

New York University
Consolidated Financial Statements
August 31, 2010 and 2009

New York University
Index
August 31, 2010 and 2009

	Page(s)
Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Balance Sheets	2
Consolidated Statements of Activities	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5–36
Appendix A: Supplemental Schedules	38–45

Report of Independent Auditors

To the Board of Trustees of
New York University

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of activities and cash flows present fairly, in all material respects, the consolidated financial position of New York University ("NYU") at August 31, 2010 and 2009 and the results of its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of NYU's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information included on pages 38 through 45 in Appendix A - supplemental schedules is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

December 16, 2010

New York University
Consolidated Balance Sheets
August 31, 2010 and 2009

(in thousands of dollars)

	2010	2009
Assets		
Cash and cash equivalents	\$ 1,096,744	\$ 933,816
Short-term investments (Note 4)	86,824	157,267
Accounts and loans receivable, net (Note 5)	298,877	304,634
Patient accounts receivable, net	229,810	212,424
Contributions receivable, net (Notes 2 and 6)	417,025	459,147
Other assets (Note 7)	232,206	230,457
Deposits with trustees (Note 8)	311,257	211,214
Collateral for securities loaned (Note 4)	3,963	49,371
Long-term investments (Note 4)	2,580,031	2,337,316
Assets held by insurance captive (CCC550) (Note 12)	205,998	143,160
Land, buildings and equipment, net (Note 9)	<u>3,936,813</u>	<u>3,402,295</u>
Total assets	<u>\$ 9,399,548</u>	<u>\$ 8,441,101</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 800,642	\$ 729,454
Deferred revenue	614,467	646,429
Outstanding losses and loss adjustment expenses (Note 12)	195,911	162,289
Security loan agreements payable (Note 4)	3,963	49,371
Bonds and notes payable (Notes 10 and 11)	2,714,227	2,215,539
Federal grants refundable	73,621	78,235
Accrued benefit obligation (Note 13)	194,675	134,065
Accrued postretirement obligation (Note 14)	412,270	356,372
Asset retirement obligation (Note 9)	<u>133,486</u>	<u>114,070</u>
Total liabilities	<u>5,143,262</u>	<u>4,485,824</u>
Net assets		
Unrestricted	2,392,477	2,150,855
Temporarily restricted (Note 18)	527,756	532,424
Permanently restricted (Note 18)	<u>1,336,053</u>	<u>1,271,998</u>
Total net assets	<u>4,256,286</u>	<u>3,955,277</u>
Total liabilities and net assets	<u>\$ 9,399,548</u>	<u>\$ 8,441,101</u>

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

New York University
Consolidated Statements of Activities
Year Ended August 31, 2010 and 2009

(in thousands of dollars)

	2010	2009
Changes in unrestricted net assets		
Operating revenues		
Tuition and fees (net of financial aid awards of \$344,921 and \$295,374)	\$ 1,326,479	\$ 1,267,065
Grants and contracts (Note 15)	490,963	364,830
Patient care (Note 3)	1,894,125	1,646,995
Insurance premiums earned	31,069	25,756
Hospital affiliations (Note 16)	222,632	209,124
New York State appropriation	10,928	7,414
Contributions	135,008	110,626
Endowment distribution and return on short-term investments (Note 4)	98,151	99,456
Auxiliary enterprises	363,294	363,502
Program fees and other	143,303	133,521
Net assets released from restrictions	115,810	82,860
Total operating revenues	<u>4,831,762</u>	<u>4,311,149</u>
Operating expenses (Note 17)		
Instruction and other academic programs	1,255,281	1,225,680
Research and other sponsored programs	450,962	368,720
Patient care	1,390,502	1,312,657
Hospital affiliations (Note 16)	218,131	206,693
Libraries	65,459	63,324
Student services	104,826	111,886
Institutional services	653,713	519,470
Auxiliary enterprises	429,892	425,896
Total operating expenses	<u>4,568,766</u>	<u>4,234,326</u>
Excess of operating revenues over operating expenses	262,996	76,823
Nonoperating activities		
Investment return less endowment distribution, net (Note 4)	106,398	(399,651)
Other	3,073	17,017
Net assets released from restrictions for capital purposes	20,499	13,591
Changes in pension and postretirement obligations (Notes 13 and 14)	(151,344)	(112,973)
Increase (decrease) in unrestricted net assets	<u>241,622</u>	<u>(405,193)</u>
Changes in temporarily restricted net assets		
Contributions	135,087	105,672
Investment return, net (Note 4)	944	(3,809)
Other	(10,360)	(3,701)
Net assets released from restrictions	(130,339)	(96,451)
(Decrease) increase in temporarily restricted net assets	<u>(4,668)</u>	<u>1,711</u>
Changes in permanently restricted net assets		
Contributions	59,422	49,165
Other	10,603	(4,100)
Reclassification to unrestricted net assets (Note 18)	(5,970)	(27,000)
Increase in permanently restricted net assets	<u>64,055</u>	<u>18,065</u>
Increase (decrease) in net assets	<u>\$ 301,009</u>	<u>\$ (385,417)</u>

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

New York University
Consolidated Statements of Cash Flows
August 31, 2010 and 2009

(in thousands of dollars)

	2010	2009
Cash flows from operating activities		
Change in net assets	\$ 301,009	\$ (385,417)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	268,840	228,354
Loss on disposal of property, plant and equipment	2,446	4,999
Net (gain) loss on investments and deposits with trustees	(178,819)	329,827
Bad debt expense	23,177	34,730
(Gain) loss on refinancing of debt	(399)	5,121
Gain on sale of real estate	(629)	-
Pension and postretirement obligation change	151,344	112,973
Asset retirement obligation adjustment	13,811	658
Contributions restricted for permanent investment and capital	(71,479)	(67,868)
Contributed assets	(44,075)	(22,046)
Changes in operating assets and liabilities		
Decrease (increase) in accounts and loans receivable, net	3,027	(29,722)
Increase in patient accounts receivable	(36,928)	(64,427)
Decrease in nonendowment and noncapital contributions receivable	70,593	56,330
Decrease (increase) in other assets	1,079	(1,976)
Increase in accounts payable and accrued expenses	67,425	12,862
Increase in outstanding losses and adjustment expenses	33,622	20,482
(Decrease) increase in deferred revenue	(31,962)	34,955
Decrease in accrued pension obligation	(40,830)	(32,019)
Increase in accrued postretirement obligation	5,994	19,832
Net cash provided by operating activities	<u>537,246</u>	<u>257,648</u>
Cash flows from investing activities		
Purchases of investments	(5,260,065)	(3,876,571)
Sales and maturities of investments	5,277,772	3,921,844
Proceeds from sale of real estate	629	-
Drawdowns of unexpended bond proceeds	382,427	362,712
Additions to land, buildings and equipment, net of disposals	(794,013)	(729,657)
Net cash used in investing activities	<u>(393,250)</u>	<u>(321,672)</u>
Cash flows from financing activities		
Contributions restricted for permanent investment and capital	66,023	66,984
Decrease in endowment and capital contributions receivable	9,601	18,911
Proceeds from short-term borrowings	35,899	42,930
Proceeds from line of credit borrowings	19,000	149,582
Proceeds from long-term borrowings	254,119	-
Principal payments on short-term borrowings	(33,307)	-
Principal payments on bonds and notes payable	(244,348)	(219,553)
Payments of deferred financing costs	(2,235)	-
(Decrease) increase in federal grants refundable	(4,614)	3,714
(Increase) decrease in deposits with bond trustees	(81,206)	56,454
Net cash generated from financing activities	<u>18,932</u>	<u>119,022</u>
Net increase in cash	162,928	54,998
Cash		
Beginning of year	<u>933,816</u>	<u>878,818</u>
End of year	<u>\$ 1,096,744</u>	<u>\$ 933,816</u>
Supplemental disclosure of cash flow information		
Bond proceeds	\$ 613,601	\$ -
Interest paid	\$ 120,868	\$ 111,614

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

New York University

Notes to Consolidated Financial Statements

August 31, 2010 and 2009

(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, which represents the consolidation of Washington Square and Polytechnic campuses, and the NYU Langone Medical Center, which represents the consolidation of the NYU Hospitals Center, the NYU School of Medicine and CCC550 as described below. Consolidating balance sheets and statements of activities for the University and the NYU Langone Medical Center are presented in Appendix A.

The University

The Washington Square Campus (Washington Square) includes eighteen 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, School of Medicine (reported with the Hospitals Center as a part of NYU Langone Medical Center), College of Dentistry, Graduate School of Arts and Science, Steinhardt School of Culture, Education and Human Development, Leonard N. Stern School of Business, Courant Institute of Mathematical Sciences, School of Continuing and Professional Studies, Institute of Fine Arts, Robert F. Wagner Graduate School of Public Service, Post-Graduate Medical School, Silver School of Social Work, Tisch School of the Arts, Gallatin School of Individualized Study, College of Nursing, the Institute for the Study of the Ancient World in Manhattan and NYU in Abu Dhabi. Washington Square also operates academic program sites and research programs in other parts of the United States and abroad.

Effective July 1, 2008, Polytechnic University became affiliated with NYU under the name Polytechnic Institute of New York University (Polytechnic). On that date, NYU became the sole member of Polytechnic. Polytechnic is a private, co-educational institution founded in 1854, offering programs in engineering, applied sciences and management. Polytechnic has its main campus in downtown Brooklyn. The University has not assumed any responsibility or liability for the financial obligations of Polytechnic.

Polytechnic financial results have been included as of June 30, 2010 and 2009 and for the twelve month fiscal years ended June 30, 2010 and 2009. The effect of using this fiscal reporting period was not material to the consolidated financial statements.

NYU Langone Medical Center

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

New York University

Notes to Consolidated Financial Statements

August 31, 2010 and 2009

(in thousands of dollars)

The Hospitals Center represents one of the nation's premier centers of excellence in health care and encompasses three hospitals and an off-shore captive insurance corporation, CCC550 Insurance, Inc. (CCC550). The central component of the Hospitals Center is Tisch Hospital, a 705-bed acute care facility and a major center for specialized procedures in cardiovascular services, neurosurgery, cancer treatment, reconstructive surgery and transplantation. The Rusk Institute of Rehabilitation Medicine, a 174-bed unit, has earned worldwide recognition for its leadership in treatment of the physically challenged. The Hospital for Joint Diseases (HJD) is a 190-bed acute care facility specializing in orthopedic services. CCC550 is solely owned by the Hospitals Center and provides hospital professional liability and hospital general liability insurance to the Hospitals Center and professional liability insurance to voluntary attending physicians (VAPs) affiliated with the Hospitals Center. CCC550 is subject to taxation in accordance with section 29 of the Exempt Insurance Act in Barbados.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of NYU have, in all material respects, been prepared on an accrual basis.

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

NYU prepares its consolidated financial statements in accordance with the provisions of Accounting Codification Standards (ACS), Topic 958, formerly Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations (SFAS No. 117). ACS Topic 958 focuses on the entity as a whole and requires classification of net assets as unrestricted, temporarily restricted or permanently restricted, as determined by the existence or absence of restrictions placed on the assets' uses by donors or by provision of law. A description of the net assets classifications follows:

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

Temporarily Restricted net assets include gifts, pledges, trusts and gains that can be expended when the donor 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. Donor-restricted cash gifts and investment return that are either spent or deemed spent within the same fiscal year as received or earned are reported as unrestricted revenues.

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.

New York University

Notes to Consolidated Financial Statements

August 31, 2010 and 2009

(in thousands of dollars)

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. Investment return (realized and unrealized net gains or losses on investments, interest and dividends) in excess of (or less than) NYU's approved endowment distribution as well as unusual or nonrecurring activity are classified as nonoperating in the consolidated statement of activities.

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 considers market and credit risk as applicable (3.6% in 2010 and 4.7% in 2009). An allowance for amounts estimated to be uncollectible is provided. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met.

Collections

The University does not assign values 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.

Uncompensated Care

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

Charity Care: The Medical Center's charity care policy, in accordance with the New York State Department of Health's guidelines, ensures the provision of quality health care to the community served while carefully considering the ability of the patient to pay. The policy has sliding fee schedules for inpatient, ambulatory and emergency services provided to the uninsured and under-insured patients that qualify. Patients are eligible for the charity care fee schedule if they meet certain income and liquid asset tests. For accounting and disclosure purposes, charity care is considered to be the difference between the Medical Center's customary charges and the sliding charity care fee schedule rates. Since payment of this difference is not sought, charity care allowances are not reported as revenue. Total charity care for all patient services was \$21,639 and \$9,450 in 2010 and 2009, respectively.

