

New York University
Consolidated Financial Statements
August 31, 2011 and 2010

New York University
Index
August 31, 2011 and 2010

	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	5–40
Appendix A: Supplemental Schedules	41–48



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 of cash flows present fairly, in all material respects, the consolidated financial position of New York University ("NYU") at August 31, 2011 and 2010 and the results of 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.

As discussed in Note 18 to the consolidated financial statements, NYU changed the manner in which it classifies accumulated total investment returns within net assets as a result of the adoption of authoritative guidance, ASC 958 Not-for-Profit Entities (formerly FASB Staff Position No. 117-1).

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 41 through 48 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.

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

December 22, 2011

New York University
Consolidated Balance Sheets
August 31, 2011 and 2010

(in thousands of dollars)

	2011	2010
Assets		
Cash and cash equivalents	\$ 1,180,319	\$ 1,096,744
Short-term investments (Note 4)	48,474	86,824
Accounts and loans receivable, net (Note 5)	349,641	298,877
Patient accounts receivable, net	283,380	229,810
Contributions receivable, net (Note 6)	417,777	417,025
Other assets (Note 7)	234,442	232,206
Deposits with trustees (Note 8)	315,454	311,257
Collateral for securities loaned (Note 4)	4,965	3,963
Long-term investments (Note 4)	2,889,333	2,556,188
Assets held by insurance captive (CCC550) (Note 12)	226,951	205,998
Land, buildings, and equipment, net (Note 9)	4,445,318	3,960,656
Total assets	<u>\$ 10,396,054</u>	<u>\$ 9,399,548</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 921,698	\$ 800,642
Deferred revenue	815,997	614,467
Outstanding losses and loss adjustment expenses (Note 12)	168,530	195,911
Security loan agreements payable (Note 4)	4,965	3,963
Bonds and notes payable (Notes 10 and 11)	2,881,201	2,714,227
Federal grants refundable	74,868	73,621
Accrued benefit obligation (Note 13)	154,328	194,675
Accrued postretirement obligation (Note 14)	416,948	412,270
Asset retirement obligation	137,538	133,486
Total liabilities	<u>5,576,073</u>	<u>5,143,262</u>
Net assets		
Unrestricted	2,580,496	2,392,477
Temporarily restricted (Note 18)	836,751	527,756
Permanently restricted (Note 18)	1,402,734	1,336,053
Total net assets	<u>4,819,981</u>	<u>4,256,286</u>
Total liabilities and net assets	<u>\$ 10,396,054</u>	<u>\$ 9,399,548</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, 2011 and 2010

(in thousands of dollars)

	2011	2010
Changes in unrestricted net assets		
Operating revenues		
Tuition and fees (net of financial aid awards of \$369,387 and \$344,921)	\$ 1,397,999	\$ 1,326,479
Grants and contracts (Note 15)	550,474	487,764
Insurance premiums earned	27,414	31,069
Patient care (Note 3)	2,087,319	1,894,125
Hospital affiliations (Note 16)	250,086	222,632
New York State appropriation	7,484	10,928
Contributions	114,911	135,008
Endowment distribution (Note 4)	109,825	78,092
Return on short-term investments (Note 4)	15,161	20,059
Auxiliary enterprises	369,339	363,294
Program fees and other	127,464	143,303
Net assets released from restrictions	114,752	115,810
Total operating revenues	<u>5,172,228</u>	<u>4,828,563</u>
Operating expenses (Note 17)		
Instruction and other academic programs	1,196,483	1,136,219
Research and other sponsored programs	580,042	518,795
Patient care	1,712,360	1,560,544
Hospital affiliations (Note 16)	229,475	205,055
Libraries	64,698	60,867
Student services	112,653	108,756
Institutional services	631,511	567,993
Auxiliary enterprises	424,958	407,338
Total operating expenses	<u>4,952,180</u>	<u>4,565,567</u>
Excess of operating revenues over operating expenses	220,048	262,996
Nonoperating activities		
Investment return (Note 4)	149,748	184,490
Appropriation of endowment distribution (Note 4)	(47,023)	(78,092)
Other	4,991	3,073
Net assets released from restrictions for capital purposes	26,053	20,499
Changes in pension and postretirement obligations (Notes 13 and 14)	32,629	(151,344)
Increase in unrestricted net assets before effect of change in accounting principle	386,446	241,622
Cumulative effect of change in accounting principle (Notes 2 and 18)	(198,427)	-
Increase in unrestricted net assets after effect of change in accounting principle	<u>188,019</u>	<u>241,622</u>
Changes in temporarily restricted net assets		
Contributions	136,625	135,087
Investment return (Note 4)	176,888	944
Appropriation of endowment distribution (Note 4)	(62,802)	-
Other	(3,151)	(10,360)
Net assets released from restrictions	(136,992)	(130,339)
Increase (decrease) in temporarily restricted net assets before effect of change in accounting principle	110,568	(4,668)
Cumulative effect of change in accounting principle (Notes 2 and 18)	198,427	-
Increase (decrease) in temporarily restricted net assets after effect of change in accounting principle	<u>308,995</u>	<u>(4,668)</u>
Changes in permanently restricted net assets		
Contributions	64,847	59,422
Other	5,647	10,603
Reclassification to unrestricted net assets (Note 18)	(3,813)	(5,970)
Increase in permanently restricted net assets	<u>66,681</u>	<u>64,055</u>
Increase in net assets	<u>\$ 563,695</u>	<u>\$ 301,009</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, 2011 and 2010

(in thousands of dollars)

	2011	2010
Cash flows from operating activities		
Change in net assets	\$ 563,695	\$ 301,009
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	293,242	268,840
(Gain) loss on disposal of property, plant, and equipment	(560)	2,446
Net gain on investments and deposits with trustees	(309,404)	(178,819)
Bad debt expense	27,321	23,177
Gain on refinancing of debt	-	(399)
Gain on sale of real estate	-	(629)
Pension and postretirement obligation change	(32,629)	151,344
Asset retirement obligation adjustment	(1,535)	13,811
Contributions restricted for permanent investment and capital	(106,060)	(71,479)
Contributed assets	(1,647)	(44,075)
Changes in operating assets and liabilities		
(Increase) decrease in accounts and loans receivable, net	(65,062)	3,027
Increase in patient accounts receivable	(77,697)	(36,928)
(Increase) decrease in nonendowment and noncapital contributions receivable	(5,147)	70,593
(Increase) decrease in other assets	(1,927)	1,079
Increase in accounts payable and accrued expenses	150,666	67,425
(Decrease) increase in outstanding losses and adjustment expenses	(27,381)	33,622
Increase (decrease) in deferred revenue	158,547	(31,962)
Decrease in accrued pension obligation	(22,218)	(40,830)
Increase in accrued postretirement obligation	19,178	5,994
Net cash provided by operating activities	<u>561,382</u>	<u>537,246</u>
Cash flows from investing activities		
Purchases of investments	(1,428,777)	(5,260,065)
Sales and maturities of investments	1,446,304	5,277,772
Proceeds from sale of real estate	-	629
Drawdowns of unexpended bond proceeds	108,162	382,427
Additions to land, buildings, and equipment, net of disposals	(734,109)	(794,013)
Net cash used in investing activities	<u>(608,420)</u>	<u>(393,250)</u>
Cash flows from financing activities		
Contributions restricted for permanent investment and capital	82,413	66,023
Decrease in endowment and capital contributions receivable	13,260	9,601
Proceeds from short-term borrowings	136,375	35,899
Proceeds from line of credit borrowings	60,000	19,000
Proceeds from long-term borrowings	-	254,119
Principal payments on short-term borrowings	(46,000)	(33,307)
Principal payments on bonds and notes payable	(119,078)	(244,348)
Payments of deferred financing costs	(2,830)	(2,235)
Increase (decrease) in federal grants refundable	1,247	(4,614)
Decrease (increase) in deposits with bond trustees	5,226	(81,206)
Net cash generated from financing activities	<u>130,613</u>	<u>18,932</u>
Net increase in cash	83,575	162,928
Cash		
Beginning of year	<u>1,096,744</u>	<u>933,816</u>
End of year	<u>\$ 1,180,319</u>	<u>\$ 1,096,744</u>
Supplemental disclosure of cash flow information		
Bond proceeds	\$ 128,969	\$ 613,601
Interest paid	131,549	120,868

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, 2011 and 2010

(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 the 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 and NYU 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, 2011 and 2010 and for the twelve month fiscal years ended June 30, 2011 and 2010. 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 (the 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, 2011 and 2010

(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 in accordance with generally accepted accounting principles in the United States.

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

NYU prepares its consolidated financial statements in accordance with the provisions of Accounting Standards Codification (ASC), Topic 958, formerly Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* (SFAS No. 117). ASC 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 purposes, in accordance with donor provisions.

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

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

New York University

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(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 relating to board-designated endowment funds and the related endowment appropriation, 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 (3.0% in 2011 and 3.6% in 2010). Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Allowances are recorded for estimated uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

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 \$21,190 and \$21,639 for the years ended August 31, 2011 and 2010, 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 \$24,127 and \$19,542 for the years ended August 31, 2011 and 2010, respectively.

New York University

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(in thousands of dollars)

Cash and Cash Equivalents

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

Land, Buildings, and Equipment

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

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 2010 consolidated financial statements have been reclassified to conform to the current year's presentation.

New Authoritative Pronouncements

On September 17, 2010, the State of New York adopted a version of the Uniform Prudent Management of Institutional Funds Act. The State of New York's version of the law is known as the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). In accordance with NYPMIFA and the authoritative guidance, NYU has reclassified \$198,427 of unrestricted net assets to temporarily restricted net assets (Note 18). Such amounts relate to accumulated earnings on the true endowment funds, including distributions from the endowment unspent due to timing. The full amount of \$198,427 is reflected in the consolidated statements of activities as a cumulative effect of a change in accounting principle as of September 1, 2010. NYU adopted the enhanced disclosures required under the authoritative guidance in the year ended August 31, 2009.

