

New York University
Consolidated Financial Statements
August 31, 2013 and 2012

New York University
Index
August 31, 2013 and 2012

	Page(s)
Independent Auditor's Report	1-2
Consolidated Financial Statements	
Balance Sheets	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-45
Appendix A	
Supplemental Schedules	46-53



Independent Auditor's Report

To the Board of Trustees of
New York University

We have audited the accompanying consolidated financial statements of New York University ("NYU"), which comprise the consolidated balance sheets as of August 31, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NYU at August 31, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Supplemental Schedules

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

A handwritten signature in black ink, which appears to read "Piccavattone Cooper LLP".

New York, New York
December 20, 2013

New York University
Consolidated Balance Sheets
August 31, 2013 and 2012

(in thousands of dollars)

	2013	2012
Assets		
Cash and cash equivalents	\$ 1,095,001	\$ 1,417,647
Short-term investments (Note 4)	28,680	33,568
Accounts and loans receivable, net (Note 5)	360,179	361,964
Patient accounts receivable, net	316,182	304,419
Contributions receivable, net (Note 6)	519,290	442,864
Other assets (Note 7)	287,778	247,442
Disaster-related receivable (Note 20)	90,021	-
Deposits with trustees (Note 8)	202,203	265,381
Collateral for securities loaned (Note 4)	2,634	6,023
Long-term investments (Note 4)	3,619,637	2,959,755
Assets held by insurance captive (CCC550) (Note 12)	255,247	262,628
Land, buildings, and equipment, net (Note 9)	5,481,727	4,891,939
Total assets	<u>\$ 12,258,579</u>	<u>\$ 11,193,630</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 922,201	\$ 934,157
Disaster-related accounts payable and accrued expenses (Note 20)	79,858	-
Deferred revenue	842,883	825,525
Outstanding losses and loss adjustment expenses (Note 12)	215,972	188,962
Security loan agreements payable (Note 4)	2,634	6,023
Bonds and notes payable (Notes 10 and 11)	3,607,614	3,191,772
Other leasing obligations (Note 11)	86,990	-
Federal grants refundable	77,361	75,665
Accrued benefit obligation (Note 13)	165,985	296,888
Accrued postretirement obligation (Note 14)	457,109	546,900
Asset retirement obligation	162,561	138,728
Total liabilities	<u>6,621,168</u>	<u>6,204,620</u>
Net assets		
Unrestricted	2,996,591	2,635,053
Temporarily restricted (Note 18)	1,044,316	850,378
Permanently restricted (Note 18)	1,596,504	1,503,579
Total net assets	<u>5,637,411</u>	<u>4,989,010</u>
Total liabilities and net assets	<u>\$ 12,258,579</u>	<u>\$ 11,193,630</u>

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

New York University
Consolidated Statements of Activities
Years Ended August 31, 2013 and 2012

(in thousands of dollars)

	2013	2012
Changes in unrestricted net assets		
Operating revenues		
Tuition and fees (net of financial aid awards of \$442,318 and \$401,313)	\$ 1,527,508	\$ 1,470,547
Grants and contracts (Note 15)	641,948	601,103
Patient care (net of provision for bad debt \$68,469 and \$39,206) (Note 3)	2,173,003	2,326,120
Hospital affiliations (Note 16)	291,381	261,384
Insurance premiums earned	33,497	36,892
New York State appropriation	2,042	12,369
Contributions	136,166	130,281
Endowment distribution (Note 4)	120,496	118,648
Return on short-term investments (Note 4)	7,816	20,614
Auxiliary enterprises	386,577	383,362
Program fees and other	214,491	190,698
Commercial insurance-disaster recovery (Note 20)	70,000	-
Federal grant-disaster recovery (Note 20)	252,915	-
Net assets released from restrictions	117,124	129,217
Total operating revenues	<u>5,974,964</u>	<u>5,681,235</u>
Expenses (Note 17)		
Instruction and other academic programs	1,354,904	1,269,293
Research and other sponsored programs	730,194	659,276
Patient care	1,916,792	1,867,706
Hospital affiliations (Note 16)	264,074	242,457
Libraries	71,837	69,092
Student services	121,235	110,805
Auxiliary enterprises	439,078	428,161
Institutional services	808,762	686,821
Disaster-related expenses (Note 20)	248,076	-
Total expenses	<u>5,954,952</u>	<u>5,333,611</u>
Excess of operating revenues over expenses	20,012	347,624
Nonoperating activities		
Investment return (Note 4)	85,884	31,167
Appropriation of endowment distribution (Note 4)	(47,643)	(50,292)
Disaster-related impairment of property, plant, and equipment (Note 20)	(61,134)	-
Other	5,460	(4,341)
Net assets released from restrictions for capital purposes	73,359	6,836
Changes in pension and postretirement obligations (Notes 13 and 14)	285,600	(276,437)
Increase in unrestricted net assets	<u>361,538</u>	<u>54,557</u>
Changes in temporarily restricted net assets		
Contributions	296,867	183,361
Investment return (Note 4)	159,653	42,165
Appropriation of endowment distribution (Note 4)	(72,853)	(68,356)
Other	754	(7,490)
Net assets released from restrictions	(190,483)	(136,053)
Increase in temporarily restricted net assets	<u>193,938</u>	<u>13,627</u>
Changes in permanently restricted net assets		
Contributions	94,584	106,170
Other	(1,659)	(5,325)
Increase in permanently restricted net assets	<u>92,925</u>	<u>100,845</u>
Increase in net assets	<u>\$ 648,401</u>	<u>\$ 169,029</u>

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

New York University

Consolidated Statements of Cash Flows

August 31, 2013 and 2012

(in thousands of dollars)

	2013	2012
Cash flows from operating activities		
Change in net assets	\$ 648,401	\$ 169,029
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	351,511	339,271
Loss on disposal of property, plant, and equipment	5,385	3,881
Disaster-related impairment of property, plant, and equipment	61,134	-
Net gain on investments and deposits with trustees	(205,012)	(69,800)
Bad debt expense	99,612	51,525
Loss on refinancing of debt	-	3,258
Loss on sale of real estate	904	(164)
Pension and postretirement obligation change	(285,600)	276,437
Contributions received for permanent investment and capital	(143,589)	(164,563)
Contributed assets	-	(9,726)
Changes in operating assets and liabilities		
Increase in accounts and loans receivable, net	(5,975)	(21,821)
Increase in disaster-related receivable	(83,521)	-
Increase in patient accounts receivable	(80,232)	(60,245)
Increase in nonendowment and noncapital contributions receivable	(99,330)	(39,703)
Increase in other assets	(51,850)	(18,085)
Increase in asset retirement obligation	(13,946)	(3,960)
Decrease in accounts payable and accrued expenses	(39,408)	(869)
Increase in disaster-related accounts payable and accrued expenses	58,994	-
Increase in outstanding losses and adjustment expenses	27,010	20,432
Increase in deferred revenue	17,358	9,528
Increase (decrease) in accrued pension obligation	38,309	(5,145)
Increase in accrued postretirement obligation	26,596	1,220
Net cash provided by operating activities	<u>326,751</u>	<u>480,500</u>
Cash flows from investing activities		
Purchases of investments	(2,823,564)	(1,628,887)
Sales and maturities of investments	2,376,772	1,679,500
Proceeds from sale of real estate	9,456	8,076
Decrease (increase) in deposits held with captive	5,197	(24,057)
Drawdowns of unexpended bond proceeds	59,442	65,598
Additions to land, buildings, and equipment, net of disposals	<u>(794,020)</u>	<u>(725,960)</u>
Net cash used in investing activities	<u>(1,166,717)</u>	<u>(625,730)</u>
Cash flows from financing activities		
Contributions restricted for permanent investment and capital	143,589	125,021
Proceeds from short-term borrowings	333,000	374,682
Proceeds from long-term borrowings	348,562	268,907
Principal payments on short-term borrowings	(228,400)	(296,550)
Principal payments on bonds and notes payable	(82,877)	(83,937)
Payments of deferred financing costs	(981)	(2,191)
Increase in federal grants refundable	1,696	797
Decrease (increase) in deposits with bond trustees	2,731	(4,171)
Net cash provided by financing activities	<u>517,320</u>	<u>382,558</u>
Net (decrease) increase in cash	<u>(322,646)</u>	<u>237,328</u>
Cash		
Beginning of year	<u>1,417,647</u>	<u>1,180,319</u>
End of year	<u>\$ 1,095,001</u>	<u>\$ 1,417,647</u>
Supplemental disclosure of cash flow information		
Bond proceeds	\$ -	\$ 324,988
Other leasing obligations	86,990	-
Interest paid	154,302	125,847
Non-cash acquisitions of land, buildings, and equipment	105,116	50,965
Assets acquired under capital leases	48,707	33,431

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

New York University

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(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 Institute of New York University (Polytechnic) campuses, and the NYU Langone Medical Center (Medical Center), which represents the consolidation of the NYU Hospitals Center (the Hospitals Center or NYUHC), the NYU School of Medicine (NYUSoM) and CCC550 as described below. Consolidating balance sheets and statements of activities for the University and the NYU Langone Medical Center are presented in Appendix A.

The University

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

In addition to the colleges and divisions, NYU will be operating NYU Shanghai, which will grant NYU degrees, as a joint venture with East China Normal University, beginning Fall 2013.

Effective July 1, 2008, Polytechnic University became affiliated with NYU under the name Polytechnic Institute of New York University. On that date, NYU became the sole member of Polytechnic. Polytechnic continues to operate with a separate board of trustees and separate accreditation. Throughout the affiliation period, Polytechnic is not obligated with respect to any of the University's indebtedness, nor does the University have any responsibility or liability of the indebtedness or other obligations of Polytechnic. Effective January 1, 2014, Polytechnic University will formally become the NYU Polytechnic School of Engineering. Upon the effective date of the merger, the separate corporate existence of Polytechnic will cease and the University will succeed to all the rights, privileges, powers, and property of Polytechnic as well as all of its debts and obligations.

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.

Polytechnic financial results have been included as of August 31, 2013 and June 30, 2012 and for the fourteen month period ending August 31, 2013 and the fiscal year ended June 30, 2012. The effect of using these reporting periods was not material to the consolidated financial statements.

New York University

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(in thousands of dollars)

NYU Langone Medical Center

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

The Hospitals Center operates the following: Tisch Hospital, a 705-bed acute care facility and a major center for specialized procedures in cardiovascular services, neurosurgery, cancer treatment, reconstructive surgery and transplantation; NYU Hospital for Joint Diseases (HJD), a 190-bed acute care facility specializing in orthopedic, neurologic, and rheumatologic services; and several ambulatory facilities including the Clinical Cancer Center (Cancer Center), the Ambulatory Care Center, the Center for Musculoskeletal Care and Hassenfeld Children's Center. In October, 2012, The Rusk Institute of Rehabilitation Medicine (Rusk) relocated its services to other areas of the Medical Center in order for the building to be demolished in preparation for the construction of a new 374-bed clinical facility to be known as the Kimmel Pavilion. CCC550 is solely owned by the Hospitals Center and provides hospital professional liability and hospital general liability insurance to the Hospitals Center and professional liability insurance to voluntary attending physicians affiliated with the Hospitals Center. CCC550 is subject to taxation in accordance with section 29 of the Exempt Insurance Act in Barbados.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

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

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

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

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

New York University

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(in thousands of dollars)

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

Operations

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

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received at their fair value. Contributions receivable are reported at their discounted present value, using an estimated interest rate for the year in which the promise was received and considering market and credit risk as applicable (3.5% in 2013 and 1.9% in 2012). Amortization of the discount is recorded as additional contribution revenue. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Allowances are recorded for estimated uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Uncompensated Care

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

Charity Care: The Hospitals Center's charity care policy, in accordance with the New York State Department of Health's guidelines, ensures the provision of quality health care to the community served while carefully considering the ability of the patient to pay. The policy has sliding fee schedules for inpatient, ambulatory and emergency services provided to qualified uninsured and under-insured patients. Patients are eligible for the charity care fee schedule if they meet certain income and liquid asset tests. For accounting and disclosure purposes, charity care is reported at cost. Since payment of this difference is not sought, charity care allowances are not reported as revenue. Total forgone charges for charity care totaled \$15,838 and \$23,083 for fiscal year 2013 and 2012, respectively. This equated to an approximate cost of \$6,088 and \$7,191 for the years ended August 31, 2013 and 2012, which is based on a ratio of cost to charges during the period.