Bad Debt Expense: Patients who do not qualify for sliding scale fees and all uninsured inpatients who do not qualify for Medicaid assistance are billed at the Hospitals Center's full rates. Uncollected balances for these patients are categorized as bad debts. Similarly, at the School of Medicine, 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 \$19,542 and \$31,510 for the years ended August 31, 2010 and 2009, respectively.

Cash and Cash Equivalents

Cash and cash equivalents includes cash and all highly-liquid debt instruments with maturity 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.

New York University

Notes to Consolidated Financial Statements

August 31, 2010 and 2009

(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 10-55 years, equipment 3-10 years) using the straight-line method.

Asset Retirement Obligation

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

Accounting Estimates

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

Reclassifications

Certain amounts in the 2009 consolidated financial statements have been reclassified to conform to the current year's presentation. In 2010, a revised classification to the originally presented 2009 consolidated statement of cash flows was identified in the amount of approximately \$70 million. Specifically, the net loss on investments and deposits with trustees was \$399 million and as adjusted is \$330 million and the subtotal for net cash provided by operating activities was \$327 million and as adjusted is \$258 million. Also, sales and maturities of investments was \$3,852 million and as adjusted is \$3,922 million and the subtotal for net cash used in investing activities was (\$391) million and as adjusted is (\$322) million.

New Authoritative Pronouncements

Effective for the fiscal year ended August 31, 2010, the University followed the guidance issued by the FASB in the Accounting Standards Codification. The objective of this standard is to establish one source of authoritative accounting principles recognized by the FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with GAAP.

Effective for the year ended August 31, 2009, the University adopted FASB authoritative guidance related to the classification of funds subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), requiring enhanced disclosures for all endowment funds. The guidance requires the classification of net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA. On September 17, 2010, New York State adopted UPMIFA. Management is currently evaluating the impact of this new law, including the amount of the reclassification of unrestricted net assets to temporarily restricted net assets.

The University adopted new disclosures required of employers about their postretirement benefit plan assets. Under this guidance, the University provides additional information about the fair value of each major category of pension and postretirement plan assets according to the fair value hierarchy.

New York University

Notes to Consolidated Financial Statements

August 31, 2010 and 2009

(in thousands of dollars)

3. Patient Care Revenue

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

Patient care revenue is reported at the estimated net realizable amounts due from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments due to ongoing and future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are provided and adjusted in future period as adjustments become known or as years are no longer subject to such audits, reviews and investigations.

The process for estimating the ultimate collection of receivables involves significant assumptions and judgments. The Medical Center's estimation process includes monthly review of the collectability of receivables based on the payer classification and the period from which the receivables have been outstanding.

The Medical Center has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payers for adjustments to current and prior years' payment rates, based on industry-wide and Medical Center specific data. The net amounts due to third-party payers at August 31, 2010 and 2009 are \$56,009 and \$24,239, respectively. Additionally, certain payers' payment rates for various years have been appealed by the Medical Center. If the appeals are successful, additional income applicable to those years may be realized.

Medicare cost reports for the Medical Center, which serve as the basis for final settlement with the Medicare program, have not been finally settled as far back as 2002; revisions to final settlements could also occur. Other years remain open for settlement with the Federal Medicare program as well as with the New York State Medicaid program. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Medical Center grants credit without collateral to its patients, most of whom are insured under third-party agreements. The respective concentrations of accounts receivable for services to patients as of August 31, 2010 and 2009 include 17% and 13% from Medicare, 5% and 6% from Medicaid, 63% and 65% from managed care companies and 15% and 16% from commercial insurance carriers and others.

4. Investments

Authoritative guidance on fair value measurements, ASC Topic 820, Fair Value Measurements and Disclosures, formerly Statement of Financial Accounting Standards No.157, 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 upon quoted prices in actively traded markets that NYU has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. NYU does not adjust the quoted price for such assets and liabilities.

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

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

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

Investments included in Level 3 primarily consist of NYU's ownership in alternative investments (principally limited partnership interests in fixed income, equity, absolute return, private equity and other similar funds). The value of certain alternative investments represents the ownership interest in the net asset value (NAV) of the respective partnership; 48% of investments held by the partnerships consist of marketable securities and 52% are securities that do not have readily determinable fair values. 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 around these investments to ensure NAV is an appropriate measure of fair value as of August 31, 2010 and 2009.

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.

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

The following table summarizes the fair value of financial instruments at August 31, 2010 and 2009:

	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	2010	2009
Long-term investments					
Fixed income securities	\$ -	\$ 109,759	\$ 156,498	\$ 266,257	\$ 778,210
Equity securities	288,297	519,178	245,701	1,053,176	558,436
Absolute return	-	189,797	589,055	778,852	683,541
Private equity	-	18,335	246,610	264,945	204,574
Other	106,167	5,430	55,578	167,175	61,603
Subtotal endowment and other pooled investments	394,464	842,499	1,293,442	2,530,405	2,286,364
Fixed income securities	-	2,619	-	2,619	10,714
Equity securities	18,370	3,094	-	21,464	14,623
Real estate	-	-	23,843	23,843	23,893
Other	-	-	1,700	1,700	1,722
Subtotal other long-term investments	18,370	5,713	25,543	49,626	50,952
Total long-term investments	412,834	848,212	1,318,985	2,580,031	2,337,316
Short-term investments					
Working capital	86,824	-	-	86,824	156,630
Other	-	-	-	-	637
Total short-term investments	86,824	-	-	86,824	157,267
Funds held in perpetual trust (Note 7)	-	-	14,250	14,250	15,758
Deposits with trustees (Note 8)	251,943	59,314	-	311,257	211,214
Assets held by CCC550 (Note 12)	-	-	205,998	205,998	143,160
Total	\$ 751,601	\$ 907,526	\$ 1,539,233	\$ 3,198,360	\$ 2,864,715

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

Alternative Investments

Alternative investments include interests in funds and limited partnerships in equity securities, fixed income, absolute return strategies and private equity. NYU values these investments in accordance with valuations provided by the investment managers of the underlying funds. These funds may make investments in securities that are publicly traded, which are generally valued based on observable market prices, unless a restriction exists. As a general rule, managers of funds invested in alternative investments value those investments based upon the best information available for a given circumstance and may incorporate assumptions that are the investment manager's best estimates after consideration of a variety of internal and external factors. If no public market exists for the investments, the fair value is determined by the investment manager taking into consideration, among other things, the cost of the investment, prices of recent significant placements of similar investments of the same issuer and subsequent developments concerning the companies to which the investments relate. If NYU has the ability to redeem from an alternative investment up to 90 days beyond the measurement date at NAV, the investment is categorized as Level 2. If the redemption period extends beyond 90 days, the investment is

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

categorized as Level 3. Private equity funds are categorized as Level 3 where NYU does not have discretion for timing of withdrawal.

Equity and Fixed Income Securities

Equity and fixed income securities generally consist of investments in publicly traded U.S. and foreign equities, funds and limited partnerships. Investments are in equity and fixed income based strategies, and cash held in separate accounts committed to these strategies. The fair value of these investments is based on quoted market prices. Investments that are listed on an exchange are valued, in general, at the last reported sale price (or, if there is no sale price, at the last reported bid price, or, in the absence of reported bid prices, at the mean between the last reported bid and asked prices thereof). Investments in equity and fixed income based strategies not listed on an exchange are valued in accordance with valuations provided by the investment managers of the underlying funds.

Absolute Return

Absolute return strategies generally consist of funds and limited partnerships managed by external managers investing in U.S. and foreign credit, distressed debt, opportunistic value, relative value, risk arbitrage, event driven and special situations. Securities held in these external investment vehicles that do not have readily determinable fair values are determined by the external managers 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 external managers 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.

Private Equity

Investments in private equities are made in targeted categories of market exposure including buyout, growth, real estate and natural resources. Redemptions of such funds are generally not permitted and distributions are received as underlying investments are liquidated.

Other Long-Term Investments

Other long-term investments includes cash and cash equivalents which include government securities and money market instruments valued at amortized cost which approximates fair value and liquidating investments valued at net asset value as determined by the general partner.

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

	Fixed Income Securities	Equity Securities	Absolute Return	Private Equity	CCC550	Perpetual Trust	Other	Total Investments
Fair value, August 31, 2009	\$ 145,746	\$ 433,536	\$ 666,853	\$ 204,574	\$ 143,160	\$ 15,758	\$ 78,522	\$ 1,688,149
Realized gains	69,728	11,465	8,824	6,671	7,285	-	2,623	106,596
Unrealized (losses) gains	(43,431)	(51)	55,140	8,522	8,351	(1,508)	1,343	28,366
Net purchases, sales, settlements	(545)	(1)	5,037	4,091	47,202	-	-	55,784
Transfers (out) in	(15,000)	(199,248)	(146,799)	22,752	-	-	(1,367)	(339,662)
Fair value, August 31, 2010	\$ 156,498	\$ 245,701	\$ 589,055	\$ 246,610	\$ 205,998	\$ 14,250	\$ 81,121	\$ 1,539,233

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

	Fixed Income Securities	Equity Securities	Absolute Return	Private Equity	CCC550	Perpetual Trust	Other	Total Investments
Fair value, August 31, 2008	\$ 131,902	\$ 472,377	\$ 735,468	\$ 200,729	\$ 115,448	\$ 18,179	\$ 121,949	\$ 1,796,052
Realized gains	-	-	36,073	2,355	217,375	-	-	255,803
Unrealized gains (losses)	13,844	(75,074)	(86,723)	(36,417)	(177,079)	(2,421)	(43,427)	(407,297)
Net purchases, sales, settlements	-	37,599	(17,965)	37,907	(12,584)	-	-	44,957
Transfers (out)	-	(1,366)	-	-	-	-	-	(1,366)
Fair value, August 31, 2009	<u>\$ 145,746</u>	<u>\$ 433,536</u>	<u>\$ 666,853</u>	<u>\$ 204,574</u>	<u>\$ 143,160</u>	<u>\$ 15,758</u>	<u>\$ 78,522</u>	<u>\$ 1,688,149</u>

At August 31, 2010, NYU's unfunded commitments are approximately \$150 million as displayed in the table below:

	Unfunded Commitments	Remaining Life	Timing to Draw Commitments
Absolute return	\$ 26,241	N/A	45 to 180 days
Private equity	<u>123,473</u>	Up to 10 years	N/A
Total	<u>\$ 149,714</u>		

NYU records purchases and sales of securities on a trade-date basis. NYU has included receivables for securities sold of \$29 and \$79 at August 31, 2010 and 2009, respectively, and liabilities for securities purchased of \$19 and \$178 at August 31, 2010 and 2009, respectively, in long-term investments.

Investment securities having a fair value of \$3,843 and \$48,153 at August 31, 2010 and 2009, respectively, were lent to various brokerage firms. The securities are returnable on demand and were collateralized by cash deposits of \$3,963 and \$49,371 at August 31, 2010 and 2009, respectively. The collateral is invested in short-term securities and income is credited to the long-term investment pool.

Total investment return for the years ended August 31, 2010 and 2009:

	2010	2009
Dividends and interest	\$ 26,058	\$ 23,355
Realized and unrealized gains (losses), net	183,705	(321,837)
Investment expenses	<u>(4,270)</u>	<u>(5,522)</u>
Total investment return, net	<u>205,493</u>	<u>(304,004)</u>
Endowment distribution approved for spending and return on short-term investments	\$ 98,151	\$ 99,456
Temporarily restricted investment return, net	944	(3,809)
Investment return less endowment distribution, net	<u>106,398</u>	<u>(399,651)</u>
Total investment return, net	<u>\$ 205,493</u>	<u>(304,004)</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

NYU (with the exception of Polytechnic) maintains an investment pool for its long-term investments which include its endowment and similar funds. The pool is managed to achieve the maximum long-term return given prudent risk parameters. NYU's Board of Trustees has authorized a policy designed to allow asset growth while providing a predictable flow of return to support operations. This policy permits the use of investment return at approved spending rates (approximately 5% in 2010 and 2009). The rate is applied to the twelve-quarter moving average fair value of the investment pool. This amount, along with interest and dividends earned on short-term investments, is reported as operating revenues in the consolidated statement of activities. Investment return in excess of or less than NYU's approved endowment distribution is reported as nonoperating activity in the consolidated statement of activities.

