427,968	-	4,800,589
Temporarily restricted (Note 14)	764,745	495,363	-	1,260,108	367,814	-	1,627,922
Permanently restricted (Note 14)	1,587,084	472,388	-	2,059,472	22,082	-	2,081,554
Total net assets	<u>4,047,815</u>	<u>1,644,386</u>	<u>-</u>	<u>5,692,201</u>	<u>2,817,864</u>	<u>-</u>	<u>8,510,065</u>
Total liabilities and net assets	<u>\$ 9,051,919</u>	<u>\$ 3,706,679</u>	<u>\$ (131,703)</u>	<u>\$ 12,626,895</u>	<u>\$ 7,303,356</u>	<u>\$ (85,440)</u>	<u>\$ 19,844,811</u>

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Summary)
Year Ended August 31, 2018

(in thousands of dollars)

	2018			Consolidated NYU
	University	NYU Langone Health	Eliminations	
Changes in unrestricted net assets				
Operating revenues				
Tuition and fees (net of financial aid awards of \$675,222 University; \$10,824 NYU Langone Health)	\$ 1,803,767	\$ 48,187	\$ -	\$ 1,851,954
Grants and contracts (Note 2)	545,688	465,887	-	1,011,575
Patient care (net of provision for bad debts of \$98,266 NYU Langone Health) (Note 3)	55,956	6,925,987	-	6,981,943
Hospital affiliations (Note 13)	-	342,735	-	342,735
Insurance premiums earned	-	115,544	-	115,544
Contributions	118,659	49,533	-	168,192
Endowment distribution (Note 4)	128,868	40,281	-	169,149
Return on short-term investments (Note 4)	16,072	58	-	16,130
Auxiliary enterprises	439,915	70,512	(5,110)	505,317
Program fees and other	106,620	170,728	(5,185)	272,163
Net assets released from restrictions	52,149	69,320	-	121,469
Total operating revenues	3,267,694	8,298,772	(10,295)	11,556,171
Expenses (Note 13)				
Salaries and fringe	1,829,414	5,032,388	-	6,861,802
Medical and pharmaceutical costs	-	921,221	-	921,221
Professional services	269,470	412,550	-	682,020
Facilities cost	351,547	388,368	(5,110)	734,805
Supplies	93,492	115,014	-	208,506
Fees, insurance and taxes	51,535	276,366	-	327,901
Depreciation and amortization	261,918	456,391	-	718,309
Interest	122,761	125,436	-	248,197
Other	307,319	540,063	(5,185)	842,197
Total expenses	3,287,456	8,267,797	(10,295)	11,544,958
(Deficiency) excess of operating revenues over expenses	(19,762)	30,975	-	11,213
Nonoperating activities				
Investment return (Note 4)	89,826	67,866	-	157,692
Appropriation of endowment distribution (Note 4)	(47,610)	(14,213)	-	(61,823)
Pension and postretirement nonservice costs (Note 11)	(17,150)	11,871	-	(5,279)
Changes in pension and postretirement obligations (Note 11)	83,325	36,166	-	119,491
Net assets released from restrictions for capital purposes	20,725	326,594	-	347,319
Other	(6,439)	51,728	-	45,289
Increase in unrestricted net assets	102,915	510,987	-	613,902
Changes in temporarily restricted net assets				
Contributions	74,218	97,975	-	172,193
Investment return (Note 4)	151,910	52,179	-	204,089
Appropriation of endowment distribution (Note 4)	(81,258)	(26,068)	-	(107,326)
Other	(4,179)	(9,291)	-	(13,470)
Net assets released from restrictions	(72,874)	(395,914)	-	(468,788)
Increase (decrease) in temporarily restricted net assets	67,817	(281,119)	-	(213,302)
Changes in permanently restricted net assets				
Contributions	49,758	90,773	-	140,531
Other	(3,953)	(2,921)	-	(6,874)
Increase in permanently restricted net assets	45,805	87,852	-	133,657
Increase in net assets	\$ 216,537	\$ 317,720	\$ -	\$ 534,257

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Summary)
Year Ended August 31, 2017

(in thousands of dollars)