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 NYUSoM, those balances which are deemed uncollectible based on an inability or unwillingness to pay are written off. Uncollected balances for these patients are categorized as bad debts and totaled \$68,469 and \$39,206 for the years ended August 31, 2013 and 2012, respectively.

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

New York University

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(in thousands of dollars)

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.

Collections

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

Asset Retirement Obligation

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

Accounting Estimates

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

Reclassifications

Certain amounts in the 2012 consolidated financial statements have been reclassified to conform to the current year's presentation.

New Authoritative Pronouncements

In May 2011 the Financial Accounting Standards Board ("FASB") issued an update on the fair value measurements which converges accounting principles generally accepted in the United States of America and IFRS rules on fair value measurement and requires additional disclosures. The guidance states that disclosures should include sensitivity of measurement to changes in inputs for Level 3 investments that do not use NAV as the practical expedient, all transfers between Level 1 and Level 2, and fair value measurements included in the Financial Instruments disclosures, must indicate level and inputs used. The standard is effective for the period beginning after December 15, 2011, which is the NYU's year ended August 31, 2013. There were no transfers in and out of Level 1 and 2 of the fair value hierarchy in 2013. All other applicable disclosures are appropriately included in footnotes 4 and 10.

In October 2012, the FASB issued ASU No.2012-05, Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows (a consensus of the FASB EITF). This guidance requires not-for-profit entities to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

financial assets that upon receipt were directed without any not-for-profit entity imposed limitations for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposed, in which case those cash receipts from the sale of donated financial assets should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities by the not-for-profit entity. The guidance is effective prospectively (with retrospective application permitted) for fiscal years beginning after June 15, 2013, and early adoption is permitted. NYU has adopted this guidance in fiscal year 2013.

3. Patient Care Revenue

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

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

The process for estimating the ultimate collection of receivables involves significant assumptions and judgments. The Medical Center has implemented a monthly standardized approach to estimate and review the collectability of receivables based on the payor classification and the period for which the receivables have been outstanding. Past due balances over 90 days from the date of billing and in excess of a specified amount are considered delinquent and are reviewed for collectability. Account balances are written off against the allowance when management feels it is probable the receivable will not be recovered. Historical collection and payor reimbursement experience is an integral part of the estimation process related to reserves for doubtful accounts. In addition, the Medical Center assesses the current state of its billing functions in order to identify any known collection or reimbursement issues and assess the impact, if any, on reserve estimates. The Medical Center believes that the collectability of its receivables is directly linked to the quality of its billing processes, most notably those related to obtaining the correct information in order to bill effectively for the services it provides. Revisions in reserve for doubtful accounts estimates are recorded as an adjustment to bad debt expense.

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

Federal and state law requires that hospitals provide emergency services regardless of a patient's ability to pay. Uninsured patients seen in the emergency department, including patients subsequently admitted for inpatient services, often do not provide information necessary to allow the Medical Center to qualify such patients for charity care. Uncollectible amounts due from such uninsured patients represent a substantial portion of the provision for bad debts. Patient service revenue for the Medical Center, net of contractual allowances and discounts, is as follows for the years ended August 31, 2013 and 2012:

	2013	2012
Gross charges	\$ 6,524,475	\$ 7,168,847
Allowances	<u>(4,327,280)</u>	<u>(4,850,613)</u>
Patient service revenue, net of contractual allowances	2,197,195	2,318,234
Bad debt	<u>(68,469)</u>	<u>(39,206)</u>
Total net patient service revenue	<u>\$ 2,128,726</u>	<u>\$ 2,279,028</u>

The Medical Center has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payers for adjustments to current and prior years' payment rates, based on industry-wide and Medical Center-specific data. The net amounts due to third party payers at August 31, 2013 and 2012 are \$97,994 and \$104,082, respectively. Additionally, certain payers' payment rates for various years have been appealed by the Medical Center. If the appeals are successful, additional income applicable to those years may be realized.

The Hospital Centers' Medicare cost reports have been audited through December 31, 2006 and finalized through December 31, 2002 by the Medicare intermediary.

The Medical Center grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer arrangements. The mix of patient service revenue, net of contractual allowances from patients and third party payers for the years ended August 31, 2013 and 2012 are as follows:

	2013		2012	
	NYUHC	NYUSoM	NYUHC	NYUSoM
Medicare	16 %	13 %	18 %	15 %
Medicaid	1	3	2	2
Blue Cross	23	17	21	17
Managed care and other	<u>60</u>	<u>67</u>	<u>59</u>	<u>66</u>
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

The mix of receivables (net of contractual allowances) from patients and third party payers at August 31, 2013 and 2012 are as follows:

	2013		2012	
	NYUHC	NYUSoM	NYUHC	NYUSoM
Medicare	12 %	18 %	14 %	21 %
Medicaid	1 %	8 %	2 %	3 %
Blue Cross	21 %	17 %	18 %	18 %
Managed care and other	66 %	57 %	66 %	58 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

4. Investments

Fair Value Measurements

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

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

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

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

Investments included in Level 3 primarily consist of NYU's ownership in alternative investments (principally limited partnership interests in Fixed Income, Equity, Opportunistic & Credit, Real Assets and other similar funds). The net asset value (NAV) of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer and subsequent developments concerning the companies to which the securities relate. NYU has performed due diligence around these investments to ensure NAV is an appropriate measure of fair value as of August 31, 2013 and 2012.

New York University

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(in thousands of dollars)

Asset Classes

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

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

Equity

Equity consists of public equity (which may include passive index exposure) and alternative equity strategies including long/short equity and private equity. Included in this asset class are \$275,564 and \$271,900 of private equity funds as of August 31, 2013 and 2012, respectively.

Real Assets

Real Assets includes public and private investments in real estate and natural resources. Included in this asset class are \$115,479 and \$100,198 of private investments as of August 31, 2013 and 2012, respectively.

Opportunistic & Credit

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

Fixed Income

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

Other Long-Term Investments

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

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, 2013 and 2012

(in thousands of dollars)

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

	2013			Total
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Long-term investments				
Equity	\$ 306,474	\$ 737,020	\$ 523,175	\$ 1,566,669
Real assets	83,358	107,084	169,151	359,593
Opportunistic & credit	-	278,124	527,152	805,276
Fixed income	159,172	188,152	-	347,324
Other	10,631	6,262	25,298	42,191
Subtotal investment pool	559,635	1,316,642	1,244,776	3,121,053
Equity	18,316	3,218	-	21,534
Fixed income	468,918	1,265	-	470,183
Other	842	-	6,025	6,867
Subtotal other long-term investments	488,076	4,483	6,025	498,584
Total long-term investments	1,047,711	1,321,125	1,250,801	3,619,637
Short-term investments				
Working capital	28,680	-	-	28,680
Total short-term investments	28,680	-	-	28,680
Other financial instruments				
Funds held in perpetual trust (Note 7)	-	-	10,965	10,965
Deposits with trustees (Note 8)	172,484	29,719	-	202,203
Assets held by CCC550 (Note 12)	-	-	255,247	255,247
Total	\$ 1,248,875	\$ 1,350,844	\$ 1,517,013	\$ 4,116,732

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

	2012			
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Long-term investments				
Equity	\$ 154,120	\$ 619,366	\$ 570,259	\$ 1,343,745
Real assets	53,147	122,049	100,198	275,394
Opportunistic & credit	-	310,437	582,978	893,415
Fixed income	72,197	155,954	132,366	360,517
Other	22,872	5,745	32,817	61,434
Subtotal investment pool	302,336	1,213,551	1,418,618	2,934,505
Equity	18,843	3,144	-	21,987
Fixed income	-	1,238	-	1,238
Other	-	-	2,025	2,025
Subtotal other long-term investments	18,843	4,382	2,025	25,250
Total long-term investments	321,179	1,217,933	1,420,643	2,959,755
Short-term investments				
Working capital	33,568	-	-	33,568
Total short-term investments	33,568	-	-	33,568
Other financial instruments				
Funds held in perpetual trust (Note 7)	-	-	11,179	11,179
Deposits with trustees (Note 8)	231,552	33,829	-	265,381
Assets held by CCC550 (Note 12)	-	-	262,628	262,628
Total	\$ 586,299	\$ 1,251,762	\$ 1,694,450	\$ 3,532,511

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

	2013							Total Investments
	Equity	Real Assets	Opportunistic & Credit	Fixed Income	CCC550	Perpetual Trust	Other	
Fair value, August 31, 2012	\$ 570,259	\$ 100,198	\$ 582,978	\$ 132,366	\$ 262,628	\$ 11,179	\$ 34,842	\$ 1,694,450
Realized gains (losses)	76,718	14,980	39,036	8,155	2,467	-	(489)	140,867
Unrealized (losses) gains	(6,188)	(17,967)	40,185	(9,188)	(11,592)	(214)	3,629	(1,335)
Purchases	68,315	108,929	82,828	-	101,905	-	4,000	365,977
Sales	(144,544)	(36,989)	(217,875)	(131,333)	(100,161)	-	(10,659)	(641,561)
Transfers out	(41,385)	-	-	-	-	-	-	(41,385)
Fair value, August 31, 2013	\$ 523,175	\$ 169,151	\$ 527,152	\$ -	\$ 255,247	\$ 10,965	\$ 31,323	\$ 1,517,013

	2012							Total Investments
	Equity	Real Assets	Opportunistic & Credit	Fixed Income	CCC550	Perpetual Trust	Other	
Fair value, August 31, 2011	\$ 522,479	\$ 85,072	\$ 592,025	\$ 176,078	\$ 226,951	\$ 11,967	\$ 46,883	\$ 1,661,455
Realized gains (losses)	16,497	9,582	29,257	5,654	2,159	-	(1,479)	61,670
Unrealized gains (losses)	10,203	(6,143)	(9,758)	(4,305)	3,299	(788)	2,229	(5,263)
Purchases	89,416	25,138	119,897	-	30,219	-	-	264,670
Sales	(68,336)	(13,451)	(148,443)	(45,061)	-	-	(12,791)	(288,082)
Fair value, August 31, 2012	\$ 570,259	\$ 100,198	\$ 582,978	\$ 132,366	\$ 262,628	\$ 11,179	\$ 34,842	\$ 1,694,450

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

During the year ended August 31, 2013, NYU reclassified \$41,385 in equity holdings from Level 3 to Level 2 due to the expiration of the lock up period, thereby allowing NYU to redeem within 90 days of the measurement date.

At August 31, 2013, NYU's unfunded commitments are as follows:

	Unfunded Commitments	Remaining Life	Timing to Draw Commitments
Equity	\$ 70,407	Up to 10 years	7 to 30 days
Opportunistic & credit	95,497	Up to 10 years	7 to 30 days
Real assets	92,971	Up to 15 years	7 to 30 days
	<u>\$ 258,875</u>		

NYU records purchases and sales of securities on a trade-date basis. NYU has included receivables for securities sold of \$7,213 and \$5,600 at August 31, 2013 and 2012, respectively, and liabilities for securities purchased of \$10,265 and \$2,465 at August 31, 2013 and 2012, respectively, in long-term investments.

Investment securities having a fair value of \$2,554 and \$5,838 at August 31, 2013 and 2012, respectively, were lent to various brokerage firms. The securities are returnable on demand and were collateralized by cash deposits of \$2,634 and \$6,023 at August 31, 2013 and 2012, 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, 2013 and 2012 is as follows:

	2013	2012
Dividends and interest	\$ 53,080	\$ 24,861
Realized and unrealized gains, net	208,816	75,156
Investment expenses	(8,543)	(6,071)
Total investment return, net	<u>\$ 253,353</u>	<u>\$ 93,946</u>
Endowment distribution approved for spending	\$ 120,496	\$ 118,648
Return on short-term investments	7,816	20,614
Unrestricted investment return, net of spending	38,241	(19,125)
Temporarily restricted investment return, net of spending	86,800	(26,191)
Total investment return, net	<u>\$ 253,353</u>	<u>\$ 93,946</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

NYU (with the exception of Polytechnic) maintains an investment pool for its long-term investments which include its endowment and similar funds. The pool is managed to achieve the maximum long-term return given prudent risk parameters. NYU's Board of Trustees has authorized a policy designed to allow asset growth while providing a predictable flow of return to support operations. This policy permits the use of investment return at approved spending rates (approximately 5% in 2013 and 2012). 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, 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.

Polytechnic has endowment and similar funds invested in a separate pool. Polytechnic's Board of Trustees authorized a spending rate of 5.5% of the three-year rolling average market value of the endowment for 2013 and 2012.