Polytechnic has endowment and similar funds invested in a separate pool. Polytechnic's Board of Trustees authorized spending rates for 2010 and 2009 of 2.3% and 5.5%, respectively, of the three-year rolling average market value of the endowment. This amount is reported as operating revenues in the consolidated statement of activities.

The following table provides the changes in the fair value of endowment and other pooled investment assets at August 31, 2010 and 2009:

	2010		
	Board- Designated Funds	Permanently Restricted Endowments	Total
Fair value, beginning of year	\$ 887,482	\$ 1,398,882	\$ 2,286,364
Contributions and other additions	100,426	62,570	162,996
Investment return	81,734	102,722	184,456
Endowment distribution	(31,847)	(49,210)	(81,057)
Liquidations	(23,741)	1,387	(22,354)
Reclassification to unrestricted net assets (Note 18)	44,801	(44,801)	-
Fair value, end of year	<u>\$ 1,058,855</u>	<u>\$ 1,471,550</u>	<u>\$ 2,530,405</u>
	2009		
	Board- Designated Funds	Permanently Restricted Endowments	Total
Fair value, beginning of year	\$ 1,006,883	\$ 1,610,060	\$ 2,616,943
Contributions and other additions	46,610	56,340	102,950
Investment return	(125,927)	(167,755)	(293,682)
Endowment distribution	(39,567)	(69,960)	(109,527)
Liquidations	(27,517)	(2,803)	(30,320)
Reclassification to unrestricted net assets (Note 18)	27,000	(27,000)	-
Fair value, end of year	<u>\$ 887,482</u>	<u>\$ 1,398,882</u>	<u>\$ 2,286,364</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

5. Accounts and Loans Receivable

Accounts and loans receivable consist of the following at August 31, 2010 and 2009:

	2010	2009
Student and other	\$ 67,052	\$ 53,486
Grants and contracts	66,350	70,622
Student loans	110,939	111,162
Housing loans and other loans to employees	65,969	60,558
Insurance premiums (CCC550)	19,893	33,091
	<u>330,203</u>	<u>328,919</u>
Allowance for uncollectible amounts	<u>(31,326)</u>	<u>(24,285)</u>
Accounts and loans receivable, net	<u>\$ 298,877</u>	<u>\$ 304,634</u>

The allowance for uncollectible amounts at August 31, 2010 and 2009 consists of the following:

	2010	2009
Students and other	\$ (16,182)	\$ (13,774)
Grants and contracts	(8,283)	(3,912)
Student loans	(6,839)	(6,512)
Housing loans and other loans to employees	<u>(22)</u>	<u>(87)</u>
Total allowance for uncollectible amounts	<u>\$ (31,326)</u>	<u>\$ (24,285)</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.

6. Contributions Receivable

Contributions receivable consist of the following at August 31, 2010 and 2009:

	2010	2009
Amounts expected to be collected in:		
Less than one year	\$ 132,556	\$ 143,771
One to five years	324,984	352,457
More than five years	90,978	97,686
	<u>548,518</u>	<u>593,914</u>
Discount to present value	(56,143)	(66,083)
Allowance for uncollectible amounts	<u>(75,350)</u>	<u>(68,684)</u>
Contributions receivable, net	<u>\$ 417,025</u>	<u>\$ 459,147</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

Contributions receivable activity for the years ended August 31, 2010 and 2009 is as follows:

	2010	2009
Contributions receivable, beginning of year, net	\$ 459,147	\$ 521,180
Add discount to present value and allowance for uncollectible amounts	<u>134,767</u>	<u>131,155</u>
Contributions receivable beginning of year, gross	593,914	652,335
New pledges received (undiscounted)	156,767	139,776
Adjustments and write-offs	(15,093)	(36,988)
Pledge payments received	<u>(187,070)</u>	<u>(161,209)</u>
Subtotal	548,518	593,914
Deduct discount to present value and allowance for uncollectibles	<u>(131,493)</u>	<u>(134,767)</u>
Contributions receivable, end of year, net	<u>\$ 417,025</u>	<u>\$ 459,147</u>

Conditional promises to give, not included in these financial statements, are \$622,088 and \$696,496 at August 31, 2010 and 2009, respectively.

Expenses related to fundraising activities are \$23,972 and \$26,751 for the years ended August 31, 2010 and 2009, respectively.

7. Other Assets

Other assets at August 31, 2010 and 2009 consist of the following:

	2010	2009
Prepaid expenses and deferred charges	\$ 66,117	\$ 39,057
Third-party payer receivables	17,614	48,170
Inventory	33,151	29,296
Unamortized bond issuance costs	44,321	38,675
Real estate held for sale	19,043	20,921
Donated royalty	16,681	17,745
Perpetual trusts	14,250	15,758
Other	<u>21,029</u>	<u>20,835</u>
Other assets	<u>\$ 232,206</u>	<u>\$ 230,457</u>

Real estate held for sale of \$19,043 and \$20,921 at August 31, 2010 and 2009, respectively represents the remaining inventory of units in the Riverwalk Landing Condominium. These residential units are held by the University for sale to faculty and administrators.

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

8. Deposits with Trustees

Deposits with trustees consist of the following at August 31, 2010 and 2009:

	2010	2009
Unexpended Bond Funds Held by the Dormitory Authority of the State of New York:		
Construction funds	\$ 211,507	\$ 127,502
Debt service funds	6,671	6,592
Debt service reserve funds	55,742	52,587
Capitalized interest funds	-	5,170
Other	17,487	165
Perpetual trust	<u>19,850</u>	<u>19,198</u>
	<u>\$ 311,257</u>	<u>\$ 211,214</u>

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

9. Land, Buildings and Equipment

Land, buildings and equipment consist of the following at August 31, 2010 and 2009:

	2010	2009
Land	\$ 178,330	\$ 178,820
Buildings and building improvements	4,881,839	4,179,395
Equipment	943,599	1,033,743
Construction in progress	<u>441,017</u>	<u>434,641</u>
	6,444,785	5,826,599
Less accumulated depreciation	<u>(2,507,972)</u>	<u>(2,424,304)</u>
Land, buildings and equipment, net	<u>\$ 3,936,813</u>	<u>\$ 3,402,295</u>

Depreciation expense is \$259,333 and \$219,860 for the years ended August 31, 2010 and 2009, respectively.

Capitalized software is \$64,896 and \$26,571 at August 31, 2010 and 2009, respectively.

The asset retirement obligation is \$133,486 and \$114,070 at August 31, 2010 and 2009, respectively.

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

10. Bonds and Notes Payable

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

Bonds and notes payable consist of the following at August 31, 2010 and 2009:

2010						
Issuer	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	Consolidated NYU
Dormitory Authority of the State of New York (DASNY)	\$ 1,588,885	\$ 219,387	\$ 1,808,272	\$ -	\$ 404,385	\$ 2,212,657
New York City Industrial Development Agency (NYCIDA)	62,934	-	62,934	105,202	-	168,136
New York University (NYU)	41,868	86,432	128,300	-	-	128,300
Other bonds and notes payable	128,986	6	128,992	15,780	60,362	205,134
Bonds and notes payable	\$ 1,822,673	\$ 305,825	\$ 2,128,498	\$ 120,982	\$ 464,747	\$ 2,714,227
2009						
Issuer	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	Consolidated NYU
Dormitory Authority of the State of New York (DASNY)	\$ 1,241,094	\$ 119,962	\$ 1,361,056	\$ -	\$ 418,402	\$ 1,779,458
New York City Industrial Development Agency (NYCIDA)	62,893	-	62,893	105,257	-	168,150
Other bonds and notes payable	62,359	149,603	211,962	15,669	40,300	267,931
Bonds and notes payable	\$ 1,366,346	\$ 269,565	\$ 1,635,911	\$ 120,926	\$ 458,702	\$ 2,215,539

* As of June 30

In 2010, NYU issued \$103,000 of taxable bonds (Series 2009) on behalf of the Obligated Group with an interest rate of 5.24%. The Taxable Bonds Series 2009 mature July 2032 and are payable in annual sinking funds installments from July 2015 to maturity. The proceeds refinance indebtedness incurred in connection with the construction and acquisition of certain Washington Square and School of Medicine buildings.

In 2010, DASNY issued \$402,380 of revenue bonds (Series 2009A) on behalf of the Obligated Group with interest rates ranging from 3.10% to 5.25%. The Series 2009A Bonds mature serially from July 2015 through July 2029, as well as July 2034 and July 2039. The Series 2009A Bonds maturing in 2034 and 2039 are payable in annual sinking fund installments from July 2030 and July 2035, respectively, to maturity. The proceeds finance, refinance or reimburse the costs of construction, acquisition, capital improvement and equipment relating to projects at various campus locations at Washington Square and the School of Medicine.

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

In 2010, DASNY issued \$64,260 of revenue bonds (Series 2009B) on behalf of the Obligated Group with an interest rate of 5.0%. The Series 2009B Bonds mature in July 2034 and July 2039 and are payable in annual sinking fund installments from July 2030 and July 2034, respectively, to maturity. The proceeds refinance indebtedness incurred in connection with a facility for the School of Medicine.

In 2010, NYU issued \$25,300 of taxable bonds (Series 2010) on behalf of the Obligated Group with an interest rate of 4.96%. The Taxable Bonds Series 2010 mature in July 2032 and are payable in annual sinking fund installments from July 2015 to maturity. The proceeds reimburse the costs of capital projects.

In 2009, NYU opted to extinguish the outstanding balance of \$166,389 of the Student Loan Marketing Association term loans with a drawdown from two of the University's contractual credit agreements (see Note 11). The early extinguishment of this obligation resulted in the recognition of a loss (prepayment penalty) of \$5,121 which was reported as non-operating in the Statement of Activities.

New York University

Notes to Consolidated Financial Statements

August 31, 2010 and 2009

(in thousands of dollars)

The principal amounts outstanding for bonds and notes payable consist of the following at August 31, 2010 and 2009:

	2010					Consolidated NYU
	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	
DASNY						
Series 1998A bonds, with interest rates ranging from 5.5% to 6.0%, maturing serially through July 2020, payable thereafter in annual sinking fund installments to maturity in 2027 (including premium of \$13,143)	\$ 208,058	\$ -	\$ 208,058	\$ -	\$ -	\$ 208,058
Series 2000D bonds, with interest rates ranging from 2.3% to 6.8%, maturing serially through July 2026	-	-	-	-	46,800	46,800
Series 2001A bonds, with interest rates ranging from 5.5% to 5.75%, maturing serially through July 2015 (including premiums of \$1,681 and \$133)	50,263	3,982	54,245	-	-	54,245
2001 Series 1 bonds, with interest rates ranging from 4.38% to 5.5%, maturing serially through July 2025, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including premiums of \$3,887 and \$3,179)	69,887	57,180	127,067	-	-	127,067
2001 Series 2 bonds, with interest rates ranging from 4.0% to 5.5%, maturing serially from July 2011 through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2026, July 2031 and July 2041 (net of discount of \$145)	39,948	54,207	94,155	-	-	94,155
Series 2003A bonds, with interest rates ranging from 2.85% to 5.0%, maturing serially through July 2011 (including premiums of \$592, \$113 and \$122)	6,115	1,398	7,513	-	1,464	8,977
Series 2003B bonds, with an interest rate of 5.0%, maturing in July 2011 (including premium of \$461)	27,335	-	27,335	-	-	27,335
Series 2004A bonds, with interest rates ranging from 3.5% to 5.0%, maturing serially from July 2014 through July 2024, payable thereafter in annual sinking fund installments to maturities in July 2029 and July 2034 (including premium of \$1,024)	55,809	-	55,809	-	-	55,809
Series 2006A bonds, with fixed interest rate of 4.8%, varying maturity dates through July 2026 (including premium of \$2,165)	-	-	-	-	96,755	96,755
Series 2006B bonds, with fixed interest rate from 6.09%, privately placed with a commercial bank, maturing in July 2012	-	-	-	-	11,175	11,175
Series 2007A bonds, with fixed interest rate of 5.0%, varying maturity dates through July 2036 (including premium of \$3,851)	-	-	-	-	159,976	159,976
Series 2007A bonds, with interest rates ranging from 4.25% to 5.0%, maturing serially from July 2017 through July 2027, payable thereafter in annual sinking fund installments to maturities in July 2032 and July 2037 (including premium of \$3,457)	129,602	-	129,602	-	-	129,602
Series 2007B bonds, with fixed interest rate of 5.6%, varying maturity dates through July 2037 (net of discount of \$2,830)	-	-	-	-	88,215	88,215
Series 2008A bonds, with interest rates ranging from 4.0% to 5.25%, maturing serially from 2013 through 2023, payable thereafter in annual sinking fund installments to maturities in July 2029, July 2038 and July 2048 (including premium of \$5,043)	285,293	-	285,293	-	-	285,293
Series 2008B bonds, with interest rates ranging from 3.0% to 5.25%, maturing serially from July 2010 through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2029, July 2038 and July 2048 (including premium of \$3,745)	228,180	-	228,180	-	-	228,180