	2017			Consolidated NYU
	University	NYU Langone Health	Eliminations	
Changes in unrestricted net assets				
Operating revenues				
Tuition and fees (net of financial aid awards of \$643,034 University; \$10,134 NYU Langone Health)	\$ 1,704,645	\$ 49,091	\$ -	\$ 1,753,736
Grants and contracts (Note 2)	509,030	408,515	-	917,545
Patient care (net of provision for bad debts of \$85,461 NYU Langone Health) (Note 3)	54,879	5,516,576	-	5,571,455
Hospital affiliations (Note 13)	-	348,956	-	348,956
Insurance premiums earned	-	73,804	-	73,804
Contributions	134,390	49,115	-	183,505
Endowment distribution (Note 4)	123,800	38,414	-	162,214
Return on short-term investments (Note 4)	10,152	(19)	-	10,133
Auxiliary enterprises	447,659	70,425	(4,825)	513,259
Program fees and other	107,690	128,250	(7,450)	228,490
Net assets released from restrictions	26,405	96,960	-	123,365
Total operating revenues	3,118,650	6,780,087	(12,275)	9,886,462
Expenses (Note 14)				
Salaries and fringe	1,719,591	4,026,460	-	5,746,051
Medical and pharmaceutical costs	-	667,012	-	667,012
Professional services	247,501	372,119	-	619,620
Facilities cost	335,965	318,790	(4,825)	649,930
Supplies	91,666	101,340	-	193,006
Fees, insurance and taxes	42,992	211,638	-	254,630
Depreciation and amortization	259,490	315,334	-	574,824
Interest	119,297	102,758	-	222,055
Other	301,930	468,090	(7,450)	762,570
Total expenses	3,118,432	6,583,541	(12,275)	9,689,698
Excess of operating revenues over expenses	218	196,546	-	196,764
Nonoperating activities				
Investment return (Note 4)	132,932	76,434	-	209,366
Appropriation of endowment distribution (Note 4)	(45,616)	(13,759)	-	(59,375)
Pension and postretirement nonservice costs (Note 11)	(22,429)	(9,211)	-	(31,640)
Changes in pension and postretirement obligations (Note 11)	117,453	146,685	-	264,138
Net assets released from restrictions for capital purposes	21,074	88,168	-	109,242
Other	24,565	14,950	-	39,515
Loss on bond defeasance (Note 9)	(24,124)	(8,062)	-	(32,186)
Acquisition of Winthrop-University Hospital Association (Note 1)	-	274,927	-	274,927
Increase in unrestricted net assets	204,073	766,678	-	970,751
Changes in temporarily restricted net assets				
Contributions	57,715	76,391	-	134,106
Investment return (Note 4)	217,178	70,368	-	287,546
Appropriation of endowment distribution (Note 4)	(78,184)	(24,655)	-	(102,839)
Other	9,334	(2,403)	-	6,931
Net assets released from restrictions	(47,479)	(185,128)	-	(232,607)
Increase (decrease) in temporarily restricted net assets	158,564	(65,427)	-	93,137
Changes in permanently restricted net assets				
Contributions	81,500	73,163	-	154,663
Other	(2,093)	(212)	-	(2,305)
Increase in permanently restricted net assets	79,407	72,951	-	152,358
Increase in net assets	\$ 442,044	\$ 774,202	\$ -	\$ 1,216,246

New York University

Supplemental Schedule to the Consolidated Financial Statements (Consolidating Statement of Activities for NYU - Detail) Year Ended August 31, 2018

(in thousands of dollars)