5. Accounts and Loans Receivable, net

Accounts and loans receivable, net consist of the following at August 31, 2013 and 2012:

	2013	2012
Students and other	\$ 131,178	\$ 123,848
Grants and contracts	39,235	53,040
Student loans	117,795	110,295
Housing loans and other loans to employees	71,568	70,108
Insurance premiums (CCC550)	37,251	35,849
	<u>397,027</u>	<u>393,140</u>
Allowance for uncollectible amounts	<u>(36,848)</u>	<u>(31,176)</u>
Accounts and loans receivable, net	<u>\$ 360,179</u>	<u>\$ 361,964</u>

The allowance for uncollectible amounts at August 31, 2013 and 2012 consists of the following:

	2013	2012
Students and other	\$ (13,071)	\$ (12,480)
Grants and contracts	(15,808)	(11,104)
Student loans	(7,078)	(7,037)
Housing loans and other loans to employees	(891)	(555)
Total allowance for uncollectible amounts	<u>\$ (36,848)</u>	<u>\$ (31,176)</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.

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

Student loans consist primarily of Federal advances to the University under the Perkins Loan Program which totaled \$79,487 and \$77,007 at August 31, 2013 and 2012, respectively. The University records a liability on its consolidated balance sheet for these advances.

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

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

6. Contributions Receivable

Contributions receivable consist of the following at August 31, 2013 and 2012:

	2013	2012
Amounts expected to be collected in:		
Less than one year	\$ 173,738	\$ 113,328
One to five years	348,849	368,089
More than five years	<u>118,460</u>	<u>81,483</u>
	641,047	562,900
Discount to present value	(65,913)	(51,132)
Allowance for uncollectible amounts	<u>(55,844)</u>	<u>(68,904)</u>
Contributions receivable, net	<u>\$ 519,290</u>	<u>\$ 442,864</u>

Contributions receivable activity for the years ended August 31, 2013 and 2012 is as follows:

	2013	2012
Contributions receivable, beginning of year, net	\$ 442,864	\$ 417,777
Add discount to present value and allowance for uncollectible amounts	<u>120,036</u>	<u>120,728</u>
Contributions receivable beginning of year, gross	562,900	538,505
New pledges received (undiscounted)	353,478	250,005
Adjustments and write-offs	(23,177)	(14,486)
Pledge payments received	<u>(252,154)</u>	<u>(211,124)</u>
Subtotal	641,047	562,900
Deduct discount to present value and allowance for uncollectible amounts	<u>(121,757)</u>	<u>(120,036)</u>
Contributions receivable, end of year, net	<u>\$ 519,290</u>	<u>\$ 442,864</u>

Conditional promises to give, not included in these financial statements, are \$435,321 and \$625,827 at August 31, 2013 and 2012, respectively.

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

Expenses related to fundraising activities are \$40,431 and \$34,266 for the years ended August 31, 2013 and 2012, respectively.

7. Other Assets

Other assets consist of the following at August 31, 2013 and 2012:

	2013	2012
Prepaid expenses and deferred charges	\$ 92,029	\$ 82,883
NYC MTA escrow	34,010	-
NYPD escrow	10,002	-
Unamortized bond issuance costs	44,004	45,282
Inventory	38,441	33,232
Perpetual trusts	10,965	11,179
Third-party payer receivables	11,285	9,598
Real estate held for sale	-	10,360
Donated royalty	10,225	17,708
Other	36,817	37,200
	<u>287,778</u>	<u>247,442</u>
Other assets	<u>\$ 287,778</u>	<u>\$ 247,442</u>

Real estate held for sale of \$10,360 at August 31, 2012, represents the remaining inventory of units in the Riverwalk Landing Condominium. There are no remaining residential units held by the University for sale to faculty and administrators as of August 31, 2013.

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

8. Deposits with Trustees

Deposits with trustees consist of the following at August 31, 2013 and 2012:

	2013	2012
Unexpended bond proceeds		
Construction funds	\$ 103,563	\$ 157,488
Debt service funds	5,674	5,502
Debt service reserve funds	67,716	72,228
Capitalized interest funds	2,267	7,626
Other	511	648
Perpetual trust	22,472	21,889
	<u>202,203</u>	<u>265,381</u>
Deposits with trustees	<u>\$ 202,203</u>	<u>\$ 265,381</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

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

students of the arts and crafts, architecture, literature, music, history of the arts and all other arts either in the United States or abroad.

9. Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following at August 31, 2013 and 2012:

	2013	2012
Land	\$ 205,445	\$ 205,445
Buildings and building improvements	6,388,880	5,899,661
Equipment	1,128,834	1,075,360
Construction in progress	914,358	707,713
	<u>8,637,517</u>	<u>7,888,179</u>
Less: Accumulated depreciation	<u>(3,155,790)</u>	<u>(2,996,240)</u>
Land, buildings, and equipment, net	<u>\$ 5,481,727</u>	<u>\$ 4,891,939</u>

Depreciation expense is \$346,600 and \$333,730 for the years ended August 31, 2013 and 2012, respectively.

Capitalized software totaled \$60,197 and \$99,021 for the years ended August 31, 2013 and 2012, 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 NYUSoM 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, 2013 and 2012:

	2013					
	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	Consolidated NYU
Issuer						
Dormitory Authority of the State of New York (DASNY)	\$ 1,696,946	\$ 210,446	\$ 1,907,392	\$ -	\$ 489,952	\$ 2,397,344
New York City Industrial Development Agency (NYCIDA)	-	-	-	101,031	-	101,031
New York University (NYU)	41,868	86,432	128,300	-	-	128,300
NYU Hospitals Center	-	-	-	-	597,564	597,564
Other bonds and notes payable	212,217	43,671	255,888	16,044	111,443	383,375
Bonds and notes payable	<u>\$ 1,951,031</u>	<u>\$ 340,549</u>	<u>\$ 2,291,580</u>	<u>\$ 117,075</u>	<u>\$ 1,198,959</u>	<u>\$ 3,607,614</u>

* As of August 31

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

	2012					
	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	Consolidated NYU
Issuer						
Dormitory Authority of the State of New York (DASNY)	\$ 1,732,706	\$ 213,799	\$ 1,946,505	\$ -	\$ 504,049	\$ 2,450,554
New York City Industrial Development Agency (NYCIDA)	-	-	-	103,141	-	103,141
New York University (NYU)	41,868	86,432	128,300	-	-	128,300
NYU Hospitals Center	-	-	-	-	248,964	248,964
Other bonds and notes payable	87,913	6,638	94,551	16,002	150,260	260,813
Bonds and notes payable	<u>\$ 1,862,487</u>	<u>\$ 306,869</u>	<u>\$ 2,169,356</u>	<u>\$ 119,143</u>	<u>\$ 903,273</u>	<u>\$ 3,191,772</u>

* As of June 30

In August 2013, the Hospitals Center issued Series 2013A taxable bonds totaling \$350,000. The Series 2013A bonds required annual interest payments through July 2043 at a fixed rate of 5.75%. Principal on this bond is payable in full in 2043. The proceeds of the Series 2013A bonds are to be used to pay the costs of various construction, renovation and equipment projects, repay certain outstanding lines of credit and for working capital and other eligible corporate purposes.

In 2012, DASNY issued \$208,625 of revenue bonds (Series 2012A) on behalf of the Obligated Group with interest rates ranging from 2.0% to 5.0%. The Series 2012A Bonds mature serially from July 2013 through July 2032, as well as in July 2037 and July 2042. The Series 2012A Bonds maturing in 2037 and 2042 are payable in annual sinking fund installments from July 2033 and July 2038, respectively, to maturity. The proceeds are to be disbursed as follows: (i) pay or reimburse costs incurred in connection with acquiring, constructing, equipping, repairing or otherwise providing for projects at various campus locations at Washington Square; (ii) refund the outstanding balances of the New York City Industrial Development Agency Civic Facility Revenue Bonds (New York University Project), Series 2001 and DASNY's New York University Insured Revenue Bonds, 2001 Series 2 (\$63,295 and \$93,010, respectively); and (iii) repay a line of credit that was used to pay, upon maturity, the outstanding balance of \$26,875 of DASNY's New York University Insured Revenue Bonds, Series 2003B.

In 2012, DASNY issued \$55,035 of revenue bonds (Series 2012B) on behalf of the Obligated Group with interest rates ranging from 4.0% to 5.0%. The Series 2012B Bonds mature serially from July 2027 through July 2032, as well as in July 2037 and July 2042. The Series 2012B Bonds maturing in 2037 and 2042 are payable in annual sinking fund installments from July 2033 and July 2038, respectively, to maturity. The proceeds are to be used to pay or to reimburse costs incurred in connection with acquiring, constructing and equipping the Obligated Group's portion of a building located at Washington Square.

In 2012, DASNY issued \$31,110 of taxable revenue bonds (Series 2012C) on behalf of the Obligated Group with interest rates ranging from 0.4% to 3.6%. The Series 2012C Bonds mature serially from July 2013 through July 2027. The proceeds are to be used to pay or to reimburse costs incurred in connection with acquiring, constructing and equipping the Obligated Group's portion of a building located at Washington Square.

In 2012, the Hospital Center issued Series 2012A taxable bonds totaling \$250,000. The Series 2012A bonds required annual interest payments through July 2042 at a fixed rate of 4.4%. Principal on this bond is payable in full in 2042. The proceeds of the Series 2012A bonds are to be

New York University

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(in thousands of dollars)

used to pay the costs of various construction, renovation and equipment projects, repay certain outstanding lines of credit and for working capital and other eligible corporate purposes.

The principal amounts outstanding for bonds and notes payable consist of the following at August 31, 2013 and 2012:

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

New York University

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(in thousands of dollars)

	2013					Consolidated NYU
	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	
DASNY, continued						
Series 2008C bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2023, payable thereafter in annual sinking fund installments to maturities in July 2029 and July 2038 (including premium of \$856)	92,116	-	92,116	-	-	92,116
Series 2009A bonds, with interest rates ranging from 3.10% to 5.25%, maturing serially from July 2015 through July 2029, payable thereafter in annual sinking fund installments to maturities in July 2034 and July 2039 (including net premiums of \$14,624 and \$1,368)	381,224	37,148	418,372	-	-	418,372
Series 2009B bonds, with an interest rate of 5.00%, payable in annual sinking fund installments from July 2030 and July 2034, respectively, to maturities in July 2034 and July 2039 (including premium of \$948)	-	65,208	65,208	-	-	65,208
Series 2011A bonds, with interest rates ranging from 2.00% to 6.00%, maturing serially from July 2011 through July 2026, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including discount of \$1,789)	-	-	-	-	124,131	124,131
Series 2012A bonds, with interest rates ranging from 2.00% to 5.00%, maturing serially from July 2013 through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including net premiums of \$18,061 and \$5,115)	174,142	52,073	226,215	-	-	226,215
Series 2012B bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially from July 2027 through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including premium of \$5,923)	60,957	-	60,957	-	-	60,957
Series 2012C taxable bonds, with interest rates ranging from 0.72% to 3.62%, maturing serially from July 2013 to maturity in July 2027	29,250	-	29,250	-	-	29,250
Subtotal of DASNY bonds	1,696,946	210,446	1,907,392	-	489,952	2,397,344
NYCIDA						
NYCIDA Series 2007 bonds, with interest rates ranging from 4.35% to 5.25%, maturing serially from November 2011 to maturity in November 2037 (including premium of \$1,391)	-	-	-	101,031	-	101,031
Subtotal of NYCIDA	-	-	-	101,031	-	101,031
NYU						
Series 2009 taxable bonds, with an interest rate of 5.24%, maturing in July 2032, payable in annual sinking fund installments from July 2015 to maturity	16,568	86,432	103,000	-	-	103,000
Series 2010 taxable bonds, with an interest rate of 4.96%, maturing in July 2032, payable in annual sinking fund installments from July 2015 to maturity	25,300	-	25,300	-	-	25,300
Subtotal of NYU Bonds	41,868	86,432	128,300	-	-	128,300
NYU Hospitals Center						
Series 2012 taxable bonds, with an interest rate of 4.40%, maturing in July 2042 (including discount of \$1,036)	-	-	-	-	248,999	248,999
Series 2013 taxable bonds, with an interest rate of 5.75%, maturing in July 2043 (including discount of \$1,435)	-	-	-	-	348,565	348,565
Subtotal of NYU Hospitals Center bonds	-	-	-	-	597,564	597,564
Other bonds and notes payable (Note 11)						
Various with interest rates ranging from 3.00% to 5.25%, due through November 2017	9,901	-	9,901	-	11,048	20,949
Promissory note	57,639	-	57,639	-	-	57,639
Lines of credit	128,000	16,600	144,600	10,000	50,000	204,600
Capital leases	16,677	27,071	43,748	6,044	50,395	100,187
Subtotal of other bonds and notes payable	212,217	43,671	255,888	16,044	111,443	383,375
Total amounts outstanding	\$ 1,951,031	\$ 340,549	\$ 2,291,580	\$ 117,075	\$ 1,198,959	\$ 3,607,614