Effective for the fiscal year ended August 31, 2011, NYU adopted additional disclosure requirements of ASC Topic 820, *Fair Value Measurements and Disclosures*, which require disclosure of the purpose for transfers to and from Levels 1 and 2. This standard requires that information, such as description of and reason for transfers be disclosed. There were no significant transfers in and out of Levels 1 and 2 fair value measurements in 2011.

New York University

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(in thousands of dollars)

In addition, NYU adopted ASC Topic 310, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*, requiring disclosure on the credit quality of financing receivables and the related allowance.

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 periods 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 a 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, 2011 and 2010 are \$74,175 and \$56,009, 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 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, 2011 and 2010 include 21% and 17% from Medicare, 3% and 5% from Medicaid, 59% and 63% from managed care companies, and 17% and 15% from commercial insurance carriers and others.

New York University

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(in thousands of dollars)

4. Investments

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 net asset value (NAV), the investment is categorized as Level 2. If the redemption period extends beyond 90 days, the investment is categorized as Level 3. Private equity funds are categorized as Level 3 given that 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.

New York University

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(in thousands of dollars)

Other Long-Term Investments

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

Fair Value Measurements

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

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

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

Investments included in Level 3 primarily consist of NYU's ownership in alternative investments (principally limited partnership interests in fixed income, equity, absolute return, private equity and other similar funds). The value of certain alternative investments represents the ownership interest in the 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, 2011 and 2010.

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, 2011 and 2010

(in thousands of dollars)

The following table summarizes the fair value of financial instruments at August 31, 2011 and 2010:

	2011			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Long-term investments				
Fixed income securities	\$ -	\$ 190,499	\$ 176,078	\$ 366,577
Equity securities	198,748	734,863	269,945	1,203,556
Absolute return	-	192,112	592,025	784,137
Private equity	-	24,373	337,607	361,980
Other	97,283	5,717	45,182	148,182
Subtotal investment pool	296,031	1,147,564	1,420,837	2,864,432
Fixed income securities	-	1,183	-	1,183
Equity securities	18,877	3,141	-	22,018
Other	-	-	1,700	1,700
Subtotal other long-term investments	18,877	4,324	1,700	24,901
Total long-term investments	314,908	1,151,888	1,422,537	2,889,333
Short-term investments				
Working capital	48,474	-	-	48,474
Total short-term investments	48,474	-	-	48,474
Other financial instruments				
Funds held in perpetual trust (Note 7)	-	-	11,967	11,967
Deposits with trustees (Note 8)	271,163	44,291	-	315,454
Assets held by CCC550 (Note 12)	-	-	226,951	226,951
Total	\$ 634,545	\$ 1,196,179	\$ 1,661,455	\$ 3,492,179

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

	2010			
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Long-term investments				
Fixed income securities	\$ -	\$ 109,759	\$ 156,498	\$ 266,257
Equity securities	288,297	519,178	245,701	1,053,176
Absolute return	-	189,797	589,055	778,852
Private equity	-	18,335	246,610	264,945
Other	106,167	5,430	55,578	167,175
Subtotal investment pool	394,464	842,499	1,293,442	2,530,405
Fixed income securities	-	2,619	-	2,619
Equity securities	18,370	3,094	-	21,464
Other	-	-	1,700	1,700
Subtotal other long-term investments	18,370	5,713	1,700	25,783
Total long-term investments	412,834	848,212	1,295,142	2,556,188
Short-term investments				
Working capital	86,824	-	-	86,824
Total short-term investments	86,824	-	-	86,824
Other financial instruments				
Funds held in perpetual trust (Note 7)	-	-	14,250	14,250
Deposits with trustees (Note 8)	251,943	59,314	-	311,257
Assets held by CCC550 (Note 12)	-	-	205,998	205,998
Total	\$ 751,601	\$ 907,526	\$ 1,515,390	\$ 3,174,517

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, 2010	\$ 156,498	\$ 245,701	\$ 589,055	\$ 246,610	\$ 205,998	\$ 14,250	\$ 57,278	\$ 1,515,390
Realized (losses) gains	-	(948)	28,558	16,858	-	-	(2,480)	41,988
Unrealized gains (losses)	19,580	16,650	23,613	41,541	20,953	(2,283)	5,864	125,918
Net purchases, sales, settlements	-	-	3,301	14,369	-	-	-	17,670
Transfers in (out)	-	8,542	(52,502)	18,229	-	-	(13,780)	(39,511)
Fair value, August 31, 2011	\$ 176,078	\$ 269,945	\$ 592,025	\$ 337,607	\$ 226,951	\$ 11,967	\$ 46,882	\$ 1,661,455
	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	\$ 54,679	\$ 1,664,306
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	\$ 57,278	\$ 1,515,390

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

At August 31, 2011, NYU's unfunded commitments are as follows:

	Unfunded Commitments	Remaining Life	Timing to Draw Commitments
Absolute return	\$ 71,000	N/A	45 to 120 days
Private equity	<u>130,000</u>	Up to 10 years	N/A
Total	<u>\$ 201,000</u>		

NYU records purchases and sales of securities on a trade-date basis. NYU has included receivables for securities sold of \$4,000 and \$29,000 at August 31, 2011 and 2010, respectively, and liabilities for securities purchased of \$1,000 and \$19,000 at August 31, 2011 and 2010, respectively, in long-term investments.

Investment securities having a fair value of \$4,836 and \$3,843 at August 31, 2011 and 2010, respectively, were lent to various brokerage firms. The securities are returnable on demand and were collateralized by cash deposits of \$4,965 and \$3,963 at August 31, 2011 and 2010, 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, 2011 and 2010 is as follows:

	2011	2010
Dividends and interest	\$ 33,258	\$ 26,058
Realized and unrealized gains, net	315,925	183,705
Investment expenses	<u>(7,386)</u>	<u>(4,270)</u>
Total investment return, net	<u>\$ 341,797</u>	<u>\$ 205,493</u>
Endowment distribution approved for spending	\$ 109,825	\$ 78,092
Return on short-term investments	15,161	20,059
Unrestricted investment return, net of spending	102,725	106,398
Temporarily restricted investment return, net of spending	<u>114,086</u>	<u>944</u>
Total investment return, net	<u>\$ 341,797</u>	<u>\$ 205,493</u>

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 2011 and 2010). The rate is applied to the twelve-quarter moving average fair value of the investment pool. Investment return (realized and unrealized net gains or losses on investments, interest and dividends) and the appropriation for the approved endowment distribution for board-designated endowment funds are reported as nonoperating activities in the consolidated statement of activities. Investment return and the appropriation for the approved endowment distribution for true endowment funds are reported as temporarily restricted activities in the consolidated statement of activities.

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

Polytechnic has endowment and similar funds invested in a separate pool. Polytechnic's Board of Trustees authorized spending rates for 2011 and 2010 of 3.4% and 2.3%, respectively, of the three-year rolling average market value of the endowment.

5. Accounts and Loans Receivable

Accounts and loans receivable consist of the following at August 31, 2011 and 2010:

	2011	2010
Student and other	\$ 98,257	\$ 67,052
Grants and contracts	62,580	66,350
Student loans	108,641	110,939
Housing loans and other loans to employees	70,359	65,969
Insurance premiums (CCC550)	<u>45,149</u>	<u>19,893</u>
	384,986	330,203
Allowance for uncollectible amounts	<u>(35,345)</u>	<u>(31,326)</u>
Accounts and loans receivable, net	<u>\$ 349,641</u>	<u>\$ 298,877</u>

The allowance for uncollectible amounts at August 31, 2011 and 2010 consists of the following:

	2011	2010
Students and other	\$ (16,823)	\$ (16,182)
Grants and contracts	(11,418)	(8,283)
Student loans	(7,082)	(6,839)
Housing loans and other loans to employees	<u>(22)</u>	<u>(22)</u>
Total allowance for uncollectible amounts	<u>\$ (35,345)</u>	<u>\$ (31,326)</u>

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

Student loans consist primarily of Federal Advances to the University under the Perkins Loan Program which totaled \$74,981 and \$76,255 at August 31, 2011 and 2010, respectively. The University records a liability on its balance sheet for these advances.

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

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

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

6. Contributions Receivable

Contributions receivable consist of the following at August 31, 2011 and 2010:

	2011	2010
Amounts expected to be collected in:		
Less than one year	\$ 126,132	\$ 132,556
One to five years	333,622	324,984
More than five years	<u>78,751</u>	<u>90,978</u>
	538,505	548,518
Discount to present value	(54,407)	(56,143)
Allowance for uncollectible amounts	<u>(66,321)</u>	<u>(75,350)</u>
Contributions receivable, net	<u>\$ 417,777</u>	<u>\$ 417,025</u>

Contributions receivable activity for the years ended August 31, 2011 and 2010 is as follows:

	2011	2010
Contributions receivable, beginning of year, net	\$ 417,025	\$ 459,147
Add discount to present value and allowance for uncollectible amounts	<u>131,493</u>	<u>134,767</u>
Contributions receivable beginning of year, gross	548,518	593,914
New pledges received (undiscounted)	161,079	156,767
Adjustments and write-offs	(6,542)	(15,093)
Pledge payments received	<u>(164,550)</u>	<u>(187,070)</u>
Subtotal	538,505	548,518
Deduct discount to present value and allowance for uncollectible amounts	<u>(120,728)</u>	<u>(131,493)</u>
Contributions receivable, end of year, net	<u>\$ 417,777</u>	<u>\$ 417,025</u>

Conditional promises to give, not included in these financial statements, are \$656,621 and \$622,088 at August 31, 2011 and 2010, respectively.

Expenses related to fundraising activities are \$31,347 and \$29,081 for the years ended August 31, 2011 and 2010, respectively.