New York University

Notes to Consolidated Financial Statements

August 31, 2010 and 2009

(in thousands of dollars)

	2010					
	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	Consolidated NYU
DASNY, continued						
Series 2008C bonds, with interest rates ranging from 3.0% to 5.0%, maturing serially from July 2010 through July 2023 payable thereafter in annual sinking fund installments to maturities in July 2029 and July 2038 (including premium of \$959)	97,964	-	97,964	-	-	97,964
Series 2008D taxable bonds, with interest rates ranging from 4.24% to 5.33%, maturing serially from July 2010 through July 2013	8,090	-	8,090	-	-	8,090
Series 2009A bonds, with interest rates ranging from 3.10% to 5.25%, maturing serially from July 2015 through July 2029 payable thereafter in annual sinking fund installments to maturities in July 2034 and July 2039 (including net premiums of \$15,741 and \$1,524)	382,341	37,304	419,645	-	-	419,645
Series 2009B bonds, with an interest rate of 5.0% payable in annual sinking fund installments from July 2030 and July 2034, respectively, to maturities in July 2034 and July 2039 (including premium of \$1,056)	-	65,316	65,316	-	-	65,316
Subtotal of DASNY bonds	<u>1,588,885</u>	<u>219,387</u>	<u>1,808,272</u>	<u>-</u>	<u>404,385</u>	<u>2,212,657</u>
NYCIDA						
NYCIDA Series 2001 bonds, with interest rates ranging from 4.13% to 5.38%, maturing serially from July 2011 through July 2018 payable thereafter in annual sinking fund installments to maturities in July 2021, July 2031 and July 2041 (net of discount of \$1,276)	62,934	-	62,934	-	-	62,934
NYCIDA Series 2007 bonds, with interest rates ranging from 4.35% to 5.25%, maturing serially from November 2011 through November 2037 (including premium of \$1,557)	-	-	-	105,202	-	105,202
Subtotal of NYCIDA	<u>62,934</u>	<u>-</u>	<u>62,934</u>	<u>105,202</u>	<u>-</u>	<u>168,136</u>
NYU						
Series 2009 taxable bonds with an interest rate of 5.24%, maturing July 2032 and payable in annual sinking fund installments from July 2015 to maturity	16,568	86,432	103,000	-	-	103,000
Series 2010 taxable bonds with an interest rate of 4.96%, maturing July 2032 and payable in annual sinking fund installments from July 2015 to maturity	25,300	-	25,300	-	-	25,300
Subtotal of NYU bonds	<u>41,868</u>	<u>86,432</u>	<u>128,300</u>	<u>-</u>	<u>-</u>	<u>128,300</u>
Other bonds and notes payable						
Various with interest rates ranging from 1.16% to 5.25%, due through November 2017	1,186	6	1,192	-	60,362	61,554
Promissory note	65,000	-	65,000	-	-	65,000
Lines of credit	46,000	-	46,000	-	-	46,000
Bank loan 3.89%	-	-	-	10,000	-	10,000
Capital leases	16,800	-	16,800	5,780	-	22,580
Subtotal of other bonds and notes payable	<u>128,986</u>	<u>6</u>	<u>128,992</u>	<u>15,780</u>	<u>60,362</u>	<u>205,134</u>
Total amounts outstanding	<u>\$ 1,822,673</u>	<u>\$ 305,825</u>	<u>\$ 2,128,498</u>	<u>\$ 120,982</u>	<u>\$ 464,747</u>	<u>\$ 2,714,227</u>

* As of June 30, 2010.

New York University

Notes to Consolidated Financial Statements

August 31, 2010 and 2009

(in thousands of dollars)

	2009					
	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	Consolidated NYU
DASNY						
Series 1998A bonds, with interest rates ranging from 5.5% to 6.0%, maturing serially through July 2020, payable thereafter in annual sinking fund installments to maturity in 2027 (including premium of \$13,917)	\$ 215,497	\$ -	\$ 215,497	\$ -	\$ -	\$ 215,497
Series 2000D bonds, with interest rates ranging from 5.3% to 6.8%, maturing serially through July 2026	-	-	-	-	48,300	48,300
Series 2001A bonds, with interest rates ranging from 5.5% to 5.75%, maturing serially through July 2015 (including premiums of \$2,018 and \$159)	59,541	4,716	64,257	-	-	64,257
2001 Series 1 bonds, with interest rates ranging from 4.38% to 5.5%, maturing serially through July 2025, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including premiums of \$4,016 and \$3,287)	70,016	57,287	127,303	-	-	127,303
2001 Series 2 bonds, with interest rates ranging from 4.0% to 5.5%, maturing serially from July 2011 through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2026, July 2031 and July 2041 (net of discount of \$150)	39,943	54,207	94,150	-	-	94,150
Series 2003A bonds, with interest rates ranging from 2.55% to 5.0%, maturing serially through July 2011 (including premiums of \$1,184, \$249 and \$268)	16,241	3,752	19,993	-	3,928	23,921
Series 2003B bonds, with an interest rate of 5.0%, maturing in July 2011 (including premium of \$921)	27,796	-	27,796	-	-	27,796
Series 2004A bonds, with interest rates ranging from 3.5% to 5.0%, maturing serially from July 2014 through July 2024, payable thereafter in annual sinking fund installments to maturities in July 2029 and July 2034 (including premium of \$1,069)	55,854	-	55,854	-	-	55,854
Series 2006A bonds, with fixed interest rate of 4.8% varying maturity dates through July 2026 (including premium of \$ 2,302)	-	-	-	-	96,892	96,892
Series 2006B bonds, with fixed interest rate of 5.99%, privately placed with a commercial bank, maturing in July 2012	-	-	-	-	16,290	16,290
Series 2007A bonds, with fixed interest rate of 5.0%, varying maturity dates through July 2036 (including premium of \$3,999)	-	-	-	-	163,334	163,334
Series 2007A bonds, with interest rates ranging from 4.25% to 5.0%, maturing serially from July 2017 through July 2027, payable thereafter in annual sinking fund installments to maturities in July 2032 and July 2037 (including premium of \$3,581)	129,726	-	129,726	-	-	129,726
Series 2007B bonds, with fixed interest rate of 5.6%, varying maturity dates through July 2037 (net of discount of \$2,987)	-	-	-	-	89,658	89,658
Series 2008A bonds, with interest rates ranging from 4.0% to 5.25%, maturing serially from 2013 through 2023, payable thereafter in annual sinking fund installments to maturities in July 2029, July 2038 and July 2048 (including premium of \$5,176)	285,426	-	285,426	-	-	285,426
Series 2008B bonds, with interest rates ranging from 3.0% to 5.25%, maturing serially from July 2010 through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2029, July 2038 and July 2048 (including premium of \$3,845)	230,550	-	230,550	-	-	230,550

New York University

Notes to Consolidated Financial Statements

August 31, 2010 and 2009

(in thousands of dollars)

	2009					
	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	Consolidated NYU
DASNY, continued						
Series 2008C bonds, with interest rates ranging from 3.0% to 5.0%, maturing serially from July 2010 through July 2023 payable thereafter in annual sinking fund installments to maturities in July 2029 and July 2038 (including premium of \$994)	99,799	-	99,799	-	-	99,799
Series 2008D taxable bonds, with interest rates ranging from 4.24% to 5.33%, maturing serially from July 2010 through July 2013	10,705	-	10,705	-	-	10,705
Subtotal of DASNY bonds	1,241,094	119,962	1,361,056	-	418,402	1,779,458
NYCIDA						
NYCIDA Series 2001 bonds, with interest rates ranging from 4.13% to 5.38%, maturing serially from July 2011 through July 2018 payable thereafter in annual sinking fund installments to maturities in July 2021, July 2031 and July 2041 (net of discount of \$1,317)	62,893	-	62,893	-	-	62,893
NYCIDA Series 2007 bonds, with interest rates ranging from 4.35% to 5.25%, maturing serially from November 2011 through November 2037 (including premium of \$1,557)	-	-	-	105,257	-	105,257
Subtotal of NYCIDA	62,893	-	62,893	105,257	-	168,150
Other bonds and notes payable						
Various with interest rates ranging from .97% to 7.0%, due through November 2017	1,393	20	1,413	-	40,300	41,713
Lines of Credit	43,807	149,583	193,390	-	-	193,390
Bank loan 2.91%	-	-	-	10,000	-	10,000
Capital leases	17,159	-	17,159	5,669	-	22,828
Subtotal of other bonds and notes payable	62,359	149,603	211,962	15,669	40,300	267,931
Total amounts outstanding	\$ 1,366,346	\$ 269,565	\$ 1,635,911	\$ 120,926	\$ 458,702	\$ 2,215,539

* As of June 30, 2009.

The fair value of NYU's bonds and notes payable is \$2,843,011 and \$2,176,991 at August 31, 2010 and 2009, respectively. The fair value of NYU's bonds and notes payable is estimated based on the quoted market prices for the same or similar issues or based on NYU's current incremental borrowing rates for similar types of borrowing arrangements.

Interest expense on long-term debt totaled \$123,370 and \$113,006 for the years ended August 31, 2010 and 2009, respectively. This excludes \$3,974 and \$1,631, respectively, of capitalized interest (net of income earned on deposits with bond trustees) for the years ended August 31, 2010 and 2009, which is included in land, buildings and equipment, net.

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

Other agreements include covenants requiring that the Hospitals Center and Polytechnic maintain certain financial ratios. At August 31, 2010 and 2009, NYU is compliant with all financial and administrative covenants.

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

Future Principal Payments

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

Year ending August 31	
2011	\$ 145,160
2012	94,510
2013	57,549
2014	63,758
2015	118,057
Thereafter	<u>2,176,065</u>
Total principal payments	2,655,099
Unamortized premiums and discounts, net	<u>59,128</u>
	<u>\$ 2,714,227</u>

11. Obligations with Financial Institutions

At August 31, 2010 and 2009, Washington Square's contractually committed bank credit agreements totaled \$400,000. A \$300,000 agreement extends through August 10, 2011. Interest is payable on funds drawn at LIBOR plus 100 basis points. The base fee on the unused commitment is 35 basis points. A \$100,000 agreement extends through June 24, 2011. The interest is payable at LIBOR plus 20 basis points and the fee on the unused commitment is 5 basis points. The amounts outstanding under these agreements are \$46,000 and \$193,389, at August 31, 2010 and 2009, respectively.

In August 2010, NYU entered into a \$65,000 loan agreement with a bank on behalf of the Obligated Group. The loan bears interest at 3.17% with principal installments due annually in July and final maturity in July 2015. As of August 31, 2010, \$65,000 is outstanding on this promissory note.

In July 2009, the Hospitals Center amended an existing loan agreement with a bank for an available line of credit totaling \$75,000. The commitment on this line of credit expires July 30, 2013. Interest is payable on funds drawn on this line of credit at LIBOR plus 125 basis points. As of August 31, 2010, no amounts are outstanding on this line of credit.

In August 2009, the Hospitals Center entered into a lease agreement with DASNY under its tax exempt leasing program ("TELP"). The lease line, totaling \$46,000, will provide financing to the Hospitals Center for various capital equipment. As of August 31, 2010, \$38,562 is outstanding on this line.

Polytechnic has a loan with a commercial bank. The bank loan is collateralized by several of Polytechnic's investments with a market value of \$14,256 and \$13,578 at August 31, 2010 and 2009, respectively. The amount outstanding is \$10,000 at August 31, 2010 and 2009. The bank loan is payable on demand.