* As of August 31

New York University

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(in thousands of dollars)

	2012					
	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	Consolidated NYU
DASNY						
Series 1998A bonds, with interest rates ranging from 5.75% to 6.00%, maturing serially through July 2020, payable thereafter in annual sinking fund installments to maturity in 2027 (including premium of \$11,597)	\$ 192,057	\$ -	\$ 192,057	\$ -	\$ -	\$ 192,057
Series 2000D bonds, with interest rates ranging from 1.50% to 6.80%, maturing serially through July 2026, payable in annual sinking fund installments to maturities in July 2025 and July 2026	-	-	-	-	43,300	43,300
Series 2001A bonds, with an interest rate of 5.75%, maturing serially to maturity in July 2015 (including premiums of \$1,009 and \$80)	30,192	2,392	32,584	-	-	32,584
2001 Series 1 bonds, with interest rates ranging from 5.25% to 5.50%, maturing serially through July 2025, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including premiums of \$3,627 and \$2,966)	67,741	55,423	123,164	-	-	123,164
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 \$935)	55,720	-	55,720	-	-	55,720
Series 2006A bonds, with an interest rate of 4.80%, maturing serially from July 2013 through July 2016, payable thereafter in annual sinking fund installments to maturities in July 2020 and July 2026 (including premium of \$1,892)	-	-	-	-	96,482	96,482
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 \$3,553)	-	-	-	-	152,783	152,783
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 \$3,208)	129,353	-	129,353	-	-	129,353
Series 2007B bonds, with interest rates ranging from 4.25% to 5.00%, payable in annual sinking fund installments from July 2009 and July 2025 to maturities in July 2024 and July 2037 (including discount of \$2,516)	-	-	-	-	85,084	85,084
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 \$4,777)	285,027	-	285,027	-	-	285,027
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 \$3,542)	223,232	-	223,232	-	-	223,232

New York University

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(in thousands of dollars)

	2012					Consolidated NYU
	Washington Square	School of Medicine	Total Obligated Group	Polytechnic*	Hospitals Center	
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 \$890)	94,125	-	94,125	-	-	94,125
Series 2008D taxable bonds, with interest rates ranging from 5.23% to 5.33%, maturing serially to maturity in July 2013	2,495	-	2,495	-	-	2,495
Series 2009A bonds, with interest rates ranging from 3.10% to 5.25%, maturing serially from July 2015 through July 2029, payable thereafter in annual sinking fund installments to maturities in July 2034 and July 2039 (including net premiums of \$14,997 and \$1,420)	381,597	37,200	418,797	-	-	418,797
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 \$984)	-	65,244	65,244	-	-	65,244
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 \$1,852)	-	-	-	-	126,400	126,400
Series 2012A bonds, with interest rates ranging from 2.00% to 5.00%, maturing serially from July 2013 through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including net premiums of \$18,517 and \$5,291)	178,893	53,540	232,433	-	-	232,433
Series 2012B bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially from July 2027 through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including premium of \$6,129)	61,164	-	61,164	-	-	61,164
Series 2012C taxable bonds, with interest rates ranging from 0.40% to 3.62%, maturing serially from July 2013 to maturity in July 2027	31,110	-	31,110	-	-	31,110
Subtotal of DASNY bonds	<u>1,732,706</u>	<u>213,799</u>	<u>1,946,505</u>	<u>-</u>	<u>504,049</u>	<u>2,450,554</u>
NYCIDA						
NYCIDA Series 2007 bonds, with interest rates ranging from 4.35% to 5.25%, maturing serially from November 2011 to maturity in November 2037 (including premium of \$1,391)	-	-	-	103,141	-	103,141
Subtotal of NYCIDA	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,141</u>	<u>-</u>	<u>103,141</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	<u>25,300</u>	<u>-</u>	<u>25,300</u>	<u>-</u>	<u>-</u>	<u>25,300</u>
Subtotal of NYU Bonds	<u>41,868</u>	<u>86,432</u>	<u>128,300</u>	<u>-</u>	<u>-</u>	<u>128,300</u>
NYU Hospitals Center						
Series 2012 taxable bonds, with an interest rate of 4.40%, maturing in July 2042 (including discount of \$1,036)	-	-	-	-	248,964	248,964
Subtotal of NYU Hospitals Center bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,964</u>	<u>248,964</u>
Other bonds and notes payable (Note 11)						
Various with interest rates ranging from 3.00% to 5.25%, maturing through November 2017	10,596	-	10,596	-	20,703	31,299
Promissory note	60,170	-	60,170	-	-	60,170
Lines of credit	-	-	-	10,000	90,000	100,000
Capital leases	<u>17,147</u>	<u>6,638</u>	<u>23,785</u>	<u>6,002</u>	<u>39,557</u>	<u>69,344</u>
Subtotal of other bonds and notes payable	<u>87,913</u>	<u>6,638</u>	<u>94,551</u>	<u>16,002</u>	<u>150,260</u>	<u>260,813</u>
Total amounts outstanding	<u>\$ 1,862,487</u>	<u>\$ 306,869</u>	<u>\$ 2,169,356</u>	<u>\$ 119,143</u>	<u>\$ 903,273</u>	<u>\$ 3,191,772</u>

* As of June 30

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

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. The fair value of NYU's bonds and notes payable is approximately \$3,615,000 and \$3,442,000 at August 31, 2013 and 2012, respectively. As of August 31, 2013, the fair value of NYU's bonds and notes payable of approximately \$3,231,000 is classified as Level 2 as defined in Note 4. The fair value of NYU's other bonds and notes payable of approximately \$384,000 is classified as Level 3 as defined in Note 4.

Interest expense on long-term debt totaled \$136,871 and \$120,126 for the years ended August 31, 2013 and 2012, respectively. This excludes \$16,728 and \$17,169 of capitalized interest (net of income earned on deposits with bond trustees) for the years ended August 31, 2013 and 2012, respectively, which is included in land, buildings, and equipment, net.

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

Other agreements include covenants requiring that the Hospitals Center and Polytechnic maintain certain financial ratios. At August 31, 2013 and 2012, 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,	
2014	\$ 268,965
2015	108,923
2016	131,781
2017	90,390
2018	81,910
Thereafter	<u>2,848,881</u>
Total principal payments	3,530,850
Unamortized premiums and discounts, net	<u>76,764</u>
	<u>\$ 3,607,614</u>

11. Obligations With Financial Institutions & Other Leasing Obligation

At August 31, 2013 and 2012, the Obligated Group's contractually committed bank credit agreements totaled \$500,000. A \$300,000 agreement extends through August 2015. A \$200,000 agreement extends through June 2014. The interest is accrued for both lines of credit at a rate based on LIBOR. The combined amounts outstanding under these agreements are \$144,600 and \$0 as of August 31, 2013 and 2012, respectively.

New York University

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(in thousands of dollars)

The Hospitals Center has four unsecured lines of credit totaling \$500,000 (Commitment 1, 2, 3 and 4). The interest is accrued for all lines of credit at a rate based on LIBOR. Commitment 1 was amended in 2012 to increase the total capacity to \$200,000. Commitment 2, with a total capacity of \$100,000, was amended in 2013 to extend the maturity date to March 2014. Commitment 3 provides a \$100,000 line of credit capacity and expires in 2015. In April 2013, the Hospitals Center finalized terms for Commitment 4, totaling \$100,000. As of August 31, 2013, the Hospitals Center has drawn \$50,000 from these lines of credit (Commitment 4).

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 3.2% with principal installments due annually in July and final maturity in July 2015. The amounts outstanding under this promissory note are \$57,639, and \$60,170 as of August 31, 2013 and 2012, respectively.

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. The amounts outstanding on this lease are \$11,048 and \$20,703, as of August 31, 2013 and 2012, respectively.

In April 2004, the Hospitals Center arranged for a bank syndicate to acquire all of its Series 2000D bonds thereby removing the Series 2000D bonds from the 28-day auction mode for a period of five years. This arrangement has been subsequently renewed on several occasions with the latest amendment extending for a period of 3 years and maturing on January 1, 2014. Interest was reset at an interest rate based on a 30-day LIBOR. The Hospitals Center's obligation under Series 2000D is \$41,300 and \$43,300 as of August 31, 2013 and 2012, respectively.

Polytechnic has a line of credit with a commercial bank. The line of credit is collateralized by several of Polytechnic's investments with a market value of \$11,864 and \$11,799 at August 31, 2013 and June 30, 2012, respectively. The amount outstanding is \$10,000 as of August 31, 2013 and June 30, 2012. The line of credit borrowing is payable on demand.

Other Leasing Obligation:

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

As of August 31, 2013, NYUSoM has capitalized the estimated cost incurred to date of \$86,990 to construct the four floors, which has been recorded as construction in progress. The related liability has been recorded as other leasing obligations. The core and shell of the building is estimated to be 75% complete as of August 31, 2013.

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

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 \$255,247 and \$262,628 at August 31, 2013 and 2012, respectively, to fund related obligations. CCC550 has total obligations for insurance exposure of \$215,972 and \$188,962 as of August 31, 2013 and 2012, respectively. Also, within accounts payable and accrued expenses, the Hospitals Center has recorded obligations related to the multi-provider pooled program, obligations related to excess self-insured exposures not covered by CCC550.

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

13. Retirement Plans

Substantially all NYU employees are covered by retirement plans. These plans include various defined contribution plans, multi-employer defined benefit plans and three NYU-sponsored defined benefit plans. NYU contributes to its defined contribution and multi-employer defined benefit plans based on rates required by union or other contractual arrangements. Expenses related to NYU's defined contribution plans are \$129,987 and \$115,255 in 2013 and 2012, 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.

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

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

Plans' Funded Status:

	2013	2012
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 874,181	\$ 679,528
Service cost	18,361	14,407
Interest cost	33,869	36,267
Actuarial (gain) loss	(117,167)	170,333
Benefits paid	(25,010)	(25,958)
Administrative expense	(392)	(396)
	<u>783,842</u>	<u>874,181</u>
Change in fair value of plan assets		
Fair value of plan assets, beginning of year	577,293	525,200
Actual return on plan assets	52,566	47,296
Employer contributions	13,400	31,151
Benefits paid	(25,010)	(25,958)
Administrative expense	(392)	(396)
	<u>617,857</u>	<u>577,293</u>
Fair value of plan assets, end of year	<u>617,857</u>	<u>577,293</u>
Accrued benefit obligation	<u>\$ 165,985</u>	<u>\$ 296,888</u>
Benefit obligation weighted average assumptions as of August 31		
Discount rate	4.75% - 5.00%	3.75% - 4.00%
Rate of increase in compensation levels	3.50% - 4.00%	3.50% - 4.00%

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

Net Periodic Benefit Cost:

	2013	2012
Components of net periodic benefit cost		
Service cost	\$ 18,361	\$ 14,407
Interest cost	33,869	36,267
Expected return on plan assets	(34,541)	(42,072)
Amortization of prior service cost	2	108
Amortization of actuarial loss	33,989	17,297
Net periodic benefit cost	<u>\$ 51,680</u>	<u>\$ 26,007</u>
Other changes recognized in unrestricted net assets		
Actuarial net (gain) loss arising during period	\$ (135,191)	\$ 165,109
Amortization of prior service cost	(2)	(108)
Amortization of actuarial loss	(33,989)	(17,297)
Total recognized in nonoperating activities	<u>\$ (169,182)</u>	<u>\$ 147,704</u>
Amounts not yet reflected in net periodic benefit cost and included in unrestricted net asset		
Prior service cost	\$ 15	\$ 17
Accumulated loss	234,288	403,468
Amounts in unrestricted net assets, end of year	<u>\$ 234,303</u>	<u>\$ 403,485</u>
Amounts in unrestricted net assets expected to be recognized in net periodic pension cost in fiscal 2014		
Actuarial loss	\$ 19,317	\$ 33,989
Prior service cost	2	2
Net periodic benefit cost weighted average assumptions		
Discount rate	3.75% - 4.00%	4.00% - 5.25%
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%	6.00% - 8.00%

The accumulated benefit obligation for the pension plans is \$734,781 and \$810,001 at August 31, 2013 and 2012, respectively.