	2018						Total Consolidated NYU
	University	NYUSoM	Eliminations	Subtotal	Health System	Eliminations	
Changes in unrestricted net assets							
Operating revenues							
Tuition and fees (net of financial aid awards of \$675,222 University; and \$10,824 NYU Langone Health)	\$ 1,803,767	\$ 48,187	\$ -	\$ 1,851,954	\$ -	\$ -	\$ 1,851,954
Grants and contracts (Note 2)	545,688	423,150	-	968,838	42,737	-	1,011,575
Patient care (net of provision for bad debts of \$98,266 NYU Langone Health) (Note 3)	55,956	1,788,996	-	1,844,952	5,654,643	(517,652)	6,981,943
Hospital affiliations (Note 13)	-	314,345	-	314,345	28,390	-	342,735
Insurance premiums earned	-	-	-	-	115,544	-	115,544
Contributions	118,659	40,204	-	158,863	9,329	-	168,192
Endowment distribution (Note 4)	128,868	38,715	-	167,583	1,566	-	169,149
Return on short-term investments (Note 4)	16,072	58	-	16,130	-	-	16,130
Auxiliary enterprises	439,915	20,901	(5,110)	455,706	49,611	-	505,317
Program fees and other	106,620	288,308	(5,185)	389,743	149,520	(267,100)	272,163
Net assets released from restrictions	52,149	56,342	-	108,491	12,978	-	121,469
Total operating revenues	3,267,694	3,019,206	(10,295)	6,276,605	6,064,318	(784,752)	11,556,171
Expenses (Note 14)							
Salaries and fringe	1,829,414	2,176,255	-	4,005,669	2,856,133	-	6,861,802
Medical and pharmaceutical costs	-	42,706	-	42,706	878,515	-	921,221
Professional services	269,470	162,333	-	431,803	777,032	(526,815)	682,020
Facilities cost	351,547	179,604	(5,110)	526,041	208,764	-	734,805
Supplies	93,492	53,462	-	146,954	61,552	-	208,506
Fees, insurance and taxes	51,535	132,222	-	183,757	144,144	-	327,901
Depreciation and amortization	261,918	109,292	-	371,210	347,099	-	718,309
Interest	122,761	37,203	-	159,964	88,233	-	248,197
Other	307,319	221,072	(5,185)	523,206	576,928	(257,937)	842,197
Total expenses	3,287,456	3,114,149	(10,295)	6,391,310	5,938,400	(784,752)	11,544,958
(Deficiency) excess of operating revenues over expenses	(19,762)	(94,943)	-	(114,705)	125,918	-	11,213
Nonoperating activities							
Investment return (Note 4)	89,826	24,605	-	114,431	43,261	-	157,692
Appropriation of endowment distribution (Note 4)	(47,610)	(14,050)	-	(61,660)	(163)	(14,050)	(61,823)
Pension and postretirement nonservice costs (Note 11)	(17,150)	(2,427)	-	(19,577)	14,298	-	(5,279)
Changes in pension and postretirement obligations (Note 11)	83,325	22,016	-	105,341	14,150	-	119,491
Net assets released from restrictions for capital purposes	20,725	54,028	-	74,753	272,566	-	347,319
Other	(6,439)	148,946	-	142,507	(97,218)	-	45,289
Mission based payment	-	50,000	-	50,000	(50,000)	-	-
Increase in unrestricted net assets	102,915	188,175	-	291,090	322,812	-	613,902
Changes in temporarily restricted net assets							
Contributions	74,218	72,498	-	146,716	25,477	-	172,193
Investment return (Note 4)	151,910	48,804	-	200,714	3,375	-	204,089
Appropriation of endowment distribution (Note 4)	(81,258)	(24,665)	-	(105,923)	(1,403)	-	(107,326)
Other	(4,179)	(23,403)	-	(27,582)	14,112	-	(13,470)
Net assets released from restrictions	(72,874)	(110,370)	-	(183,244)	(285,544)	-	(468,788)
Increase (decrease) in temporarily restricted net assets	67,817	(37,136)	-	30,681	(243,983)	-	(213,302)
Changes in permanently restricted net assets							
Contributions	49,758	89,038	-	138,796	1,735	-	140,531
Other	(3,953)	-	-	(3,953)	(2,921)	-	(6,874)
Increase (decrease) in permanently restricted net assets	45,805	89,038	-	134,843	(1,186)	-	133,657
Increase in net assets	\$ 216,537	\$ 240,077	\$ -	\$ 456,614	\$ 77,643	\$ -	\$ 534,257

New York University

Supplemental Schedule to the Consolidated Financial Statements

(Consolidating Statement of Activities for NYU - Detail)

Year Ended August 31, 2017

(in thousands of dollars)