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

7. Other Assets

Other assets consist of the following at August 31, 2011 and 2010:

	2011	2010
Prepaid expenses and deferred charges	\$ 61,216	\$ 66,117
Third-party payer receivables	14,691	17,614
Inventory	36,497	33,151
Unamortized bond issuance costs	44,598	44,321
Real estate held for sale	18,272	19,043
Donated royalty	17,760	16,681
Perpetual trusts	11,967	14,250
Other	29,441	21,029
	<u>234,442</u>	<u>232,206</u>
Other assets	<u>\$ 234,442</u>	<u>\$ 232,206</u>

Real estate held for sale of \$18,272 and \$19,043 at August 31, 2011 and 2010, 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.

8. Deposits with Trustees

Deposits with trustees consist of the following at August 31, 2011 and 2010:

	2011	2010
Unexpended Bond Funds Held by the Dormitory Authority of the State of New York:		
Construction funds	\$ 192,051	\$ 211,507
Debt service funds	5,435	6,671
Debt service reserve funds	69,154	55,742
Capitalized interest funds	12,973	-
Other	14,665	17,487
Perpetual trust	21,176	19,850
	<u>315,454</u>	<u>311,257</u>
Deposits with trustees	<u>\$ 315,454</u>	<u>\$ 311,257</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.

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

9. Land, Buildings, and Equipment

Land, buildings and equipment consist of the following at August 31, 2011 and 2010:

	2011	2010
Land	\$ 202,444	\$ 202,173
Buildings and building improvements	5,372,563	4,881,839
Equipment	1,029,805	943,599
Construction in progress	<u>612,279</u>	<u>441,017</u>
	7,217,091	6,468,628
Less: Accumulated depreciation	<u>(2,771,773)</u>	<u>(2,507,972)</u>
Land, buildings, and equipment, net	<u>\$ 4,445,318</u>	<u>\$ 3,960,656</u>

Depreciation expense is \$287,811 and \$259,333 for the years ended August 31, 2011 and 2010, respectively.

Capitalized software is \$103,835 and \$64,896 for the years ended August 31, 2011 and 2010, respectively.

10. Bonds and Notes Payable

NYU has various bond issues outstanding, primarily issued through the Dormitory Authority of the State of New York (DASNY). 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, 2011 and 2010:

	2011					
	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	Consolidated NYU
Issuer						
Dormitory Authority of the State of New York (DASNY)	\$ 1,528,530	\$ 215,523	\$ 1,744,053	\$ -	\$ 517,210	\$ 2,261,263
New York City Industrial Development Agency (NYCIDA)	62,061	-	62,061	105,146	-	167,207
New York University (NYU)	41,868	86,432	128,300	-	-	128,300
Other bonds and notes payable	<u>226,130</u>	<u>735</u>	<u>226,865</u>	<u>15,899</u>	<u>81,667</u>	<u>324,431</u>
Bonds and notes payable	<u>\$ 1,858,589</u>	<u>\$ 302,690</u>	<u>\$ 2,161,279</u>	<u>\$ 121,045</u>	<u>\$ 598,877</u>	<u>\$ 2,881,201</u>

* As of June 30

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

Issuer	2010					
	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	<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

In 2011, DASNY issued \$130,930 of revenue bonds (Series 2011A) on behalf of the Hospitals Center. The Series 2011A bonds are payable at varying dates through July 2040 at fixed rates ranging from 2.00% to 6.00%. The proceeds of the Series 2011A bonds will be used to finance the renovation and equipping of the Emergency Department of the Hospitals Center, renovation and equipping of the new Musculoskeletal Center, various capital improvements, and the funding of a debt service reserve fund.

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 in July 2034 and in 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.

In 2010, DASNY issued \$64,260 of revenue bonds (Series 2009B) on behalf of the Obligated Group with an interest rate of 5.00%. 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.

New York University

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(in thousands of dollars)

The principal amounts outstanding for bonds and notes payable consist of the following at August 31, 2011 and 2010:

	2011					Consolidated NYU
	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	
DASNY						
Series 1998A bonds, with interest rates ranging from 5.75% to 6.00%, maturing serially through July 2020, payable thereafter in annual sinking fund installments to maturity in 2027 (including premium of \$12,370)	\$ 200,260	\$ -	\$ 200,260	\$ -	\$ -	\$ 200,260
Series 2000D bonds, with interest rates ranging from 6.00% to 6.75%, maturing serially through July 2020, payable thereafter in annual sinking fund installments to maturities in July 2025 and July 2026	-	-	-	-	45,100	45,100
Series 2001A bonds, with interest rates ranging from 5.50% to 5.75%, maturing serially to maturity in July 2015 (including premiums of \$1,345 and \$107)	40,484	3,207	43,691	-	-	43,691
2001 Series 1 bonds, with interest rates ranging from 4.38% to 5.50%, maturing serially from July 2011 through July 2025, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including premiums of \$3,757 and \$3,073)	68,833	56,317	125,150	-	-	125,150
2001 Series 2 bonds, with interest rates ranging from 4.00% to 5.50%, 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 (including discount of \$140)	39,404	53,466	92,870	-	-	92,870
Series 2004A bonds, with interest rates ranging from 3.50% to 5.00%, maturing serially from July 2014 through July 2024, payable thereafter in annual sinking fund installments to maturities in July 2029 and July 2034 (including premium of \$980)	55,765	-	55,765	-	-	55,765
Series 2006A bonds, with an interest rate of 5.00%, maturing serially from July 2013 through July 2016, payable thereafter in annual sinking fund installments to maturities in July 2020 and July 2026 (including premium of \$2,028)	-	-	-	-	96,618	96,618
Series 2006B bonds, with an interest rate of 6.09%, privately placed with a commercial bank, maturing in July 2012	-	-	-	-	5,750	5,750
Series 2007A bonds, with an interest rate of 5.00%, maturing serially through July 2016, payable thereafter in annual sinking fund installments to maturities in July 2022, July 2026 and July 2036 (including premium of \$3,702)	-	-	-	-	156,462	156,462
Series 2007A bonds, with interest rates ranging from 4.25% to 5.00%, maturing serially from July 2017 through July 2027, payable thereafter in annual sinking fund installments to maturities in July 2032 and July 2037 (including premium of \$3,333)	129,478	-	129,478	-	-	129,478
Series 2007B bonds, with interest rates ranging from 5.25% to 5.63%, payable in annual sinking fund installments from July 2009 and July 2025, respectively, to maturities in July 2024 and July 2037 (including discount of \$2,673)	-	-	-	-	86,697	86,697
Series 2008A bonds, with interest rates ranging from 4.00% to 5.25%, maturing serially from July 2013 through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2029, July 2038 and July 2048 (including premium of \$4,910)	285,160	-	285,160	-	-	285,160
Series 2008B bonds, with interest rates ranging from 3.13% to 5.25%, maturing serially through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2029, July 2038 and July 2048 (including premium of \$3,643)	225,743	-	225,743	-	-	225,743

New York University

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(in thousands of dollars)

	2011					
	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	Consolidated NYU
DASNY, continued						
Series 2008C bonds, with interest rates ranging from 3.13% to 5.00%, maturing serially through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2029 and July 2038 (including premium of \$925)	96,075	-	96,075	-	-	96,075
Series 2008D taxable bonds, with interest rates ranging from 4.98% to 5.33%, maturing serially to maturity in July 2013	5,360	-	5,360	-	-	5,360
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 \$15,369 and \$1,472)	381,968	37,252	419,220	-	-	419,220
Series 2009B bonds, with an interest rate of 5.00%, payable in annual sinking fund installments from July 2030 and July 2034, respectively, to maturities in July 2034 and July 2039 (including premium of \$1,020)	-	65,281	65,281	-	-	65,281
Series 2011A bonds, with interest rates ranging from 2.00% to 6.00%, maturing serially from July 2011 through July 2026, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including discount of \$1,922)	-	-	-	-	126,583	126,583
Subtotal of DASNY bonds	<u>1,528,530</u>	<u>215,523</u>	<u>1,744,053</u>	<u>-</u>	<u>517,210</u>	<u>2,261,263</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 (including discount of \$1,234)	62,061	-	62,061	-	-	62,061
NYCIDA Series 2007 bonds, with interest rates ranging from 4.35% to 5.25%, maturing serially from November 2011 to maturity in November 2037 (including premium of \$1,446)	-	-	-	105,146	-	105,146
Subtotal of NYCIDA	<u>62,061</u>	<u>-</u>	<u>62,061</u>	<u>105,146</u>	<u>-</u>	<u>167,207</u>
NYU						
Series 2009 taxable bonds, with an interest rate of 5.24%, maturing in July 2032, payable in annual sinking fund installments from July 2015 to maturity	16,568	86,432	103,000	-	-	103,000
Series 2010 taxable bonds, with an interest rate of 4.96%, maturing in July 2032, payable in annual sinking fund installments from July 2015 to maturity	25,300	-	25,300	-	-	25,300
Subtotal of NYU bonds	<u>41,868</u>	<u>86,432</u>	<u>128,300</u>	<u>-</u>	<u>-</u>	<u>128,300</u>
Other bonds and notes payable						
Various with interest rates ranging from 0.99% to 5.25%, due through November 2017	10,743	-	10,743	-	51,667	62,410
Promissory note	62,623	-	62,623	-	-	62,623
Lines of credit	136,375	-	136,375	-	30,000	166,375
Bank loan	-	-	-	10,000	-	10,000
Capital leases	16,389	735	17,124	5,899	-	23,023
Subtotal of other bonds and notes payable	<u>226,130</u>	<u>735</u>	<u>226,865</u>	<u>15,899</u>	<u>81,667</u>	<u>324,431</u>
Total amounts outstanding	<u>\$ 1,858,589</u>	<u>\$ 302,690</u>	<u>\$ 2,161,279</u>	<u>\$ 121,045</u>	<u>\$ 598,877</u>	<u>\$ 2,881,201</u>

* As of June 30, 2011.