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(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:

	2013			
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash equivalents	\$ 3,966	\$ -	\$ -	\$ 3,966
Fixed income	-	119,254	-	119,254
Equity	-	416,247	-	416,247
Real estate	-	43,338	-	43,338
Other	-	35,052	-	35,052
Total	<u>\$ 3,966</u>	<u>\$ 613,891</u>	<u>\$ -</u>	<u>\$ 617,857</u>

	2012			
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash equivalents	\$ 7,017	\$ -	\$ -	\$ 7,017
Fixed income	-	209,551	-	209,551
Equity	-	313,152	-	313,152
Real estate	-	35,625	-	35,625
Other	-	11,948	-	11,948
Total	<u>\$ 7,017</u>	<u>\$ 570,276</u>	<u>\$ -</u>	<u>\$ 577,293</u>

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

The expected long-term rate of return assumption is determined by adding expected inflation to expected long-term real returns of various asset classes, weighing the asset class returns by the plans' investment in each class, and taking into account expected volatility and correlation between the returns of various asset classes. NYU management believes 6% is a reasonable estimate of long-term rates of return on plan assets for 2013 and will continue to evaluate the actuarial assumptions and adjust them as necessary.

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

The plans' asset allocations as of August 31, 2013 and 2012, by asset category are as follows:

	2013	2012
Equity	67 %	54 %
Fixed income	19 %	37 %
Real estate	7 %	6 %
Other	6 %	2 %
Cash equivalents	1 %	1 %
	<u>100%</u>	<u>100%</u>

Contributions:

Annual contributions are determined by NYU based upon calculations prepared by the plans' actuaries. Expected contributions for the 2014 fiscal year are \$13,400.

Benefit Payments:

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

Year Ending August 31

2014	\$	31,921
2015		34,874
2016		37,429
2017		40,243
2018		42,530
Thereafter		243,299

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

Multi-employer Benefit Plans:

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

	2013	2012
Pension Fund		
1199 SEIU Health Care Employees Health & Welfare Plan	\$ 56,631	\$ 56,311
1199 SEIU Health Care Employees Pension Fund	20,400	18,314
Local 810 Health & Welfare Fund	3,337	1,544
United Wire, Metal & Machine Pension Fund	1,096	1,009
Local 810 Pension Fund	797	785
Building Service 32BJ Pension Fund	175	174
	<u>\$ 82,436</u>	<u>\$ 78,137</u>

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

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

Plan Name	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		2013	2012			
United Wire	13-6596940/001	Red	Red	Yes	Yes	6/30/2019
Building Service 32BJ	13-1879376/001	Red	Red	Yes	No	4/20/2014-4/30/2016
1199 Pension Fund	13-3604862/001	Green	Green	N/A	No	4/30/2015

The Pension Protection Act zone status indicates the plan's funded status of either at least 80% funded (green) or less than 80% funded (red). A zone status of red requires the plan sponsor to implement a Funding Improvement Plan or Rehabilitation Plan. Effective January 1, 2013, United Wire, Metal & Machine Pension Fund imposed a surcharge of 5% of contributions for the 2013 plan year and 10% in subsequent years while the plan is in critical status.

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

14. Other Postretirement Benefits

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

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

Plans' Funded Status:

	2013	2012
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 604,446	\$ 463,699
Service cost	22,576	17,378
Interest cost	22,928	24,087
Plan changes	2,492	-
Actuarial (gain) loss	(114,315)	111,938
Participants' contributions	4,147	4,105
Retiree drug subsidy receipts	1,213	1,591
Benefits paid	<u>(18,489)</u>	<u>(18,352)</u>
Benefit obligation, end of year	<u>524,998</u>	<u>604,446</u>
Change in fair value of plan assets		
Fair value of plan assets, beginning of year	57,546	46,751
Actual return on plan assets	1,073	1,799
Employer contributions	22,399	21,652
Plan participants' contributions	4,147	4,105
Retiree drug subsidy receipts	1,213	1,591
Benefits paid	<u>(18,489)</u>	<u>(18,352)</u>
Fair value of plan assets, end of year	<u>67,889</u>	<u>57,546</u>
Accrued postretirement benefit obligation	<u>\$ 457,109</u>	<u>\$ 546,900</u>

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

Discount rate	4.00% - 5.00%	3.75% - 4.25%
Expected long-term rate of return	6.00% - 8.50%	6.00% - 8.50%
Ultimate retiree health-care cost trend	4.50% - 5.00%	4.50% - 5.00%
Year ultimate trend rate is achieved	2021 - 2027	2019 - 2027

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

Net Periodic Benefit Cost:

	2013	2012
Components of net periodic benefit cost		
Service cost	\$ 22,576	\$ 17,378
Interest cost	22,928	24,087
Expected return on plan assets	(3,453)	(3,200)
Amortization of transition obligation	21	22
Amortization of plan service cost	(8,936)	(22,704)
Amortization of actuarial loss	15,891	7,291
Net periodic benefit cost	<u>\$ 49,027</u>	<u>\$ 22,874</u>
Other changes recognized in unrestricted net assets		
Amortization of actuarial net loss	\$ (15,891)	\$ (7,291)
Actuarial net (gain) loss arising during period	(111,935)	113,342
Amortization of prior service cost	8,936	22,704
Prior service cost arising during period	2,493	-
Amortization of transition obligation	(21)	(22)
Total recognized in nonoperating activities	<u>\$ (116,418)</u>	<u>\$ 128,733</u>
Amounts not yet reflected in net periodic benefit cost and included in unrestricted net assets		
Transition assets	\$ -	\$ 21
Prior service credit	(27,337)	(38,767)
Accumulated loss	121,432	249,259
Amounts in unrestricted net assets, end of year	<u>\$ 94,095</u>	<u>\$ 210,513</u>
Amounts in unrestricted net assets expected to be recognized in net periodic pension cost in fiscal 2014		
Actuarial loss	\$ (5,908)	\$ (16,251)
Prior service credit	6,897	9,237
Transition obligation	-	21

In 2013 and 2012, the effect of a 1% change in the health care cost trend rate is as follows:

	2013		2012	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Effect on net periodic benefit cost	\$ 9,376	\$ (7,126)	\$ 7,810	\$ (6,256)
Effect on postretirement benefit obligation	80,862	(66,236)	104,185	(84,279)

Contributions:

Expected contributions for the 2014 fiscal year are \$9,500.

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

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:

	2013			
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash equivalents	\$ 47	\$ -	\$ -	\$ 47
Fixed income	44,382	23,460	-	67,842
Total	<u>\$ 44,429</u>	<u>\$ 23,460</u>	<u>\$ -</u>	<u>\$ 67,889</u>

	2012			
	Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash equivalents	\$ 36,050	\$ -	\$ -	\$ 36,050
Fixed income	-	21,496	-	21,496
Total	<u>\$ 36,050</u>	<u>\$ 21,496</u>	<u>\$ -</u>	<u>\$ 57,546</u>

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

The expected long-term rate of return assumption is determined by adding expected inflation to expected long-term real returns of various asset classes, taking into account expected volatility and correlation between the returns of various asset classes. NYU management believes that 6%-8.5% is a reasonable range of long-term rates of return on plan assets for 2013 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,	
2014	\$ 17,805
2015	19,313
2016	20,948
2017	22,458
2018	24,260
Thereafter	151,450

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(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 \$115,541 and \$118,541 for the years ended August 31, 2013 and 2012, respectively.

16. Hospital Affiliations

NYUSoM has three affiliation agreements with the New York City Health and Hospitals Corporation (HHC) to provide general care and mental health services. The first agreement is with Woodhull Medical & Mental Health Center and Cumberland Diagnostic & Treatment Center which is effective through June 30, 2014. The second agreement is with Bellevue Hospital Center and Gouverneur Diagnostic & Treatment Center which is effective through June 30, 2014. The third agreement is with Coler Hospital and Nursing Facility and the Goldwater Hospital and Nursing Facility, and is effective through June 30, 2014.

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, 2013 and 2012, are presented below:

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

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

	2012			
	Operation and Maintenance of Plant	Interest on Indebtedness	Depreciation and Amortization	Total
Instruction and other academic programs	\$ 60,598	\$ 34,198	\$ 76,217	\$ 171,013
Research and other sponsored programs	44,764	7,760	36,269	88,793
Patient care	52,036	18,377	83,663	154,076
Libraries	7,174	1,332	8,421	16,927
Student services	11,995	4,188	15,148	31,331
Institutional services	104,565	12,564	41,021	158,150
Auxiliary enterprises	75,907	41,707	78,532	196,146
Total	<u>\$ 357,039</u>	<u>\$ 120,126</u>	<u>\$ 339,271</u>	<u>\$ 816,436</u>

18. Components of Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at August 31, 2013 and 2012:

	2013	2012
Contributions and earnings for operating purposes	\$ 690,320	\$ 626,722
Contributions for buildings and equipment	218,399	131,463
Annuity trust agreements	29,037	21,377
Scholarships and fellowships	106,560	70,816
Total	<u>\$ 1,044,316</u>	<u>\$ 850,378</u>

Permanently restricted net assets at August 31, 2013 and 2012 are retained in perpetuity to support the following activities:

	2013	2012
Program support	\$ 500,039	\$ 505,523
Faculty and staff salaries	648,736	590,570
Scholarships and fellowships	384,567	351,016
Library books	13,310	12,223
Research and sponsored programs	45,009	39,809
Buildings and equipment	2,549	2,283
Student loans	2,294	2,155
Total	<u>\$ 1,596,504</u>	<u>\$ 1,503,579</u>

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

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

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

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

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, 2013 and 2012, the spending rate was determined to be approximately 5% of the preceding 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, 2013 and 2012

(in thousands of dollars)

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

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	\$ -	\$ 369,406	\$ 1,516,466	\$ 1,885,872
Board-designated endowment	1,255,649	-	-	1,255,649
Underwater endowment	(20,468)	-	-	(20,468)
Total	<u>\$ 1,235,181</u>	<u>\$ 369,406</u>	<u>\$ 1,516,466</u>	<u>\$ 3,121,053</u>

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	\$ -	\$ 285,174	\$ 1,440,858	\$ 1,726,032
Board-designated endowment	1,239,668	-	-	1,239,668
Underwater endowment	(31,195)	-	-	(31,195)
Total	<u>\$ 1,208,473</u>	<u>\$ 285,174</u>	<u>\$ 1,440,858</u>	<u>\$ 2,934,505</u>

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

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

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Investment pool net assets, beginning of year	\$ 1,194,275	\$ 313,074	\$ 1,357,083	\$ 2,864,432
Investment return	30,644	40,375	-	71,019
Contributions	94,387	-	86,851	181,238
Endowment distribution	(50,373)	(68,275)	-	(118,648)
Liquidations	(60,754)	-	-	(60,754)
Reclassification of net assets	294	-	(3,076)	(2,782)
Investment pool net assets, end of year	\$ 1,208,473	\$ 285,174	\$ 1,440,858	\$ 2,934,505

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

As of August 31, 2013 and 2012, there were a total of 151 and 387 individual endowment funds, respectively, within the permanently restricted net asset category with a market value less than their historical corpus value. The aggregate deficit of underwater endowment funds at August 31, 2013 and 2012 totaled approximately \$20,468 and \$31,195, respectively.

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

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,	
2014	\$ 177,106
2015	165,051
2016	139,845
2017	126,808
2018	109,143
Thereafter	808,366

Rent expense is \$177,272 and \$148,485 for the years ended August 31, 2013 and 2012, respectively.

The Hospitals Center is self-insured for workers' compensation benefits. In connection with being self-insured, the Hospitals Center has maintained stand-by letters of credit aggregating approximately \$22,935 and \$20,413 at August 31, 2013 and 2012, respectively. Cash and marketable securities collateralize the letters of credit.