	2017						Total Consolidated NYU
	University	NYUSoM	Eliminations	Subtotal	Health System	Eliminations	
Changes in unrestricted net assets							
Operating revenues							
Tuition and fees (net of financial aid awards of \$643,034 University; and \$10,134 NYU Langone Health)	\$ 1,704,645	\$ 49,091	\$ -	\$ 1,753,736	\$ -	\$ -	\$ 1,753,736
Grants and contracts (Note 2)	509,030	403,641	-	912,671	4,874	-	917,545
Patient care (net of provision for bad debts of \$85,461 NYU Langone Health) (Note 3)	54,879	1,523,560	-	1,578,439	4,406,146	(413,130)	5,571,455
Hospital affiliations (Note 13)	-	319,377	-	319,377	29,579	-	348,956
Insurance premiums earned	-	-	-	-	73,804	-	73,804
Contributions	134,390	42,185	-	176,575	6,930	-	183,505
Endowment distribution (Note 4)	123,800	36,910	-	160,710	1,504	-	162,214
Return on short-term investments (Note 4)	10,152	(19)	-	10,133	-	-	10,133
Auxiliary enterprises	447,659	23,015	(4,825)	465,849	47,410	-	513,259
Program fees and other	107,690	218,478	(7,450)	318,718	100,274	(190,502)	228,490
Net assets released from restrictions	26,405	52,119	-	78,524	44,841	-	123,365
Total operating revenues	3,118,650	2,668,357	(12,275)	5,774,732	4,715,362	(603,632)	9,886,462
Expenses (Note 14)							
Salaries and fringe	1,719,591	1,901,793	-	3,621,384	2,124,667	-	5,746,051
Medical and pharmaceutical costs	-	47,548	-	47,548	619,464	-	667,012
Professional services	247,501	160,675	-	408,176	635,379	(423,935)	619,620
Facilities cost	335,965	125,822	(4,825)	456,962	192,968	-	649,930
Supplies	91,666	50,443	-	142,109	50,897	-	193,006
Fees, insurance and taxes	42,992	117,227	-	160,219	94,411	-	254,630
Depreciation and amortization	259,490	91,654	-	351,144	223,680	-	574,824
Interest	119,297	31,836	-	151,133	70,922	-	222,055
Other	301,930	229,965	(7,450)	524,445	417,822	(179,697)	762,570
Total expenses	3,118,432	2,756,963	(12,275)	5,863,120	4,430,210	(603,632)	9,689,698
Excess (deficiency) of operating revenues over expenses	218	(88,606)	-	(88,388)	285,152	-	196,764
Nonoperating activities							
Investment return (Note 4)	132,932	37,089	-	170,021	39,345	-	209,366
Appropriation of endowment distribution (Note 4)	(45,616)	(13,601)	-	(59,217)	(158)	-	(59,375)
Pension and postretirement nonservice costs (Note 11)	(22,429)	(4,755)	-	(27,184)	(4,456)	-	(31,640)
Changes in pension and postretirement obligations (Note 11)	117,453	31,055	-	148,508	115,630	-	264,138
Net assets released from restrictions for capital purposes	21,074	62,585	-	83,659	25,583	-	109,242
Other	24,565	32,900	-	57,465	(17,950)	-	39,515
Mission based payment	-	50,000	-	50,000	(50,000)	-	-
Loss on bond defeasance (Note 9)	(24,124)	(8,062)	-	(32,186)	-	-	(32,186)
Acquisition of Winthrop-University Hospital Association (Note 1)	-	-	-	-	274,927	-	274,927
Increase in unrestricted net assets	204,073	98,605	-	302,678	668,073	-	970,751
Changes in temporarily restricted net assets							
Contributions	57,715	26,731	-	84,446	49,660	-	134,106
Investment return (Note 4)	217,178	66,902	-	284,080	3,466	-	287,546
Appropriation of endowment distribution (Note 4)	(78,184)	(23,309)	-	(101,493)	(1,346)	-	(102,839)
Other	9,334	(2,403)	-	6,931	-	-	6,931
Net assets released from restrictions	(47,479)	(114,704)	-	(162,183)	(70,424)	-	(232,607)
Increase (decrease) in temporarily restricted net assets	158,564	(46,783)	-	111,781	(18,644)	-	93,137
Changes in permanently restricted net assets							
Contributions	81,500	64,318	-	145,818	8,845	-	154,663
Other	(2,093)	(200)	-	(2,293)	(12)	-	(2,305)
Increase in permanently restricted net assets	79,407	64,118	-	143,525	8,833	-	152,358
Increase in net assets	\$ 442,044	\$ 115,940	\$ -	\$ 557,984	\$ 658,262	\$ -	\$ 1,216,246