New York University

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(in thousands of dollars)

	2010					
	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	Consolidated NYU
DASNY						
Series 1998A bonds, with interest rates ranging from 5.50% to 6.00%, 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 6.00% to 6.75%, maturing serially through July 2020, payable thereafter in annual sinking fund installments to maturities in July 2025 and July 2026	-	-	-	-	46,800	46,800
Series 2001A bonds, with interest rates ranging from 5.50% to 5.75%, maturing serially to maturity in 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 5.50%, maturing serially from July 2011 through July 2025, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including premiums of \$3,887 and \$3,179)	69,887	57,180	127,067	-	-	127,067
2001 Series 2 bonds, with interest rates ranging from 4.00% to 5.50%, 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 (including discount of \$145)	39,948	54,207	94,155	-	-	94,155
Series 2003A bonds, with interest rates ranging from 2.85% to 5.00%, maturing in 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 5.00%, maturing in July 2011 (including premium of \$461)	27,335	-	27,335	-	-	27,335
Series 2004A bonds, with interest rates ranging from 3.50% to 5.00%, maturing serially from July 2014 through July 2024, payable thereafter in annual sinking fund installments to maturities in July 2029 and July 2034 (including premium of \$1,024)	55,809	-	55,809	-	-	55,809
Series 2006A bonds, with an interest rate of 5.00%, maturing serially from July 2013 through July 2016, payable thereafter in annual sinking fund installments to maturities in July 2020 and July 2026 (including premium of \$2,165)	-	-	-	-	96,755	96,755
Series 2006B bonds, with an interest rate of 6.09%, privately placed with a commercial bank, maturing in July 2012	-	-	-	-	11,175	11,175
Series 2007A bonds, with an interest rate of 5.00%, maturing serially through July 2016, payable thereafter in annual sinking fund installments to maturities in July 2022, July 2026 and July 2036 (including premium of \$3,851)	-	-	-	-	159,976	159,976
Series 2007A bonds, with interest rates ranging from 4.25% to 5.00%, maturing serially from July 2017 through July 2027, payable thereafter in annual sinking fund installments to maturities in July 2032 and July 2037 (including premium of \$3,457)	129,602	-	129,602	-	-	129,602
Series 2007B bonds, with interest rates ranging from 5.25% to 5.63%, payable in annual sinking fund installments from July 2009 and July 2025, respectively, to maturities in July 2024 and July 2037 (including discount of \$2,830)	-	-	-	-	88,215	88,215
Series 2008A bonds, with interest rates ranging from 4.00% to 5.25%, maturing serially from July 2013 through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2029, July 2038 and July 2048 (including premium of \$5,043)	285,293	-	285,293	-	-	285,293
Series 2008B bonds, with interest rates ranging from 3.00% 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, 2011 and 2010

(in thousands of dollars)

	2010					Consolidated NYU
	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	
DASNY, continued						
Series 2008C bonds, with interest rates ranging from 3.00% to 5.00%, 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 to maturity in 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 5.00%, payable in annual sinking fund installments from July 2030 and July 2034, respectively, to maturities in July 2034 and July 2039 (including premium of \$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 (including 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 to maturity in 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 in July 2032, payable in annual sinking fund installments from July 2015 to maturity	16,568	86,432	103,000	-	-	103,000
Series 2010 taxable bonds, with an interest rate of 4.96%, maturing in July 2032, payable in annual sinking fund installments from July 2015 to maturity	25,300	-	25,300	-	-	25,300
Subtotal of NYU bonds	<u>41,868</u>	<u>86,432</u>	<u>128,300</u>	<u>-</u>	<u>-</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	-	-	-	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.

The fair value of NYU's bonds and notes payable is \$2,812,847 and \$2,843,011 at August 31, 2011 and 2010, 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.

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

Interest expense on long-term debt totaled \$126,123 and \$123,370 for the years ended August 31, 2011 and 2010, respectively. This excludes \$7,995 and \$3,974, respectively, of capitalized interest (net of income earned on deposits with bond trustees) for the years ended August 31, 2011 and 2010, which is included in land, buildings and equipment, net.

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

Other agreements include covenants requiring that the Hospitals Center and Polytechnic maintain certain financial ratios. At August 31, 2011 and 2010, NYU is compliant with all financial and administrative covenants.

Future Principal Payments

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

Year ending August 31	
2012	\$ 244,190
2013	62,868
2014	67,465
2015	124,402
2016	62,744
Thereafter	<u>2,266,022</u>
Total principal payments	2,827,691
Unamortized premiums and discounts, net	<u>53,510</u>
	<u>\$ 2,881,201</u>

11. Obligations with Financial Institutions

At August 31, 2011 and 2010, Washington Square's contractually committed bank credit agreements totaled \$500,000 and \$400,000, respectively. A \$300,000 agreement extends through August 2013. A \$200,000 agreement extends through June 2014. The interest is accrued for both lines of credit at a rate based on LIBOR. The combined amounts outstanding under these agreements are \$136,375 and \$46,000 as of August 31, 2011 and 2010, 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. The amounts outstanding under this promissory note are \$62,623, and \$65,000 as of August 31, 2011 and 2010, respectively.

In June 2011, the Hospitals Center amended an existing loan agreement with a bank for an available line of credit totaling \$100,000. The commitment on this line of credit expires July 2014. Interest is payable on funds drawn on this line of credit at a rate based on LIBOR. As of August 31, 2011, there is \$30,000 outstanding on this line of credit.

New York University

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(in thousands of dollars)

In March 2011, the Hospitals Center amended an existing loan agreement with a commercial bank by increasing the available line of credit to \$100,000. The commitment on this line of credit expires in March 2012. Interest is payable on funds drawn on this line of credit at a rate based on LIBOR. As of August 31, 2011 there is no amount 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, provides financing to the Hospitals Center for various capital equipment. As of August 31, 2011, \$29,867 is outstanding on this lease.

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 based on a 30-day LIBOR. The Hospitals Center's obligation under Series 2000D is \$45,100 and \$46,800 as of August 31, 2011 and 2010, respectively.

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 for the years ended August 31, 2011 and 2010. Interest is payable monthly based on a 30-day LIBOR. The loan agreements expire in June 2012.

Polytechnic has a loan with a commercial bank. The bank loan is collateralized by several of Polytechnic's investments with a market value of \$16,129 and \$14,256 at August 31, 2011 and 2010, respectively. The amount outstanding is \$10,000 as of August 31, 2011 and 2010. The bank loan is payable on demand.

12. Self-Insured Professional Liabilities

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

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

CCC550 has investment assets of \$226,951 and \$205,998 at August 31, 2011 and 2010, 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 \$168,530 and \$195,911 as of August 31, 2011 and 2010, respectively.

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

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.

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 \$104,411 and \$95,461 in 2011 and 2010, respectively. Contributions to multi-employer retirement plans total \$17,054 and \$15,925 for the years ended August 31, 2011 and 2010, 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, 2011.

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

The following table provides information with respect to these plans as of and for the years ended August 31, 2011 and 2010:

Plans' Funded Status:

	2011	2010
Change in benefit obligation		
Benefit obligation, beginning year	\$ 648,611	\$ 519,888
Service cost	15,019	12,250
Interest cost	33,457	32,829
Actuarial loss	2,874	103,384
Benefits paid	(20,055)	(18,897)
Plan amendment	21	-
Administrative expense	(399)	(843)
Benefit obligation, end of year	<u>\$ 679,528</u>	<u>\$ 648,611</u>
Change in fair value of plan assets		
Fair value of plan assets, beginning of year	\$ 453,936	\$ 385,823
Actual return on plan assets	43,005	33,005
Employer contributions	48,713	54,848
Benefits paid	(20,055)	(18,897)
Administrative expense	(399)	(843)
Fair value of plan assets, end of year	<u>525,200</u>	<u>453,936</u>
Accrued benefit obligation	<u>\$ 154,328</u>	<u>\$ 194,675</u>
Weighted average assumptions as of August 31		
Discount rate	5.25% - 5.50%	5.25%
Rate of increase in compensation levels	3.50% - 4.00%	3.50% - 4.00%

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

Net Periodic Benefit Cost:

	2011	2010
Components of net periodic benefit cost		
Service cost	\$ 15,019	\$ 12,250
Interest cost	33,457	32,829
Expected return on plan assets	(39,373)	(36,968)
Amortization of prior service cost	136	134
Actuarial loss	17,259	5,773
Net periodic benefit cost	<u>\$ 26,498</u>	<u>\$ 14,018</u>
Other changes recognized in unrestricted net assets		
Prior service cost arising during period	\$ 21	\$ -
Actuarial net (gain) loss arising during period	(755)	107,347
Amortization of prior service cost	(136)	(134)
Amortization of actuarial loss	(17,259)	(5,773)
Total recognized in nonoperating activities	<u>\$ (18,129)</u>	<u>\$ 101,440</u>
Amounts not reflected in net periodic benefit cost and included in unrestricted net asset		
Transition assets	\$ -	\$ -
Prior service cost	125	240
Accumulated loss	255,656	273,670
Amounts in unrestricted net assets, end of year	<u>\$ 255,781</u>	<u>\$ 273,910</u>
Change in unrestricted net assets		
Amounts in unrestricted net assets, beginning of year	\$ 273,910	\$ 172,470
Fiscal year change in the amount recognized in nonoperating activities	(18,129)	101,440
Amounts in unrestricted net assets, end of year	<u>\$ 255,781</u>	<u>\$ 273,910</u>
Amounts in unrestricted net assets expected to be recognized in net periodic pension cost in fiscal 2012 and 2011		
Actuarial loss	\$ 17,289	\$ 17,259
Prior service cost	108	134
Weighted average assumptions for the year ended August 31		
Discount rate	5.25%	6.25% - 6.50%
Rate of increase in compensation levels	3.50% - 4.00%	3.50% - 4.00%
Expected long-term rate of return on plan assets	6.00% - 8.00%	8.00%

The accumulated benefit obligation for the pension plans is \$630,016 and \$603,147 at August 31, 2011 and 2010, respectively.