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

20. Superstorm Sandy

On October 29, 2012, Superstorm Sandy struck New York City causing widespread damage to properties throughout the region, including lower Manhattan. The main campus facilities of the Medical Center were impacted, including the Hospitals Center's inpatient and outpatient facilities and the NYUSoM research, faculty group clinical practice, and education facilities all of which were temporarily closed. As of August 31, 2013, the Medical Center has restored all of its operations with the exception of the emergency department ("ED") which is estimated to reopen in the Spring of 2014. The Hospitals Center has opened an Urgent Care Center that provides care for a material portion of the patient volume formerly treated in the ED. The Medical Center incurred business interruption losses during the period of time that these facilities were shut down or being repaired which explains the reduction in patient care revenues from inpatient and outpatient services from last year.

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

The following is a summary of the disaster-related costs reflected in the consolidated financial statements as of August 31, 2013:

	2013		
	NYUHC	NYUSoM	Medical Center
Remediation of buildings and grounds	108,733	129,007	237,740
Other incremental disaster-related operating costs	12,894	8,145	21,039
Gross disaster-related operating expenses	<u>121,627</u>	<u>137,152</u>	<u>258,779</u>
Less: Expenditures for environmental remediation applied against existing asset retirement reserves	(6,553)	(4,150)	(10,703)
Disaster-related operating expenses (a)	<u>\$ 115,074</u>	<u>\$ 133,002</u>	<u>\$ 248,076</u>
Gross disaster-related impairment of property, plant, and equipment	30,957	36,677	67,634
Less: Anticipated insurance recoveries solely attributed to property, plant, and equipment	(2,000)	(4,500)	(6,500)
Disaster-related impairment of property, plant, and equipment (b)	<u>\$ 28,957</u>	<u>\$ 32,177</u>	<u>\$ 61,134</u>
Disaster-related costs, net	<u>\$ 144,031</u>	<u>\$ 165,179</u>	<u>\$ 309,210</u>

(a) Disaster-related operating expenses

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

The Medical Center has recognized federal grant-disaster recovery revenues related to these disaster-related operating expenses to the extent that it was determined that the Medical Center met the criteria for reimbursement under the federal grant guidelines and recovery is probable.

(b) Disaster-related impairment of property, plant, and equipment

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

Disaster-related accounts payable and accrued expenses

As of August 31, 2013, the Medical Center paid \$168,218 in disaster-related operating costs and recorded the remaining \$79,858 as disaster-related accounts payable and accrued expenses. Additional disaster-related operating costs are not expected to be significant.

New York University
Notes to Consolidated Financial Statements
August 31, 2013 and 2012

(in thousands of dollars)

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

	<u>2013</u>
Operating revenues:	
Commercial insurance recoveries-unallocated ^(a)	70,000
Federal grant-disaster recovery ^(c)	252,915
Nonoperating activities:	
Commercial insurance recovery-property ^(b)	6,500
Total disaster-related revenues	<u>\$ 329,415</u>
Cash receipts:	
Commercial insurance recoveries-unallocated	60,000
Federal grant-disaster recovery	179,394
Total cash receipts	<u>\$ 239,394</u>
Accounts receivable:	
Commercial insurance recoveries-unallocated	10,000
Commercial insurance recovery-property	6,500
Federal grant-disaster recovery	73,521
Total disaster-related receivable	<u>\$ 90,021</u>

(a) Commercial insurance recoveries- unallocated- The Medical Center had insurance policies in effect at the time of Superstorm Sandy for business interruption, property, casualty, and other insurance coverage subject to various limitations and deductibles. Commercial insurance recoveries unallocated of \$70,000 were recorded as revenue for the year ended August 31, 2013, of which \$60,000 was received and \$10,000 remained outstanding as a disaster-related receivable as of August 31, 2013. No allocation of these recoveries between business interruption, property casualty, and other insurance coverage has been or is expected to be made by the insurers.

Additional insurance recoveries are expected and are being pursued but the ultimate outcome cannot be determined at this time and therefore, no additional recoveries have been recorded through August 31, 2013.

(b) Commercial insurance recovery-property - The Medical Center recognized \$6,500 of commercial insurance revenues that are specifically attributed to property losses, which remain outstanding as of August 31, 2013. These revenues have been recorded against the disaster-related impairment of property, plant and equipment within the consolidated statements of activities.

(c) Federal grant-disaster recovery- The Medical Center qualifies for assistance through the Federal Emergency Management Agency ("FEMA"). Medical Center representatives are working with FEMA and New York State to identify costs that qualify for reimbursement. Federal grants provided by FEMA will be subject to offset for future commercial insurance recoveries related to property damage. Federal grant recoveries from FEMA of \$252,915 were recorded as revenue for the year ended August 31, 2013, of which \$179,394 was received

New York University

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(in thousands of dollars)

from FEMA and \$73,521 remained outstanding as a disaster-related receivable at August 31, 2013.

Rebuilding costs

The estimated cost to permanently repair and replace damaged property is estimated to be approximately \$363,000. The estimates are subject to revision upon final determination of the replacement value. In addition, the Medical Center is working with FEMA to plan repairs to its infrastructure to mitigate the extent of losses incurred by future storms. The construction costs for future storm mitigation are estimated to be approximately \$160,000, of which 90% of this amount is anticipated to be funded by FEMA. Neither the permanent replacement nor the mitigation projects have been materially started as of August 31, 2013. Both are anticipated to qualify for FEMA reimbursement upon project approval.

The Medical Center has not recognized any revenues related to the replacement cost of property, plant, and equipment within the consolidated statements of activities. The Medical Center's policy is to recognize these revenues when the reimbursement for replacing these assets has been approved and the amounts are deemed to be realized or realizable.

21. Subsequent Events

NYU has performed an evaluation of subsequent events through December 20, 2013, which is the issuance date of the consolidated financial statements.

On October 8, 2013, DASNY issued \$126,525 of revenue bonds (Series 2013A) on behalf of the Obligated Group with interest rates ranging from 2.0% to 5.0%. The Series 2013A Bonds mature serially from July 2014 through July 2033, as well as in July 2037 and July 2043. The Series 2013A Bonds maturing in 2037 and 2042 are payable in annual sinking fund installments from July 2034 and July 2038, respectively, to maturity. The proceeds from the Series 2013A bonds will be used to refinance indebtedness incurred in connection with the construction and acquisition of certain Washington Square and School of Medicine buildings.

On October 8, 2013, DASNY issued \$32,280 of taxable revenue bonds (Series 2013B) on behalf of the Obligated Group with interest rates ranging from 0.4% to 5.3%. The Series 2013B Bonds mature serially from July 2014 through July 2028, as well as in July 2033 and July 2043. The Series 2013B Bonds maturing in 2033 and 2043 are payable in annual sinking fund installments from July 2029 and July 2034, respectively, to maturity. The proceeds from the Series 2013B bonds will be used to refinance indebtedness incurred in connection with the construction and acquisition of certain Washington Square and School of Medicine buildings.

In November, 2013, the Hospital's Center defeased the remaining obligation of the Series 2000D bonds in the amount of \$41,300.

The Hospital's Center is under contract to purchase a leasehold interest in a building which houses its ambulatory surgery center and musculoskeletal center. The purchase for \$145,000 is subject to satisfaction of certain conditions.

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, 2013

(in thousands of dollars)

	2013			Consolidated NYU
	University	NYU Langone Medical Center	Eliminations	
Assets				
Cash and cash equivalents	\$ 707,125	\$ 387,876	\$ -	\$ 1,095,001
Short-term investments (Note 4)	28,680	-	-	28,680
Accounts and loans receivable, net (Note 5)	416,461	79,276	(135,558)	360,179
Patient accounts receivable, net	2,985	313,197	-	316,182
Contributions receivable, net (Note 6)	300,213	219,077	-	519,290
Other assets (Note 7)	154,203	133,575	-	287,778
Disaster-related receivable (Note 20)	-	90,021	-	90,021
Deposits with trustees (Note 8)	101,161	101,042	-	202,203
Collateral for securities loaned (Note 4)	2,634	-	-	2,634
Long-term investments (Note 4)	2,404,612	1,215,025	-	3,619,637
Assets held by insurance captive (CCC550) (Note 12)	-	255,247	-	255,247
Land, buildings, and equipment, net (Note 9)	3,180,744	2,300,983	-	5,481,727
Total assets	<u>\$ 7,298,818</u>	<u>\$ 5,095,319</u>	<u>\$ (135,558)</u>	<u>\$ 12,258,579</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 196,413	\$ 861,346	\$ (135,558)	\$ 922,201
Disaster-related accounts payable and accrued expenses (Note 20)	-	79,858	-	79,858
Deferred revenue	795,671	47,212	-	842,883
Outstanding losses and loss adjustment expenses (Note 12)	-	215,972	-	215,972
Security loan agreements payable (Note 4)	2,634	-	-	2,634
Bonds and notes payable (Notes 10 and 11)	2,068,106	1,539,508	-	3,607,614
Other leasing obligations (Note 11)	-	86,990	-	86,990
Federal grants refundable	75,803	1,558	-	77,361
Accrued benefit obligation (Note 13)	38,175	127,810	-	165,985
Accrued postretirement obligation (Note 14)	316,852	140,257	-	457,109
Asset retirement obligation	124,022	38,539	-	162,561
Total liabilities	<u>3,617,676</u>	<u>3,139,050</u>	<u>(135,558)</u>	<u>6,621,168</u>
Net assets				
Unrestricted	1,890,488	1,106,103	-	2,996,591
Temporarily restricted (Note 18)	510,833	533,483	-	1,044,316
Permanently restricted (Note 18)	1,279,821	316,683	-	1,596,504
Total net assets	<u>3,681,142</u>	<u>1,956,269</u>	<u>-</u>	<u>5,637,411</u>
Total liabilities and net assets	<u>\$ 7,298,818</u>	<u>\$ 5,095,319</u>	<u>\$ (135,558)</u>	<u>\$ 12,258,579</u>

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Summary)
August 31, 2012

(in thousands of dollars)

	2012			Consolidated NYU
	University	NYU Langone Medical Center	Eliminations	
Assets				
Cash and cash equivalents	\$ 749,899	\$ 667,748	\$ -	\$ 1,417,647
Short-term investments (Note 4)	32,667	901	-	33,568
Accounts and loans receivable, net (Note 5)	406,720	91,569	(136,325)	361,964
Patient accounts receivable, net	3,990	300,429	-	304,419
Contributions receivable, net (Note 6)	295,799	147,065	-	442,864
Other assets (Note 7)	127,095	120,347	-	247,442
Deposits with trustees (Note 8)	118,261	147,120	-	265,381
Collateral for securities loaned (Note 4)	6,023	-	-	6,023
Long-term investments (Note 4)	2,154,282	805,473	-	2,959,755
Assets held by insurance captive (CCC550) (Note 12)	-	262,628	-	262,628
Land, buildings, and equipment, net (Note 9)	3,050,031	1,841,908	-	4,891,939
Total assets	<u>\$ 6,944,767</u>	<u>\$ 4,385,188</u>	<u>\$ (136,325)</u>	<u>\$ 11,193,630</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 203,900	\$ 866,582	\$ (136,325)	\$ 934,157
Deferred revenue	788,119	37,406	-	825,525
Outstanding losses and loss adjustment expenses (Note 12)	-	188,962	-	188,962
Security loan agreements payable (Note 4)	6,023	-	-	6,023
Bonds and notes payable (Notes 10 and 11)	1,981,630	1,210,142	-	3,191,772
Federal grants refundable	74,789	876	-	75,665
Accrued benefit obligation (Note 13)	81,183	215,705	-	296,888
Accrued postretirement obligation (Note 14)	359,353	187,547	-	546,900
Asset retirement obligation	116,219	22,509	-	138,728
Total liabilities	<u>3,611,216</u>	<u>2,729,729</u>	<u>(136,325)</u>	<u>6,204,620</u>
Net assets				
Unrestricted	1,691,011	944,042	-	2,635,053
Temporarily restricted (Note 18)	455,500	394,878	-	850,378
Permanently restricted (Note 18)	1,187,040	316,539	-	1,503,579
Total net assets	<u>3,333,551</u>	<u>1,655,459</u>	<u>-</u>	<u>4,989,010</u>
Total liabilities and net assets	<u>\$ 6,944,767</u>	<u>\$ 4,385,188</u>	<u>\$ (136,325)</u>	<u>\$ 11,193,630</u>

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

(in thousands of dollars)