New York University

Notes to Consolidated Financial Statements

August 31, 2010 and 2009

(in thousands of dollars)

During 2003, the Hospitals Center entered into an accounts receivable financing agreement. Under the terms of the agreement, the Hospitals Center received \$17,000 of long-term debt collateralized by accounts receivable. In 2004, the Hospitals Center refinanced this lending agreement with another bank. Additionally, in 2004, HJD entered into a similar accounts receivable lending agreement with a bank for \$7,000. The total amount outstanding for both agreements is \$21,800 at August 31, 2010 and 2009. Interest is payable monthly at 30-day LIBOR plus 80 basis points. The loan agreements expire in June 2012.

In April 2004, the Hospitals Center arranged for a bank syndicate to acquire all of its Series 2000D bonds thereby removing the Series 2000D bonds from the 28-day auction mode for a period of five years. This arrangement was renewed on December 31, 2008 for a period of three years. Interest was reset at an interest rate of 30-day LIBOR plus 155 basis points. The Hospitals Center's obligation under Series 2000D is \$46,800 and \$48,300 at August 31, 2010 and 2009, respectively.

In January 2007, the Hospitals Center entered into a loan agreement with two commercial banks for \$32,000. The proceeds were used to fund the Hospitals Center's defined benefit pension plan (see Note 8). Principal and interest are payable quarterly through December 31, 2011. Interest is payable at 30-day LIBOR plus 70 basis points. The balance of \$18,500 was paid off in October 2009.

12. Self-Insured Professional Liabilities

As described in Note 1, the Hospitals Center is self-insured for professional liability, primarily through a wholly-owned segregated cell captive company, CCC550, created on April 20, 2005 pursuant to the Exempt Insurance Act of Barbados. Prior coverage for professional and general liability risks was provided through a multi-provider pooled insurance program that includes commercial coverage and a captive insurance program.

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

CCC550 has investment assets of \$205,998 and \$143,160 at August 31, 2010 and 2009, respectively, to fund related obligations. Also, within accounts payable and accrued expenses, the Hospitals Center has recorded obligations related to the multi-provider pooled program, obligations related to excess self-insured exposures not covered by CCC550 and other self-insured risks. CCC550 has total obligation for insurance exposure of \$195,911 and \$162,289 as of August 31, 2010 and 2009, respectively. Including investment assets, CCC550 has total assets of \$283,510 and \$231,028 at August 31, 2010 and 2009, respectively. Including obligations for insurance exposures, CCC550 has total liabilities of \$244,462 and \$208,507 at August 31, 2010 and 2009, respectively.

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

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

13. Retirement Plans

Substantially all NYU employees are covered by retirement plans. These plans include various defined contribution plans, multi-employer defined benefit plans and three NYU-sponsored defined benefit plans. NYU contributes to its defined contribution and multi-employer defined benefit plans based on rates required by union or other contractual arrangements. Expenses related to NYU's defined contribution plans are \$95,461 and \$85,807 in 2010 and 2009, respectively. Contributions to multi-employer retirement plans total \$15,295 and \$12,458 for the years ended August 31, 2010 and 2009, respectively.

Contributions to defined benefit plans are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. Contributions to the three defined benefit plans are made in amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 plus such additional amounts as the sponsors may deem appropriate, from time to time. Pension benefits under these three plans are based on participants' final average compensation levels and years of service. The measurement date for each of the three defined benefit plans is August 31, 2010.

The following table provides information with respect to these plans as of and for the years ended August 31, 2010 and 2009:

Plans' Funded Status:

	2010	2009
Change in benefit obligation		
Benefit obligation, beginning year	\$ 519,888	\$ 461,029
Service cost	12,250	11,903
Interest cost	32,829	31,556
Actuarial loss	103,384	30,058
Benefits paid	(18,897)	(14,097)
Administrative expense	(843)	(561)
Funded status, end of year	<u>\$ 648,611</u>	<u>\$ 519,888</u>
Change in fair value of plan assets		
Fair value of plan assets, beginning of year	\$ 385,823	\$ 387,329
Actual return (loss) on plan assets	33,005	(24,809)
Employer contributions	54,848	37,961
Benefits paid	(18,897)	(14,097)
Administrative expense	(843)	(561)
Fair value of plan assets, end of year	<u>453,936</u>	<u>385,823</u>
Accrued benefit obligation	<u>\$ (194,675)</u>	<u>\$ (134,065)</u>
Weighted average assumptions as of August 31		
Discount rate	5.25%	6.25% - 6.50%
Rate of increase in compensation levels	3.50% - 4.00%	3.50% - 4.00%

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

Net Periodic Benefit Cost:

	2010	2009
Components of net periodic benefit cost		
Service cost	\$ 12,250	\$ 11,086
Interest cost	32,829	30,488
Expected return on plan assets	(36,968)	(36,357)
Amortization of prior service cost	134	401
Actuarial loss	5,773	324
Net periodic benefit cost	<u>\$ 14,018</u>	<u>\$ 5,942</u>
Other changes recognized in unrestricted net assets		
Adjustment due to change in measurement date	\$ -	\$ 905
Recognition of amortization due to changes in measurement date	-	(77)
Actuarial net loss arising during period	107,347	92,281
Amortization of prior service cost	(134)	(401)
Amortization of actuarial loss	(5,773)	(324)
Total recognized in nonoperating activities	<u>\$ 101,440</u>	<u>\$ 92,384</u>
Change in unrestricted net assets		
Amounts in unrestricted net assets, beginning of year	\$ 173,375	\$ 80,991
Fiscal year change in the amount recognized in nonoperating activities	<u>101,440</u>	<u>92,384</u>
Amounts in unrestricted net assets, end of year	<u>\$ 274,815</u>	<u>\$ 173,375</u>
Amounts in unrestricted net assets expected to be recognized in net periodic pension cost in fiscal 2011 and 2010		
Actuarial loss	\$ 17,259	\$ 5,772
Prior service cost	134	134
Weighted average assumptions as of August 31		
Discount rate	6.25% - 6.50%	6.75%
Rate of increase in compensation levels	3.50% - 4.00%	3.50% - 4.00%
Expected long-term rate of return on plan assets	8.00%	8.00% - 8.75%

The accumulated benefit obligation for the pension plans is \$603,147 and \$481,927 at August 31, 2010 and 2009, respectively.

Plan Assets:

The following table presents the fair value of the defined benefit plan investments (according to the hierarchy defined in Note 4) at August 31, 2010:

	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	2010	2009
Cash equivalents	\$ 897	\$ -	\$ -	\$ 897	\$ 995
Fixed income	-	37,733	-	37,733	31,425
Equity	-	415,306	-	415,306	353,403
Total investments	<u>\$ 897</u>	<u>\$ 453,039</u>	<u>\$ -</u>	<u>\$ 453,936</u>	<u>\$ 385,823</u>

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

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

The expected long-term rate of return assumption is determined by adding expected inflation to expected long-term real returns of various asset classes, weighting 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 8% is a reasonable long-term rate of return on plan assets and will continue to evaluate the actuarial assumptions and adjust them as necessary.

The plans' asset allocations as of August 31, 2010 and 2009, by asset category are as follows:

	2010	2009
Equity securities	45%	23%
Fixed income securities	49%	44%
Real estate	5%	2%
Money market funds and cash	1%	31%

Contributions:

Annual contributions are determined by NYU based upon calculations prepared by the plans' actuaries. Expected contributions for the 2011 fiscal year are \$54,813.

Benefit Payments:

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

Year ending August 31	
2011	\$ 23,186
2012	25,967
2013	28,581
2014	31,080
2015	33,554
Thereafter	203,559

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

14. Other Postretirement Benefits

NYU provides 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.

Information with respect to these plans as of and for the years ended August 31, 2010 and 2009 is as follows:

Plans' Funded Status:

	2010	2009
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 376,017	\$ 335,302
Service cost	17,196	15,443
Interest cost	22,695	21,829
Plan change	(22,376)	-
Actuarial loss	67,792	16,220
Participant contributions	3,559	3,193
Retiree drug subsidy receipts	1,661	124
Benefits paid	<u>(16,566)</u>	<u>(16,094)</u>
Benefit obligation, end of year	<u>449,978</u>	<u>376,017</u>
Change in fair value of plan assets		
Fair value of plan assets, beginning of year	\$ 19,645	\$ 19,351
Actual return on plan assets	63	294
Employer contributions	28,751	3,228
Plan participants contributions	3,390	2,068
Retiree drug subsidy receipts	1,122	-
Benefits paid	<u>(15,263)</u>	<u>(5,296)</u>
Fair value of plan assets, end of year	<u>37,708</u>	<u>19,645</u>
Accrued postretirement benefit obligation	<u>\$ (412,270)</u>	<u>\$ (356,372)</u>
Weighted average assumptions to determine benefit obligations and net cost as of August 31		
Discount rate	5.25% - 5.50%	6.25% - 6.75%
Expected long-term rate of return	8.00% - 9.50%	8.00% - 9.00%
Ultimate retiree health-care cost trend	5.00%	5.00%
Year ultimate trend rate is achieved	2018 - 2019	2016 - 2018

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

Net Periodic Benefit Cost:

	2010	2009
Components of net periodic benefit cost		
Service cost	\$ 17,196	\$ 15,443
Interest cost	22,695	21,829
Expected return on plan assets	(1,572)	(1,597)
Amortization of transition obligation	22	22
Amortization of plan service cost	(4,690)	(4,646)
Actuarial loss	1,690	1,559
Net periodic benefit cost	<u>\$ 35,341</u>	<u>\$ 32,610</u>
Other changes recognized in unrestricted net assets		
Amortization of actuarial net loss	\$ 34,753	\$ 5,168
Actuarial net loss arising during period	32,858	10,796
Amortization of prior service cost	4,691	337
Prior service cost arising during period	(22,376)	4,310
Amortization of transition obligation	(22)	(22)
Total recognized in nonoperating activities	<u>\$ 49,904</u>	<u>\$ 20,589</u>
Amounts not yet reflected in net periodic benefit cost and included in unrestricted net assets		
Transition assets	\$ 65	\$ 87
Prior service credit	(39,529)	(21,844)
Accumulated loss	135,744	68,133
Amounts in unrestricted net assets, end of year	<u>\$ 96,280</u>	<u>\$ 46,376</u>
Change in unrestricted net assets		
Amounts in unrestricted net assets, beginning of year	\$ 46,376	\$ 25,787
Fiscal year 2009 change in the amount recognized in nonoperating activities	49,904	20,589
Amounts in unrestricted net assets, end of year	<u>\$ 96,280</u>	<u>\$ 46,376</u>
Amounts in unrestricted net assets expected to be recognized in net periodic pension cost in fiscal 2011 and 2010		
Actuarial gain	\$ 631	\$ 969
Prior service credit	(736)	(3,933)
Transition obligation	22	22

In 2010 and 2009, the effect of a 1% change in the health care cost trend rate is as follows:

	2010		2009	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Effect on net periodic benefit cost	\$ 7,854	\$ (6,218)	\$ 7,035	\$ (5,711)
Effect on postretirement benefit obligation	77,038	(62,137)	58,924	(48,139)
Net periodic benefit cost	<u>\$ 84,892</u>	<u>\$ (68,355)</u>	<u>\$ 65,959</u>	<u>\$ (53,850)</u>

New York University

Notes to Consolidated Financial Statements

August 31, 2010 and 2009

(in thousands of dollars)

Plan Assets:

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

The expected long-term rate of return assumption is determined by adding expected inflation to expected long-term real returns of various asset classes, taking into account expected volatility and correlation between the returns of various asset classes. NYU management believes that 8% - 9.5% is a reasonable long-term rate of return on plan assets and will continue to evaluate the actuarial assumptions and adjust them as necessary.

The plans' assets are invested in cash as of August 31, 2010. Management is evaluating the appropriate investment allocation for 2011 base on the plans' long-term objectives.

Benefit Payments:

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

Year ending August 31	
2011	\$ 14,866
2012	16,109
2013	17,227
2014	18,663
2015	20,091
Thereafter	126,341

15. Grants and Contracts

Grants and contracts revenues represent reimbursements of costs incurred in direct support of research and other sponsored activities. Additionally, such sponsored grants and contracts generally provide for the recovery of indirect costs supporting these activities. Indirect costs, included in grants and contracts revenues, are recovered at rates established in advance by NYU through negotiations with the federal government and other private sponsors and amount to \$99,649 and \$83,063 for the years ended August 31, 2010 and 2009, respectively.