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Cash Flows for NYU – Summary)
Year Ended August 31, 2018

(in thousands of dollars)

	2018			Consolidated NYU
	University	NYU Langone Health	Eliminations	
Cash flows from operating activities				
Change in net assets	\$ 216,537	\$ 317,720	\$ -	\$ 534,257
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation and amortization	261,918	456,391	-	718,309
(Gain) loss on sale or disposal of land, buildings and equipment and other adjustments	(5,387)	6,831	-	1,444
Net gain on investments and deposits with trustees	(206,653)	(87,549)	-	(294,202)
Bad debt expense	15,807	101,403	-	117,210
Pension and postretirement obligation change	(83,325)	(36,166)	-	(119,491)
Contributions received for permanent investment and capital	(61,318)	(82,046)	-	(143,364)
Proceeds from insurance recovery for capital and FEMA award for future mitigation	-	(6,742)	-	(6,742)
Changes in operating assets and liabilities				
Decrease in accounts and loans receivable, net	17,156	28,679	(22,571)	23,264
Increase in patient accounts receivable	(2,697)	(132,334)	-	(135,031)
Decrease (Increase) in nonendowment and noncapital contributions receivable	32,714	(42,240)	-	(9,526)
(Increase) decrease in other assets	(13,812)	4,526	-	(9,286)
Decrease in asset retirement obligation	-	(5,200)	-	(5,200)
Increase in accounts payable and accrued expenses	8,163	222,926	22,571	253,660
Increase in professional liabilities	-	10,912	-	10,912
Increase (decrease) in deferred revenue	42,912	(14,977)	-	27,935
Decrease in accrued pension obligation	(13,190)	(24,449)	-	(37,639)
Increase in accrued postretirement obligation	6,741	7,819	-	14,560
Net cash provided by operating activities	215,566	725,504	-	941,070
Cash flows from investing activities				
Purchases of investments	(1,622,856)	(577,276)	-	(2,200,132)
Sales and maturities of investments	1,687,651	753,889	-	2,441,540
Increase in assets held for professional liabilities	-	(17,672)	-	(17,672)
Drawdowns of unexpended bond proceeds	105,650	-	-	105,650
Additions to land, buildings, and equipment	(367,803)	(1,271,130)	-	(1,638,933)
Proceeds from insurance recovery for capital	-	5,558	-	5,558
Net cash used in investing activities	(197,358)	(1,106,631)	-	(1,303,989)
Cash flows from financing activities				
Contributions restricted for permanent investment and capital	61,318	82,046	-	143,364
Proceeds from FEMA award for future mitigation	-	1,184	-	1,184
Proceeds from short-term borrowings	106,500	525,913	-	632,413
Proceeds from long-term borrowings	-	5,262	-	5,262
Principal payments on short-term borrowings	-	(25,000)	-	(25,000)
Principal payments on long-term borrowings	(61,029)	(113,954)	-	(174,983)
Payments of deferred financing costs	(1,650)	-	-	(1,650)
Decrease in funds held for others	(10,649)	(1,398)	-	(12,047)
Increase in deposits with bond trustees	5,898	5,949	-	11,847
Net cash provided by financing activities	100,388	480,002	-	580,390
Net increase in cash	118,596	98,875	-	217,471
Cash				
Beginning of year	889,802	379,797	-	1,269,599
End of year	\$ 1,008,398	\$ 478,672	\$ -	\$ 1,487,070
Supplemental disclosure of cash flow information				
Bond proceeds (non-cash)	\$ 461,452	\$ 184,850	\$ -	\$ 646,302
Line of credit repayments (non-cash)	156,835	184,850	-	341,685
Interest paid	121,602	147,375	-	268,977
Change in noncash acquisitions of land, buildings, and equipment	(14,416)	39,245	-	24,829
Assets acquired under capital leases	-	113,153	-	113,153

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Cash Flows for NYU – Summary)
Year Ended August 31, 2017

(in thousands of dollars)