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

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:

	2011			
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash equivalents	\$ 5,895	\$ -	\$ -	\$ 5,895
Fixed income	-	193,451	-	193,451
Equity	-	274,233	-	274,233
Real estate	-	28,802	-	28,802
Other	-	22,819	-	22,819
Total investments	<u>\$ 5,895</u>	<u>\$ 519,305</u>	<u>\$ -</u>	<u>\$ 525,200</u>

	2010			
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash equivalents	\$ 897	\$ -	\$ -	\$ 897
Fixed income	-	37,733	-	37,733
Equity	-	415,306	-	415,306
Total investments	<u>\$ 897</u>	<u>\$ 453,039</u>	<u>\$ -</u>	<u>\$ 453,936</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.

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 6%-8% is a reasonable range of long-term rates of return on plan assets for 2011 and will continue to evaluate the actuarial assumptions and adjust them as necessary.

The plans' asset allocations as of August 31, 2011 and 2010, by asset category are as follows:

	2011	2010
Equity	53%	91%
Fixed income	37%	8%
Real estate	5%	0%
Other	4%	0%
Cash equivalents	1%	1%

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

Contributions:

Annual contributions are determined by NYU based upon calculations prepared by the plans' actuaries. Expected contributions for the 2012 fiscal year are \$30,832.

Benefit Payments:

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

Year ending August 31	
2012	\$ 26,297
2013	28,581
2014	30,996
2015	33,783
2016	36,914
Thereafter	219,767

14. Other Postretirement Benefits

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

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

Information with respect to these plans as of and for the years ended August 31, 2011 and 2010 is as follows:

Plans' Funded Status:

	2011	2010
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 449,978	\$ 376,017
Service cost	22,810	17,196
Interest cost	23,134	22,695
Plan changes	(30,037)	(22,376)
Actuarial loss	10,601	67,792
Participant contributions	3,722	3,559
Retiree drug subsidy receipts	1,221	1,661
Benefits paid	<u>(17,730)</u>	<u>(16,566)</u>
Benefit obligation, end of year	<u>463,699</u>	<u>449,978</u>
Change in fair value of plan assets		
Fair value of plan assets, beginning of year	37,708	19,645
Actual return on plan assets	43	63
Employer contributions	20,984	28,751
Plan participants contributions	3,588	3,390
Retiree drug subsidy receipts	1,147	1,661
Benefits paid	<u>(16,719)</u>	<u>(15,802)</u>
Fair value of plan assets, end of year	<u>46,751</u>	<u>37,708</u>
Accrued postretirement benefit obligation	<u>\$ 416,948</u>	<u>\$ 412,270</u>
	2011	2010
Weighted average assumptions to determine benefit obligations and net cost as of August 31		
Discount rate	5.25% - 5.50%	5.25% - 5.50%
Expected long-term rate of return	8.00% - 8.50%	8.00% - 9.50%
Ultimate retiree health-care cost trend	4.50% - 5.00%	5.00%
Year ultimate trend rate is achieved	2019 - 2027	2018 - 2019

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

Net Periodic Benefit Cost:

	2011	2010
Components of net periodic benefit cost		
Service cost	\$ 22,810	\$ 17,196
Interest cost	23,134	22,695
Expected return on plan assets	(3,016)	(1,572)
Amortization of transition obligation	22	22
Amortization of plan service cost	(8,096)	(4,690)
Actuarial loss	6,111	1,690
Net periodic benefit cost	<u>\$ 40,965</u>	<u>\$ 35,341</u>
Other changes recognized in unrestricted net assets		
Amortization of actuarial net loss	\$ (581)	\$ 34,753
Actuarial net loss arising during period	10,322	32,858
Amortization of prior service cost	8,096	4,691
Net periodic postretirement benefit cost	(2,278)	-
Prior service cost arising during period	(30,037)	(22,376)
Amortization of transition obligation	(22)	(22)
Total recognized in nonoperating activities	<u>\$ (14,500)</u>	<u>\$ 49,904</u>
Amounts not yet reflected in net periodic benefit cost and included in unrestricted net assets		
Transition assets	\$ 43	\$ 65
Prior service credit	(61,470)	(39,529)
Accumulated loss	143,207	135,744
Amounts in unrestricted net assets, end of year	<u>\$ 81,780</u>	<u>\$ 96,280</u>
Change in unrestricted net assets		
Amounts in unrestricted net assets, beginning of year	\$ 96,280	\$ 46,376
Change in the amount recognized in nonoperating activities	(14,500)	49,904
Amounts in unrestricted net assets, end of year	<u>\$ 81,780</u>	<u>\$ 96,280</u>
Amounts in unrestricted net assets expected to be recognized in net periodic pension cost in fiscal 2012 and 2011		
Actuarial (loss) gain	\$ (355)	\$ 631
Prior service credit	(2,380)	(736)
Transition obligation	22	22

In 2011 and 2010, the effect of a 1% change in the health care cost trend rate is as follows:

	2011		2010	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Effect on net periodic benefit cost	\$ 9,947	\$ (7,766)	\$ 7,854	\$ (6,218)
Effect on postretirement benefit obligation	74,635	(60,878)	77,038	(62,137)
Net periodic benefit cost	<u>\$ 84,582</u>	<u>\$ (68,644)</u>	<u>\$ 84,892</u>	<u>\$ (68,355)</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

Contributions:

Expected contributions for the 2012 fiscal year are \$9,000.

Plan Assets:

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

	2011			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash equivalents	\$ 46,334	\$ -	\$ -	\$ 46,334
Fixed income	-	416	-	416
Total investments	<u>\$ 46,334</u>	<u>\$ 416</u>	<u>\$ -</u>	<u>\$ 46,750</u>

	2010			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash equivalents	\$ 37,222	\$ -	\$ -	\$ 37,222
Fixed income	-	484	-	484
Total investments	<u>\$ 37,222</u>	<u>\$ 484</u>	<u>\$ -</u>	<u>\$ 37,706</u>

The plan's 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 8-8.5% is a reasonable long-term rate of return on plan assets for 2011 and will continue to evaluate the actuarial assumptions and adjust them as necessary.

Benefit Payments:

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

Year ending August 31	
2012	\$ 15,920
2013	17,158
2014	18,724
2015	20,300
2016	22,005
Thereafter	138,844

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

15. Grants and Contracts

Grant and contract revenues represent reimbursements of costs incurred in direct support of research and other sponsored activities. Additionally, such sponsored grants and contracts generally provide for the recovery of indirect costs supporting these activities. Indirect costs, included in grant and contract revenues, are recovered at rates established in advance by NYU through negotiations with the federal government and other private sponsors and amount to \$113,996 and \$99,649 for the years ended August 31, 2011 and 2010, 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 & Mental Health Center and Cumberland Diagnostic & Treatment Center which was effective from July 1, 2010 to June 30, 2011. The School of Medicine did not renew this affiliation agreement. The second agreement is with Bellevue Hospital Center and Gouverneur Diagnostic & Treatment Center which was effective July 1, 2008 through June 30, 2011. The parties have agreed upon the terms for a new agreement covering July 1, 2011 through June 30, 2014.

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(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, 2011 and 2010, are presented below:

	2011			
	Operation and Maintenance of Plant	Interest on Indebtedness	Depreciation and Amortization	Total
Instruction and other academic programs	\$ 52,543	\$ 30,154	\$ 60,678	\$ 143,375
Research and other sponsored programs	40,526	8,977	25,823	75,326
Patient care	57,819	22,013	67,912	147,744
Libraries	6,667	978	7,342	14,987
Student services	12,976	3,693	15,443	32,112
Institutional services	112,221	14,322	39,503	166,046
Auxiliary enterprises	71,957	45,986	76,541	194,484
Total	<u>\$ 354,709</u>	<u>\$ 126,123</u>	<u>\$ 293,242</u>	<u>\$ 774,074</u>

	2010			
	Operation and Maintenance of Plant	Interest on Indebtedness	Depreciation and Amortization	Total
Instruction and other academic programs	\$ 57,093	\$ 28,766	\$ 65,129	\$ 150,988
Research and other sponsored programs	28,026	6,039	24,353	58,418
Patient care	50,997	26,835	61,956	139,788
Libraries	5,559	1,412	5,947	12,918
Student services	13,507	1,104	15,689	30,300
Institutional services	93,634	11,094	36,067	140,795
Auxiliary enterprises	55,360	48,120	59,699	163,179
Total	<u>\$ 304,176</u>	<u>\$ 123,370</u>	<u>\$ 268,840</u>	<u>\$ 696,386</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(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, 2011 and 2010:

	2011	2010
Contributions and earnings for operating purposes	\$ 527,817	\$ 301,556
Contributions for buildings and equipment	210,438	192,797
Annuity trust agreements	20,859	22,426
Scholarships and fellowships	77,637	10,977
Total	<u>\$ 836,751</u>	<u>\$ 527,756</u>

Permanently restricted net assets at August 31, 2011 and 2010 are retained in perpetuity to support the following activities:

	2011	2010
Program support	\$ 486,078	\$ 470,524
Faculty and staff salaries	546,725	519,580
Scholarships and fellowships	319,070	298,694
Library books	11,601	11,471
Research and sponsored programs	35,727	32,416
Buildings and equipment	2,082	1,942
Student loans	1,451	1,426
Total	<u>\$ 1,402,734</u>	<u>\$ 1,336,053</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.

Excluded from the permanently restricted portion of NYU's investment pool are contributions receivable. The temporarily restricted portion of the endowment includes accumulated unspent earnings from the permanently restricted portion of the endowment and is available for expenditure in subsequent years following appropriation by NYU's Board of Trustees. The unrestricted portion of the endowment includes certain funds which have been designated by the board of Trustees to function as a fund of permanent duration (quasi-endowment) as well as any accumulated losses on any individual permanently restricted endowments.

