

**New York University**  
**Consolidated Financial Statements and**  
**Supplemental Information**  
**August 31, 2019 and 2018**

**New York University**  
**Index**  
**August 31, 2019 and 2018**

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## Report of Independent Auditors

To the Board of Trustees of  
New York University

We have audited the accompanying consolidated financial statements of New York University and its subsidiaries ("New York University"), which comprise the consolidated balance sheets as of August 31, 2019 and 2018, and the related consolidated statements of activities and of cash flows for the years then ended.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditors' Responsibility***

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

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



***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New York University and its subsidiaries as of August 31, 2019 and 2018, 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.

***Emphasis of Matter***

As discussed in Note 2 to the consolidated financial statements, New York University changed the manner in which it presents net assets and reports certain aspects of its financial statements as a not-for-profit entity in 2019. Our opinion is not modified with respect to this matter.

***Other Matter***

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

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers LLP", is written over a faint, larger version of the same signature.

New York, New York  
December 13, 2019

**New York University**  
**Consolidated Balance Sheets**  
**August 31, 2019 and 2018**

*(in thousands of dollars)*

|  | <b>2019</b>          | <b>2018</b>          |
|--|----------------------|----------------------|
| <b>Assets</b>                                      |                      |                      |
| Cash and cash equivalents                          | \$ 1,953,180         | \$ 1,487,070         |
| Short-term investments (Note 5)                    | 4,303                | 1,870                |
| Accounts and loans receivable, net (Note 6)        | 714,360              | 722,997              |
| Patient accounts receivable, net (Note 4)          | 973,185              | 895,513              |
| Contributions receivable, net (Note 7)             | 476,691              | 458,350              |
| Other assets (Note 8)                              | 963,913              | 949,778              |
| Deposits with trustees (Note 10)                   | 883,427              | 474,168              |
| Long-term investments (Note 5)                     | 4,988,615            | 4,881,342            |
| Assets held for professional liabilities (Note 12) | 667,606              | 525,834              |
| Land, buildings, and equipment, net (Note 9)       | 11,523,879           | 10,931,180           |
| Total assets                                       | <u>\$ 23,149,159</u> | <u>\$ 21,328,102</u> |
| <b>Liabilities and Net Assets</b>                  |                      |                      |
| Liabilities  |                      |                      |
| Accounts payable and accrued expenses              | \$ 2,117,907         | \$ 1,950,116         |
| Deferred revenue                                   | 1,068,436            | 973,655              |
| Professional liabilities (Note 12)                 | 717,281              | 640,722              |
| Debt and other obligations (Note 11)               | 7,962,461            | 7,123,908            |
| Funds held for others (Notes 6 and 8)              | 375,709              | 344,625              |
| Accrued benefit obligation (Note 13)               | 884,741              | 452,487              |
| Accrued postretirement obligation (Note 13)        | 683,797              | 541,949              |
| Asset retirement obligation                        | 278,860              | 256,318              |
| Total liabilities                                  | <u>14,089,192</u>    | <u>12,283,780</u>    |
| Net assets   |                      |                      |
| Without donor restrictions                         | 5,330,821            | 5,414,712            |
| With donor restrictions                            | 3,729,146            | 3,629,610            |
| Total net assets                                   | <u>9,059,967</u>     | <u>9,044,322</u>     |
| Total liabilities and net assets                   | <u>\$ 23,149,159</u> | <u>\$ 21,328,102</u> |

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

**New York University**  
**Consolidated Statements of Activities**  
**Years Ended August 31, 2019 and 2018**

| <i>(in thousands of dollars)</i>   | <b>2019</b>       | <b>2018</b>       |
|--|-------------------|-------------------|
| <b>Changes in net assets without donor restrictions</b>                      |                   |                   |
| Operating revenues   |                   |                   |
| Tuition and fees (net of financial aid awards of \$673,610 and \$627,525)    | \$ 2,022,105      | \$ 1,910,475      |
| Grants and contracts (Note 2)  | 1,059,018         | 1,011,575         |
| Patient care (Note 4)  | 7,790,359         | 6,981,943         |
| Hospital affiliations (Note 14)  | 346,659           | 342,735           |
| Insurance premiums earned  | 97,117            | 115,544           |
| Contributions  | 124,804           | 168,192           |
| Endowment distribution (Note 5)  | 172,632           | 169,149           |
| Return on short-term investments (Note 5)                                    | 36,583            | 16,130            |
| Auxiliary enterprises (net of financial aid awards of \$59,928 and \$58,521) | 455,581           | 446,796           |
| Program fees and other   | 489,973           | 272,163           |
| Net assets released from restrictions  | <u>199,616</u>    | <u>121,469</u>    |
| Total operating revenues   | <u>12,794,447</u> | <u>11,556,171</u> |
| Expenses (Note 15)   |                   |                   |
| Salaries and fringe  | 7,302,458         | 6,861,802         |
| Medical and pharmaceutical costs   | 1,075,764         | 921,221           |
| Professional services  | 688,862           | 682,020           |
| Facilities costs   | 864,152           | 734,805           |
| Fees, insurance and taxes  | 359,661           | 327,901           |
| Depreciation and amortization  | 800,746           | 718,309           |
| Interest   | 313,749           | 248,197           |
| Other  | <u>959,554</u>    | <u>1,050,703</u>  |
| Total expenses   | <u>12,364,946</u> | <u>11,544,958</u> |
| Excess of operating revenues over expenses                                   | 429,501           | 11,213            |
| Nonoperating activities  |                   |                   |
| Investment return (Note 5)   | 103,650           | 157,692           |
| Appropriation of endowment distribution (Note 5)                             | (59,149)          | (61,823)          |
| Pension and postretirement nonservice costs (Note 13)                        | 1,422             | (5,279)           |
| Changes in pension and postretirement obligations (Note 13)                  | (578,883)         | 119,491           |
| Net assets released from restrictions for capital purposes                   | 60,931            | 347,319           |
| Other  | <u>(41,363)</u>   | <u>45,289</u>     |
| (Decrease) increase in net assets without donor restrictions                 | <u>(83,891)</u>   | <u>613,902</u>    |
| <b>Changes in net assets with donor restrictions</b>                         |                   |                   |
| Contributions  | 379,688           | 312,724           |
| Investment return (Note 5)   | 76,502            | 204,089           |
| Appropriation of endowment distribution (Note 5)                             | (113,483)         | (107,326)         |
| Other  | 17,376            | (20,344)          |
| Net assets released from restrictions  | <u>(260,547)</u>  | <u>(468,788)</u>  |
| Increase (decrease) in net assets with donor restrictions                    | <u>99,536</u>     | <u>(79,645)</u>   |
| Increase in net assets   | <u>\$ 15,645</u>  | <u>\$ 534,257</u> |

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

# New York University

## Consolidated Statements of Cash Flows

### Years Ended August 31, 2019 and 2018

(in thousands of dollars)

|  | 2019                | 2018                |
|--|---------------------|---------------------|
| <b>Cash flows from operating activities</b>  |                     |                     |
| Change in net assets   | \$ 15,645           | \$ 534,257          |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |                     |                     |
| Depreciation and amortization  | 800,746             | 718,309             |
| Loss on sale or disposal of land, buildings and equipment                                  | 17,666              | 1,444               |
| Gain on settlement   | (62,414)            | -                   |
| Net gain on investments and deposits with trustees   | (116,129)           | (294,202)           |
| Bad debt expense   | 12,102              | 15,807              |
| Pension and postretirement obligation change   | 578,883             | (119,491)           |
| Contributions received for permanent investment and capital                                | (131,018)           | (143,364)           |
| Proceeds from insurance recovery for capital or FEMA award                                 | (42,843)            | (6,742)             |
| Changes in operating assets and liabilities  |                     |                     |
| Decrease in accounts and loans receivable, net   | 51,690              | 23,264              |
| Increase in patient accounts receivable  | (77,672)            | (33,628)            |
| Increase in nonendowment and noncapital contributions receivable                           | (22,366)            | (9,526)             |
| Decrease (increase) in other assets  | 4,326               | (9,286)             |
| Decrease in asset retirement obligation  | (5,570)             | (5,200)             |
| Increase in accounts payable and accrued expenses  | 159,966             | 253,660             |
| Increase in professional liabilities   | 89,545              | 10,912              |
| Increase in deferred revenue   | 94,781              | 27,935              |
| Decrease in accrued benefit obligation   | (17,605)            | (37,639)            |
| Increase in accrued postretirement obligation  | 13,129              | 14,560              |
| Net cash provided by operating activities  | <u>1,362,862</u>    | <u>941,070</u>      |
| <b>Cash flows from investing activities</b>  |                     |                     |
| Purchases of investments   | (1,498,627)         | (2,200,132)         |
| Sales and maturities of investments  | 1,459,606           | 2,441,540           |
| Increase in assets held for professional liabilities                                       | (103,919)           | (17,672)            |
| Drawdowns of unexpended bond proceeds  | 385,256             | 105,650             |
| Additions to land, buildings, and equipment  | (1,249,586)         | (1,638,933)         |
| Proceeds from sale of building   | 41,527              | -                   |
| Proceeds from insurance recovery or FEMA award for capital                                 | 3,761               | 5,558               |
| Net cash used in investing activities  | <u>(961,982)</u>    | <u>(1,303,989)</u>  |
| <b>Cash flows from financing activities</b>  |                     |                     |
| Contributions received for permanent investment and capital                                | 131,018             | 143,364             |
| Proceeds from FEMA award for future mitigation   | 39,082              | 1,184               |
| Proceeds from short-term borrowings  | 57,100              | 632,413             |
| Proceeds from long-term borrowings   | 6,593               | 5,262               |
| Principal payments on short-term borrowings  | -                   | (25,000)            |
| Principal payments on long-term borrowings   | (165,937)           | (174,983)           |
| Payments of deferred financing costs   | (2,675)             | (1,650)             |
| Increase (decrease) in funds held for others   | 49                  | (12,047)            |
| Decrease in deposits with bond trustees  | -                   | 11,847              |
| Net cash provided by financing activities  | <u>65,230</u>       | <u>580,390</u>      |
| Net increase in cash   | 466,110             | 217,471             |
| <b>Cash</b>  |                     |                     |
| Beginning of year  | <u>1,487,070</u>    | <u>1,269,599</u>    |
| End of year  | <u>\$ 1,953,180</u> | <u>\$ 1,487,070</u> |
| <b>Supplemental disclosure of cash flow information</b>                                    |                     |                     |
| Bond proceeds  | \$ 957,444          | \$ 646,302          |
| Line of credit principal payments  | 171,400             | 341,685             |
| Interest paid  | 328,589             | 268,977             |
| Change in noncash acquisitions of land, buildings, and equipment                           | (25,243)            | 24,829              |
| Assets acquired under capital leases   | 198,699             | 113,153             |

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

# **New York University**

## **Notes to Consolidated Financial Statements**

### **August 31, 2019 and 2018**

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*(in thousands of dollars)*

#### **1. Description of New York University**

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

The consolidated reporting entities for NYU consist of the University and NYU Langone Health, which represents the operations of NYU Langone Health System (Health System) and its two medical schools: the Robert I. Grossman NYU School of Medicine (NYUGSoM) and NYU Long Island School of Medicine.

#### **The University**

The University includes twenty 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, NYUGSoM (reported as a part of NYU Langone Health), College of Dentistry, Graduate School of Arts and Science, Steinhardt School of Culture, Education and Human Development, Leonard N. Stern School of Business, Courant Institute of Mathematical Sciences, School of Professional Studies, Institute of Fine Arts, Robert F. Wagner Graduate School of Public Service, Post-Graduate Medical School, Silver School of Social Work, Tisch School of the Arts, Gallatin School of Individualized Study, Rory Meyers College of Nursing, Institute for the Study of the Ancient World, NYU Abu Dhabi, Tandon School of Engineering (formerly Polytechnic University founded in 1854), and NYU Long Island School of Medicine (reported as part of NYU Langone Health). The University also operates academic program sites and research programs in other parts of the United States and abroad.

In addition to the colleges and divisions, NYU operates NYU Shanghai, which grants NYU degrees, as a joint venture with East China Normal University. The New York based activities of NYU Shanghai are reported in the University's consolidated balance sheets and consolidated statements of activities.

#### **NYU Langone Health**

The Health System is the sole corporate member of NYU Langone Hospitals, which operates the Kimmel Pavilion and Tisch Hospital, two acute care facilities which together consist of 844 beds, and are major centers for specialized procedures in cardiovascular services, neurosurgery, cancer treatment, reconstructive surgery, transplantation, psychiatric services and rehabilitation. NYU Langone Hospitals also operates NYU Langone Orthopedic Hospital, a 225-bed acute care facility specializing in orthopedic, neurologic, and rheumatologic services; NYU Langone Hospital-Brooklyn, a 450-bed acute care hospital; NYU Winthrop Hospital (Winthrop), a 591-bed acute care facility located in Mineola, New York; and several ambulatory facilities, including the Laura and Isaac Perlmutter Cancer Center, the Ambulatory Care Center, the Center for Musculoskeletal Care and Hassenfeld Children's Center for Cancer and Blood Disorders. NYU Langone Hospitals is also the sole corporate member of Winthrop Clinical Partners, Inc., a not-for-profit entity which invests in joint ventures with medical facilities; Winthrop-University Hospital Services Corp., a real estate holding company, and various faculty, community, and hospital-based physician service organizations.



# New York University

## Notes to Consolidated Financial Statements

### August 31, 2019 and 2018

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(in thousands of dollars)

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

In addition to NYU Langone Hospitals, the Health System's wholly owned subsidiaries consist of: Community Care Organization, Inc., a licensed home care agency; Sunset Gardens Housing and Harbor Hill Housing, which provide senior housing and rent subsidies for people meeting requirements defined by the US Department of Housing and Urban Development; and Sunset Bay Community Services, Inc., which provides senior services and day care services.

#### **NYU Langone Hospitals Merger with NYU Winthrop Hospital**

On April 1, 2017, the Health System completed an affiliation agreement (Affiliation) in which it became the sole corporate member of Winthrop (formerly Winthrop-University Hospital Association) and its subsidiary entities.

On April 8, 2019, NYU Langone Hospitals and Winthrop received a Certificate of Need approval from the New York State Department of Health for a full asset merger (the Merger) with NYU Langone Hospitals as the successor entity. The Merger became effective on August 1, 2019 upon receipt of regulatory approvals. As a result of the Merger, Winthrop became part of the Langone Hospitals' Obligated Group for its outstanding debt.