16. Hospital Affiliations

The School of Medicine has two affiliation agreements with the New York City Health and Hospitals Corporation (HHC) to provide general care and mental health services. One agreement is with Woodhull Medical and Mental Health Center and Cumberland Diagnostic and Treatment Center which terminated on June 30, 2010 and is currently in the process of being extended to cover the period from July 1, 2010 to June 30, 2012. The other agreement, which terminates June 30, 2011, is with Bellevue Hospital Center and Gouverneur Diagnostic and Treatment Center.

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

17. Allocated Expenses

Certain expenses incurred by NYU are allocated to specific program and support service activities on the basis of utilization of the underlying assets. Expenses included in this allocation are operation and maintenance of plant, interest on indebtedness and depreciation and amortization. These expenses, which are included in total operating expenses for the years ended August 31, 2010 and 2009, are presented below:

	2010			
	Operation and Maintenance of Plant	Interest on Indebtedness	Depreciation and Amortization	2010 Total
Instruction and other academic programs	\$ 62,378	\$ 33,330	\$ 68,142	\$ 163,850
Research and other sponsored programs	22,896	6,743	19,920	49,559
Patient care	1,022,289	505	1,454	1,024,248
Libraries	6,615	1,854	6,602	15,071
Student services	13,596	1,584	15,697	30,877
Institutional services	328,929	34,184	80,436	443,549
Auxiliary enterprises	75,333	45,170	76,589	197,092
Total	<u>\$ 1,532,036</u>	<u>\$ 123,370</u>	<u>\$ 268,840</u>	<u>\$ 1,924,246</u>

	2009			
	Operation and Maintenance of Plant	Interest on Indebtedness	Depreciation and Amortization	2009 Total
Instruction and other academic programs	\$ 72,525	\$ 29,128	\$ 68,217	\$ 169,870
Research and other sponsored programs	23,683	6,558	17,442	47,683
Patient care	917,372	548	1,463	919,383
Libraries	6,459	1,856	5,488	13,803
Student services	12,579	1,171	12,155	25,905
Institutional services	301,964	30,669	61,949	394,582
Auxiliary enterprises	69,167	43,076	61,640	173,883
Total	<u>\$ 1,403,749</u>	<u>\$ 113,006</u>	<u>\$ 228,354</u>	<u>\$ 1,745,109</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

18. Components of Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at August 31, 2010 and 2009:

	2010	2009
Contributions and earnings for operating purposes	\$ 301,556	\$ 326,704
Contributions for buildings and equipment	192,797	176,255
Annuity trust agreements	22,426	20,121
Scholarships and fellowships	10,977	9,344
Total	<u>\$ 527,756</u>	<u>\$ 532,424</u>

Permanently restricted net assets at August 31, 2010 and 2009 are retained in perpetuity to support the following activities:

	2010	2009
Program support	\$ 470,524	\$ 433,776
Faculty and staff salaries	519,580	503,583
Scholarships and fellowships	298,694	289,573
Library books	11,471	11,057
Research and sponsored programs	32,416	30,686
Buildings and equipment	1,942	1,907
Student loans	1,426	1,416
Total	<u>\$ 1,336,053</u>	<u>\$ 1,271,998</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. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of NYU has interpreted the State of New York's enacted version of the Uniform Management of Instructional Funds Act ("UMIFA") as requiring the preservation of the historic dollar value of donor-restricted endowment funds (absent explicit donor stipulations to the contrary). The term historic dollar value is defined as the aggregate fair value in dollars of (i) an endowment fund at the time it became an endowment fund, (ii) each subsequent donation to the fund at the time it is made and (iii) each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund. As a result of this interpretation, NYU classifies as permanently restricted net assets (i) the original value of gifts donated to the permanently restricted net assets, (ii) the original value of subsequent gifts to the permanent endowment, (iii) the net realizable value of future payments to permanently restricted net assets in accordance with the donor's gift instrument (outstanding endowment pledges net of applicable discount) and (iv) appreciation (depreciation), gains (losses) and income earned on the fund when the donor states that such increases or decreases are to be treated as changes in permanently restricted net assets. The remaining portion of the donor-restricted endowment fund

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

that is not classified in permanently restricted net assets is classified as temporarily restricted net assets or unrestricted net assets.

The Board of Trustees further understands that expenditures from a donor-restricted fund are limited to the uses and purposes for which the endowment fund is established and the use of net appreciation is limited to the extent that the fair value of a donor-restricted fund exceeds the historic dollar value of the fund (unless the applicable gift instrument indicates that net appreciation shall not be expended), to the extent that such expenditure is prudent, considering the long- and short-term needs of NYU in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions.

The following table provides the changes in the investment pool net asset categories, which includes endowment funds, at August 31, 2010 and 2009:

	2010		
	Unrestricted	Permanently Restricted	Total
Investment pool net assets, beginning of year	\$ 1,161,480	\$ 1,124,884	\$ 2,286,364
Investment return:			
Investment income, net of fees	16,428	-	16,428
Net appreciation	<u>168,028</u>	<u>-</u>	<u>168,028</u>
Total investment return	184,456	-	184,456
Contributions and other additions	100,426	62,570	162,996
Endowment distribution	(81,057)	-	(81,057)
Liquidations	(22,354)	-	(22,354)
Reclassification to unrestricted net assets	<u>44,801</u>	<u>(44,801)</u>	<u>-</u>
Investment pool net assets, end of year	<u>\$ 1,387,752</u>	<u>\$ 1,142,653</u>	<u>\$ 2,530,405</u>
	2009		
	Unrestricted	Permanently Restricted	Total
Investment pool net assets, beginning of year	\$ 1,521,399	\$ 1,095,544	\$ 2,616,943
Investment return:			
Investment income, net of fees	11,196	-	11,196
Net depreciation	<u>(304,878)</u>	<u>-</u>	<u>(304,878)</u>
Total investment return	(293,682)	-	(293,682)
Contributions and other additions	46,610	56,340	102,950
Endowment distribution	(109,527)	-	(109,527)
Liquidations	(30,320)	-	(30,320)
Reclassification to unrestricted net assets	<u>27,000</u>	<u>(27,000)</u>	<u>-</u>
Investment pool net assets, end of year	<u>\$ 1,161,480</u>	<u>\$ 1,124,884</u>	<u>\$ 2,286,364</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

During fiscal year 2009, Polytechnic filed a petition to apply for a three-year cy pres relief. On October 25, 2009, the cy pres relief was granted to allow Polytechnic to reclassify a total of \$38,000 from permanently restricted to unrestricted net assets beginning in fiscal year 2009. Polytechnic is required to return the total amount that is reclassified to unrestricted back to permanently restricted net assets when Polytechnic is no longer required to meet the requirements of Title IV financial responsibility ratios and the debt service coverage ratio, or by 2036 at the latest. In fiscal years 2010 and 2009, Polytechnic reclassified \$5,970 and \$27,000, respectively, of permanently restricted net assets to unrestricted net assets.

19. Commitments and Contingencies

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

	Rental Lease Payments
Year ending August 31	
2011	\$ 117,375
2012	102,129
2013	92,852
2014	84,780
2015	77,590
Thereafter	250,141

Rent expense is \$135,355 and \$138,088 for the years ended August 31, 2010 and 2009, respectively.

The Hospitals Center is self-insured for workers' compensation benefits. In connection with being self-insured, the Hospitals Center has maintained stand-by letters of credit aggregating approximately \$13,920 and \$12,100 at August 31, 2010 and 2009, respectively. Cash and marketable securities collateralize the letters of credit.

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

New York University
Notes to Consolidated Financial Statements
August 31, 2010 and 2009

(in thousands of dollars)

20. Subsequent Events

NYU has performed an evaluation of subsequent events through December 16, 2010, which is the date the consolidated financial statements were issued.

In September 2010, the School of Medicine purchased a building in the amount of \$44,200 to be used for research activities and patient care. The building was funded by the School of Medicine's working capital.

On September 17, 2010, New York State adopted UPMIFA (see Note 2). Management is currently evaluating the effect of this new law and will reflect the amount of any reclassification of unrestricted net assets to temporarily restricted net assets in the 2011 financial statements.

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, 2010

(in thousands of dollars)

	2010		
	University	NYU Langone Medical Center	Consolidated NYU
Assets			
Cash and cash equivalents	\$ 617,989	\$ 478,755	\$ 1,096,744
Short-term investments (Note 4)	34,605	52,219	86,824
Accounts and loans receivable, net (Note 5)	236,080	62,797	298,877
Patient accounts receivable, net	5,058	224,752	229,810
Contributions receivable, net (Notes 2 and 6)	241,187	175,838	417,025
Other assets (Note 7)	117,161	115,045	232,206
Deposits with trustees (Note 8)	208,744	102,513	311,257
Collateral for securities loaned (Note 4)	3,963	-	3,963
Long-term investments (Note 4)	1,825,307	754,724	2,580,031
Assets held by insurance captive (CCC550) (Note 12)	-	205,998	205,998
Land, buildings and equipment, net (Note 9)	2,845,150	1,091,663	3,936,813
Total assets	<u>\$ 6,135,244</u>	<u>\$ 3,264,304</u>	<u>\$ 9,399,548</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 169,829	\$ 630,813	\$ 800,642
Deferred revenue	560,376	54,091	614,467
Outstanding losses and loss adjustment expenses (Note 12)	-	195,911	195,911
Security loan agreements payable (Note 4)	3,963	-	3,963
Bonds and notes payable (Notes 10 and 11)	1,943,655	770,572	2,714,227
Federal grants refundable	72,047	1,574	73,621
Accrued benefit obligation (Note 13)	52,857	141,818	194,675
Accrued postretirement obligation (Note 14)	260,942	151,328	412,270
Asset retirement obligation (Note 9)	105,383	28,103	133,486
Total liabilities	<u>3,169,052</u>	<u>1,974,210</u>	<u>5,143,262</u>
Net assets			
Unrestricted	1,655,856	736,621	2,392,477
Temporarily restricted (Note 18)	241,280	286,476	527,756
Permanently restricted (Note 18)	1,069,056	266,997	1,336,053
Total net assets	<u>2,966,192</u>	<u>1,290,094</u>	<u>4,256,286</u>
Total liabilities and net assets	<u>\$ 6,135,244</u>	<u>\$ 3,264,304</u>	<u>\$ 9,399,548</u>

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

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Summary)
August 31, 2009

(in thousands of dollars)

	2009		
	University	NYU Langone Medical Center	Consolidated NYU
Assets			
Cash and cash equivalents	\$ 633,222	\$ 300,594	\$ 933,816
Short-term investments (Note 4)	31,701	125,566	157,267
Accounts and loans receivable, net (Note 5)	220,654	83,980	304,634
Patient accounts receivable, net	2,126	210,298	212,424
Contributions receivable, net (Notes 2 and 6)	248,761	210,386	459,147
Other assets (Note 7)	103,414	127,043	230,457
Deposits with trustees (Note 8)	105,253	105,961	211,214
Collateral for securities loaned (Note 4)	49,371	-	49,371
Long-term investments (Note 4)	1,648,050	689,266	2,337,316
Assets held by insurance captive (CCC550) (Note 12)	-	143,160	143,160
Land, buildings and equipment, net (Note 9)	2,455,911	946,384	3,402,295
Total assets	<u>\$ 5,498,463</u>	<u>\$ 2,942,638</u>	<u>\$ 8,441,101</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 227,773	\$ 501,681	\$ 729,454
Deferred revenue	603,245	43,184	646,429
Outstanding losses and loss adjustment expenses (Note 12)	-	162,289	162,289
Security loan agreements payable (Note 4)	49,371	-	49,371
Bonds and notes payable (Notes 10 and 11)	1,487,272	728,267	2,215,539
Federal grants refundable	67,911	10,324	78,235
Accrued benefit obligation (Note 13)	35,352	98,713	134,065
Accrued postretirement obligation (Note 14)	249,644	106,728	356,372
Asset retirement obligation (Note 9)	99,730	14,340	114,070
Total liabilities	<u>2,820,298</u>	<u>1,665,526</u>	<u>4,485,824</u>
Net assets			
Unrestricted	1,411,231	739,624	2,150,855
Temporarily restricted (Note 18)	233,811	298,613	532,424
Permanently restricted (Note 18)	1,033,123	238,875	1,271,998
Total net assets	<u>2,678,165</u>	<u>1,277,112</u>	<u>3,955,277</u>
Total liabilities and net assets	<u>\$ 5,498,463</u>	<u>\$ 2,942,638</u>	<u>\$ 8,441,101</u>