New York University

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(in thousands of dollars)

The Board of Trustees of NYU has interpreted the State of New York's enacted version of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring NYU, absent of explicit donor stipulations to the contrary, to act in good faith and with care that an ordinarily prudent person in a like position would exercise under similar circumstances in making determinations to appropriate or accumulate endowment funds, taking into account both its obligation to preserve the value of the endowment and its obligation to use the endowment to achieve the purposes for which it was donated. NYU classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment required by the applicable donor gift instrument. The remaining portion of donor restricted endowment funds that is not classified as permanently restricted is classified as temporarily restricted net assets until such amounts are appropriated for expenditure by NYU's Board of Trustees.

NYU defines the appropriation of endowment net assets for expenditure as the authorization of its investment spending rate as approved annually by the Board of Trustees. In making a determination to appropriate or accumulate, NYU adheres to the standard of prudence prescribed by NYPMIFA and considers the following factors: the duration and preservation of the endowment fund; the purposes of NYU and the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of NYU; where appropriate and circumstances would otherwise warrant, alternatives to expenditures of the endowment fund giving due consideration to the effect that such alternatives may have on NYU; and the investment policy of NYU.

NYU has adopted investment and spending policies for endowment assets that support the objective of providing a sustainable and increasing level of endowment income distribution to support NYU's activities while preserving the real purchasing power of the endowment. NYU's primary investment objective is to maximize total return within reasonable and prudent levels of risk while ensuring preservation of capital. To satisfy its long-term rate-of-return objectives, NYU relies on a total return strategy, the objective of which is to achieve a return consisting of a combination of current income and capital appreciation, recognizing that changes in market conditions and interest rates will result in varying strategies in an attempt to optimize results. The endowment portfolio is diversified among various asset classes and utilizes strategies to help reduce risk.

NYU's investment policy states that spending will be determined annually by the Board of Trustees. For the years ended August 31, 2011 and 2010, the spending rate was determined to be 5% of the preceeding twelve quarter moving average of the market value of the endowment. However, when donors have expressly stipulated the payout percentage of earnings on endowments that differs from NYU policies, the donors' intent prevails.

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

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

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	\$ -	\$ 313,074	\$ 1,357,083	\$ 1,670,157
Board-designated endowment	1,194,275	-	-	1,194,275
	<u>\$ 1,194,275</u>	<u>\$ 313,074</u>	<u>\$ 1,357,083</u>	<u>\$ 2,864,432</u>

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	\$ 198,427	\$ -	\$ 1,267,422	\$ 1,465,849
Board-designated endowment	1,064,556	-	-	1,064,556
	<u>\$ 1,262,983</u>	<u>\$ -</u>	<u>\$ 1,267,422</u>	<u>\$ 2,530,405</u>

The following table provides the changes in the investment pool net asset categories, which includes endowment funds, at August 31, 2011 and 2010:

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment pool net assets, beginning of year	\$ 1,262,983	\$ -	\$ 1,267,422	\$ 2,530,405
Reclassification due to accounting change	(198,427)	198,427	-	-
Investment return	147,273	177,449	-	324,722
Contributions	76,562	-	68,531	145,093
Endowment distribution	(47,023)	(62,802)	-	(109,825)
Liquidations	(25,963)	-	-	(25,963)
Reclassification of net assets	(21,130)	-	21,130	-
Investment pool net assets, end of year	<u>\$ 1,194,275</u>	<u>\$ 313,074</u>	<u>\$ 1,357,083</u>	<u>\$ 2,864,432</u>

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment pool net assets, beginning of year	\$ 1,053,944	\$ -	\$ 1,232,420	\$ 2,286,364
Investment return	184,456	-	-	184,456
Contributions	100,426	-	62,570	162,996
Endowment distribution	(78,092)	-	-	(78,092)
Liquidations	(25,319)	-	-	(25,319)
Reclassification of net assets	27,568	-	(27,568)	-
Investment pool net assets, end of year	<u>\$ 1,262,983</u>	<u>\$ -</u>	<u>\$ 1,267,422</u>	<u>\$ 2,530,405</u>

New York University

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(in thousands of dollars)

NYU has reclassified \$198,427 relating to accumulated earnings on the true endowment funds and unspent distributions. NYU has recategorized \$124,769 of endowment net assets from unrestricted to permanently restricted net assets for the year ended August 31, 2010.

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

As of August 31, 2011 and 2010, there were a total of 191 and 362 individual endowment funds, respectively, within the permanently restricted net asset category with a market value less than their historical corpus value. The aggregate deficit at August 31, 2011 and 2010 totaled approximately \$5,230 and \$14,980, respectively.

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 2011 and 2010, Polytechnic reclassified \$3,813 and \$5,970, 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	
2012	\$ 121,232
2013	119,045
2014	99,568
2015	94,302
2016	70,049
Thereafter	394,985

Rent expense is \$121,253 and \$135,355 for the years ended August 31, 2011 and 2010, respectively.

New York University
Notes to Consolidated Financial Statements
August 31, 2011 and 2010

(in thousands of dollars)

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 at August 31, 2011 and 2010. 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.

20. Subsequent Events

NYU has performed an evaluation of subsequent events through December 22, 2011, which is the issuance date of the consolidated financial statements.

In October 2011, the Hospitals Center drew \$30,000 under an existing loan agreement with a bank to fund capital projects.

In November 2011, the Medical Center and Aptium agreed to terminate its management and services agreement for the provision of patient billing and administrative functions for the Cancer Center. Such services will now be provided by the Medical Center's revenue cycle and IT Infrastructure.

The Medical Center and Continuum Health Partners Inc., a multi-hospital healthcare system located in New York City, have engaged in discussions with each other to explore a potential strategic partnership. The ultimate likelihood of such a partnership, the form of this relationship and its timetable to implement, are uncertain at this time.

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, 2011

(in thousands of dollars)

	2011			Consolidated NYU
	University	NYU Langone Medical Center	Eliminations	
Assets				
Cash and cash equivalents	\$ 761,488	\$ 418,831	\$ -	\$ 1,180,319
Short-term investments (Note 4)	48,474	-	-	48,474
Accounts and loans receivable, net (Note 5)	360,968	106,451	(117,778)	349,641
Patient accounts receivable, net	4,106	279,274	-	283,380
Contributions receivable, net (Note 6)	232,979	184,798	-	417,777
Other assets (Note 7)	117,249	117,193	-	234,442
Deposits with trustees (Note 8)	119,442	196,012	-	315,454
Collateral for securities loaned (Note 4)	4,965	-	-	4,965
Long-term investments (Note 4)	2,056,410	832,923	-	2,889,333
Assets held by insurance captive (CCC550) (Note 12)	-	226,951	-	226,951
Land, buildings and equipment, net (Note 9)	3,035,770	1,409,548	-	4,445,318
Total assets	<u>\$ 6,741,851</u>	<u>\$ 3,771,981</u>	<u>\$ (117,778)</u>	<u>\$ 10,396,054</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 255,678	\$ 783,798	\$ (117,778)	\$ 921,698
Deferred revenue	764,174	51,823	-	815,997
Outstanding losses and loss adjustment expenses (Note 12)	-	168,530	-	168,530
Security loan agreements payable (Note 4)	4,965	-	-	4,965
Bonds and notes payable (Notes 10 and 11)	1,979,634	901,567	-	2,881,201
Federal grants refundable	73,218	1,650	-	74,868
Accrued benefit obligation (Note 13)	42,665	111,663	-	154,328
Accrued postretirement obligation (Note 14)	274,791	142,157	-	416,948
Asset retirement obligation	111,019	26,519	-	137,538
Total liabilities	<u>3,506,144</u>	<u>2,187,707</u>	<u>(117,778)</u>	<u>5,576,073</u>
Net assets				
Unrestricted	1,684,697	895,799	-	2,580,496
Temporarily restricted (Note 18)	439,273	397,478	-	836,751
Permanently restricted (Note 18)	1,111,737	290,997	-	1,402,734
Total net assets	<u>3,235,707</u>	<u>1,584,274</u>	<u>-</u>	<u>4,819,981</u>
Total liabilities and net assets	<u>\$ 6,741,851</u>	<u>\$ 3,771,981</u>	<u>\$ (117,778)</u>	<u>\$ 10,396,054</u>

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

(in thousands of dollars)

	2010			Consolidated NYU
	University	NYU Langone Medical Center	Eliminations	
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)	372,003	62,797	(135,923)	298,877
Patient accounts receivable, net	5,058	224,752	-	229,810
Contributions receivable, net (Note 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)	1,801,464	754,724	-	2,556,188
Assets held by insurance captive (CCC550) (Note 12)	-	205,998	-	205,998
Land, buildings, and equipment, net (Note 9)	2,868,993	1,091,663	-	3,960,656
Total assets	\$ 6,271,167	\$ 3,264,304	\$ (135,923)	\$ 9,399,548
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 305,752	\$ 630,813	\$ (135,923)	\$ 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	105,383	28,103	-	133,486
Total liabilities	3,304,975	1,974,210	(135,923)	5,143,262
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	2,966,192	1,290,094	-	4,256,286
Total liabilities and net assets	\$ 6,271,167	\$ 3,264,304	\$ (135,923)	\$ 9,399,548

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Detail)
August 31, 2011

(in thousands of dollars)