## **2. Summary of Significant Accounting Policies**

#### **Basis of Presentation**

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

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

NYU prepares its consolidated financial statements in accordance with the provisions of ASC Topic 958, *Not for Profit Entities*. This standard focuses on the entity as a whole and requires classification of net assets as determined by the existence or absence of restrictions placed on the assets' uses by donors or by provision of law. A description of the net asset classifications follows:

*Without Donor Restrictions:* 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.

*With Donor Restrictions:* Net assets subject to donor-imposed restrictions that will be met either by the actions of NYU or the passage of time. Items that are included in donor restricted net assets are gifts for which donor-imposed restrictions have not been met in the year of receipt; endowments, annuity, and life income gifts; pledges; investment returns on donor restricted endowment funds; and endowments where the principal may be expended upon the passage of a stated period of time. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions. In addition, NYU has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions.

# New York University

## Notes to Consolidated Financial Statements

### August 31, 2019 and 2018

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*(in thousands of dollars)*

#### **Operations**

Revenues and expenses related to conducting programmatic activities and provision of services by NYU are classified as operating in the consolidated statement of activities. Investment return relating to board-designated endowment funds and the related endowment appropriation, as well as changes in pension and postretirement obligations, net assets released from restriction for capital purposes, and unusual or nonrecurring activity, are classified as nonoperating in the consolidated statement of activities.

#### **Tuition and Fees**

Tuition and fees are derived from degree programs as well as executive and continuing education programs. Tuition and fee revenue is recognized within the fiscal year in which educational services are provided as the performance obligation is satisfied. Tuition and fee receipts received in advance of a semester are recorded as deferred revenue. Financial aid, in the form of scholarships and grants, including amounts funded by the endowment, research funds, and gifts reduces the published price of tuition for students receiving such aid. As such, financial aid is referred to as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student. Tuition and fees are reported net of financial aid on the consolidated statement of activities.

#### **Auxiliary Enterprises**

Auxiliary enterprises are self-supporting activities that furnish goods or services to students, faculty, staff, or incidentally to the general public, and charge a fee directly related to, although not necessarily equal to, the cost of the goods or services. Auxiliary enterprises include student housing and dining, real estate rental income, and other similar activities. Housing and dining services are delivered over the academic terms and revenues are recognized ratably as the performance obligation is satisfied. Housing and dining services are presented net of financial aid on the consolidated statement of activities.

#### **Grants and Contracts**

NYU receives funding for sponsored programs from various government agencies, foundations, and corporations. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return, or it may be a nonreciprocal non-exchange transaction in which the funding provided is for the benefit of NYU, the funding organization's mission, or the public at large.

Revenues from non-exchange transactions may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). NYU's grants and contracts are primarily conditional non-exchange transactions and revenues are recognized when expenses are incurred. Unspent conditional contributions from grants and contracts total \$602,753 at August 31, 2019. Revenues from unconditional non-exchange transactions are recognized in the period awarded.

In 2019 and 2018, grants and contracts revenue recognized from U.S. governmental sources totaled \$511,822 and \$488,952 respectively. 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 U.S. federal government and other private sponsors and totaled \$163,778 and \$163,509, respectively.

In 2014, NYU Langone Health was awarded a \$982,400 multi-year fixed capped public assistance grant from the Federal Emergency Management Agency (FEMA) for both repair and replacement of

# New York University

## Notes to Consolidated Financial Statements

### August 31, 2019 and 2018

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(in thousands of dollars)

damages and hazard mitigation projects as a result of Superstorm Sandy. As allowable repairs and replacement costs are incurred, revenues are recognized within the consolidated statements of activities based on the nature of the expenditure, as either operating or capital. Cash received in advance of spending is recorded as deferred revenue with a corresponding assets limited as to use within other assets on the consolidated balance sheet (Note 8). The hazard mitigation project portion of the award was recognized as a contribution with donor restriction (Note 16), with a corresponding FEMA receivable (Note 6). The net assets are released from restriction as the costs are incurred, and totaled \$43,683 and \$84,007 for the years ending August 31, 2019 and 2018, respectively.

#### **Contributions**

Contributions, including unconditional promises to give, are recognized as revenue in the period received at their fair value. Contributions receivable are reported at their discounted present value, using an estimated interest rate for the year in which the promise was received and considering market and credit risk as applicable (2.25% in 2019 and 3.6% in 2018). Amortization of the discount is recorded as additional contribution revenue. 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.

#### **Fair Value Measurements**

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

The following describes the hierarchy of methodologies used to measure fair value of investments:

Fair value for Level 1 is based on unadjusted quoted prices in actively traded markets that NYU has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets.

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

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

# New York University

## Notes to Consolidated Financial Statements

### August 31, 2019 and 2018

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*(in thousands of dollars)*

Investments for which fair value is measured at net asset value (NAV) per share as a practical expedient consist primarily of NYU's ownership in alternative investments (principally limited partnership interests in public equity, hedge funds, credit, real assets, private equity, real estate, and other similar funds). The NAV of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer and subsequent developments concerning the companies to which the securities relate. NYU has performed due diligence on these investments and believes the reported NAV as a practical expedient is an appropriate measure of fair value as of August 31, 2019 and 2018.

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.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include cash and all highly-liquid debt instruments with original maturities of three months or less when purchased. This does not include pooled investments with less than three months to maturity held within the long-term investment portfolio. The carrying amount of cash and cash equivalents approximates fair value due to the short-term maturity of the instruments. NYU maintains its deposits with high credit quality financial institutions, with balances that exceed federal depository insurance limits. Management does not believe the credit risk related to these deposits is significant.

#### **Land, Buildings, and Equipment**

Land, buildings, and equipment are carried at their acquisition or construction cost. If donated, these assets are recorded at their fair value on the date of the gift. Buildings and equipment are depreciated over their estimated useful lives (buildings and building improvements 10-60 years, equipment 3-10 years) using the straight-line method.

#### **Collections**

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

#### **Deferred Revenue**

Deferred revenue consists of tuition and fees and housing and dining fees received in advance of the Fall semester as well as funding received for grants and contracts in advance of incurring the qualifying expenses.

# New York University

## Notes to Consolidated Financial Statements

### August 31, 2019 and 2018

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(in thousands of dollars)

#### **Asset Retirement Obligation**

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

#### **Funds Held for Others**

Funds held for others consist of NYU's federal grants refundable and deferred compensation plan liabilities (457(b)). Corresponding assets are included within accounts receivable (Note 6) and other assets (Note 8), respectively.

#### **Accounting Estimates**

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

#### **Authoritative Pronouncements Adopted**

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

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Under the new guidance, the existing three categories of net assets are replaced with a simplified model that combines temporarily restricted and permanently restricted net assets into a single category called "net assets with donor restrictions" and renames unrestricted net assets as "net assets without donor restrictions." There are new reporting requirements for expenses and additional disclosures to describe an organization's liquidity. The standard is effective for fiscal years beginning after December 15, 2017. NYU implemented this standard using a retrospective approach in fiscal year 2019.

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A summary of the net asset reclassifications driven by the adoption of ASU 2016-14 as of August 31, 2018 is presented below:

|  | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total               |
|--|----------------------------------|-------------------------------|---------------------|
| As previously presented:   |                                  |                               |                     |
| Unrestricted   | \$ 5,414,491                     | \$ -                          | \$ 5,414,491        |
| Temporarily restricted   | -                                | 1,414,620                     | 1,414,620           |
| Permanently restricted   | -                                | 2,215,211                     | 2,215,211           |
| Net assets, as previously presented                                    | <u>5,414,491</u>                 | <u>3,629,831</u>              | <u>9,044,322</u>    |
| Reclassifications of underwater endowments<br>to implement ASU 2016-14 | <u>221</u>                       | <u>(221)</u>                  | <u>-</u>            |
| Net assets, as reclassified, as of August 31, 2018                     | <u>\$ 5,414,712</u>              | <u>\$ 3,629,610</u>           | <u>\$ 9,044,322</u> |

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

**New Authoritative Pronouncements Not Yet Adopted**

In February 2016, the FASB issued ASU 2016-02, *Leases*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, representing the lessee's right to use, or control the use of, a specified asset for the lease term. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842) Targeted Improvements*, to provide an additional transition method to adopt the guidance by allowing entities to initially apply the new leases standard at the adoption date and recognize a cumulative effect to the opening balance of net assets. The standard is effective for fiscal years beginning after December 15, 2018. NYU expects adoption to have a material impact on the consolidated balance sheet as of August 31, 2020, as it will record right-of-use lease assets and lease liabilities with respect to its current operating leases.

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**3. Financial Assets and Liquidity Resources**

As of August 31, 2019 and 2018, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principle payments on debt, and capital costs not financed with debt, were as follows:

|  | <b>2019</b>         | <b>2018</b>         |
|--|---------------------|---------------------|
| <b>Financial assets:</b>   |                     |                     |
| Cash and short-term investments  | \$ 1,957,483        | \$ 1,488,940        |
| Investments available for general purposes                               | 610,885             | 576,294             |
| Accounts receivable, net   | 156,726             | 151,728             |
| Grants and contracts receivable, net                                     | 112,721             | 113,022             |
| Insurance premiums receivable  | 90,730              | 73,124              |
| Patient accounts receivable, net   | 973,185             | 895,513             |
| Non-endowment pledge payments due within one year                        | 181,300             | 174,053             |
| Other assets   | 44,745              | 65,603              |
| Subsequent year endowment distribution                                   | 174,597             | 172,632             |
| Total financial assets available within one year                         | <u>4,302,372</u>    | <u>3,710,909</u>    |
| <b>Liquidity resources:</b>  |                     |                     |
| Undrawn bank lines of credit   | 1,019,081           | 729,781             |
| Funds functioning as endowment available for operations                  | 1,442,772           | 1,462,105           |
| Total liquidity resources  | <u>2,461,853</u>    | <u>2,191,886</u>    |
| Total financial assets and liquidity resources available within one year | <u>\$ 6,764,225</u> | <u>\$ 5,902,795</u> |

The University's cash flows have seasonal variations during the year attributable to tuition billing cycles and, at times, a concentration of contributions received at calendar year end. The University's Reserve and Liquidity Management Policy provides guidelines for calculating and reporting the global cash position on a daily basis as well as rigorous cash flow forecasting. This approach is adopted to maximize the portion of working capital funds that may remain invested. The Working Capital Fund Investment Policy ("the Investment Policy") has a primary objective of aligning the maturity and liquidity profile of the working capital portfolio with NYU's anticipated spending needs, while preserving the principal invested and maximizing return among a subset of approved investment grade products and providers. The Investment Policy establishes concentration limits for both investments and banking institutions. Liquidity resources are available with NYU trustee approval.

As part of NYU Langone Health's liquidity management, financial assets are structured to be available as its general expenditures, liabilities and other obligations come due. In addition, NYU Langone Health may invest cash in excess of daily requirements in short-term or liquid investments.

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**4. Patient Care Revenue and Receivables**

Patient care revenue for NYU, net of contractual adjustments and implicit price concessions for the years ended August 31, 2019 and 2018 is as follows:

|   | <b>2019</b>         | <b>2018</b>         |
|---|---------------------|---------------------|
| NYU Langone Health gross charges  | \$ 36,139,995       | \$ 32,151,225       |
| NYU Langone Health contractual adjustments and implicit price concessions | (28,404,737)        | (25,225,238)        |
| University patient care   | <u>55,101</u>       | <u>55,956</u>       |
| Total patient care revenue  | <u>\$ 7,790,359</u> | <u>\$ 6,981,943</u> |

The University's College of Dentistry provides dental services to patients as part of a student's training. Performance obligations are met and patient care revenue is recognized as services are performed.

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

NYU Langone Health grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. NYU Langone Health bills patients and third-party payers several days after the services are performed and/or the patient is discharged. Patient service revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected charges. Generally, performance obligations over time relate to patients receiving inpatient acute care services or patients receiving services in NYU Langone Health's outpatient and ambulatory care centers. NYU Langone Health measures the performance obligation from admission into the hospital or the commencement of an outpatient or physician service to the point when it is no longer required to provide services to that patient, which is generally the time of discharge or the completion of the outpatient or physician visit.

As substantially all of its performance obligations relate to contracts with a duration of less than one year, NYU Langone Health has elected to apply the optional exemption provided in ASC 606-10-50-14(a) *Revenue from Contracts with Customers* and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

NYU Langone Health determines the transaction price based on gross charges for services provided, reduced by adjustments provided to third-party payers based on contractual agreements, discounts provided to uninsured patients in accordance with NYU Langone Health's policy, and implicit concessions provided to uninsured patients. The adoption of ASU 2014-09 resulted in changes to the presentation and disclosure of revenue primarily related to uninsured or underinsured patients. For the years ended August 31, 2019, and 2018, NYU Langone Health recorded \$107,353 and \$98,266 of implicit price concessions as a direct reduction to patient care revenue that would have been recorded as bad debt expense prior to the adoption of ASU 2014-09.



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NYU's patient accounts receivable, after contractual adjustments and implicit price concessions is \$973,185 and \$895,513 at August 31, 2019 and 2018, respectively. NYU Langone Health estimates its implicit price concessions using a quarterly standardized approach to review historical collections based on major payor classification as a practical expedient to account for patient contracts as collective groups rather than individually. Based on historical collection trends, the financial statement effects of using this practical expedient are not materially different from an individual contract approach. In addition, NYU Langone Health assesses the current state of its billing functions in order to identify any known collection or reimbursement issues and assess the impact, if any, on estimates. NYU Langone Health believes that the collectability of its receivables is directly linked to the quality of its billing processes, most notably those related to obtaining the correct information in order to bill effectively for the services it provides. Subsequent changes to the estimate of transaction price are recorded as adjustments to net patient care revenue in the period of the change. Certain patient care revenues received are subject to retroactive adjustments under reimbursement agreements with third-party payors. 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.

NYU Langone Health has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior year payment rates, based on industry-wide and hospital-specific data. The amounts due to third party payors included in accounts payable and accrued expenses on the consolidated balance sheets is \$94,317 and \$96,693 at August 31, 2019 and 2018, respectively. Additionally, certain payors' payment rates for various years have been appealed by NYU Langone Health. If the appeals are successful, additional income applicable to those years will be realized.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

NYU Langone Hospitals' cost reports have been audited by the Medicare fiscal intermediary through December 31, 2014; however, final settlements are pending for 2003 and 2004. NYU Langone Hospital-Brooklyn cost reports have been audited by the Medicare fiscal intermediary through December 31, 2015; however, final settlements are pending for the years 2008 to 2013. Winthrop's cost reports have been audited by the Medicare fiscal intermediary through December 31, 2016.