	2013								Total Consolidated NYU
	Washington Square	School of Medicine	Eliminations	Subtotal	Polytechnic*	Hospitals Center	CCC550	Eliminations	
Assets									
Cash and cash equivalents	\$ 695,776	\$ 205,015	\$ -	\$ 900,791	\$ 11,349	\$ 182,861	\$ -	\$ -	\$ 1,095,001
Short-term investments (Note 4)	28,680	-	-	28,680	-	-	-	-	28,680
Accounts and loans receivable, net (Note 5)	447,143	41,760	(135,558)	353,345	10,591	3,161	70,981	(77,899)	360,179
Patient accounts receivable, net	2,985	54,797	-	57,782	-	258,400	-	-	316,182
Contributions receivable, net (Note 6)	296,796	44,425	-	341,221	3,417	174,652	-	-	519,290
Other assets (Note 7)	144,160	34,349	-	178,509	10,043	150,864	1,445	(53,083)	287,778
Disaster-related receivable (Note 20)	-	76,962	-	76,962	-	13,059	-	-	90,021
Deposits with trustees (Note 8)	93,884	1,540	-	95,424	7,277	99,502	-	-	202,203
Collateral for securities loaned (Note 4)	2,634	-	-	2,634	-	-	-	-	2,634
Long-term investments (Note 4)	2,287,845	720,368	-	3,008,213	116,767	494,657	-	-	3,619,637
Assets held by insurance captive (CCC550) (Note 12)	-	-	-	-	-	-	255,247	-	255,247
Land, buildings, and equipment, net (Note 9)	3,051,171	827,221	-	3,878,392	129,573	1,473,762	-	-	5,481,727
Total assets	\$ 7,051,074	\$ 2,006,437	\$ (135,558)	\$ 8,921,953	\$ 289,017	\$ 2,850,918	\$ 327,673	\$ (130,982)	\$ 12,258,579
Liabilities and Net Assets									
Liabilities									
Accounts payable and accrued expenses	\$ 187,066	\$ 446,461	\$ (135,558)	\$ 497,969	\$ 50,620	\$ 410,510	\$ 25,919	\$ (62,817)	\$ 922,201
Disaster-related accounts payable and accrued expenses (Note 20)	-	59,246	-	59,246	-	20,612	-	-	79,858
Deferred revenue	776,208	29,595	-	805,803	19,463	-	51,347	(33,730)	842,883
Outstanding losses and loss adjustment expenses (Note 12)	-	-	-	-	-	-	215,972	-	215,972
Security loan agreements payable (Note 4)	2,634	-	-	2,634	-	-	-	-	2,634
Bonds and notes payable (Notes 10 and 11)	1,951,031	340,549	-	2,291,580	117,075	1,198,959	-	-	3,607,614
Other leasing obligations (Note 11)	-	86,990	-	86,990	-	-	-	-	86,990
Federal grants refundable	72,376	1,558	-	73,934	3,427	-	-	-	77,361
Accrued benefit obligation (Note 13)	38,175	41,901	-	80,076	-	85,909	-	-	165,985
Accrued postretirement obligation (Note 14)	302,509	81,238	-	383,747	14,343	59,019	-	-	457,109
Asset retirement obligation	122,359	15,952	-	138,311	1,663	22,587	-	-	162,561
Total liabilities	3,452,358	1,103,490	(135,558)	4,420,290	206,591	1,797,596	293,238	(96,547)	6,621,168
Net assets									
Unrestricted	1,906,756	348,023	-	2,254,779	(16,268)	758,080	34,435	(34,435)	2,996,591
Temporarily restricted (Note 18)	494,542	251,279	-	745,821	16,291	282,204	-	-	1,044,316
Permanently restricted (Note 18)	1,197,418	303,645	-	1,501,063	82,403	13,038	-	-	1,596,504
Total net assets	3,598,716	902,947	-	4,501,663	82,426	1,053,322	34,435	(34,435)	5,637,411
Total liabilities and net assets	\$ 7,051,074	\$ 2,006,437	\$ (135,558)	\$ 8,921,953	\$ 289,017	\$ 2,850,918	\$ 327,673	\$ (130,982)	\$ 12,258,579

* For the period ended August 31

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Detail)
August 31, 2012

(in thousands of dollars)

	2012								
	Washington Square	School of Medicine	Eliminations	Subtotal	Polytechnic*	Hospitals Center	CCC550	Eliminations	Total Consolidated NYU
Assets									
Cash and cash equivalents	\$ 748,734	\$ 130,751	\$ -	\$ 879,485	\$ 1,165	\$ 536,997	\$ -	\$ -	\$ 1,417,647
Short-term investments (Note 4)	32,667	901	-	33,568	-	-	-	-	33,568
Accounts and loans receivable, net (Note 5)	414,452	54,299	(136,325)	332,426	14,405	18,788	69,336	(72,991)	361,964
Patient accounts receivable, net	3,990	55,393	-	59,383	-	245,036	-	-	304,419
Contributions receivable, net (Note 6)	291,705	55,028	-	346,733	4,094	92,037	-	-	442,864
Other assets (Note 7)	117,026	32,850	-	149,876	10,069	185,227	1,617	(99,347)	247,442
Deposits with trustees (Note 8)	110,984	2,800	-	113,784	7,277	144,320	-	-	265,381
Collateral for securities loaned (Note 4)	6,023	-	-	6,023	-	-	-	-	6,023
Long-term investments (Note 4)	2,045,164	780,485	-	2,825,649	109,118	24,988	-	-	2,959,755
Assets held by insurance captive (CCC550) (Note 12)	-	-	-	-	-	-	262,628	-	262,628
Land, buildings, and equipment, net (Note 9)	2,929,210	676,649	-	3,605,859	120,821	1,165,259	-	-	4,891,939
Total assets	\$ 6,699,955	\$ 1,789,156	\$ (136,325)	\$ 8,352,786	\$ 266,949	\$ 2,412,652	\$ 333,581	\$ (172,338)	\$ 11,193,630
Liabilities and Net Assets									
Liabilities									
Accounts payable and accrued expenses	\$ 190,764	\$ 423,525	\$ (136,325)	\$ 477,964	\$ 35,273	\$ 460,215	\$ 29,096	\$ (68,391)	\$ 934,157
Deferred revenue	785,749	25,830	-	811,579	2,370	-	45,063	(33,487)	825,525
Outstanding losses and loss adjustment expenses (Note 12)	-	-	-	-	-	-	188,962	-	188,962
Security loan agreements payable (Note 4)	6,023	-	-	6,023	-	-	-	-	6,023
Bonds and notes payable (Notes 10 and 11)	1,862,487	306,869	-	2,169,356	119,143	903,273	-	-	3,191,772
Federal grants refundable	71,310	876	-	72,186	3,479	-	-	-	75,665
Accrued benefit obligation (Note 13)	81,183	73,865	-	155,048	-	141,840	-	-	296,888
Accrued postretirement obligation (Note 14)	342,787	117,063	-	459,850	16,566	70,484	-	-	546,900
Asset retirement obligation	114,572	8,515	-	123,087	1,647	13,994	-	-	138,728
Total liabilities	3,454,875	956,543	(136,325)	4,275,093	178,478	1,589,806	263,121	(101,878)	6,204,620
Net assets									
Unrestricted	1,693,258	325,983	-	2,019,241	(2,247)	618,059	70,460	(70,460)	2,635,053
Temporarily restricted (Note 18)	446,204	203,102	-	649,306	9,296	191,776	-	-	850,378
Permanently restricted (Note 18)	1,105,618	303,528	-	1,409,146	81,422	13,011	-	-	1,503,579
Total net assets	3,245,080	832,613	-	4,077,693	88,471	822,846	70,460	(70,460)	4,989,010
Total liabilities and net assets	\$ 6,699,955	\$ 1,789,156	\$ (136,325)	\$ 8,352,786	\$ 266,949	\$ 2,412,652	\$ 333,581	\$ (172,338)	\$ 11,193,630

* As of June 30

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

(in thousands of dollars)

	2013			
	University	NYU Langone Medical Center	Eliminations	Consolidated NYU
Changes in unrestricted net assets				
Operating revenues				
Tuition and fees (net of financial aid awards of \$437,049 University; \$5,269 NYU Langone Medical Center)	\$ 1,481,453	\$ 46,055	\$ -	\$ 1,527,508
Grants and contracts (Note 15)	392,249	250,619	(920)	641,948
Patient care (net of provision for bad debts \$68,469 NYU Langone Medical Center) (Note 3)	44,277	2,128,726	-	2,173,003
Hospital affiliations (Note 16)	-	291,381	-	291,381
Insurance premiums earned	-	33,497	-	33,497
New York State appropriation	1,837	205	-	2,042
Contributions	95,545	40,621	-	136,166
Endowment distribution (Note 4)	86,053	34,443	-	120,496
Return on short-term investments (Note 4)	5,737	2,079	-	7,816
Auxiliary enterprises	369,758	22,041	(5,222)	386,577
Program fees and other	115,607	105,387	(6,503)	214,491
Commercial insurance-disaster recovery (Note 20)	-	70,000	-	70,000
Federal grant-disaster recovery (Note 20)	-	252,915	-	252,915
Net assets released from restrictions	61,295	55,829	-	117,124
Total operating revenues	<u>2,653,811</u>	<u>3,333,798</u>	<u>(12,645)</u>	<u>5,974,964</u>
Expenses (Note 17)				
Instruction and other academic programs	1,299,366	55,538	-	1,354,904
Research and other sponsored programs	347,619	383,495	(920)	730,194
Patient care	48,043	1,868,749	-	1,916,792
Hospital affiliations (Note 16)	-	264,074	-	264,074
Libraries	62,883	8,954	-	71,837
Student services	111,889	9,346	-	121,235
Auxiliary enterprises	394,807	49,493	(5,222)	439,078
Institutional services	344,887	470,378	(6,503)	808,762
Disaster-related expenses (Note 20)	-	248,076	-	248,076
Total expenses	<u>2,609,494</u>	<u>3,358,103</u>	<u>(12,645)</u>	<u>5,954,952</u>
Excess (deficiency) of operating revenues over expenses	44,317	(24,305)	-	20,012
Nonoperating activities				
Investment return (Note 4)	79,866	6,018	-	85,884
Appropriation of endowment distribution (Note 4)	(29,528)	(18,115)	-	(47,643)
Disaster-related impairment of property, plant, and equipment (Note 20)	-	(61,134)	-	(61,134)
Other	2,719	2,741	-	5,460
Net assets released from restrictions for capital purposes	201	73,158	-	73,359
Changes in pension and postretirement obligations (Notes 13 and 14)	101,902	183,698	-	285,600
Increase in unrestricted net assets	<u>199,477</u>	<u>162,061</u>	<u>-</u>	<u>361,538</u>
Changes in temporarily restricted net assets				
Contributions	46,031	250,836	-	296,867
Investment return (Note 4)	126,569	33,084	-	159,653
Appropriation of endowment distribution (Note 4)	(56,525)	(16,328)	-	(72,853)
Other	754	-	-	754
Net assets released from restrictions	(61,496)	(128,987)	-	(190,483)
Increase in temporarily restricted net assets	<u>55,333</u>	<u>138,605</u>	<u>-</u>	<u>193,938</u>
Changes in permanently restricted net assets				
Contributions	94,440	144	-	94,584
Other	(1,659)	-	-	(1,659)
Increase in permanently restricted net assets	<u>92,781</u>	<u>144</u>	<u>-</u>	<u>92,925</u>
Increase in net assets	<u>\$ 347,591</u>	<u>\$ 300,810</u>	<u>\$ -</u>	<u>\$ 648,401</u>

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Summary)
Year Ended August 31, 2012

(in thousands of dollars)