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

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Detail)
Year Ended August 31, 2010

(in thousands of dollars)

	2010								Total Consolidated NYU
	Washington Square	School of Medicine	Eliminations	Subtotal	Polytechnic*	Hospitals Center	CCC550	Eliminations	
Assets									
Cash and cash equivalents	\$ 616,390	\$ 108,904	\$ -	\$ 725,294	\$ 1,599	\$ 369,851	\$ -	\$ -	\$ 1,096,744
Short-term investments (Note 4)	34,605	52,219	-	86,824	-	-	-	-	86,824
Accounts and loans receivable, net (Note 5)	359,626	42,904	(135,923)	266,607	12,377	-	76,014	(56,121)	298,877
Due from NYU Hospitals Center	-	31,823	-	31,823	-	-	-	(31,823)	-
Patient accounts receivable, net	5,058	41,929	-	46,987	-	182,823	-	-	229,810
Contributions receivable, net (Notes 2 and 6)	240,943	61,468	-	302,411	244	114,370	-	-	417,025
Other assets (Note 7)	107,185	44,760	-	151,945	9,976	107,835	1,498	(39,048)	232,206
Deposits with trustees (Note 8)	201,467	23,670	-	225,137	7,277	78,843	-	-	311,257
Collateral for securities loaned (Note 4)	3,963	-	-	3,963	-	-	-	-	3,963
Long-term investments (Note 4)	1,726,661	731,395	-	2,458,056	98,646	23,329	-	-	2,580,031
Assets held by insurance captive (CCC550) (Note 12)	-	-	-	-	-	-	205,998	-	205,998
Land, buildings and equipment, net (Note 9)	2,732,069	425,293	-	3,157,362	113,081	666,370	-	-	3,936,813
Total assets	\$ 6,027,967	\$ 1,564,365	\$ (135,923)	\$ 7,456,409	\$ 243,200	\$ 1,543,421	\$ 283,510	\$ (126,992)	\$ 9,399,548
Liabilities and Net Assets									
Liabilities									
Accounts payable and accrued expenses	\$ 290,708	\$ 276,871	\$ (135,923)	\$ 431,656	\$ 15,044	\$ 403,596	\$ 265	\$ (49,919)	\$ 800,642
Deferred revenue	559,405	43,830	-	603,235	971	-	48,286	(38,025)	614,467
Outstanding losses and loss adjustment expenses (Note 12)	-	-	-	-	-	-	195,911	-	195,911
Security loan agreements payable (Note 4)	3,963	-	-	3,963	-	-	-	-	3,963
Bonds and notes payable (Notes 10 and 11)	1,822,673	305,825	-	2,128,498	120,982	464,747	-	-	2,714,227
Federal grants refundable	68,465	1,574	-	70,039	3,582	-	-	-	73,621
Accrued benefit obligation (Note 13)	52,857	51,152	-	104,009	-	90,666	-	-	194,675
Accrued postretirement obligation (Note 14)	246,650	90,199	-	336,849	14,292	61,129	-	-	412,270
Asset retirement obligation (Note 9)	103,751	11,968	-	115,719	1,632	16,135	-	-	133,486
Total liabilities	3,148,472	781,419	(135,923)	3,793,968	156,503	1,036,273	244,462	(87,944)	5,143,262
Net assets									
Unrestricted	1,656,977	405,968	-	2,062,945	(1,121)	330,653	39,048	(39,048)	2,392,477
Temporarily restricted (Note 18)	237,727	118,727	-	356,454	3,553	167,749	-	-	527,756
Permanently restricted (Note 18)	984,791	258,251	-	1,243,042	84,265	8,746	-	-	1,336,053
Total net assets	2,879,495	782,946	-	3,662,441	86,697	507,148	39,048	(39,048)	4,256,286
Total liabilities and net assets	\$ 6,027,967	\$ 1,564,365	\$ (135,923)	\$ 7,456,409	\$ 243,200	\$ 1,543,421	\$ 283,510	\$ (126,992)	\$ 9,399,548

* As of June 30, 2010.

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

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Detail)
Year Ended August 31, 2009

(in thousands of dollars)

	2009								Total Consolidated NYU
	Washington Square	School of Medicine	Eliminations	Subtotal	Polytechnic*	Hospitals Center	CCC550	Eliminations	
Assets									
Cash and cash equivalents	\$ 630,464	\$ 76,372	\$ -	\$ 706,836	\$ 2,758	\$ 224,222	\$ -	\$ -	\$ 933,816
Short-term investments (Note 4)	31,701	125,566	-	157,267	-	-	-	-	157,267
Accounts and loans receivable, net (Note 5)	273,248	59,264	(64,321)	268,191	11,727	-	86,417	(61,701)	304,634
Patient accounts receivable, net	2,126	36,485	-	38,611	-	173,813	-	-	212,424
Contributions receivable, net (Notes 2 and 6)	248,529	78,989	-	327,518	232	131,397	-	-	459,147
Other assets (Note 7)	93,985	32,793	-	126,778	9,429	115,320	1,451	(22,521)	230,457
Deposits with trustees (Note 8)	97,979	3,733	-	101,712	7,274	102,228	-	-	211,214
Collateral for securities loaned (Note 4)	49,371	-	-	49,371	-	-	-	-	49,371
Long-term investments (Note 4)	1,554,155	668,817	-	2,222,972	93,895	20,449	-	-	2,337,316
Assets held by insurance captive (CCC550) (Note 12)	-	-	-	-	-	-	143,160	-	143,160
Land, buildings and equipment, net (Note 9)	2,340,604	385,446	-	2,726,050	115,307	560,938	-	-	3,402,295
Total assets	\$ 5,322,162	\$ 1,467,465	\$ (64,321)	\$ 6,725,306	\$ 240,622	\$ 1,328,367	\$ 231,028	\$ (84,222)	\$ 8,441,101
Liabilities and Net Assets									
Liabilities									
Accounts payable and accrued expenses	\$ 281,581	\$ 171,722	\$ (64,321)	\$ 388,982	\$ 10,513	\$ 354,129	\$ 519	\$ (24,689)	\$ 729,454
Deferred revenue	602,412	34,497	-	636,909	833	-	45,699	(37,012)	646,429
Outstanding losses and loss adjustment expenses (Note 12)	-	-	-	-	-	-	162,289	-	162,289
Security loan agreements payable (Note 4)	49,371	-	-	49,371	-	-	-	-	49,371
Bonds and notes payable (Notes 10 and 1)	1,366,346	269,565	-	1,635,911	120,926	458,702	-	-	2,215,539
Federal grants refundable	64,276	10,324	-	74,600	3,635	-	-	-	78,235
Accrued benefit obligation (Note 13)	35,352	34,037	-	69,389	-	64,676	-	-	134,065
Accrued postretirement obligation (Note 14)	238,008	58,760	-	296,768	11,636	47,968	-	-	356,372
Asset retirement obligation (Note 9)	98,146	11,972	-	110,118	1,584	2,368	-	-	114,070
Total liabilities	2,735,492	590,877	(64,321)	3,262,048	149,127	927,843	208,507	(61,701)	4,485,824
Net assets									
Unrestricted	1,411,752	506,139	-	1,917,891	(521)	233,485	22,521	(22,521)	2,150,855
Temporarily restricted (Note 18)	231,988	140,320	-	372,308	1,823	158,293	-	-	532,424
Permanently restricted (Note 18)	942,930	230,129	-	1,173,059	90,193	8,746	-	-	1,271,998
Total net assets	2,586,670	876,588	-	3,463,258	91,495	400,524	22,521	(22,521)	3,955,277
Total liabilities and net assets	\$ 5,322,162	\$ 1,467,465	\$ (64,321)	\$ 6,725,306	\$ 240,622	\$ 1,328,367	\$ 231,028	\$ (84,222)	\$ 8,441,101

*As of June 30, 2009.

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

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Summary)
Year Ended August 31, 2010

(in thousands of dollars)

	2010		
	University	NYU Langone Medical Center	Consolidated NYU
Changes in unrestricted net assets			
Operating revenues			
Tuition and fees (net of financial aid awards of \$341,601 University; \$3,320 NYU Langone Medical Center)	\$ 1,293,687	\$ 32,792	\$ 1,326,479
Grants and contracts (Note 15)	252,774	238,189	490,963
Patient care (Note 3)	45,280	1,848,845	1,894,125
Insurance premiums earned	-	31,069	31,069
Hospital affiliations (Note 16)	-	222,632	222,632
New York State appropriation	10,928	-	10,928
Contributions	92,599	42,409	135,008
Endowment distribution and return on short-term investments (Note 4)	63,712	34,439	98,151
Auxiliary enterprises	331,301	31,993	363,294
Program fees and other	64,872	78,431	143,303
Net assets released from restrictions	56,236	59,574	115,810
Total operating revenues	<u>2,211,389</u>	<u>2,620,373</u>	<u>4,831,762</u>
Operating expenses (Note 17)			
Instruction and other academic programs	1,103,942	151,339	1,255,281
Research and other sponsored programs	221,498	229,464	450,962
Patient care	46,105	1,344,397	1,390,502
Hospital affiliations (Note 16)	-	218,131	218,131
Libraries	55,654	9,805	65,459
Student services	99,916	4,910	104,826
Institutional services	216,164	437,549	653,713
Auxiliary enterprises	353,439	76,453	429,892
Total operating expenses	<u>2,096,718</u>	<u>2,472,048</u>	<u>4,568,766</u>
Excess of operating revenues over expenses	114,671	148,325	262,996
Nonoperating activities			
Investment return less endowment distribution, net (Note 4)	70,652	35,746	106,398
Other	1,030	2,043	3,073
Transfer of equity	90,654	(90,654)	-
Net assets released from restrictions for capital purposes	3,315	17,184	20,499
Changes in pension and postretirement obligations (Notes 13 and 14)	(35,697)	(115,647)	(151,344)
Increase (decrease) in unrestricted net assets	<u>244,625</u>	<u>(3,003)</u>	<u>241,622</u>
Changes in temporarily restricted net assets			
Contributions	69,941	65,146	135,087
Investment return, net (Note 4)	1,469	(525)	944
Other	(10,360)	-	(10,360)
Net assets released from restrictions	(53,581)	(76,758)	(130,339)
Increase (decrease) in temporarily restricted net assets	<u>7,469</u>	<u>(12,137)</u>	<u>(4,668)</u>
Changes in permanently restricted net assets			
Contributions	31,300	28,122	59,422
Other	10,603	-	10,603
Reclassification to unrestricted net assets (Note 18)	(5,970)	-	(5,970)
Increase in permanently restricted net assets	<u>35,933</u>	<u>28,122</u>	<u>64,055</u>
Increase in net assets	<u>\$ 288,027</u>	<u>\$ 12,982</u>	<u>\$ 301,009</u>

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

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Summary)
Year Ended August 31, 2009

(in thousands of dollars)