The mix of patient care revenue for the years ended August 31, 2019 and 2018 are as follows:

|                                    | 2019          |              | 2018          |              |
|------------------------------------|---------------|--------------|---------------|--------------|
|                                    | Health System | NYUGSoM      | Health System | NYUGSoM      |
| Medicare                           | 16 %          | 18 %         | 18 %          | 16 %         |
| Medicaid                           | 2             | 1            | 2             | 1            |
| Medicare and Medicaid managed care | 17            | 15           | 17            | 16           |
| Blue Cross                         | 26            | 17           | 24            | 16           |
| Managed care and other             | 39            | 49           | 39            | 51           |
|                                    | <u>100 %</u>  | <u>100 %</u> | <u>100 %</u>  | <u>100 %</u> |

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The mix of patient accounts receivable, net from patients and third party payors at August 31, 2019 and 2018 are as follows:

|                                    | 2019          |              | 2018          |              |
|------------------------------------|---------------|--------------|---------------|--------------|
|                                    | Health System | NYUGSoM      | Health System | NYUGSoM      |
| Medicare                           | 9 %           | 13 %         | 11 %          | 11 %         |
| Medicaid                           | 2             | 1            | 2             | 1            |
| Medicare and Medicaid managed care | 21            | 16           | 20            | 18           |
| Blue Cross                         | 21            | 15           | 19            | 14           |
| Managed care and other             | 47            | 55           | 48            | 56           |
|                                    | <u>100 %</u>  | <u>100 %</u> | <u>100 %</u>  | <u>100 %</u> |

As a matter of policy, NYU Langone Health provides significant amounts of partially or totally uncompensated patient care. For accounting purposes, such uncompensated care is treated as charity care.

NYU Langone Health's charity care policy, in accordance with the New York State Department of Health's guidelines, ensures the provision of quality health care to the community served while carefully considering the ability of the patient to pay. The policy has sliding fee schedules for inpatient, ambulatory and emergency services provided to the uninsured and under-insured patients that qualify. Patients are eligible for the charity care fee schedule if they meet certain income tests. Since payment of the difference between NYU Langone Hospitals' standard charges and the charity care fee schedules is not sought, these forgone charges for charity care are not reported as revenue. Total forgone charges for charity care totaled \$102,918 and \$94,726 for the years ended August 31, 2019 and 2018, respectively. This equated to an approximate cost of \$21,758 and \$20,586 for the years ended August 31, 2019 and 2018, respectively which is based on a ratio of cost to charges.

New York State regulations provide for the distribution of funds from an indigent care pool, which is intended to partially offset the cost of uncompensated care and service provided to uninsured. The funds are distributed to NYU Langone Health based on an uninsured methodology. Subsidy payments recognized as revenue amounted to approximately \$60,944 and \$59,315 for the years ended August 31, 2019 and 2018, respectively, and are included in patient care revenue in the consolidated statement of activities. NYU Langone Health has paid \$60,584 and \$55,424 into the indigent care pool for the years ended August 31, 2019 and 2018, respectively.

**5. Investments**

**Asset Classes**

NYU invests across a broad range of asset classes, including public equity, fixed income, hedge funds, credit, real assets, private equity, real estate, and cash and other. NYU may invest directly in the securities of these asset classes, or indirectly through interests in funds and limited partnerships. Securities held directly by NYU are valued at their observable market prices. The value of holdings in funds and limited partnerships are in accordance with the valuations provided by their investment managers. Funds and limited partnerships may make investments in securities that are publicly traded, which are generally valued based on observable market prices. Managers of investment funds and limited partnerships value those investments based upon the best information available for a given circumstance and may incorporate assumptions that are the investment manager's best estimates after consideration of a variety of internal and external factors.

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

**Public Equity**

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

**Fixed Income**

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

**Hedge Funds**

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

**Credit**

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

**Real Assets**

Real assets includes public and private investments in real asset funds.

**Private Equity**

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

**Real Estate**

Real estate includes public and private investments in real estate funds.

**Cash and Other**

Cash and other predominantly includes cash and cash equivalents.

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The following tables summarize the fair value of investments at August 31, 2019 and 2018:

|   | 2019                           |                                   |                                     | Total               |
|---|--------------------------------|-----------------------------------|-------------------------------------|---------------------|
|   | Active<br>Markets<br>(Level 1) | Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) |                     |
| <b>Long-term investments-investment pool</b>                        |                                |                                   |                                     |                     |
| Public equity   | \$ 925,274                     | \$ -                              | \$ -                                | \$ 925,274          |
| Fixed income  | -                              | 368,859                           | -                                   | 368,859             |
| Real assets   | 18,826                         | -                                 | -                                   | 18,826              |
| Cash and other  | 152,054                        | -                                 | -                                   | 152,054             |
|   | <u>1,096,154</u>               | <u>368,859</u>                    | <u>-</u>                            | <u>1,465,013</u>    |
| Alternative investments measured at NAV<br>as a practical expedient |                                |                                   |                                     | <u>2,859,803</u>    |
| Subtotal investment pool  |                                |                                   |                                     | <u>4,324,816</u>    |
| <b>Other long-term investments</b>                                  |                                |                                   |                                     |                     |
| Public equity   | 204,580                        | 2,720                             | -                                   | 207,300             |
| Fixed income  | 36,909                         | 11,412                            | -                                   | 48,321              |
| Cash and other  | 405,293                        | -                                 | 2,885                               | 408,178             |
| Subtotal other long-term investments                                | <u>646,782</u>                 | <u>14,132</u>                     | <u>2,885</u>                        | <u>663,799</u>      |
| Total long-term investments   | <u>\$ 1,742,936</u>            | <u>\$ 382,991</u>                 | <u>\$ 2,885</u>                     | <u>\$ 4,988,615</u> |
| <b>Short-term investments</b>                                       |                                |                                   |                                     |                     |
| Cash and other  | \$ 4,303                       | \$ -                              | \$ -                                | \$ 4,303            |
| Total short-term investments  | <u>\$ 4,303</u>                | <u>\$ -</u>                       | <u>\$ -</u>                         | <u>\$ 4,303</u>     |
| <b>2018</b>   |                                |                                   |                                     |                     |
|   | Active<br>Markets<br>(Level 1) | Observable<br>Inputs<br>(Level 2) | Unobservable<br>Inputs<br>(Level 3) | Total               |
| <b>Long-term investments-investment pool</b>                        |                                |                                   |                                     |                     |
| Public equity   | \$ 940,925                     | \$ -                              | \$ -                                | \$ 940,925          |
| Fixed income  | -                              | 355,149                           | -                                   | 355,149             |
| Real assets   | 17,083                         | -                                 | -                                   | 17,083              |
| Cash and other  | 261,153                        | -                                 | -                                   | 261,153             |
|   | <u>1,219,161</u>               | <u>355,149</u>                    | <u>-</u>                            | <u>1,574,310</u>    |
| Alternative investments measured at NAV<br>as a practical expedient |                                |                                   |                                     | <u>2,675,188</u>    |
| Subtotal investment pool  |                                |                                   |                                     | <u>4,249,498</u>    |
| <b>Other long-term investments</b>                                  |                                |                                   |                                     |                     |
| Public equity   | 197,058                        | 2,960                             | -                                   | 200,018             |
| Fixed income  | 407,431                        | 10,191                            | -                                   | 417,622             |
| Cash and other  | 11,399                         | -                                 | 2,805                               | 14,204              |
| Subtotal other long-term investments                                | <u>615,888</u>                 | <u>13,151</u>                     | <u>2,805</u>                        | <u>631,844</u>      |
| Total long-term investments   | <u>\$ 1,835,049</u>            | <u>\$ 368,300</u>                 | <u>\$ 2,805</u>                     | <u>\$ 4,881,342</u> |
| <b>Short-term investments</b>                                       |                                |                                   |                                     |                     |
| Cash and other  | \$ 1,870                       | \$ -                              | \$ -                                | \$ 1,870            |
| Total short-term investments  | <u>\$ 1,870</u>                | <u>\$ -</u>                       | <u>\$ -</u>                         | <u>\$ 1,870</u>     |

Level 3 activity was not significant for either of the years ended August 31, 2019 or 2018.

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The following tables represent NYU's investments measured at NAV as a practical expedient by asset class and the respective liquidity terms as of August 31, 2019 and 2018:

| <b>2019</b>  |   |                                    |                                     |                     |
|--|---|------------------------------------|-------------------------------------|---------------------|
| <b>Asset category</b>  | <b>Redemption Frequency<br/>(if currently eligible)</b> |                                    | <b>Redemption<br/>Notice Period</b> | <b>Fair Value</b>   |
| <b>Redeemable alternative investments</b>                        |   |                                    |                                     |                     |
| Public equity  | Daily, Weekly, Monthly, Quarterly, Annually             |                                    | Daily to Annually                   | \$ 1,317,886        |
| Hedge funds  | Monthly, Quarterly, Semi-Annual, Annual, Bi-Annual      |                                    | Monthly to Annually                 | 805,511             |
| Credit   | Quarterly   |                                    | 60 days                             | 16,893              |
|  |   |                                    |                                     | <u>2,140,290</u>    |
| <b>Nonredeemable alternative investments</b>                     |   |                                    |                                     |                     |
|  | <b>Remaining<br/>Life</b>                               | <b>Time to draw<br/>Commitment</b> | <b>Unfunded<br/>Commitments</b>     | <b>Fair Value</b>   |
| Private equity   | Up to 10 years  | 7-14 days                          | \$ 286,430                          | \$ 295,421          |
| Credit   | Up to 9 years   | 7-14 days                          | 62,410                              | 151,757             |
| Real assets  | Up to 14 years  | 7-14 days                          | 21,700                              | 76,408              |
| Real estate  | Up to 12 years  | 7-14 days                          | 152,540                             | 195,927             |
|  |   |                                    | <u>\$ 523,080</u>                   | <u>719,513</u>      |
| Alternative investments measured at NAV as a practical expedient |   |                                    |                                     | <u>\$ 2,859,803</u> |

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

Total investment return for the years ended August 31, 2019 and 2018 is as follows:

|  | <b>2019</b>       | <b>2018</b>       |
|--|-------------------|-------------------|
| Dividends and interest                                       | \$ 112,178        | \$ 84,775         |
| Realized and unrealized gains, net                           | <u>104,557</u>    | <u>293,136</u>    |
| Total investment return, net                                 | <u>\$ 216,735</u> | <u>\$ 377,911</u> |
| Endowment distribution approved for spending                 | \$ 172,632        | \$ 169,149        |
| Return on short-term investments                             | 36,583            | 16,130            |
| Without donor restriction investment return, net of spending | 44,501            | 95,869            |
| Donor restricted investment return, net of spending          | <u>(36,981)</u>   | <u>96,763</u>     |
| Total investment return, net                                 | <u>\$ 216,735</u> | <u>\$ 377,911</u> |

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NYU maintains an investment pool for its long-term investments which include its endowment and similar funds. The pool is managed to achieve the maximum long-term return given prudent risk parameters. NYU relies on a total return strategy, the objective of which is to achieve a long-term rate of return consisting of a combination of current income and capital appreciation, recognizing that changes in market conditions and interest rates will result in varying strategies in an attempt to optimize results. Investment return (realized and unrealized net gains or losses, interest and dividends) and the appropriation for the approved endowment distribution for board-designated endowment funds are reported as nonoperating activities in the consolidated statement of activities. Investment return and the appropriation for the approved endowment distribution for donor-restricted endowment funds are reported as changes in net assets with donor restrictions in the consolidated statement of activities.

NYU's Board of Trustees has authorized a spending policy designed to allow asset growth while providing a predictable flow of return to support operations. Distributions from the endowment to support operations (approximately 4.5% in 2019 and 2018) are calculated using the prior year distribution adjusted for the change in the New York Metro Area Consumer Price Index (CPI). To preserve the endowment's purchasing power, caps may further limit spending as follows: 1) the distribution of endowment return to support operations may not exceed the prior year's distribution by more than 10%, unless the increase was the result of new gifts to the endowment, and 2) if the results of using only the average market value of either the final four quarters alone or the final eight quarters alone would be a decline in the distribution from the prior year's distribution, then the distribution may not exceed the previous year's level.

**6. Accounts and Loans Receivable, Net**

Accounts and loans receivable, net of allowances for uncollectable amounts consist of the following at August 31, 2019 and 2018:

|   | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|
| Students and other                          | \$ 198,334        | \$ 159,078        |
| Grants and contracts                        | 114,792           | 114,856           |
| Student loans                               | 99,234            | 110,182           |
| FEMA award receivable                       | 65,206            | 101,592           |
| Housing loans and other loans to employees  | 59,724            | 65,567            |
| Insurance premiums and recoveries (Note 12) | 223,410           | 218,286           |
|   | <u>760,700</u>    | <u>769,561</u>    |
| Allowance for uncollectible amounts         | <u>(46,340)</u>   | <u>(46,564)</u>   |
| Accounts and loans receivable, net          | <u>\$ 714,360</u> | <u>\$ 722,997</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.

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Student loans consist primarily of Federal advances to the University under Perkins and other Federal loan programs which totaled \$67,906 and \$67,857 at August 31, 2019 and 2018, respectively. NYU records a liability on its consolidated balance sheet for these advances within funds held for others.

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

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

**7. Contributions Receivable**

Contributions receivable consist of the following at August 31, 2019 and 2018:

|  | <b>2019</b>       | <b>2018</b>       |
|--|-------------------|-------------------|
| <b>Amounts expected to be collected in</b> |                   |                   |
| Less than one year                         | \$ 258,333        | \$ 269,603        |
| One to five years                          | 249,176           | 222,414           |
| More than five years                       | 67,246            | 66,509            |
|  | <u>574,755</u>    | <u>558,526</u>    |
| Discount                                   | (26,715)          | (31,313)          |
| Allowance for uncollectible amounts        | (71,349)          | (68,863)          |
| Contributions receivable, net              | <u>\$ 476,691</u> | <u>\$ 458,350</u> |

Contributions receivable activity for the years ended August 31, 2019 and 2018 is as follows:

|   | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|
| <b>Contributions receivable, gross, beginning of year</b> | \$ 558,526        | \$ 559,439        |
| New pledges received                                      | 243,521           | 168,777           |
| Adjustments and write-offs                                | (16,723)          | (8,870)           |
| Pledge payments received                                  | (210,569)         | (160,820)         |
| Contributions receivable, gross, end of year              | <u>574,755</u>    | <u>558,526</u>    |
| Discount and allowance for uncollectible amounts          | (98,064)          | (100,176)         |
| <b>Contributions receivable, net, end of year</b>         | <u>\$ 476,691</u> | <u>\$ 458,350</u> |

Conditional promises to give consist of the following as of August 31, 2019 and 2018:

|                              | <b>2019</b>       | <b>2018</b>       |
|------------------------------|-------------------|-------------------|
| Bequests                     | \$ 592,449        | \$ 560,350        |
| Intentions to give           | 152,055           | 151,497           |
| Conditional promises to give | 215,030           | 240,573           |
| <b>Total</b>                 | <u>\$ 959,534</u> | <u>\$ 952,420</u> |

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Expenses related to fundraising activities are \$55,622 and \$48,699 for the years ended August 31, 2019 and 2018, respectively.