	2011								
	Washington Square	School of Medicine	Eliminations	Subtotal	Polytechnic*	Hospitals Center	CCC550	Eliminations	Total Consolidated NYU
Assets									
Cash and cash equivalents	\$ 760,598	\$ 62,513	\$ -	\$ 823,111	\$ 890	\$ 356,318	\$ -	\$ -	\$ 1,180,319
Short-term investments (Note 4)	48,474	-	-	48,474	-	-	-	-	48,474
Accounts and loans receivable, net (Note 5)	348,289	61,311	(117,778)	291,822	12,679	11,054	77,384	(43,298)	349,641
Patient accounts receivable, net	4,106	50,878	-	54,984	-	228,396	-	-	283,380
Contributions receivable, net (Note 6)	229,885	61,301	-	291,186	3,094	123,497	-	-	417,777
Other assets (Note 7)	107,519	27,231	-	134,750	9,730	177,741	1,664	(89,443)	234,442
Deposits with trustees (Note 8)	112,165	7,511	-	119,676	7,277	188,501	-	-	315,454
Collateral for securities loaned (Note 4)	4,965	-	-	4,965	-	-	-	-	4,965
Long-term investments (Note 4)	1,941,330	807,706	-	2,749,036	115,080	25,217	-	-	2,889,333
Assets held by insurance captive (CCC550) (Note 12)	-	-	-	-	-	-	226,951	-	226,951
Land, buildings, and equipment, net (Note 9)	2,921,646	585,319	-	3,506,965	114,124	824,229	-	-	4,445,318
Total assets	\$ 6,478,977	\$ 1,663,770	\$ (117,778)	\$ 8,024,969	\$ 262,874	\$ 1,934,953	\$ 305,999	\$ (132,741)	\$ 10,396,054
Liabilities and Net Assets									
Liabilities									
Accounts payable and accrued expenses	\$ 233,714	\$ 303,181	\$ (117,778)	\$ 419,117	\$ 21,964	\$ 491,317	\$ 45,590	\$ (56,290)	\$ 921,698
Deferred revenue	762,970	36,395	-	799,365	1,204	-	47,663	(32,235)	815,997
Outstanding losses and loss adjustment expenses (Note 12)	-	-	-	-	-	-	168,530	-	168,530
Security loan agreements payable (Note 4)	4,965	-	-	4,965	-	-	-	-	4,965
Bonds and notes payable (Notes 10 and 11)	1,858,589	302,690	-	2,161,279	121,045	598,877	-	-	2,881,201
Federal grants refundable	69,690	1,650	-	71,340	3,528	-	-	-	74,868
Accrued benefit obligation (Note 13)	42,665	38,396	-	81,061	-	73,267	-	-	154,328
Accrued postretirement obligation (Note 14)	259,998	86,348	-	346,346	14,793	55,809	-	-	416,948
Asset retirement obligation	109,338	11,284	-	120,622	1,681	15,235	-	-	137,538
Total liabilities	3,341,929	779,944	(117,778)	4,004,095	164,215	1,234,505	261,783	(88,525)	5,576,073
Net assets									
Unrestricted	1,676,590	402,372	-	2,078,962	8,107	493,427	44,216	(44,216)	2,580,496
Temporarily restricted (Note 18)	429,741	199,203	-	628,944	9,532	198,275	-	-	836,751
Permanently restricted (Note 18)	1,030,717	282,251	-	1,312,968	81,020	8,746	-	-	1,402,734
Total net assets	3,137,048	883,826	-	4,020,874	98,659	700,448	44,216	(44,216)	4,819,981
Total liabilities and net assets	\$ 6,478,977	\$ 1,663,770	\$ (117,778)	\$ 8,024,969	\$ 262,874	\$ 1,934,953	\$ 305,999	\$ (132,741)	\$ 10,396,054

* As of June 30, 2011

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

(in thousands of dollars)

	2010								
	Washington Square	School of Medicine	Eliminations	Subtotal	Polytechnic*	Hospitals Center	CCC550	Eliminations	Total Consolidated NYU
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	74,727	(135,923)	298,430	12,377	-	76,014	(87,944)	298,877
Patient accounts receivable, net	5,058	41,929	-	46,987	-	182,823	-	-	229,810
Contributions receivable, net (Note 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)	1,702,818	731,395	-	2,434,213	98,646	23,329	-	-	2,556,188
Assets held by insurance captive (CCC550) (Note 12)	-	-	-	-	-	-	205,998	-	205,998
Land, buildings, and equipment, net (Note 9)	2,755,912	425,293	-	3,181,205	113,081	666,370	-	-	3,960,656
Total assets	<u>\$ 6,027,967</u>	<u>\$ 1,564,365</u>	<u>\$ (135,923)</u>	<u>\$ 7,456,409</u>	<u>\$ 243,200</u>	<u>\$ 1,543,421</u>	<u>\$ 283,510</u>	<u>\$ (126,992)</u>	<u>\$ 9,399,548</u>
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	103,751	11,968	-	115,719	1,632	16,135	-	-	133,486
Total liabilities	<u>3,148,472</u>	<u>781,419</u>	<u>(135,923)</u>	<u>3,793,968</u>	<u>156,503</u>	<u>1,036,273</u>	<u>244,462</u>	<u>(87,944)</u>	<u>5,143,262</u>
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	<u>2,879,495</u>	<u>782,946</u>	<u>-</u>	<u>3,662,441</u>	<u>86,697</u>	<u>507,148</u>	<u>39,048</u>	<u>(39,048)</u>	<u>4,256,286</u>
Total liabilities and net assets	<u>\$ 6,027,967</u>	<u>\$ 1,564,365</u>	<u>\$ (135,923)</u>	<u>\$ 7,456,409</u>	<u>\$ 243,200</u>	<u>\$ 1,543,421</u>	<u>\$ 283,510</u>	<u>\$ (126,992)</u>	<u>\$ 9,399,548</u>

* As of June 30, 2010

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Summary)
Year Ended August 31, 2011

(in thousands of dollars)

	2011			Consolidated NYU
	University	NYU Langone Medical Center	Eliminations	
Changes in unrestricted net assets				
Operating revenues				
Tuition and fees (net of financial aid awards of \$364,559 University; \$4,828 NYU Langone Medical Center)	\$ 1,359,950	\$ 38,049	\$ -	\$ 1,397,999
Grants and contracts (Note 15)	294,517	258,046	(2,089)	550,474
Insurance premiums earned	-	27,414	-	27,414
Patient care (Note 3)	45,282	2,042,037	-	2,087,319
Hospital affiliations (Note 16)	-	250,086	-	250,086
New York State appropriation	7,225	259	-	7,484
Contributions	72,359	42,552	-	114,911
Endowment distribution (Note 4)	74,923	34,902	-	109,825
Return on short-term investments (Note 4)	4,331	10,830	-	15,161
Auxiliary enterprises	345,164	29,568	(5,393)	369,339
Program fees and other	72,566	62,144	(7,246)	127,464
Net assets released from restrictions	66,203	48,549	-	114,752
Total operating revenues	<u>2,342,520</u>	<u>2,844,436</u>	<u>(14,728)</u>	<u>5,172,228</u>
Operating expenses (Note 17)				
Instruction and other academic programs	1,155,000	41,483	-	1,196,483
Research and other sponsored programs	247,530	334,601	(2,089)	580,042
Patient care	45,448	1,666,912	-	1,712,360
Hospital affiliations (Note 16)	-	229,475	-	229,475
Libraries	58,864	5,834	-	64,698
Student services	102,487	10,166	-	112,653
Institutional services	276,027	362,730	(7,246)	631,511
Auxiliary enterprises	375,740	54,611	(5,393)	424,958
Total operating expenses	<u>2,261,096</u>	<u>2,705,812</u>	<u>(14,728)</u>	<u>4,952,180</u>
Excess of operating revenues over operating expenses	81,424	138,624	-	220,048
Nonoperating activities				
Investment return (Note 4)	95,998	53,750	-	149,748
Appropriation of endowment distribution (Note 4)	(25,247)	(21,776)	-	(47,023)
Other	(1,743)	6,734	-	4,991
Net assets released from restrictions for capital purposes	5,344	20,709	-	26,053
Changes in pension and postretirement obligations (Notes 13 and 14)	915	31,714	-	32,629
Increase in unrestricted net assets before effect of change in accounting principle	156,691	229,755	-	386,446
Cumulative effect of change in accounting principle (Notes 2 and 18)	<u>(127,850)</u>	<u>(70,577)</u>	<u>-</u>	<u>(198,427)</u>
Increase in unrestricted net assets after effect of change in accounting principle	<u>28,841</u>	<u>159,178</u>	<u>-</u>	<u>188,019</u>
Changes in temporarily restricted net assets				
Contributions	59,979	76,646	-	136,625
Investment return (Note 4)	130,433	46,455	-	176,888
Appropriation of endowment distribution (Note 4)	(49,676)	(13,126)	-	(62,802)
Other	(2,859)	(292)	-	(3,151)
Net assets released from restrictions	<u>(67,734)</u>	<u>(69,258)</u>	<u>-</u>	<u>(136,992)</u>
Increase in temporarily restricted net assets before effect of change in accounting principle	70,143	40,425	-	110,568
Cumulative effect of change in accounting principle (Notes 2 and 18)	<u>127,850</u>	<u>70,577</u>	<u>-</u>	<u>198,427</u>
Increase in temporarily restricted net assets after effect of change in accounting principle	<u>197,993</u>	<u>111,002</u>	<u>-</u>	<u>308,995</u>
Changes in permanently restricted net assets				
Contributions	40,847	24,000	-	64,847
Other	5,647	-	-	5,647
Reclassification to unrestricted net assets (Note 18)	<u>(3,813)</u>	<u>-</u>	<u>-</u>	<u>(3,813)</u>
Increase in permanently restricted net assets	<u>42,681</u>	<u>24,000</u>	<u>-</u>	<u>66,681</u>
Increase in net assets	<u>\$ 269,515</u>	<u>\$ 294,180</u>	<u>\$ -</u>	<u>\$ 563,695</u>