	2009		
	University	NYU Langone Medical Center	Consolidated NYU
Changes in unrestricted net assets			
Operating revenues			
Tuition and fees (net of financial aid awards of \$291,334 University; \$4,040 NYU Langone Medical Center)	\$ 1,234,664	\$ 32,401	\$ 1,267,065
Grants and contracts (Note 15)	161,708	203,122	364,830
Patient care (Note 3)	42,095	1,604,900	1,646,995
Insurance premiums earned	-	25,756	25,756
Hospital affiliations (Note 16)	-	209,124	209,124
New York State appropriation	7,414	-	7,414
Contributions	64,381	46,245	110,626
Endowment distribution and return on short-term investments (Note 4)	91,891	7,565	99,456
Auxiliary enterprises	329,685	33,817	363,502
Program fees and other	65,691	67,830	133,521
Net assets released from restrictions	49,697	33,163	82,860
Total operating revenues	<u>2,047,226</u>	<u>2,263,923</u>	<u>4,311,149</u>
Operating expenses (Note 17)			
Instruction and other academic programs	1,076,601	149,079	1,225,680
Research and other sponsored programs	165,904	202,816	368,720
Patient care	42,301	1,270,356	1,312,657
Hospital affiliations (Note 16)	-	206,693	206,693
Libraries	53,655	9,669	63,324
Student services	107,068	4,818	111,886
Institutional services	197,988	321,482	519,470
Auxiliary enterprises	350,276	75,620	425,896
Total operating expenses	<u>1,993,793</u>	<u>2,240,533</u>	<u>4,234,326</u>
Excess of operating revenues over expenses	53,433	23,390	76,823
Nonoperating activities			
Investment return less endowment distribution, net (Note 4)	(286,970)	(112,681)	(399,651)
Other	25,473	(8,456)	17,017
Net assets released from restrictions for capital purposes	3,834	9,757	13,591
Changes in pension and postretirement obligations (Notes 13 and 14)	(34,844)	(78,129)	(112,973)
Decrease in unrestricted net assets	<u>(239,074)</u>	<u>(166,119)</u>	<u>(405,193)</u>
Changes in temporarily restricted net assets			
Contributions	59,963	45,709	105,672
Investment return, net (Note 4)	(2,080)	(1,729)	(3,809)
Other	(3,701)	-	(3,701)
Net assets released from restrictions	(53,531)	(42,920)	(96,451)
Increase in temporarily restricted net assets	<u>651</u>	<u>1,060</u>	<u>1,711</u>
Changes in permanently restricted net assets			
Contributions	43,667	5,498	49,165
Other	(4,100)	-	(4,100)
Reclassification to unrestricted net assets (Note 18)	(27,000)	-	(27,000)
Increase in permanently restricted net assets	<u>12,567</u>	<u>5,498</u>	<u>18,065</u>
Decrease in net assets	<u>\$ (225,856)</u>	<u>\$ (159,561)</u>	<u>\$ (385,417)</u>

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

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Detail)
Year Ended August 31, 2010

(in thousands of dollars)

	2010								
	Washington Square	School of Medicine	Eliminations	Subtotal	Polytechnic*	Hospitals Center	CCC550	Eliminations	Total Consolidated NYU
Changes in unrestricted net assets									
Operating revenues									
Tuition and fees (net of financial aid awards of \$341,601 University; \$3,320 NYU Langone Medical Center)	\$ 1,225,062	\$ 32,792	\$ -	\$ 1,257,854	\$ 68,625	\$ -	\$ -	\$ -	\$ 1,326,479
Grants and contracts (Note 15)	240,981	234,309	(1,655)	473,635	13,448	3,880	-	-	490,963
Patient care (Note 3)	45,280	385,957	-	431,237	-	1,504,484	-	(41,596)	1,894,125
Insurance premiums earned	-	-	-	-	-	-	56,388	(25,319)	31,069
Hospital affiliations (Note 16)	-	222,632	-	222,632	-	-	-	-	222,632
New York State appropriation	10,707	-	-	10,707	221	-	-	-	10,928
Contributions	91,371	35,054	-	126,425	1,228	7,355	-	-	135,008
Endowment distribution and return on									
short-term investments (Note 4)	62,410	16,911	-	79,321	1,302	1,732	15,796	-	98,151
Auxiliary enterprises	326,545	31,993	-	358,538	4,756	-	-	-	363,294
Program fees and other	70,395	52,339	(6,168)	116,566	645	42,620	-	(16,528)	143,303
Net assets released from restrictions	45,666	49,293	-	94,959	10,570	10,281	-	-	115,810
Total operating revenues	<u>2,118,417</u>	<u>1,061,280</u>	<u>(7,823)</u>	<u>3,171,874</u>	<u>100,795</u>	<u>1,570,352</u>	<u>72,184</u>	<u>(83,443)</u>	<u>4,831,762</u>
Operating expenses (Note 17)									
Instruction and other academic programs	1,042,485	151,339	-	1,193,824	61,457	-	-	-	1,255,281
Research and other sponsored programs	208,796	229,464	(1,655)	436,605	14,357	-	-	-	450,962
Patient care	46,105	347,874	-	393,979	-	996,523	-	-	1,390,502
Hospital affiliations (Note 16)	-	218,131	-	218,131	-	-	-	-	218,131
Libraries	55,654	9,805	-	65,459	-	-	-	-	65,459
Student services	90,651	4,910	-	95,561	9,265	-	-	-	104,826
Institutional services	206,056	70,502	(7,529)	269,029	17,637	378,306	55,656	(66,915)	653,713
Auxiliary enterprises	349,811	76,453	-	426,264	3,628	-	-	-	429,892
Total operating expenses	<u>1,999,558</u>	<u>1,108,478</u>	<u>(9,184)</u>	<u>3,098,852</u>	<u>106,344</u>	<u>1,374,829</u>	<u>55,656</u>	<u>(66,915)</u>	<u>4,568,766</u>
Excess (deficiency) of operating revenues over operating expenses	118,859	(47,198)	1,361	73,022	(5,549)	195,523	16,528	(16,528)	262,996
Nonoperating activities									
Investment return less endowment distribution, net (Note 4)	63,069	35,128	-	98,197	7,583	618	-	-	106,398
Other	2,391	52,182	(1,361)	53,212	-	(50,139)	-	-	3,073
Transfer of equity	90,654	(87,404)	-	3,250	-	(3,250)	-	-	-
Net assets released from restrictions for capital purposes	3,315	1,737	-	5,052	-	15,447	-	-	20,499
Changes in pension and postretirement obligations (Notes 13 and 14)	(33,063)	(54,616)	-	(87,679)	(2,634)	(61,031)	-	-	(151,344)
Increase (decrease) in unrestricted net assets	245,225	(100,171)	-	145,054	(600)	97,168	16,528	(16,528)	241,622
Changes in temporarily restricted net assets									
Contributions	65,137	29,962	-	95,099	4,804	35,184	-	-	135,087
Investment return, net (Note 4)	(29)	(525)	-	(554)	1,498	-	-	-	944
Other	(10,388)	-	-	(10,388)	28	-	-	-	(10,360)
Net assets released from restrictions	(48,981)	(51,030)	-	(100,011)	(4,600)	(25,728)	-	-	(130,339)
Increase (decrease) in temporarily restricted net assets	5,739	(21,593)	-	(15,854)	1,730	9,456	-	-	(4,668)
Changes in permanently restricted net assets									
Contributions	31,258	28,122	-	59,380	42	-	-	-	59,422
Other	10,603	-	-	10,603	-	-	-	-	10,603
Reclassification to unrestricted net assets (Note 18)	-	-	-	-	(5,970)	-	-	-	(5,970)
Increase (decrease) in permanently restricted net assets	41,861	28,122	-	69,983	(5,928)	-	-	-	64,055
Increase (decrease) in net assets	<u>\$ 292,825</u>	<u>\$ (93,642)</u>	<u>\$ -</u>	<u>\$ 199,183</u>	<u>\$ (4,798)</u>	<u>\$ 106,624</u>	<u>\$ 16,528</u>	<u>\$ (16,528)</u>	<u>\$ 301,009</u>

*For the year ended June 30, 2010.

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

New York University
Supplemental Schedule to the Financial Statements
(Consolidating Statement of Activities for NYU - Detail)
Year Ended August 31, 2009

(in thousands of dollars)

	2009								
	Washington Square	School of Medicine	Eliminations	Subtotal	Polytechnic*	Hospitals Center	CCC550	Eliminations	Total Consolidated NYU
Changes in unrestricted net assets									
Operating revenues									
Tuition and fees (net of financial aid awards of \$291,334 University; \$4,040 NYU Langone Medical Center)	\$ 1,174,946	\$ 32,401	\$ -	\$ 1,207,347	\$ 59,718	\$ -	\$ -	\$ -	\$ 1,267,065
Grants and contracts (Note 15)	151,085	200,568	-	351,653	10,623	2,554	-	-	364,830
Patient care (Note 3)	42,095	335,822	-	377,917	-	1,297,513	-	(28,435)	1,646,995
Insurance premiums earned	-	-	-	-	-	-	63,894	(38,138)	25,756
Hospital affiliations (Note 16)	-	209,124	-	209,124	-	-	-	-	209,124
New York State appropriation	7,132	-	-	7,132	282	-	-	-	7,414
Contributions	63,139	41,302	-	104,441	1,242	4,943	-	-	110,626
Endowment distribution and return on short-term investments (Note 4)	85,467	20,134	-	105,601	6,424	14	(12,583)	-	99,456
Auxiliary enterprises	326,304	33,817	-	360,121	3,381	-	-	-	363,502
Program fees and other	71,464	100,941	(6,293)	166,112	520	58,721	-	(91,832)	133,521
Net assets released from restrictions	44,477	22,863	-	67,340	5,220	10,300	-	-	82,860
Total operating revenues	<u>1,966,109</u>	<u>996,972</u>	<u>(6,293)</u>	<u>2,956,788</u>	<u>87,410</u>	<u>1,374,045</u>	<u>51,311</u>	<u>(158,405)</u>	<u>4,311,149</u>
Operating expenses (Note 17)									
Instruction and other academic programs	1,021,251	149,079	-	1,170,330	55,350	-	-	-	1,225,680
Research and other sponsored programs	153,946	202,816	-	356,762	11,958	-	-	-	368,720
Patient care	42,301	355,133	-	397,434	-	915,223	-	-	1,312,657
Hospital affiliations (Note 16)	-	206,693	-	206,693	-	-	-	-	206,693
Libraries	53,655	9,669	-	63,324	-	-	-	-	63,324
Student services	97,009	4,818	-	101,827	10,059	-	-	-	111,886
Institutional services	187,103	81,134	(6,293)	261,944	17,178	347,442	35,809	(142,903)	519,470
Auxiliary enterprises	347,863	75,620	-	423,483	2,413	-	-	-	425,896
Total operating expenses	<u>1,903,128</u>	<u>1,084,962</u>	<u>(6,293)</u>	<u>2,981,797</u>	<u>96,958</u>	<u>1,262,665</u>	<u>35,809</u>	<u>(142,903)</u>	<u>4,234,326</u>
Excess (deficiency) of operating revenues over operating expenses	62,981	(87,990)	-	(25,009)	(9,548)	111,380	15,502	(15,502)	76,823
Nonoperating activities									
Investment return less endowment distribution, net (Note 4)	(259,160)	(104,667)	-	(363,827)	(27,810)	(8,014)	-	-	(399,651)
Other	(876)	(2,100)	-	(2,976)	26,349	(6,356)	-	-	17,017
Net assets released from restrictions for capital purposes	3,834	1,317	-	5,151	-	8,440	-	-	13,591
Changes in pension and postretirement obligations (Notes 13 and 14)	(35,677)	(33,270)	-	(68,947)	833	(44,859)	-	-	(112,973)
(Decrease) increase in unrestricted net assets	<u>(228,898)</u>	<u>(226,710)</u>	<u>-</u>	<u>(455,608)</u>	<u>(10,176)</u>	<u>60,591</u>	<u>15,502</u>	<u>(15,502)</u>	<u>(405,193)</u>
Changes in temporarily restricted net assets									
Contributions	55,117	26,854	-	81,971	4,846	18,855	-	-	105,672
Investment return, net (Note 4)	(3,028)	(1,729)	-	(4,757)	948	-	-	-	(3,809)
Other	(3,740)	5,000	-	1,260	39	(5,000)	-	-	(3,701)
Net assets released from restrictions	(48,311)	(24,180)	-	(72,491)	(5,220)	(18,740)	-	-	(96,451)
Increase (decrease) in temporarily restricted net assets	<u>38</u>	<u>5,945</u>	<u>-</u>	<u>5,983</u>	<u>613</u>	<u>(4,885)</u>	<u>-</u>	<u>-</u>	<u>1,711</u>
Changes in permanently restricted net assets									
Contributions	43,505	5,514	-	49,019	162	(16)	-	-	49,165
Other	(4,100)	-	-	(4,100)	-	-	-	-	(4,100)
Reclassification to unrestricted net assets (Note 18)	-	-	-	-	(27,000)	-	-	-	(27,000)
Increase (decrease) in permanently restricted net assets	<u>39,405</u>	<u>5,514</u>	<u>-</u>	<u>44,919</u>	<u>(26,838)</u>	<u>(16)</u>	<u>-</u>	<u>-</u>	<u>18,065</u>
Decrease (increase) in net assets	<u>\$ (189,455)</u>	<u>\$ (215,251)</u>	<u>\$ -</u>	<u>\$ (404,706)</u>	<u>\$ (36,401)</u>	<u>\$ 55,690</u>	<u>\$ 15,502</u>	<u>\$ (15,502)</u>	<u>\$ (385,417)</u>

*For the year ended June 30, 2009.

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