**8. Other Assets**

Other assets consist of the following at August 31, 2019 and 2018:

|   | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|
| Deferred compensation plan assets held for others | \$ 307,804        | \$ 278,733        |
| Prepaid expenses and deferred charges             | 247,493           | 161,290           |
| Inventory   | 115,979           | 100,305           |
| Intangible assets and goodwill                    | 84,047            | 87,897            |
| Assets held for sale                              | -                 | 73,461            |
| Third-party payor receivables                     | 46,581            | 72,775            |
| Split-interest agreements                         | 36,364            | 37,299            |
| Assets limited as to use - FEMA award             | 14,489            | 14,904            |
| Tenant improvement allowance                      | 9,578             | 7,553             |
| Other   | 101,578           | 115,561           |
|   | <u>101,578</u>    | <u>115,561</u>    |
| Other assets                                      | <u>\$ 963,913</u> | <u>\$ 949,778</u> |

Assets held for sale as of August 31, 2018 included certain assets of the Health System that met the requirements to be classified as held for sale and are presented at the lower of cost or fair value, less cost to sell. The assets included the land and buildings of Shore Hill Housing, which were sold in November 2018, and resulted in a net loss of \$11,700 included within the consolidated statement of activities for the year ended August 31, 2019.

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

NYU invests in various retirement plan assets as part of the deferred compensation plans. In addition to the asset classes described in Note 5, investments held by the deferred compensation plans also include:

**Variable Annuity**

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

**Fixed Income Annuity**

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



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(in thousands of dollars)

The following tables summarize the fair value of other assets at August 31, 2019 and 2018:

|   | 2019                     |                             |                               | Total      |
|---|--------------------------|-----------------------------|-------------------------------|------------|
|   | Active Markets (Level 1) | Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |            |
| <b>Other financial instruments</b>                      |                          |                             |                               |            |
| Split-interest agreements                               | \$ -                     | \$ -                        | \$ 36,364                     | \$ 36,364  |
| <b>Deferred compensation plan held for others</b>       |                          |                             |                               |            |
| Variable annuities                                      | \$ 66,535                | \$ 43,556                   | \$ -                          | \$ 110,091 |
| Fixed income annuity                                    | 21,829                   | 2,373                       | 27,334                        | 51,536     |
| Public equity   | 141,905                  | 4,272                       | -                             | 146,177    |
| Total deferred compensation plan assets held for others | \$ 230,269               | \$ 50,201                   | \$ 27,334                     | \$ 307,804 |

|   | 2018                     |                             |                               | Total      |
|---|--------------------------|-----------------------------|-------------------------------|------------|
|   | Active Markets (Level 1) | Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |            |
| <b>Other financial instruments</b>                      |                          |                             |                               |            |
| Split-interest agreements                               | \$ -                     | \$ -                        | \$ 37,299                     | \$ 37,299  |
| <b>Deferred compensation plan held for others</b>       |                          |                             |                               |            |
| Variable annuities                                      | \$ 85,975                | \$ 37,239                   | \$ -                          | \$ 123,214 |
| Fixed income annuity                                    | 14,746                   | 4,626                       | 22,420                        | 41,792     |
| Public equity   | 103,831                  | 9,896                       | -                             | 113,727    |
| Total deferred compensation plan assets held for others | \$ 204,552               | \$ 51,761                   | \$ 22,420                     | \$ 278,733 |

Level 3 activity was not significant for either of the years ended August 31, 2019 or 2018.

**9. Land, Buildings, and Equipment**

Land, buildings, and equipment consist of the following at August 31, 2019 and 2018:

|                                     | 2019          | 2018          |
|-------------------------------------|---------------|---------------|
| Land                                | \$ 353,757    | \$ 363,955    |
| Buildings and building improvements | 12,797,314    | 11,957,137    |
| Equipment                           | 2,285,922     | 2,176,047     |
| Capital leases                      | 688,614       | 562,360       |
| Construction in progress            | 1,295,886     | 1,149,131     |
|                                     | 17,421,493    | 16,208,630    |
| Less: Accumulated depreciation      | (5,897,614)   | (5,277,450)   |
| Land, buildings, and equipment, net | \$ 11,523,879 | \$ 10,931,180 |

Depreciation expense is \$800,746 and \$718,309 for the years ended August 31, 2019 and 2018, respectively.

**New York University**  
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**10. Deposits with Trustees**

Deposits with Trustees consist of unexpended bond proceeds to fund various construction projects held by the trustee, The Dormitory Authority of the State of New York (DASNY), and debt service funds at August 31, 2019 and 2018:

|                                  | <b>2019</b>       | <b>2018</b>       |
|----------------------------------|-------------------|-------------------|
| Construction funds held by DASNY | \$ 807,294        | \$ 412,214        |
| Debt service funds               | 54,224            | 39,697            |
| Debt service reserve funds       | 20,780            | 20,985            |
| Other                            | 1,129             | 1,272             |
|                                  | <u>\$ 883,427</u> | <u>\$ 474,168</u> |

The following tables summarize the fair value of deposits with trustees at August 31, 2019 and 2018 according to the asset categories defined in Note 5:

|                              | <b>2019</b>                             |  |  |                   |
|------------------------------|---|--|--|-------------------|
|                              | <b>Active<br/>Markets<br/>(Level 1)</b> | <b>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Unobservable<br/>Inputs<br/>(Level 3)</b> | <b>Total</b>      |
| Fixed income                 | \$ 143,354                              | \$ 740,073                                 | \$ -   | \$ 883,427        |
| Total deposits with trustees | <u>\$ 143,354</u>                       | <u>\$ 740,073</u>                          | <u>\$ -</u>                                  | <u>\$ 883,427</u> |

|                              | <b>2018</b>                             |  |  |                   |
|------------------------------|---|--|--|-------------------|
|                              | <b>Active<br/>Markets<br/>(Level 1)</b> | <b>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Unobservable<br/>Inputs<br/>(Level 3)</b> | <b>Total</b>      |
| Fixed income                 | \$ 71,181                               | \$ 402,987                                 | \$ -   | \$ 474,168        |
| Total deposits with trustees | <u>\$ 71,181</u>                        | <u>\$ 402,987</u>                          | <u>\$ -</u>                                  | <u>\$ 474,168</u> |

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(in thousands of dollars)

**11. Debt and Other Obligations**

NYU has various bond issues outstanding, primarily issued through DASNY. The University and NYUGSoM are considered the legally obligated group for certain borrowings presented below as the "Total Obligated Group".

Debt and other obligations consists of the following at August 31, 2019 and 2018:

|  | <b>2019</b>         |                     |                                      |                          |                             |
|--|---------------------|---------------------|--------------------------------------|--------------------------|-----------------------------|
|  | <b>University</b>   | <b>NYUGSoM</b>      | <b>Total<br/>Obligated<br/>Group</b> | <b>Health<br/>System</b> | <b>Consolidated<br/>NYU</b> |
| <b>Issuer</b>  |                     |                     |                                      |                          |                             |
| Dormitory Authority of the State of New York (DASNY) | \$ 3,800,548        | \$ 824,741          | \$ 4,625,289                         | \$ 347,060               | \$ 4,972,349                |
| New York University                                  | 277,251             | 69,246              | 346,497                              | -                        | 346,497                     |
| NYU Langone Hospitals                                | -                   | -                   | -                                    | 1,491,002                | 1,491,002                   |
| Nassau County Local Economic Assistance Corporation  | -                   | -                   | -                                    | 151,631                  | 151,631                     |
| Other obligations                                    | 5,966               | 496,410             | 502,376                              | 498,606                  | 1,000,982                   |
| Debt and other obligations                           | <u>\$ 4,083,765</u> | <u>\$ 1,390,397</u> | <u>\$ 5,474,162</u>                  | <u>\$ 2,488,299</u>      | <u>\$ 7,962,461</u>         |
| <b>2018</b>  |                     |                     |                                      |                          |                             |
|  | <b>University</b>   | <b>NYUGSoM</b>      | <b>Total<br/>Obligated<br/>Group</b> | <b>Health<br/>System</b> | <b>Consolidated<br/>NYU</b> |
| <b>Issuer</b>  |                     |                     |                                      |                          |                             |
| Dormitory Authority of the State of New York (DASNY) | \$ 3,059,068        | \$ 705,053          | \$ 3,764,121                         | \$ 366,830               | \$ 4,130,951                |
| New York University                                  | 287,285             | 72,895              | 360,180                              | -                        | 360,180                     |
| NYU Langone Hospitals                                | -                   | -                   | -                                    | 1,490,662                | 1,490,662                   |
| Nassau County Local Economic Assistance Corporation  | -                   | -                   | -                                    | 156,365                  | 156,365                     |
| Other obligations                                    | 51,058              | 432,852             | 483,910                              | 501,840                  | 985,750                     |
| Debt and other obligations                           | <u>\$ 3,397,411</u> | <u>\$ 1,210,800</u> | <u>\$ 4,608,211</u>                  | <u>\$ 2,515,697</u>      | <u>\$ 7,123,908</u>         |

In February 2019, DASNY issued \$603,460 of revenue bonds (Series 2019A) on behalf of the Obligated Group with interest rates ranging from 4.00% to 5.00%. The Series 2019A bonds mature serially from July 2021 through July 2039. The 2019A bonds maturing in July 2042 are payable in annual sinking fund installments from July 2040 to maturity. The 2019A bonds maturing in July 2045 are payable in annual sinking fund installments from July 2043 to maturity. The 2019A bonds maturing in July 2049 are payable in annual sinking fund installments from July 2046 to maturity.

In February 2019, DASNY issued \$176,125 of taxable bonds (Series 2019B-1) on behalf of the Obligated Group, with interest rates ranging from 2.76% to 4.29%. The Series 2019B-1 bonds mature serially from July 2021 through July 2024. The Series 2019B-1 bonds maturing in July 2044 are payable in annual sinking fund installments from July 2035 to maturity.

In February 2019, DASNY issued \$83,170 of taxable Green Bonds (Series 2019B-2) on behalf of the Obligated Group, with an interest rate of 4.01%. The Series 2019B-2 bonds maturing in July 2049 are payable in annual sinking fund installments from July 2045 to maturity.

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The proceeds from the DASNY Series 2019A, Series 2019B-1 and Series 2019B-2 were used to fund improvements on the Manhattan and Brooklyn campuses and repay certain lines of credit.

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

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

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

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The principal amounts outstanding for debt and other obligations consist of the following at August 31, 2019 and 2018:

|  |            |         | 2019                        |                  |                     |            |
|--|------------|---------|-----------------------------|------------------|---------------------|------------|
|  | University | NYUGSoM | Total<br>Obligated<br>Group | Health<br>System | Consolidated<br>NYU |            |
| <b>DASNY</b>   |            |         |                             |                  |                     |            |
| 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 \$2,583)  | \$ 117,458 | \$ -    | \$ 117,458                  | \$ -             |                     | \$ 117,458 |
| 2001 Series 1 bonds, with an interest rate of 5.50%, maturing serially from July 2011, through July 2025, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including premiums of \$1,979 and \$2,200)      | 57,711     | 47,819  | 105,530                     | -                |                     | 105,530    |
| Series 2011A bonds, with interest rates ranging from 2.00% to 6.00%, maturing serially through July 2020, payable thereafter in annual sinking fund installments   | -          | -       | -                           | 4,220            |                     | 4,220      |
| Series 2012A bonds, with interest rates ranging from 3.00% to 5.00%, maturing serially through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including net premiums of \$10,941 and \$4,057) | 138,158    | 42,342  | 180,500                     | -                |                     | 180,500    |
| Series 2012B bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including premium of \$3,613)                   | 58,648     | -       | 58,648                      | -                |                     | 58,648     |
| Series 2012C taxable bonds, with interest rates ranging from 1.93% to 3.62%, maturing serially through July 2027   | 17,720     | -       | 17,720                      | -                |                     | 17,720     |
| Series 2013A bonds, with interest rates ranging from 2.00% to 5.00%, maturing serially through July 2033, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2043 (including net premiums of \$6,433)              | 120,228    | -       | 120,228                     | -                |                     | 120,228    |
| Series 2013B taxable bonds, with interest rates ranging from 2.33% to 5.25%, maturing serially through July 2028, payable thereafter in annual sinking fund installments to maturities in July 2033 and July 2043  | 25,440     | -       | 25,440                      | -                |                     | 25,440     |
| Series 2014 bonds, with interest rate ranging from 2.00% to 5.00%, maturing serially through July 2032 and July 2036 (including premium of \$7,958)  | -          | -       | -                           | 76,909           |                     | 76,909     |
| Series 2014 S2 bonds, with interest rate ranging from 3.75% to 4.95%, maturing serially through July 2034 and July 2035 (including premium of \$7,514)   | -          | -       | -                           | 114,600          |                     | 114,600    |
| Series 2014A taxable bonds, with an interest rate of 2.59% maturing in July 2034, payable in annual sinking fund installments through July 2034  | 52,210     | -       | 52,210                      | -                |                     | 52,210     |