	2012			
	University	NYU Langone Medical Center	Eliminations	Consolidated NYU
Changes in unrestricted net assets				
Operating revenues				
Tuition and fees (net of financial aid awards of \$396,237 University; \$5,076 NYU Langone Medical Center)	\$ 1,425,514	\$ 45,033	\$ -	\$ 1,470,547
Grants and contracts (Note 15)	341,379	261,243	(1,519)	601,103
Patient care (net of provision for bad debts \$39,206 NYU Langone Medical Center) (Note 3)	47,092	2,279,028	-	2,326,120
Hospital affiliations (Note 16)	-	261,384	-	261,384
Insurance premiums earned	-	36,892	-	36,892
New York State appropriation	12,140	229	-	12,369
Contributions	91,423	38,858	-	130,281
Endowment distribution (Note 4)	82,264	36,384	-	118,648
Return on short-term investments (Note 4)	6,222	14,392	-	20,614
Auxiliary enterprises	362,305	26,367	(5,310)	383,362
Program fees and other	91,724	105,590	(6,616)	190,698
Net assets released from restrictions	65,290	63,927	-	129,217
Total operating revenues	<u>2,525,353</u>	<u>3,169,327</u>	<u>(13,445)</u>	<u>5,681,235</u>
Expenses (Note 17)				
Instruction and other academic programs	1,214,411	54,882	-	1,269,293
Research and other sponsored programs	302,680	358,115	(1,519)	659,276
Patient care	47,324	1,820,382	-	1,867,706
Hospital affiliations (Note 16)	-	242,457	-	242,457
Libraries	60,209	8,883	-	69,092
Student services	101,132	9,673	-	110,805
Auxiliary enterprises	376,323	57,148	(5,310)	428,161
Institutional services	288,062	405,375	(6,616)	686,821
Total expenses	<u>2,390,141</u>	<u>2,956,915</u>	<u>(13,445)</u>	<u>5,333,611</u>
Excess of operating revenues over expenses	135,212	212,412	-	347,624
Nonoperating activities				
Investment return (Note 4)	19,720	11,447	-	31,167
Appropriation of endowment distribution (Note 4)	(29,121)	(21,171)	-	(50,292)
Other	(3,676)	(665)	-	(4,341)
Net assets released from restrictions for capital purposes	3,226	3,610	-	6,836
Changes in pension and postretirement obligations (Notes 13 and 14)	(119,047)	(157,390)	-	(276,437)
Increase in unrestricted net assets	<u>6,314</u>	<u>48,243</u>	<u>-</u>	<u>54,557</u>
Changes in temporarily restricted net assets				
Contributions	105,808	77,553	-	183,361
Investment return (Note 4)	33,868	8,297	-	42,165
Appropriation of endowment distribution (Note 4)	(53,143)	(15,213)	-	(68,356)
Other	(1,790)	(5,700)	-	(7,490)
Net assets released from restrictions	(68,516)	(67,537)	-	(136,053)
Increase (decrease) in temporarily restricted net assets	<u>16,227</u>	<u>(2,600)</u>	<u>-</u>	<u>13,627</u>
Changes in permanently restricted net assets				
Contributions	80,628	25,542	-	106,170
Other	(5,325)	-	-	(5,325)
Increase in permanently restricted net assets	<u>75,303</u>	<u>25,542</u>	<u>-</u>	<u>100,845</u>
Increase in net assets	<u>\$ 97,844</u>	<u>\$ 71,185</u>	<u>\$ -</u>	<u>\$ 169,029</u>

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

(in thousands of dollars)

	2013								Total 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 \$437,049 University; and \$5,269 NYU Langone Medical Center)	\$ 1,392,299	\$ 46,055	\$ -	\$ 1,438,354	\$ 89,154	\$ -	\$ -	\$ -	\$ 1,527,508
Grants and contracts (Note 15)	370,891	249,856	(920)	619,827	21,358	763	-	-	641,948
Patient care (net of provision for bad debts \$68,469 NYU Langone Medical Center) (Note 3)	44,277	584,958	-	629,235	-	1,662,617	-	(118,849)	2,173,003
Hospital affiliations (Note 16)	-	275,364	-	275,364	-	16,017	-	-	291,381
Insurance premiums earned	-	-	-	-	-	-	59,222	(25,725)	33,497
New York State appropriation	1,837	205	-	2,042	-	-	-	-	2,042
Contributions	93,203	37,254	-	130,457	2,342	3,367	-	-	136,166
Endowment distribution (Note 4)	82,718	33,388	-	116,106	3,335	1,055	-	-	120,496
Return on short-term investments (Note 4)	5,737	74	-	5,811	-	4,189	(2,184)	-	7,816
Auxiliary enterprises	363,382	22,041	(5,222)	380,201	6,376	-	-	-	386,577
Program fees and other	113,073	114,222	(6,503)	220,792	2,534	79,930	-	(88,765)	214,491
Commercial insurance-disaster recovery (Note 20)	-	15,882	-	15,882	-	54,118	-	-	70,000
Federal grant-disaster recovery (Note 20)	-	145,495	-	145,495	-	107,420	-	-	252,915
Net assets released from restrictions	53,638	53,362	-	107,000	7,657	2,467	-	-	117,124
Total operating revenues	2,521,055	1,578,156	(12,645)	4,086,566	132,756	1,931,943	57,038	(233,339)	5,974,964
Expenses (Note 17)									
Instruction and other academic programs	1,226,164	55,538	-	1,281,702	73,202	-	-	-	1,354,904
Research and other sponsored programs	321,688	383,495	(920)	704,263	25,931	-	-	-	730,194
Patient care	48,043	636,492	-	684,535	-	1,351,106	-	(118,849)	1,916,792
Hospital affiliations (Note 16)	-	264,074	-	264,074	-	-	-	-	264,074
Libraries	62,883	8,954	-	71,837	-	-	-	-	71,837
Student services	99,527	9,346	-	108,873	12,362	-	-	-	121,235
Auxiliary enterprises	382,036	49,493	(5,222)	426,307	12,771	-	-	-	439,078
Institutional services	318,031	109,875	(6,503)	421,403	26,856	417,955	42,062	(99,514)	808,762
Disaster-related expenses (Note 20)	-	133,002	-	133,002	-	115,074	-	-	248,076
Total expenses	2,458,372	1,650,269	(12,645)	4,095,996	151,122	1,884,135	42,062	(218,363)	5,954,952
Excess (deficiency) of operating revenues over expenses	62,683	(72,113)	-	(9,430)	(18,366)	47,808	14,976	(14,976)	20,012
Nonoperating activities									
Investment return (Note 4)	74,085	13,527	-	87,612	5,781	(7,509)	-	-	85,884
Appropriation of endowment distribution (Note 4)	(26,193)	(18,074)	-	(44,267)	(3,335)	(41)	-	-	(47,643)
Disaster-related impairment of property, plant, and equipment (Note 20)	-	(32,177)	-	(32,177)	-	(28,957)	-	-	(61,134)
Other	2,719	7,382	-	10,101	-	(4,641)	-	-	5,460
Mission based payment	-	35,735	-	35,735	-	(35,735)	-	-	-
Net assets released from restrictions for capital purposes	201	500	-	701	-	72,658	-	-	73,359
Changes in pension and postretirement obligations (Notes 13 and 14)	100,003	87,260	-	187,263	1,899	96,438	-	-	285,600
Increase (decrease) in unrestricted net assets	213,498	22,040	-	235,538	(14,021)	140,021	14,976	(14,976)	361,538
Changes in temporarily restricted net assets									
Contributions	38,633	86,147	-	124,780	7,398	164,689	-	-	296,867
Investment return (Note 4)	119,336	31,206	-	150,542	7,233	1,878	-	-	159,653
Appropriation of endowment distribution (Note 4)	(56,525)	(15,314)	-	(71,839)	-	(1,014)	-	-	(72,853)
Other	733	-	-	733	21	-	-	-	754
Net assets released from restrictions	(53,839)	(53,862)	-	(107,701)	(7,657)	(75,125)	-	-	(190,483)
Increase in temporarily restricted net assets	48,338	48,177	-	96,515	6,995	90,428	-	-	193,938
Changes in permanently restricted net assets									
Contributions	93,459	117	-	93,576	981	27	-	-	94,584
Other	(1,659)	-	-	(1,659)	-	-	-	-	(1,659)
Increase in permanently restricted net assets	91,800	117	-	91,917	981	27	-	-	92,925
Increase (decrease) in net assets	\$ 353,636	\$ 70,334	\$ -	\$ 423,970	\$ (6,045)	\$ 230,476	\$ 14,976	\$ (14,976)	\$ 648,401

*For the period ended August 31

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Detail)
Year Ended August 31, 2012

(in thousands of dollars)

	2012								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 \$396,237 University; and \$5,076 NYU Langone Medical Center)	\$ 1,347,341	\$ 45,033	\$ -	\$ 1,392,374	\$ 78,173	\$ -	\$ -	\$ -	\$ 1,470,547
Grants and contracts (Note 15)	326,321	260,404	(1,519)	585,206	15,058	839	-	-	601,103
Patient care (net of provision for bad debts \$39,206 NYU Langone Medical Center) (Note 3)	47,092	550,782	-	597,874	-	1,830,158	-	(101,912)	2,326,120
Hospital affiliations (Note 16)	-	245,439	-	245,439	-	15,945	-	-	261,384
Insurance premiums earned	-	-	-	-	-	-	55,586	(18,694)	36,892
New York State appropriation	11,917	229	-	12,146	223	-	-	-	12,369
Contributions	88,759	35,306	-	124,065	2,664	3,552	-	-	130,281
Endowment distribution (Note 4)	79,445	35,316	-	114,761	2,819	1,068	-	-	118,648
Return on short-term investments (Note 4)	6,222	702	-	6,924	-	2,070	11,620	-	20,614
Auxiliary enterprises	356,403	26,367	(5,310)	377,460	5,902	-	-	-	383,362
Program fees and other	90,944	95,794	(6,616)	180,122	780	97,277	-	(87,481)	190,698
Net assets released from restrictions	57,089	43,391	-	100,480	8,201	20,536	-	-	129,217
Total operating revenues	2,411,533	1,338,763	(13,445)	3,736,851	113,820	1,971,445	67,206	(208,087)	5,681,235
Expenses (Note 17)									
Instruction and other academic programs	1,152,449	54,882	-	1,207,331	61,962	-	-	-	1,269,293
Research and other sponsored programs	287,431	358,115	(1,519)	644,027	15,249	-	-	-	659,276
Patient care	47,324	558,217	-	605,541	-	1,364,077	-	(101,912)	1,867,706
Hospital affiliations (Note 16)	-	242,457	-	242,457	-	-	-	-	242,457
Libraries	60,209	8,883	-	69,092	-	-	-	-	69,092
Student services	90,726	9,673	-	100,399	10,406	-	-	-	110,805
Auxiliary enterprises	365,686	57,148	(5,310)	417,524	10,637	-	-	-	428,161
Institutional services	268,971	85,728	(6,616)	348,083	19,091	358,616	35,962	(74,931)	686,821
Total expenses	2,272,796	1,375,103	(13,445)	3,634,454	117,345	1,722,693	35,962	(176,843)	5,333,611
Excess (deficiency) of operating revenues over expenses	138,737	(36,340)	-	102,397	(3,525)	248,752	31,244	(31,244)	347,624
Nonoperating activities									
Investment return (Note 4)	21,702	11,343	-	33,045	(1,982)	104	-	-	31,167
Appropriation of endowment distribution (Note 4)	(26,302)	(21,129)	-	(47,431)	(2,819)	(42)	-	-	(50,292)
Other	(3,676)	503	-	(3,173)	-	(1,168)	-	-	(4,341)
Mission based payment	-	37,813	-	37,813	-	(37,813)	-	-	-
Net assets released from restrictions for capital purposes	3,226	500	-	3,726	-	3,110	-	-	6,836
Changes in pension and postretirement obligations (Notes 13 and 14)	(117,019)	(69,079)	-	(186,098)	(2,028)	(88,311)	-	-	(276,437)
Increase (decrease) in unrestricted net assets	16,668	(76,389)	-	(59,721)	(10,354)	124,632	31,244	(31,244)	54,557
Changes in temporarily restricted net assets									
Contributions	98,727	54,284	-	153,011	7,081	23,269	-	-	183,361
Investment return (Note 4)	33,023	7,693	-	40,716	845	604	-	-	42,165
Appropriation of endowment distribution (Note 4)	(53,143)	(14,187)	-	(67,330)	-	(1,026)	-	-	(68,356)
Other	(1,829)	-	-	(1,829)	39	(5,700)	-	-	(7,490)
Net assets released from restrictions	(60,315)	(43,891)	-	(104,206)	(8,201)	(23,646)	-	-	(136,053)
Increase (decrease) in temporarily restricted net assets	16,463	3,899	-	20,362	(236)	(6,499)	-	-	13,627
Changes in permanently restricted net assets									
Contributions	80,226	21,277	-	101,503	402	4,265	-	-	106,170
Other	(5,325)	-	-	(5,325)	-	-	-	-	(5,325)
Increase in permanently restricted net assets	74,901	21,277	-	96,178	402	4,265	-	-	100,845
Increase (decrease) in net assets	\$ 108,032	\$ (51,213)	\$ -	\$ 56,819	\$ (10,188)	\$ 122,398	\$ 31,244	\$ (31,244)	\$ 169,029

*For the year ended June 30