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			Consolidated NYU
	University	NYU Langone Medical Center	Eliminations	
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)	251,230	238,189	(1,655)	487,764
Insurance premiums earned	-	31,069	-	31,069
Patient care (Note 3)	45,280	1,848,845	-	1,894,125
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 (Note 4)	59,987	18,105	-	78,092
Return on short-term investments (Note 4)	3,725	16,334	-	20,059
Auxiliary enterprises	331,301	31,993	-	363,294
Program fees and other	71,040	78,431	(6,168)	143,303
Net assets released from restrictions	56,236	59,574	-	115,810
Total operating revenues	<u>2,216,013</u>	<u>2,620,373</u>	<u>(7,823)</u>	<u>4,828,563</u>
Operating expenses (Note 17)				
Instruction and other academic programs	1,099,151	37,068	-	1,136,219
Research and other sponsored programs	221,456	298,994	(1,655)	518,795
Patient care	46,105	1,514,439	-	1,560,544
Hospital affiliations (Note 16)	-	205,055	-	205,055
Libraries	55,654	5,213	-	60,867
Student services	99,672	9,084	-	108,756
Institutional services	222,127	353,395	(7,529)	567,993
Auxiliary enterprises	358,538	48,800	-	407,338
Total operating expenses	<u>2,102,703</u>	<u>2,472,048</u>	<u>(9,184)</u>	<u>4,565,567</u>
Excess of operating revenues over expenses	113,310	148,325	1,361	262,996
Nonoperating activities				
Investment return (Note 4)	130,639	53,851	-	184,490
Appropriation of endowment distribution (Note 4)	(59,987)	(18,105)	-	(78,092)
Other	2,391	2,043	(1,361)	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>-</u>	<u>241,622</u>
Changes in temporarily restricted net assets				
Contributions	69,941	65,146	-	135,087
Investment return (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>-</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>-</u>	<u>64,055</u>
Increase in net assets	<u>\$ 288,027</u>	<u>\$ 12,982</u>	<u>\$ -</u>	<u>\$ 301,009</u>

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Detail)
Year Ended August 31, 2011

(in thousands of dollars)

	2011								Total Consolidated NYU
	Washington Square	School of Medicine	Eliminations	Subtotal	Polytechnic*	Hospitals Center	CCC550	Eliminations	
Changes in unrestricted net assets									
Operating revenues									
Tuition and fees (net of financial aid awards of \$364,559 University; and \$4,868 NYU Langone Medical Center)	\$ 1,286,180	\$ 38,049	\$ -	\$ 1,324,229	\$ 73,770	\$ -	\$ -	\$ -	\$ 1,397,999
Grants and contracts (Note 15)	280,934	255,727	(2,089)	534,572	13,583	2,319	-	-	550,474
Insurance premiums earned	-	-	-	-	-	-	55,804	(28,390)	27,414
Patient care (Note 3)	45,282	468,251	-	513,533	-	1,644,706	-	(70,920)	2,087,319
Hospital affiliations (Note 16)	-	240,020	-	240,020	-	10,066	-	-	250,086
New York State appropriation	6,777	259	-	7,036	448	-	-	-	7,484
Contributions	71,186	37,756	-	108,942	1,173	4,796	-	-	114,911
Endowment distribution (Note 4)	73,268	33,909	-	107,177	1,655	993	-	-	109,825
Return on short-term investments (Note 4)	4,331	349	-	4,680	-	2,405	8,076	-	15,161
Auxiliary enterprises	339,733	29,568	(5,393)	363,908	5,431	-	-	-	369,339
Program fees and other	70,845	51,349	(7,246)	114,948	1,721	44,364	-	(33,569)	127,464
Net assets released from restrictions	55,615	38,112	-	93,727	10,588	10,437	-	-	114,752
Total operating revenues	2,234,151	1,193,349	(14,728)	3,412,772	108,369	1,720,086	63,880	(132,879)	5,172,228
Operating expenses (Note 17)									
Instruction and other academic programs	1,095,153	41,483	-	1,136,636	59,847	-	-	-	1,196,483
Research and other sponsored programs	233,103	334,601	(2,089)	565,615	14,427	-	-	-	580,042
Patient care	45,448	465,391	-	510,839	-	1,272,441	-	(70,920)	1,712,360
Hospital affiliations (Note 16)	-	229,475	-	229,475	-	-	-	-	229,475
Libraries	58,864	5,834	-	64,698	-	-	-	-	64,698
Student services	92,826	10,166	-	102,992	9,661	-	-	-	112,653
Institutional services	258,518	98,927	(7,246)	350,199	17,509	261,882	58,934	(57,013)	631,511
Auxiliary enterprises	365,590	54,611	(5,393)	414,808	10,150	-	-	-	424,958
Total operating expenses	2,149,502	1,240,488	(14,728)	3,375,262	111,594	1,534,323	58,934	(127,933)	4,952,180
Excess (deficiency) of operating revenues over operating expenses	84,649	(47,139)	-	37,510	(3,225)	185,763	4,946	(4,946)	220,048
Nonoperating activities									
Investment return (Note 4)	81,212	53,245	-	134,457	14,786	505	-	-	149,748
Appropriation of endowment distribution (Note 4)	(23,592)	(21,731)	-	(45,323)	(1,655)	(45)	-	-	(47,023)
Other	(1,743)	4,842	-	3,099	-	1,892	-	-	4,991
Transfer of equity	-	3,925	-	3,925	-	(3,925)	-	-	-
Mission based payment	-	45,000	-	45,000	-	(45,000)	-	-	-
Net assets released from restrictions for capital purposes	5,344	5,111	-	10,455	-	15,598	-	-	26,053
Changes in pension and postretirement obligations (Notes 13 and 14)	1,593	16,699	-	18,292	(678)	15,015	-	-	32,629
Increase in unrestricted net assets before effect of change in accounting principle	147,463	59,952	-	207,415	9,228	169,803	4,946	(4,946)	386,446
Cumulative effect of change in accounting principle (Notes 2 and 18)	(127,850)	(63,548)	-	(191,398)	-	(7,029)	-	-	(198,427)
Increase (decrease) in unrestricted net assets after effect of change in accounting principle	19,613	(3,596)	-	16,017	9,228	162,774	4,946	(4,946)	188,019
Changes in temporarily restricted net assets									
Contributions	50,978	28,795	-	79,773	9,001	47,851	-	-	136,625
Investment return (Note 4)	126,725	43,826	-	170,551	3,708	2,629	-	-	176,888
Appropriation of endowment distribution (Note 4)	(49,676)	(12,178)	-	(61,854)	-	(948)	-	-	(62,802)
Other	(2,904)	(292)	-	(3,196)	45	-	-	-	(3,151)
Net assets released from restrictions	(60,959)	(43,223)	-	(104,182)	(6,775)	(26,035)	-	-	(136,992)
Increase in temporarily restricted net assets before effect of change in accounting principle	64,164	16,928	-	81,092	5,979	23,497	-	-	110,568
Cumulative effect of change in accounting principle (Notes 2 and 18)	127,850	63,548	-	191,398	-	7,029	-	-	198,427
Increase in temporarily restricted net assets after effect of change in accounting principle	192,014	80,476	-	272,490	5,979	30,526	-	-	308,995
Changes in permanently restricted net assets									
Contributions	40,279	24,000	-	64,279	568	-	-	-	64,847
Other	5,647	-	-	5,647	-	-	-	-	5,647
Reclassification to unrestricted net assets (Note 18)	-	-	-	-	(3,813)	-	-	-	(3,813)
Increase (decrease) in permanently restricted net assets	45,926	24,000	-	69,926	(3,245)	-	-	-	66,681
Increase in net assets	\$ 257,553	\$ 100,880	\$ -	\$ 358,433	\$ 11,962	\$ 193,300	\$ 4,946	\$ (4,946)	\$ 563,695

*For the year ended June 30, 2011

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								Total Consolidated NYU
	Washington Square	School of Medicine	Eliminations	Subtotal	Polytechnic*	Hospitals Center	CCC550	Eliminations	
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	10,249	3,880	-	-	487,764
Insurance premiums earned	-	-	-	-	-	-	56,388	(25,319)	31,069
Patient care (Note 3)	45,280	385,957	-	431,237	-	1,504,484	-	(41,596)	1,894,125
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 (Note 4)	58,685	17,112	-	75,797	1,302	993	-	-	78,092
Return on short-term investments (Note 4)	3,725	(201)	-	3,524	-	739	15,796	-	20,059
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	2,118,417	1,061,280	(7,823)	3,171,874	97,596	1,570,352	72,184	(83,443)	4,828,563
Operating expenses (Note 17)									
Instruction and other academic programs	1,042,485	37,068	-	1,079,553	56,666	-	-	-	1,136,219
Research and other sponsored programs	208,796	298,994	(1,655)	506,135	12,660	-	-	-	518,795
Patient care	46,105	415,865	-	461,970	-	1,140,170	-	(41,596)	1,560,544
Hospital affiliations (Note 16)	-	205,055	-	205,055	-	-	-	-	205,055
Libraries	55,654	5,213	-	60,867	-	-	-	-	60,867
Student services	90,651	9,084	-	99,735	9,021	-	-	-	108,756
Institutional services	206,056	88,399	(7,529)	286,926	16,071	234,659	55,656	(25,319)	567,993
Auxiliary enterprises	349,811	48,800	-	398,611	8,727	-	-	-	407,338
Total operating expenses	1,999,558	1,108,478	(9,184)	3,098,852	103,145	1,374,829	55,656	(66,915)	4,565,567
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 (Note 4)	121,754	52,240	-	173,994	8,885	1,611	-	-	184,490
Appropriation of endowment distribution (Note 4)	(58,685)	(17,112)	-	(75,797)	(1,302)	(993)	-	-	(78,092)
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 (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	\$ 292,825	\$ (93,642)	\$ -	\$ 199,183	\$ (4,798)	\$ 106,624	\$ 16,528	\$ (16,528)	\$ 301,009

*For the year ended June 30, 2010.