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(in thousands of dollars)

|   |                  |                | 2019                        |                  |                     |
|---|------------------|----------------|-----------------------------|------------------|---------------------|
|   | University       | NYUGSoM        | Total<br>Obligated<br>Group | Health<br>System | Consolidated<br>NYU |
| Series 2015 bonds, with interest rates ranging from 2.00% to 5.50%, maturing serially through July 2035, payable in annual sinking fund installments from July 2036 to July 2048 (including premium of \$72,401)                        | 738,706          | -              | 738,706                     | -                | 738,706             |
| Series 2016A bonds, with interest rates ranging from 2.00% to 5.00%, maturing serially through July 2036 payable thereafter in annual sinking fund installments until July 2043 (including premiums of \$67,602 and \$21,274)           | 514,257          | 157,494        | 671,751                     | -                | 671,751             |
| Series 2016B taxable bonds, with interest rates ranging from 1.20% to 5.00%, maturing serially through July 2022 payable thereafter in annual sinking fund installments until July 2046   | 179,155          | 33,770         | 212,925                     | -                | 212,925             |
| Series 2016A bonds, with interest rates ranging from 3.53% to 4.77%, maturing serially to maturity in July 2040 and payable thereafter in annual sinking fund installments until July 2043 (including premium of \$20,524)              | -                | -              | -                           | 155,094          | 155,094             |
| Series 2017A bonds, with interest rates ranging from 3.25% to 5.00%, maturing serially to maturity in July 2040 and payable thereafter in annual sinking fund installments until July 2047 (including premium of \$40,530 and \$20,567) | 335,353          | 172,899        | 508,252                     | -                | 508,252             |
| Series 2017B taxable bonds, with interest rates ranging from 1.60% to 4.15%, maturing serially to maturity in July 2032   | 174,104          | 50,406         | 224,510                     | -                | 224,510             |
| Series 2018A bonds, with interest rates ranging from 3.25% to 5.00%, maturing serially through July 2048 payable thereafter in annual sinking fund installments (including premiums of \$36,237 and \$9,439)                            | 310,652          | 82,849         | 393,501                     | -                | 393,501             |
| Series 2018B taxable bonds, with interest rates ranging from 2.27% to 4.85%, maturing serially through July 2048 payable thereafter in annual sinking fund installments (including premiums of \$6,843 and \$2,820)                     | 146,983          | 105,295        | 252,278                     | -                | 252,278             |
| Series 2019A bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2049 payable thereafter in annual sinking fund installments (including premiums of \$86,292 and \$12,703)                           | 613,947          | 88,508         | 702,455                     | -                | 702,455             |
| Series 2019B-1 taxable bonds, with interest rates ranging from 2.76% to 4.29%, maturing serially through July 2044 payable thereafter in annual sinking fund installments   | 136,505          | 39,620         | 176,125                     | -                | 176,125             |
| Series 2019B-2 taxable bonds, with an interest rate of 4.01% payable thereafter in annual sinking fund installments maturing on July 2049   | 77,925           | 5,245          | 83,170                      | -                | 83,170              |
| Deferred financing costs  | (14,612)         | (1,506)        | (16,118)                    | (3,763)          | (19,881)            |
| Subtotal of DASNY bonds   | <u>3,800,548</u> | <u>824,741</u> | <u>4,625,289</u>            | <u>347,060</u>   | <u>4,972,349</u>    |

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|  |                     |                     | 2019                        |                     |                     |
|--|---------------------|---------------------|-----------------------------|---------------------|---------------------|
|  | University          | NYUGSoM             | Total<br>Obligated<br>Group | Health<br>System    | Consolidated<br>NYU |
| <b>NYU</b>   |                     |                     |                             |                     |                     |
| Series 2009 taxable bonds, with an interest rate of 5.24%, maturing in July 2032, payable in annual sinking fund installments from July 2018 through July 2032                           | 13,368              | 69,742              | 83,110                      | -                   | 83,110              |
| Series 2010 taxable bonds, with an interest rate of 4.96%, maturing in July 2032, payable in annual sinking fund installments from July 2018 through July 2032                           | 20,415              | -                   | 20,415                      | -                   | 20,415              |
| Series 2015 taxable bonds, with interest rates ranging from 1.32% to 4.14%, maturing serially through July 2028, payable in annual sinking fund installments from July 2029 to July 2048 | 244,465             | -                   | 244,465                     | -                   | 244,465             |
| Deferred financing costs   | (997)               | (496)               | (1,493)                     | -                   | (1,493)             |
| Subtotal of NYU bonds  | <u>277,251</u>      | <u>69,246</u>       | <u>346,497</u>              | <u>-</u>            | <u>346,497</u>      |
| <b>NYU Langone Hospitals</b>   |                     |                     |                             |                     |                     |
| Series 2012 taxable bonds, with an interest rate of 4.40%, maturing in July 2042 (including discount of \$793)   | -                   | -                   | -                           | 249,207             | 249,207             |
| Series 2013 taxable bonds, with an interest rate of 5.75%, maturing in July 2043 (including discount of \$1,147)   | -                   | -                   | -                           | 348,853             | 348,853             |
| Series 2014 taxable bonds, with an interest rate of 4.78%, maturing in July 2044 (including discount of \$1,046)   | -                   | -                   | -                           | 298,954             | 298,954             |
| Series 2017A taxable bonds, with an interest rate ranging from 4.17% to 4.37%, maturing in August 2047   | -                   | -                   | -                           | 600,000             | 600,000             |
| Deferred financing costs   | -                   | -                   | -                           | (6,012)             | (6,012)             |
| Subtotal of NYU Langone Hospitals bonds  | <u>-</u>            | <u>-</u>            | <u>-</u>                    | <u>1,491,002</u>    | <u>1,491,002</u>    |
| <b>Nassau County Local Economic Assistance Corporation</b>   |                     |                     |                             |                     |                     |
| Series 2012 taxable bonds with varying interest rates of 3.00% to 5.00%, maturing in July 2042 (including premium of \$7,344)  | -                   | -                   | -                           | 118,759             | 118,759             |
| Series 2014 taxable bonds, with an interest rate of 2.99%, maturing in July 2036   | -                   | -                   | -                           | 32,872              | 32,872              |
| Subtotal of Nassau County Local Economic Assistance Corporation bonds  | <u>-</u>            | <u>-</u>            | <u>-</u>                    | <u>151,631</u>      | <u>151,631</u>      |
| <b>Other obligations</b>   |                     |                     |                             |                     |                     |
| Mortgage loans   | -                   | 42,000              | 42,000                      | 20,292              | 62,292              |
| Commercial loans   | -                   | -                   | -                           | 17,024              | 17,024              |
| Lines of credit  | -                   | 44,400              | 44,400                      | 336,519             | 380,919             |
| Capital leases   | 5,966               | 410,010             | 415,976                     | 124,771             | 540,747             |
| Subtotal of other obligations  | <u>5,966</u>        | <u>496,410</u>      | <u>502,376</u>              | <u>498,606</u>      | <u>1,000,982</u>    |
| Total amounts outstanding  | <u>\$ 4,083,765</u> | <u>\$ 1,390,397</u> | <u>\$ 5,474,162</u>         | <u>\$ 2,488,299</u> | <u>\$ 7,962,461</u> |

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|  |            |         | 2018                        |                  |                     |
|--|------------|---------|-----------------------------|------------------|---------------------|
|  | University | NYUGSoM | Total<br>Obligated<br>Group | Health<br>System | Consolidated<br>NYU |
| <b>DASNY</b>   |            |         |                             |                  |                     |
| Series 1998A bonds, with interest rates ranging from 5.75% to 6.00%, maturing serially through July 2020, payable thereafter in annual sinking fund installments to maturity in 2027 (including premium of \$3,174)  | \$ 129,104 | \$ -    | \$ 129,104                  | \$ -             | \$ 129,104          |
| 2001 Series 1 bonds, with an interest rate of 5.50%, maturing serially from July 2011, through July 2025, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including premiums of \$2,136 and \$2,327)      | 59,265     | 49,069  | 108,334                     | -                | 108,334             |
| Series 2009A bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2019 (including net premiums of \$142 and \$16)  | 9,443      | 887     | 10,330                      | -                | 10,330              |
| Series 2011A bonds, with interest rates ranging from 2.00% to 6.00%, maturing serially through July 2020, payable thereafter in annual sinking fund installments   | -          | -       | -                           | 8,240            | 8,240               |
| Series 2012A bonds, with interest rates ranging from 3.00% to 5.00%, maturing serially through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including net premiums of \$11,811 and \$4,233) | 144,326    | 44,113  | 188,439                     | -                | 188,439             |
| Series 2012B bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including premium of \$3,900)                   | 58,936     | -       | 58,936                      | -                | 58,936              |
| Series 2012C taxable bonds, with interest rates ranging from 1.93% to 3.62%, maturing serially through July 2027   | 19,715     | -       | 19,715                      | -                | 19,715              |
| Series 2013A bonds, with interest rates ranging from 2.00% to 5.00%, maturing serially through July 2033, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2043 (including net premiums of \$6,900)              | 123,150    | -       | 123,150                     | -                | 123,150             |
| Series 2013B taxable bonds, with interest rates ranging from 2.33% to 5.25%, maturing serially through July 2028, payable thereafter in annual sinking fund installments to maturities in July 2033 and July 2043  | 26,680     | -       | 26,680                      | -                | 26,680              |



# New York University

## Notes to Consolidated Financial Statements

### August 31, 2019 and 2018

(in thousands of dollars)

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

# New York University

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### August 31, 2019 and 2018

(in thousands of dollars)

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

Interest expense on debt and other obligations totaled \$313,749 and \$248,197 for the years ended August 31, 2019 and 2018, respectively. This excludes \$10,775 and \$28,776 of interest capitalized (net of income earned on deposits with bond trustees) for the years ended August 31, 2019 and 2018, respectively, which is included in land, buildings, and equipment, net.

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

Other agreements include covenants requiring that NYU Langone Hospitals maintains certain financial ratios. At August 31, 2019 and 2018, NYU is compliant with all financial and administrative covenants.

**New York University**  
**Notes to Consolidated Financial Statements**  
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(in thousands of dollars)

**Obligations with Financial Institutions**

At August 31, 2019 and 2018, the Obligated Group has three contractually committed bank credit agreements which total \$800,000 and expire from June 2020 to August 2021. The interest is accrued at rates based on LIBOR. The amounts outstanding under these agreements are \$44,400 and \$183,700 as of August 31, 2019 and 2018, respectively.

At August 31, 2019, the Health System has four unsecured lines of credit which total \$600,000 and expire from September 2020 to May 2022. At August 31, 2018, the Health System had four unsecured lines of credit which totaled \$425,000. The interest is accrued at rates based on LIBOR. The amounts outstanding under these agreements are \$336,519 and \$311,519 as of August 31, 2019 and 2018, respectively.

**Future Principal Payments**

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

| Year Ending August 31,                  | Debt and Other<br>Obligations | Capital<br>Leases | Total               |
|---|-------------------------------|-------------------|---------------------|
| 2020                                    | \$ 126,147                    | \$ 42,400         | \$ 168,547          |
| 2021                                    | 179,699                       | 67,048            | 246,747             |
| 2022                                    | 457,334                       | 59,596            | 516,930             |
| 2023                                    | 154,382                       | 54,312            | 208,694             |
| 2024                                    | 158,257                       | 28,272            | 186,529             |
| Thereafter                              | 5,918,011                     | 751,049           | 6,669,060           |
|   | <u>6,993,830</u>              | <u>1,002,677</u>  | <u>7,996,507</u>    |
| Unamortized premiums and discounts, net | 455,216                       | -                 | 455,216             |
| Unamortized deferred financing costs    | (27,332)                      | -                 | (27,332)            |
| Less: Imputed interest                  | -                             | (461,930)         | (461,930)           |
|   | <u>\$ 7,421,714</u>           | <u>\$ 540,747</u> | <u>\$ 7,962,461</u> |

**12. Professional Liabilities**

NYU Langone Hospitals' professional liabilities are reported on a discounted basis and comprise estimates for known reported losses and loss expenses plus a provision for losses incurred but not reported. Losses are actuarially determined and are based on the loss experience of the insured. In management's opinion, recorded reserves for both self-insured and commercially insured exposures are adequate to cover the ultimate net cost of losses incurred to date; however, the provision is based on estimates and may ultimately be settled for a significantly greater or lesser amount.

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(in thousands of dollars)

Professional liabilities consist of the following as of August 31, 2019 and 2018:

|                                   | 2019              | 2018              |
|-----------------------------------|-------------------|-------------------|
| CCC550 professional liabilities   | \$ 545,628        | \$ 453,472        |
| Winthrop self-insured liabilities | 67,590            | 70,201            |
| Commercially insured liabilities  | 104,063           | 117,049           |
| Professional liabilities          | <u>\$ 717,281</u> | <u>\$ 640,722</u> |

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

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

Assets held for professional liabilities consist of the following at August 31, 2019 and 2018:

|  | 2019              | 2018              |
|--|-------------------|-------------------|
| Assets held by CCC550                    | \$ 609,708        | \$ 467,206        |
| Winthrop self-insurance trust            | 57,898            | 58,628            |
| Assets held for professional liabilities | <u>\$ 667,606</u> | <u>\$ 525,834</u> |

The following tables summarize the fair value of assets held for professional liabilities at August 31, 2019 and 2018 according to the asset categories defined in Note 5:

|  | 2019                     |                             |                               | Total             |
|--|--------------------------|-----------------------------|-------------------------------|-------------------|
|  | Active Markets (Level 1) | Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |                   |
| Cash and other                                 | \$ 44,164                | \$ -                        | \$ -                          | \$ 44,164         |
| Public Equity                                  | 41,287                   | -                           | -                             | 41,287            |
| Fixed Income                                   | 11,254                   | 570,901                     | -                             | 582,155           |
| Total assets held for professional liabilities | <u>\$ 96,705</u>         | <u>\$ 570,901</u>           | <u>\$ -</u>                   | <u>\$ 667,606</u> |

|  | 2018                     |                             |                               | Total             |
|--|--------------------------|-----------------------------|-------------------------------|-------------------|
|  | Active Markets (Level 1) | Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |                   |
| Cash and other                                 | \$ 25,889                | \$ -                        | \$ -                          | \$ 25,889         |
| Public Equity                                  | 43,559                   | -                           | -                             | 43,559            |
| Fixed Income                                   | 10,187                   | 446,199                     | -                             | 456,386           |
| Total assets held for professional liabilities | <u>\$ 79,635</u>         | <u>\$ 446,199</u>           | <u>\$ -</u>                   | <u>\$ 525,834</u> |

# New York University

## Notes to Consolidated Financial Statements

### August 31, 2019 and 2018

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Commercially insured liabilities primarily relate to policies purchased by NYU Langone Hospital-Brooklyn and Winthrop (for certain of its physicians) covering periods prior to October 1, 2016 and July 1, 2017, respectively. NYU Langone Hospitals recorded a corresponding insurance recovery receivable for claims covered by these policies within accounts and loans receivable, net on the consolidated balance sheet (Note 6).

In October 2018, NYU Langone Hospitals received cash and recorded income of \$102,421 resulting from the sale of Medical Liability Mutual Insurance Company (MLMIC) to National Indemnity Company, as subsidiary of Berkshire Hathaway. NYU Langone Hospital-Brooklyn and Winthrop were holders of various professional liability insurance policies from MLMIC and in order to complete the demutualization, policy holders received a payout of 1.9 times the amount paid in premiums during the three-year period leading up to July 2016, when the MLMIC board approved the sale. NYU Langone Hospitals recorded the income within program fees and other in the consolidated statement of activities for the year ended August 31, 2019.

### 13. Pension Plans and Other Postretirement Benefits

#### **Pension Plans**

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

#### *Defined Contribution Plans*

Contributions to the defined contribution plans are based on rates required by union contracts or other contractual arrangements. Contributions of \$242,177 and \$210,328 in 2019 and 2018, respectively, are reported as expenses in the consolidated statements of activities. There is no obligation on the consolidated balance sheets for these plans.