	2017			Consolidated NYU
	University	NYU Langone Health	Eliminations	
Cash flows from operating activities				
Change in net assets	\$ 442,044	\$ 774,202	\$ -	\$ 1,216,246
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation and amortization	259,490	315,335	-	574,825
(Gain) loss on sale or disposal of land, buildings and equipment and other adjustments	(4,789)	16,362	-	11,573
Gain on extinguishment of debt	(2,530)	(1,121)	-	(3,651)
Net gain on investments and deposits with trustees	(313,300)	(119,581)	-	(432,881)
Bad debt (recovery) expense	(3,725)	90,741	-	87,016
Pension and postretirement obligation change	(117,453)	(146,685)	-	(264,138)
Contributions received for permanent investment and capital	(78,257)	(126,466)	-	(204,723)
Acquisition of Winthrop-University Hospital Association	-	(295,427)	-	(295,427)
Proceeds from insurance recovery for capital or FEMA award	-	(55,664)	-	(55,664)
Changes in operating assets and liabilities				
Decrease in accounts and loans receivable, net	15,165	142,554	(37,615)	120,104
Increase in patient accounts receivable	(3,274)	(168,433)	-	(171,707)
Decrease in nonendowment and noncapital contributions receivable	8,558	46,336	-	54,894
Increase in other assets	(20,988)	(38,020)	-	(59,008)
Decrease in asset retirement obligation	-	(5,646)	-	(5,646)
Decrease in accounts payable and accrued expenses	(28,090)	(214,935)	37,615	(205,410)
Increase in professional liabilities	-	80,909	-	80,909
Increase (decrease) in deferred revenue	48,714	(24,157)	-	24,557
Increase (decrease) in accrued pension obligation	7,325	(53,961)	-	(46,636)
Increase in accrued postretirement obligation	12,674	9,066	-	21,740
Net cash provided by operating activities	221,564	225,409	-	446,973
Cash flows from investing activities				
Purchases of investments	(1,126,788)	(410,250)	-	(1,537,038)
Sales and maturities of investments	1,085,387	574,410	-	1,659,797
Increase in assets held for professional liabilities	-	(40,024)	-	(40,024)
Drawdowns of unexpended bond proceeds	101,033	204	-	101,237
Additions to land, buildings, and equipment	(331,526)	(1,045,305)	-	(1,376,831)
Proceeds from insurance recovery or FEMA award for capital	-	111,641	-	111,641
Cash acquired from Winthrop-University Hospital Association	-	68,736	-	68,736
Net cash used in investing activities	(271,894)	(740,588)	-	(1,012,482)
Cash flows from financing activities				
Contributions restricted for permanent investment and capital	78,257	126,466	-	204,723
Proceeds from FEMA award for future mitigation	-	46,164	-	46,164
Proceeds from short-term borrowings	82,500	416,856	-	499,356
Proceeds from long-term borrowings	523,366	828,054	-	1,351,420
Principal payments on short-term borrowings	(75,469)	(453,901)	-	(529,370)
Principal payments on long-term borrowings	(479,995)	(311,028)	-	(791,023)
Payments of deferred financing costs	(1,922)	(4,000)	-	(5,922)
Increase (decrease) in funds held for others	5,767	(1,551)	-	4,216
Decrease in deposits with bond trustees	21,907	371	-	22,278
Net cash provided by financing activities	154,411	647,431	-	801,842
Net increase in cash	104,081	132,252	-	236,333
Cash				
Beginning of year	785,721	247,545	-	1,033,266
End of year	\$ 889,802	\$ 379,797	\$ -	\$ 1,269,599
Supplemental disclosure of cash flow information				
Interest paid	\$ 125,488	\$ 113,198	\$ -	\$ 238,686
Change in noncash acquisitions of land, buildings, and equipment	1,384	89,562	-	90,946
Assets acquired under capital leases	-	258,481	-	258,481
Noncash acquisition of Winthrop-Hospital University Association	-	226,691	-	226,691

New York University
Notes to Consolidating Supplemental Schedules
August 31, 2018 and 2017

1. Basis of Presentation – Consolidating Supplemental Schedules

The consolidating supplemental schedules (consolidating information) presented on pages 48-57 was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual companies within NYU and is not a required part of the consolidated financial statements. The individual reporting entities within NYU as presented within the consolidating information are disclosed within Note 1 to the consolidated financial statements.

The consolidating financial statements were prepared on an accrual basis of accounting, consistent with the consolidated financial statements (Note 2). All transactions between and amounts due to (from) the reporting entities within NYU have been eliminated within the consolidating supplemental schedules.