#### *Multi-Employer Defined Benefit Plans*

Contributions to the multi-employer defined benefit plans are based on rates required by union contracts and other contractual arrangements. Contributions of \$203,087 and \$204,646 in 2019 and 2018, respectively, are reported as expenses in the consolidated statements of activities. There is no obligation on the consolidated balance sheets for these plans.

#### *Defined Benefit Plans*

Contributions to the five defined benefit plans are intended to provide benefits attributed to service to date, as well as for those expected to be earned in the future. Contributions are made in amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 as amended under the Pension Protection Act of 2006 (ERISA), plus such additional amounts as the sponsors may deem appropriate. Pension benefits under these defined benefit plans are based on participants' final average compensation levels and years of service and are accrued during the period the employees provide service to NYU. Contributions of \$45,139 and \$58,003 in 2019 and 2018, respectively, are reported as a reduction in the accrued benefit obligation on the consolidated balance sheets for these plans.

#### **Postretirement Benefits**

NYU has three health and welfare plans that provide certain health care and life insurance benefits for eligible retired employees. NYU employees may become eligible for these benefits if they reach the age and service requirements of the plan while working for NYU. The costs related to these plans are accrued during the period the employees provide service to NYU. Contributions of \$25,933

**New York University**  
**Notes to Consolidated Financial Statements**  
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(in thousands of dollars)

and \$24,624 in 2019 and 2018, respectively, are reported as a reduction in the accrued postretirement obligation on the consolidated balance sheets for these plans.

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

**Plans' Funded Status**

|  | <u>Defined benefit pension plans</u> |                   | <u>Postretirement benefit plans</u> |                   |
|--|--------------------------------------|-------------------|-------------------------------------|-------------------|
|  | <u>2019</u>                          | <u>2018</u>       | <u>2019</u>                         | <u>2018</u>       |
| <b>Change in benefit obligation</b>                            |                                      |                   |                                     |                   |
| Benefit obligation, beginning of year                          | \$ 2,200,036                         | \$ 2,214,679      | \$ 688,606                          | \$ 695,568        |
| Service cost   | 47,145                               | 50,447            | 20,560                              | 18,979            |
| Interest cost  | 88,483                               | 77,972            | 26,932                              | 25,124            |
| Actuarial loss (gain)  | 421,417                              | (53,585)          | 121,043                             | (33,286)          |
| Benefits paid  | (80,337)                             | (73,445)          | (25,319)                            | (24,423)          |
| Benefits paid from Plan related to lump sum window             | -                                    | (15,182)          | -                                   | -                 |
| Participant contributions                                      | -                                    | -                 | 4,813                               | 5,225             |
| Retiree drug subsidy receipts                                  | -                                    | -                 | 1,281                               | 1,419             |
| Administrative expenses  | (1,086)                              | (850)             | -                                   | -                 |
| Plan amendments  | -                                    | -                 | 2,782                               | -                 |
| Benefit obligation, end of year                                | <u>2,675,658</u>                     | <u>2,200,036</u>  | <u>840,698</u>                      | <u>688,606</u>    |
| <b>Change in fair value of plan assets</b>                     |                                      |                   |                                     |                   |
| Fair value of plan assets, beginning of year                   | 1,747,549                            | 1,647,121         | 146,657                             | 126,118           |
| Actual return on plan assets                                   | 79,652                               | 116,720           | 3,536                               | 13,694            |
| Employer contributions   | 45,139                               | 58,003            | 25,933                              | 24,624            |
| Employer contributions to Plan related to lump sum window      | -                                    | 15,182            | -                                   | -                 |
| Benefits paid  | (80,337)                             | (73,445)          | (25,319)                            | (24,423)          |
| Benefits paid from Plan related to lump sum window             | -                                    | (15,182)          | -                                   | -                 |
| Participant contributions                                      | -                                    | -                 | 4,813                               | 5,225             |
| Retiree drug subsidy receipts                                  | -                                    | -                 | 1,281                               | 1,419             |
| Administrative expenses  | (1,086)                              | (850)             | -                                   | -                 |
| Fair value of plan assets, end of year                         | <u>1,790,917</u>                     | <u>1,747,549</u>  | <u>156,901</u>                      | <u>146,657</u>    |
| Accrued benefit obligation                                     | <u>\$ 884,741</u>                    | <u>\$ 452,487</u> | <u>\$ 683,797</u>                   | <u>\$ 541,949</u> |
| <b>Benefit obligation range of assumptions as of August 31</b> |                                      |                   |                                     |                   |
| Discount rate  | 3.08% - 3.25%                        | 3.96% - 4.34%     | 3.09% - 3.15%                       | 4.15% - 4.30%     |
| Rate of increase in compensation levels                        | 2.91% - 3.50%                        | 2.92% - 4.00%     | -                                   | -                 |

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

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(in thousands of dollars)

**Net Periodic Benefit Cost**

|  | <u>Defined Benefit Pension Plans</u> |               | <u>Postretirement Benefit Plans</u> |               |
|--|--------------------------------------|---------------|-------------------------------------|---------------|
|  | <u>2019</u>                          | <u>2018</u>   | <u>2019</u>                         | <u>2018</u>   |
| <b>Components of net periodic benefit cost</b>                           |                                      |               |                                     |               |
| Operating expense  |                                      |               |                                     |               |
| Service cost in salary and fringe  | \$ 47,145                            | \$ 50,447     | \$ 20,560                           | \$ 18,979     |
| Nonoperating expense:  |                                      |               |                                     |               |
| Interest cost  | 88,483                               | 77,972        | 26,932                              | 25,124        |
| Expected return on plan assets   | (122,332)                            | (115,222)     | (8,870)                             | (7,633)       |
| Amortization of prior service cost (credit)                              | 2                                    | 2             | (531)                               | (1,322)       |
| Amortization of actuarial loss   | 14,234                               | 22,322        | 660                                 | 4,036         |
| Total non-service costs  | (19,613)                             | (14,926)      | 18,191                              | 20,205        |
| Net periodic benefit cost  | \$ 27,532                            | \$ 35,521     | \$ 38,751                           | \$ 39,184     |
| <b>Other changes recognized in net assets without donor restrictions</b> |                                      |               |                                     |               |
| Actuarial net gain arising during period                                 | \$ 464,093                           | \$ (55,075)   | \$ 126,373                          | \$ (39,378)   |
| Amortization of prior service (cost) credit                              | (2)                                  | (2)           | 3,313                               | 1,322         |
| Amortization of actuarial loss   | (14,234)                             | (22,322)      | (660)                               | (4,036)       |
| Total recognized in nonoperating activities                              | \$ 449,857                           | \$ (77,399)   | \$ 129,026                          | \$ (42,092)   |
| <b>Net periodic benefit cost range of assumptions</b>                    |                                      |               |                                     |               |
| Discount rate  | 3.83% - 4.34%                        | 3.37% - 4.15% | 3.20% - 4.20%                       | 3.61% - 4.03% |
| Rate of increase in compensation levels                                  | 2.92% - 3.50%                        | 3.00% - 4.00% | -                                   | -             |
| Expected long-term rate of return on plan assets                         | 6.00% - 7.75%                        | 6.00% - 7.75% | 6.00% - 7.00%                       | 6.00% - 7.00% |
| Initial healthcare cost trend  | -                                    | -             | 5.25% - 7.25%                       | 5.50% - 7.50% |
| Ultimate retiree health-care cost trend                                  | -                                    | -             | 4.50%                               | 4.50%         |
| Year ultimate trend rate is achieved                                     | -                                    | -             | 2024-2031                           | 2024-2038     |

The accumulated benefit obligation for the defined benefit pension plans is \$2,487,685 and \$2,065,215 at August 31, 2019 and 2018, respectively.

Amounts not yet reflected in net periodic benefit cost and included in net assets without donor restrictions for the defined benefit pension plans totaled \$684,236 and \$234,380 for the years ended August 31, 2019 and 2018, respectively. Amounts not yet reflected in net periodic benefit cost and included in net assets without donor restrictions for the postretirement benefit plans totaled \$207,900 and \$78,874 for the years ended August 31, 2019 and 2018, respectively.

Amounts in net assets without donor restrictions expected to be recognized in net periodic benefit cost in the next fiscal year for the defined benefit pension plans totaled \$42,920 and \$14,234 for the years ended August 31, 2019 and 2018, respectively. Amounts in net assets without donor restrictions expected to be recognized in net periodic benefit cost in the next fiscal year for the postretirement benefits plans totaled \$10,942 and \$525 for the years ended August 31, 2019 and 2018, respectively.

In 2019 and 2018, the effect of a 1% change in the health care cost trend rate is as follows:

|   | <u>2019</u>        |                    | <u>2018</u>        |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | <u>1% Increase</u> | <u>1% Decrease</u> | <u>1% Increase</u> | <u>1% Decrease</u> |
| Effect on net periodic benefit cost         | \$ 5,392           | \$ (4,298)         | \$ 5,742           | \$ (4,556)         |
| Effect on postretirement benefit obligation | 109,763            | (87,533)           | 92,078             | (75,241)           |

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**Plan Assets**

The following table presents the fair value of the defined benefit plan investments at August 31, 2019 and 2018 according to the asset categories defined in Note 5:

|  | <b>2019</b>                     |                                    |                                      | <b>Total</b>        |
|--|---------------------------------|------------------------------------|--------------------------------------|---------------------|
|  | <b>Active Markets (Level 1)</b> | <b>Observable Inputs (Level 2)</b> | <b>Unobservable Inputs (Level 3)</b> |                     |
| Cash equivalents   | \$ 24,154                       | \$ -                               | \$ -                                 | \$ 24,154           |
| Fixed income   | 550,071                         | 153,324                            | -                                    | 703,395             |
| Public equity  | 955,737                         | -                                  | -                                    | 955,737             |
| Real estate  | 30,328                          | 541                                | -                                    | 30,869              |
|  | <u>\$ 1,560,290</u>             | <u>\$ 153,865</u>                  | <u>\$ -</u>                          | <u>1,714,155</u>    |
| Alternative investments measured at NAV as a practical expedient |                                 |                                    |                                      | <u>76,762</u>       |
| Total  |                                 |                                    |                                      | <u>\$ 1,790,917</u> |
|  | <b>2018</b>                     |                                    |                                      |                     |
|  | <b>Active Markets (Level 1)</b> | <b>Observable Inputs (Level 2)</b> | <b>Unobservable Inputs (Level 3)</b> | <b>Total</b>        |
| Cash equivalents   | \$ 11,934                       | \$ -                               | \$ -                                 | \$ 11,934           |
| Fixed income   | 465,891                         | 101,952                            | -                                    | 567,843             |
| Public equity  | 861,441                         | -                                  | -                                    | 861,441             |
| Real estate  | 212,153                         | 478                                | -                                    | 212,631             |
|  | <u>\$ 1,551,419</u>             | <u>\$ 102,430</u>                  | <u>\$ -</u>                          | <u>1,653,849</u>    |
| Alternative investments measured at NAV as a practical expedient |                                 |                                    |                                      | <u>93,700</u>       |
| Total  |                                 |                                    |                                      | <u>\$ 1,747,549</u> |

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



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The strategy for achieving and maintaining a fully funded pension liability may vary with the prevailing funded level and other parameters related to the overall goal. The asset allocation process is designed to be dynamic and employ a liability-driven, glide path investment strategy, which reframes risk and performance relative to the pension liability. This approach is expected to enable pension assets to more reliably track the value of the pension liability, with less funded level volatility, than a static total-return investment. Broad target allocations at the current funded level are 55-75% return-seeking assets, such as equity and real estate (REIT) funds, and 25-45% liability-hedging assets, such as fixed income funds. 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. Working with our actuary, NYU management believes 6.0% - 7.75% is a reasonable estimate of long-term rates of return on plan assets for 2019 and will continue to evaluate the actuarial assumptions, and adjust them as necessary.

The following table presents the fair value of the postretirement benefit plan investments at August 31, 2019 and 2018 according to the asset categories defined in Note 5:

|                  | <b>2019</b>                             |  |  |                   |
|------------------|---|--|--|-------------------|
|                  | <b>Active<br/>Markets<br/>(Level 1)</b> | <b>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Unobservable<br/>Inputs<br/>(Level 3)</b> | <b>Total</b>      |
| Cash equivalents | \$ 452                                  | \$ -                                       | \$ -   | \$ 452            |
| Fixed income     | 41,582                                  | 17,911                                     | -  | 59,493            |
| Public equity    | 96,956                                  | -  | -  | 96,956            |
| Total            | <u>\$ 138,990</u>                       | <u>\$ 17,911</u>                           | <u>\$ -</u>                                  | <u>\$ 156,901</u> |
|                  | <b>2018</b>                             |  |  |                   |
|                  | <b>Active<br/>Markets<br/>(Level 1)</b> | <b>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Unobservable<br/>Inputs<br/>(Level 3)</b> | <b>Total</b>      |
| Cash equivalents | \$ 133                                  | \$ -                                       | \$ -   | \$ 133            |
| Fixed income     | 37,458                                  | 21,872                                     | -  | 59,330            |
| Public equity    | 87,194                                  | -  | -  | 87,194            |
| Total            | <u>\$ 124,785</u>                       | <u>\$ 21,872</u>                           | <u>\$ -</u>                                  | <u>\$ 146,657</u> |

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

The post-retirement benefit plan target asset allocation mix is 70% equity and 30% fixed income and cash, for which each asset class has a permitted range of +/- 10%.

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The expected long-term rate of return assumption is determined by adding expected inflation to expected long-term real returns of various asset classes, taking into account expected volatility and correlation between the returns of various asset classes. NYU management believes that 6.0%-7.0% is a reasonable range of long-term rates of return on plan assets for 2019 and will continue to evaluate the actuarial assumptions, and adjust them as necessary.

**Contributions**

Annual contributions to the plans are determined by NYU based upon calculations prepared by the plans' actuaries. Total expected contributions for the defined benefit pension plans and other postretirement benefit plans in fiscal year 2020 are \$101,619 and \$26,898, respectively.

**Benefit Payments**

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

| Year Ending August 31, | Defined Benefit<br>Pension Plans | Postretirement<br>Benefit Plans |
|------------------------|----------------------------------|---------------------------------|
| 2020                   | \$ 86,150                        | \$ 25,040                       |
| 2021                   | 91,111                           | 27,199                          |
| 2022                   | 96,160                           | 29,608                          |
| 2023                   | 102,197                          | 32,428                          |
| 2024                   | 108,187                          | 34,884                          |
| 2025-2029              | 621,117                          | 209,889                         |

**Multi-Employer Benefit Plans**

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

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NYU's contributions to the following multi-employer defined benefit pension and postretirement plans are reported as salary and fringe expenses in the consolidated statements of activities for the years ended August 31, 2019 and 2018:

|  | 2019              | 2018              |
|--|-------------------|-------------------|
| 1199 SEIU Health Care Employees Health & Welfare Fund        | \$ 120,927        | \$ 135,902        |
| 1199 SEIU Health Care Employees Pension Fund                 | 54,723            | 44,776            |
| United Federation of Teachers Welfare Fund                   | 19,171            | 15,980            |
| Local 810 United Wire, Metal & Machine Health & Welfare Fund | 4,607             | 4,344             |
| Local 810 United Wire, Metal & Machine Pension Fund          | 3,318             | 3,317             |
| Local 30 Pension Fund  | 287               | 273               |
| Local 153 Pension Fund                                       | 54                | 54                |
|  | <u>\$ 203,087</u> | <u>\$ 204,646</u> |

The Pension Protection Act (PPA) zone status indicates the plan's funded status of either at least 80% funded (green) or less than 80% funded (yellow or red). A zone status of red requires the plan sponsor to implement a Funding Improvement Plan (FIP) or Rehabilitation Plan (RP). The following table includes information for related pension funds:

| Pension Plan Name                  | EIN/Pension Plan Number | Pension Protection Act Zone Status |       | FIP/RP Status Pending/Implemented | Surcharge Imposed | Expiration Date of Collective-Bargaining Agreement |
|------------------------------------|-------------------------|------------------------------------|-------|-----------------------------------|-------------------|--|
|                                    |                         | 2019                               | 2018  |                                   |                   |  |
| 1199 Pension Fund                  | 13-3604862              | Green                              | Green | N/A                               | No                | September 2021                                     |
| Local 810 United Wire Pension Fund | 13-6596940              | Yellow                             | Red   | Yes                               | Yes               | June 2024  |
| Local 153 Pension Fund             | 13-2864289              | Red                                | Red   | Yes                               | N/A               | December 2020                                      |
| Local 30 Pension Fund              | 51-6045848              | Green                              | Green | N/A                               | No                | June 2021  |

NYU's contributions to the 1199 Pension Fund and the Local 810 United Wire Pension Fund represent greater than 5% of total plan contributions. NYU is in withdrawal status for the Local 153 Pension Fund with quarterly withdrawal payments continuing through 2036.

**14. Hospital Affiliations**

NYUGSoM has three affiliation agreements with the New York City Health and Hospitals Corporation to provide general care and mental health services. The three agreements are with Woodhull Medical and Mental Health Center and Cumberland Diagnostic and Treatment Center, Bellevue Hospital Center and Gouverneur Healthcare Services, and Coler Rehabilitation and Nursing Care Center and Henry J Carter Specialty Hospital and Nursing Facility and are effective from July 1, 2015 through June 30, 2020. NYUGSoM recognized revenues from these affiliation agreements of \$319,490 and \$314,345 for the years ended August 31, 2019 and 2018, respectively.

NYU Langone Hospitals has several clinical affiliation agreements with New York City area hospitals where physicians provide patient care and supervision of residents at affiliated organizations. NYU Langone Hospitals also maintains an affiliation agreement with Sunset Park Health Council, Inc., a New York not-for-profit corporation, d/b/a Family Health Centers at NYU Langone (FHC). NYU Langone Hospitals recognized revenue from these affiliation agreements of \$27,169 and \$28,390 for the years ended August 31, 2019 and 2018, respectively.

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**15. Functional Classification of Expenses**

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

Expenses by function classification for the years ended August 31, 2019 and 2018 consist of the following:

|                                       |    | 2019                                    |                                       |              |                      |                   |                  |                       |                        |               |
|---------------------------------------|----|---|---------------------------------------|--------------|----------------------|-------------------|------------------|-----------------------|------------------------|---------------|
|                                       |    | Instruction and Other Academic Programs | Research and Other Sponsored Programs | Patient Care | Hospital Affiliation | Libraries Support | Student Services | Auxiliary Enterprises | Institutional Services | Total         |
| Salary and fringe                     | \$ | 1,283,020                               | \$ 495,394                            | \$ 4,197,813 | \$ 305,096           | \$ 42,882         | \$ 92,242        | \$ 114,435            | \$ 771,576             | \$ 7,302,458  |
| Medical and pharmaceutical costs      |    | 91                                      | 1,389                                 | 1,070,073    | -                    | -                 | 4                | 260                   | 3,947                  | 1,075,764     |
| Professional services                 |    | 127,912                                 | 28,480                                | 252,999      | 4,606                | 4,199             | 18,826           | 72,678                | 179,162                | 688,862       |
| Facilities costs                      |    | 119,554                                 | 141,783                               | 158,447      | 36                   | 4,829             | 11,241           | 175,478               | 252,784                | 864,152       |
| Fees, insurance and taxes             |    | 5,631                                   | 360                                   | 146,024      | 8                    | 178               | 1,429            | 15,450                | 190,581                | 359,681       |
| Depreciation and amortization expense |    | 78,579                                  | 27,209                                | 352,180      | -                    | 6,391             | 13,094           | 99,307                | 223,986                | 800,746       |
| Interest expense                      |    | 99,245                                  | 5,980                                 | 96,832       | -                    | 1,208             | 3,281            | 39,110                | 68,093                 | 313,749       |
| Other                                 |    | 222,183                                 | 163,450                               | 321,843      | 1,149                | 38,132            | 28,487           | 17,473                | 166,837                | 959,554       |
|                                       | \$ | 1,936,215                               | \$ 864,045                            | \$ 6,596,211 | \$ 310,895           | \$ 97,819         | \$ 168,604       | \$ 534,191            | \$ 1,856,966           | \$ 12,364,946 |
| University                            | \$ | 1,876,390                               | \$ 269,242                            | \$ 63,540    | \$ -                 | \$ 89,725         | \$ 159,013       | \$ 461,988            | \$ 542,539             | \$ 3,462,437  |
| NYU Langone Health                    |    | 59,825                                  | 594,803                               | 6,532,671    | 310,895              | 8,094             | 9,591            | 76,797                | 1,320,395              | 8,913,071     |
|                                       | \$ | 1,936,215                               | \$ 864,045                            | \$ 6,596,211 | \$ 310,895           | \$ 97,819         | \$ 168,604       | \$ 538,785            | \$ 1,862,934           | 12,375,508    |
|                                       |    |   |                                       |              |                      |                   |                  |                       | Eliminations           | (10,562)      |
|                                       |    |   |                                       |              |                      |                   |                  |                       |                        | \$ 12,364,946 |

|                                       |    | 2018                                    |                                       |              |                      |                   |                  |                       |                        |               |
|---------------------------------------|----|---|---------------------------------------|--------------|----------------------|-------------------|------------------|-----------------------|------------------------|---------------|
|                                       |    | Instruction and Other Academic Programs | Research and Other Sponsored Programs | Patient Care | Hospital Affiliation | Libraries Support | Student Services | Auxiliary Enterprises | Institutional Services | Total         |
| Salary and fringe                     | \$ | 1,209,507                               | \$ 486,422                            | \$ 3,867,388 | \$ 289,225           | \$ 41,181         | \$ 88,792        | \$ 118,570            | \$ 760,717             | \$ 6,861,802  |
| Medical and pharmaceutical costs      |    | 55                                      | 1,565                                 | 913,669      | 3                    | -                 | 13               | 248                   | 5,668                  | 921,221       |
| Professional services                 |    | 107,035                                 | 30,587                                | 210,002      | 3,324                | 3,665             | 18,354           | 70,690                | 238,363                | 682,020       |
| Facilities costs                      |    | 103,488                                 | 143,805                               | 127,406      | 13                   | 4,553             | 11,926           | 188,328               | 155,286                | 734,805       |
| Fees, insurance and taxes             |    | 5,523                                   | 575                                   | 165,449      | 10                   | 191               | 1,491            | 15,897                | 138,765                | 327,901       |
| Depreciation and amortization expense |    | 64,024                                  | 35,757                                | 272,340      | -                    | 6,601             | 14,841           | 145,397               | 179,349                | 718,309       |
| Interest expense                      |    | 67,774                                  | 11,371                                | 82,803       | -                    | 859               | 3,444            | 49,111                | 32,835                 | 248,197       |
| Other                                 |    | 215,439                                 | 161,502                               | 310,624      | 1,387                | 36,509            | 28,524           | 30,414                | 266,304                | 1,050,703     |
|                                       | \$ | 1,772,845                               | \$ 871,584                            | \$ 5,949,681 | \$ 293,962           | \$ 93,559         | \$ 167,385       | \$ 618,655            | \$ 1,777,287           | \$ 11,544,958 |
| University                            | \$ | 1,717,992                               | \$ 247,303                            | \$ 69,712    | \$ -                 | \$ 84,872         | \$ 157,609       | \$ 464,123            | \$ 545,845             | \$ 3,287,456  |
| NYU Langone Health                    |    | 54,853                                  | 624,281                               | 5,879,969    | 293,962              | 8,687             | 9,776            | 159,642               | 1,236,627              | 8,267,797     |
|                                       | \$ | 1,772,845                               | \$ 871,584                            | \$ 5,949,681 | \$ 293,962           | \$ 93,559         | \$ 167,385       | \$ 623,765            | \$ 1,782,472           | 11,555,253    |
|                                       |    |   |                                       |              |                      |                   |                  |                       | Eliminations           | (10,295)      |
|                                       |    |   |                                       |              |                      |                   |                  |                       |                        | \$ 11,544,958 |

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*(in thousands of dollars)*

**16. Components of Net Assets With Donor Restrictions**

Net assets with donor restrictions are available for the following purposes at August 31, 2019 and 2018:

|   | <b>2019</b>         | <b>2018</b>         |
|---|---------------------|---------------------|
| Scholarships and fellowships                      | \$ 1,129,083        | \$ 1,069,612        |
| Contributions and earnings for operating purposes | 1,049,627           | 976,956             |
| Faculty and staff salaries                        | 787,279             | 828,999             |
| Program support                                   | 527,347             | 491,314             |
| FEMA award for mitigation                         | 73,564              | 117,247             |
| Annuity trust agreements                          | 34,899              | 37,063              |
| Contributions for buildings and equipment         | 29,393              | 24,086              |
| Other   | 97,954              | 84,554              |
| Total net assets with donor restrictions          | <u>\$ 3,729,146</u> | <u>\$ 3,629,831</u> |

NYU's investment pools include individual endowed funds established for a variety of purposes. Pooled assets include both donor restricted endowment funds and funds designated by the board to function as endowments.

NYU classifies as net assets with donor restrictions the historical value of donor-restricted endowment funds, which includes: (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. Also included in net assets with donor restrictions is accumulated unspent earnings on donor restricted endowment funds which are available for expenditure in a manner consistent with the standard of prudence described by NYPMIFA, and deficiencies associated with funds where the value of the fund has fallen below the original value of the gift. The historical value of NYU's donor-restricted endowment funds totaled \$2,183,087 and \$2,097,385 at August 31, 2019 and 2018, respectively.

NYU defines the appropriation of endowment net assets for expenditure as the authorization of its investment spending rate as approved annually by the Board of Trustees (Note 5). However, when donors have expressly stipulated the payout percentage of earnings on endowments that differs from NYU policies, the donors' intent prevails. In making a determination to appropriate or accumulate, NYU adheres to the standard of prudence prescribed by New York Prudent Management of Institutional Funds Act (NYPMIFA) and considers the following factors: the duration and preservation of the endowment fund; NYU's mission and the purpose of the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of NYU; where appropriate and circumstances would otherwise warrant, alternatives to expenditures of the endowment fund giving due consideration to the effect that such alternatives may have on NYU; and the investment policy of NYU.

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From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor required to be retained as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. As of August 31, 2019 and 2018, funds with an original gift value of \$12,283 and \$4,265 were underwater by \$405 and \$221, respectively.

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

|                                 | <b>2019</b>                           |                                    |                     |
|---------------------------------|---------------------------------------|------------------------------------|---------------------|
|                                 | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        |
| Donor-restricted endowment      | \$ -                                  | \$ 2,882,449                       | \$ 2,882,449        |
| Board-designated endowment      | 1,442,772                             |                                    | 1,442,772           |
| Underwater endowment (27 funds) | -                                     | (405)                              | (405)               |
|                                 | <u>\$ 1,442,772</u>                   | <u>\$ 2,882,044</u>                | <u>\$ 4,324,816</u> |

  

|                                 | <b>2018</b>                           |                                    |                     |
|---------------------------------|---------------------------------------|------------------------------------|---------------------|
|                                 | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        |
| Donor-restricted endowment      | \$ -                                  | \$ 2,787,614                       | \$ 2,787,614        |
| Board-designated endowment      | 1,462,105                             | -                                  | 1,462,105           |
| Underwater endowment (13 funds) | -                                     | (221)                              | (221)               |
|                                 | <u>\$ 1,462,105</u>                   | <u>\$ 2,787,393</u>                | <u>\$ 4,249,498</u> |

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

|  | <b>2019</b>                           |                                    |                     |
|--|---------------------------------------|------------------------------------|---------------------|
|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        |
| <b>Investment pool net assets,<br/>beginning of year</b> | \$ 1,462,105                          | \$ 2,787,393                       | \$ 4,249,498        |
| Contributions  | 68,429                                | 85,701                             | 154,130             |
| Investment pool return                                   | 27,569                                | 76,791                             | 104,360             |
| Endowment distribution                                   | (58,795)                              | (113,837)                          | (172,632)           |
| Liquidations   | (10,540)                              | -                                  | (10,540)            |
| Reclassification of net assets                           | (45,996)                              | 45,996                             | -                   |
| <b>Investment pool net assets,<br/>end of year</b>       | <u>\$ 1,442,772</u>                   | <u>\$ 2,882,044</u>                | <u>\$ 4,324,816</u> |

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|  | <b>2018</b>                           |                                    |                     |
|--|---------------------------------------|------------------------------------|---------------------|
|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>        |
| <b>Investment pool net assets,<br/>beginning of year</b> | \$ 1,506,867                          | \$ 2,594,268                       | \$ 4,101,135        |
| Contributions  | 50,725                                | 129,030                            | 179,755             |
| Investment pool return                                   | 108,893                               | 202,157                            | 311,050             |
| Endowment distribution                                   | (62,110)                              | (107,039)                          | (169,149)           |
| Liquidations   | (151,183)                             | -                                  | (151,183)           |
| Reclassification of net assets                           | 8,913                                 | (31,023)                           | (22,110)            |
| <b>Investment pool net assets,<br/>end of year</b>       | <b>\$ 1,462,105</b>                   | <b>\$ 2,787,393</b>                | <b>\$ 4,249,498</b> |

**17. 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:

| <b>Year Ending August 31,</b> |            |
|-------------------------------|------------|
| 2020                          | \$ 326,171 |
| 2021                          | 306,362    |
| 2022                          | 278,787    |
| 2023                          | 262,565    |
| 2024                          | 253,611    |
| Thereafter                    | 2,648,048  |

Rent expense is \$371,076 and \$315,055 for the years ended August 31, 2019 and 2018, respectively.

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

NYU Langone Hospitals provides emergency department (“ED”) services at the site of the former Long Island College Hospital ED pursuant to an agreement with the State University of New York (“SUNY”) and a real estate development company (the “Company”). Pursuant to the agreement with SUNY and the Company, following demolition and remediation of adjacent premises, SUNY will deed the cleared site to Langone Hospitals at no cost and Langone Hospitals will construct on the site a four-story medical services building including a freestanding ED and other medical services. As of August 31, 2019, demolition is substantially complete and Langone Hospitals expects the property transfer to occur in 2020 and anticipates that significant construction will begin thereafter.

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NYU, with the exception of Winthrop, which is fully insured, is self-insured for workers' compensation. The University purchases an excess workers' compensation insurance policy with a retention of \$500 per claim. In connection with being self-insured, the University has maintained a surety bond in the amount of \$11,749 at August 31, 2019 and 2018. Additionally, NYU Langone Health has maintained stand-by letters of credit aggregating approximately \$45,674 and \$46,247 at August 31, 2019 and 2018, respectively.

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

**18. Subsequent Events**

NYU performed an evaluation of subsequent events through December 13, 2019, which is the date the consolidated financial statements were issued.



**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, 2019**

| <i>(in thousands of dollars)</i>                   | 2019                 |                       |                     | Consolidated<br>NYU  |
|--|----------------------|-----------------------|---------------------|----------------------|
|  | University           | NYU<br>Langone Health | Eliminations        |                      |
| <b>Assets</b>                                      |                      |                       |                     |                      |
| Cash and cash equivalents                          | \$ 1,123,820         | \$ 829,360            | \$ -                | \$ 1,953,180         |
| Short-term investments (Note 5)                    | 4,303                | -                     | -                   | 4,303                |
| Accounts and loans receivable, net (Note 6)        | 400,641              | 415,513               | (101,794)           | 714,360              |
| Patient accounts receivable, net (Note 4)          | 9,281                | 963,904               | -                   | 973,185              |
| Contributions receivable, net (Note 7)             | 294,918              | 181,773               | -                   | 476,691              |
| Other assets (Note 8)                              | 231,844              | 732,069               | -                   | 963,913              |
| Deposits with trustees (Note 10)                   | 871,879              | 11,548                | -                   | 883,427              |
| Long-term investments (Note 5)                     | 3,330,224            | 1,658,391             | -                   | 4,988,615            |
| Assets held for professional liabilities (Note 12) | -                    | 667,606               | -                   | 667,606              |
| Land, buildings, and equipment, net (Note 9)       | 4,132,150            | 7,391,729             | -                   | 11,523,879           |
| Total assets                                       | <u>\$ 10,399,060</u> | <u>\$ 12,851,893</u>  | <u>\$ (101,794)</u> | <u>\$ 23,149,159</u> |
| <b>Liabilities and Net Assets</b>                  |                      |                       |                     |                      |
| <b>Liabilities</b>                                 |                      |                       |                     |                      |
| Accounts payable and accrued expenses              | \$ 385,032           | \$ 1,834,669          | \$ (101,794)        | \$ 2,117,907         |
| Deferred revenue                                   | 871,230              | 197,206               | -                   | 1,068,436            |
| Professional liabilities (Note 12)                 | -                    | 717,281               | -                   | 717,281              |
| Debt and other obligations (Note 11)               | 4,083,765            | 3,878,696             | -                   | 7,962,461            |
| Funds held for others (Notes 6 and 8)              | 153,137              | 222,572               | -                   | 375,709              |
| Accrued benefit obligation (Note 13)               | 78,453               | 806,288               | -                   | 884,741              |
| Accrued postretirement obligation (Note 13)        | 440,351              | 243,446               | -                   | 683,797              |
| Asset retirement obligation                        | 178,969              | 99,891                | -                   | 278,860              |
| Total liabilities                                  | <u>6,190,937</u>     | <u>8,000,049</u>      | <u>(101,794)</u>    | <u>14,089,192</u>    |
| <b>Net assets</b>                                  |                      |                       |                     |                      |
| Without donor restrictions                         | 1,630,954            | 3,699,867             | -                   | 5,330,821            |
| With donor restrictions (Note 16)                  | 2,577,169            | 1,151,977             | -                   | 3,729,146            |
| Total net assets                                   | <u>4,208,123</u>     | <u>4,851,844</u>      | <u>-</u>            | <u>9,059,967</u>     |
| Total liabilities and net assets                   | <u>\$ 10,399,060</u> | <u>\$ 12,851,893</u>  | <u>\$ (101,794)</u> | <u>\$ 23,149,159</u> |

The accompanying note is an integral part of these supplemental schedules.

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

| <i>(in thousands of dollars)</i>                   | 2018         |                       |              | Consolidated<br>NYU |
|--|--------------|-----------------------|--------------|---------------------|
|  | University   | NYU<br>Langone Health | Eliminations |                     |
| <b>Assets</b>                                      |              |                       |              |                     |
| Cash and cash equivalents                          | \$ 1,008,398 | \$ 478,672            | \$ -         | \$ 1,487,070        |
| Short-term investments (Note 5)                    | 1,870        | -                     | -            | 1,870               |
| Accounts and loans receivable, net (Note 6)        | 399,694      | 432,547               | (109,244)    | 722,997             |
| Patient accounts receivable, net (Note 4)          | 9,173        | 886,340               | -            | 895,513             |
| Contributions receivable, net (Note 7)             | 275,513      | 182,837               | -            | 458,350             |
| Other assets (Note 8)                              | 235,688      | 714,090               | -            | 949,778             |
| Deposits with trustees (Note 10)                   | 463,832      | 10,336                | -            | 474,168             |
| Long-term investments (Note 5)                     | 3,273,725    | 1,607,617             | -            | 4,881,342           |
| Assets held for professional liabilities (Note 12) | -            | 525,834               | -            | 525,834             |
| Land, buildings, and equipment, net (Note 9)       | 3,880,529    | 7,050,651             | -            | 10,931,180          |
| Total assets                                       | \$ 9,548,422 | \$ 11,888,924         | \$ (109,244) | \$ 21,328,102       |
| <b>Liabilities and Net Assets</b>                  |              |                       |              |                     |
| <b>Liabilities</b>                                 |              |                       |              |                     |
| Accounts payable and accrued expenses              | \$ 328,044   | \$ 1,731,316          | \$ (109,244) | \$ 1,950,116        |
| Deferred revenue                                   | 840,531      | 133,124               | -            | 973,655             |
| Professional liabilities (Note 12)                 | -            | 640,722               | -            | 640,722             |
| Debt and other obligations (Note 11)               | 3,397,411    | 3,726,497             | -            | 7,123,908           |
| Funds held for others (Notes 6 and 8)              | 147,306      | 197,319               | -            | 344,625             |
| Accrued benefit obligation (Note 13)               | 36,267       | 416,220               | -            | 452,487             |
| Accrued postretirement obligation (Note 13)        | 359,923      | 182,026               | -            | 541,949             |
| Asset retirement obligation                        | 174,588      | 81,730                | -            | 256,318             |
| Total liabilities                                  | 5,284,070    | 7,108,954             | (109,244)    | 12,283,780          |
| <b>Net assets</b>                                  |              |                       |              |                     |
| Without donor restrictions                         | 1,799,122    | 3,615,590             | -            | 5,414,712           |
| With donor restrictions (Note 16)                  | 2,465,230    | 1,164,380             | -            | 3,629,610           |
| Total net assets                                   | 4,264,352    | 4,779,970             | -            | 9,044,322           |
| Total liabilities and net assets                   | \$ 9,548,422 | \$ 11,888,924         | \$ (109,244) | \$ 21,328,102       |

The accompanying note is an integral part of these supplemental schedules.

**New York University**  
**Supplemental Schedule to the Consolidated Financial Statements**  
**(Consolidating Balance Sheet for NYU - Detail)**  
**August 31, 2019**

|  | 2019                 |                     |                    |                      |                     |                    | Total<br>Consolidated<br>NYU |
|--|----------------------|---------------------|--------------------|----------------------|---------------------|--------------------|------------------------------|
|  | University           | NYUGSoM             | Eliminations       | Subtotal             | Health<br>System    | Eliminations       |                              |
| <i>(in thousands of dollars)</i>                   |                      |                     |                    |                      |                     |                    |                              |
| <b>Assets</b>                                      |                      |                     |                    |                      |                     |                    |                              |
| Cash and cash equivalents                          | \$ 1,123,820         | \$ 36,229           | \$ -               | \$ 1,160,049         | \$ 793,131          | \$ -               | \$ 1,953,180                 |
| Short-term investments (Note 5)                    | 4,303                | -                   | -                  | 4,303                | -                   | -                  | 4,303                        |
| Accounts and loans receivable, net (Note 6)        | 400,641              | 185,461             | (89,029)           | 497,073              | 262,121             | (44,834)           | 714,360                      |
| Patient accounts receivable, net (Note 4)          | 9,281                | 155,718             | -                  | 164,999              | 808,186             | -                  | 973,185                      |
| Contributions receivable, net (Note 7)             | 294,918              | 135,429             | -                  | 430,347              | 46,344              | -                  | 476,691                      |
| Other assets (Note 8)                              | 231,844              | 264,721             | -                  | 496,565              | 467,348             | -                  | 963,913                      |
| Deposits with trustees (Note 10)                   | 871,879              | -                   | -                  | 871,879              | 11,548              | -                  | 883,427                      |
| Long-term investments (Note 5)                     | 3,330,224            | 921,083             | -                  | 4,251,307            | 737,308             | -                  | 4,988,615                    |
| Assets held for professional liabilities (Note 12) | -                    | -                   | -                  | -                    | 667,606             | -                  | 667,606                      |
| Land, buildings, and equipment, net (Note 9)       | 4,132,150            | 2,745,753           | -                  | 6,877,903            | 4,645,976           | -                  | 11,523,879                   |
| Total assets                                       | <u>\$ 10,399,060</u> | <u>\$ 4,444,394</u> | <u>\$ (89,029)</u> | <u>\$ 14,754,425</u> | <u>\$ 8,439,568</u> | <u>\$ (44,834)</u> | <u>\$ 23,149,159</u>         |
| <b>Liabilities and Net Assets</b>                  |                      |                     |                    |                      |                     |                    |                              |
| <b>Liabilities</b>                                 |                      |                     |                    |                      |                     |                    |                              |
| Accounts payable and accrued expenses              | \$ 385,032           | \$ 798,497          | \$ (89,029)        | \$ 1,094,500         | \$ 1,068,241        | \$ (44,834)        | \$ 2,117,907                 |
| Deferred revenue                                   | 871,230              | 39,490              | -                  | 910,720              | 157,716             | -                  | 1,068,436                    |
| Professional liabilities (Note 12)                 | -                    | -                   | -                  | -                    | 717,281             | -                  | 717,281                      |
| Debt and other obligations (Note 11)               | 4,083,765            | 1,390,397           | -                  | 5,474,162            | 2,488,299           | -                  | 7,962,461                    |
| Funds held for others (Notes 6 and 8)              | 153,137              | 171,985             | -                  | 325,122              | 50,587              | -                  | 375,709                      |
| Accrued benefit obligation (Note 13)               | 78,453               | 70,340              | -                  | 148,793              | 735,948             | -                  | 884,741                      |
| Accrued postretirement obligation (Note 13)        | 440,351              | 140,329             | -                  | 580,680              | 103,117             | -                  | 683,797                      |
| Asset retirement obligation                        | 178,969              | 41,912              | -                  | 220,881              | 57,979              | -                  | 278,860                      |
| Total liabilities                                  | <u>6,190,937</u>     | <u>2,652,950</u>    | <u>(89,029)</u>    | <u>8,754,858</u>     | <u>5,379,168</u>    | <u>(44,834)</u>    | <u>14,089,192</u>            |
| <b>Net assets</b>                                  |                      |                     |                    |                      |                     |                    |                              |
| Without donor restrictions                         | 1,630,954            | 746,633             | -                  | 2,377,587            | 2,953,234           | -                  | 5,330,821                    |
| With donor restrictions (Note 16)                  | 2,577,169            | 1,044,811           | -                  | 3,621,980            | 107,166             | -                  | 3,729,146                    |
| Total net assets                                   | <u>4,208,123</u>     | <u>1,791,444</u>    | <u>-</u>           | <u>5,999,567</u>     | <u>3,060,400</u>    | <u>-</u>           | <u>9,059,967</u>             |
| Total liabilities and net assets                   | <u>\$ 10,399,060</u> | <u>\$ 4,444,394</u> | <u>\$ (89,029)</u> | <u>\$ 14,754,425</u> | <u>\$ 8,439,568</u> | <u>\$ (44,834)</u> | <u>\$ 23,149,159</u>         |

The accompanying note is an integral part of these supplemental schedules.

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

|  | 2018                |                     |                     |                      |                     |                    |                        |
|--|---------------------|---------------------|---------------------|----------------------|---------------------|--------------------|------------------------|
| <i>(in thousands of dollars)</i>                   | University          | NYUGSoM             | Eliminations        | Subtotal             | Health System       | Eliminations       | Total Consolidated NYU |
| <b>Assets</b>                                      |                     |                     |                     |                      |                     |                    |                        |
| Cash and cash equivalents                          | \$ 1,008,398        | \$ 68,643           | \$ -                | \$ 1,077,041         | \$ 410,029          | \$ -               | \$ 1,487,070           |
| Short-term investments (Note 5)                    | 1,870               | -                   | -                   | 1,870                | -                   | -                  | 1,870                  |
| Accounts and loans receivable, net (Note 6)        | 399,694             | 222,917             | (101,241)           | 521,370              | 241,493             | (39,866)           | 722,997                |
| Patient accounts receivable, net (Note 4)          | 9,173               | 120,436             | -                   | 129,609              | 765,904             | -                  | 895,513                |
| Contributions receivable, net (Note 7)             | 275,513             | 101,964             | -                   | 377,477              | 80,873              | -                  | 458,350                |
| Other assets (Note 8)                              | 235,688             | 234,584             | -                   | 470,272              | 479,506             | -                  | 949,778                |
| Deposits with trustees (Note 10)                   | 463,832             | -                   | -                   | 463,832              | 10,336              | -                  | 474,168                |
| Long-term investments (Note 5)                     | 3,273,725           | 977,525             | -                   | 4,251,250            | 630,092             | -                  | 4,881,342              |
| Assets held for professional liabilities (Note 12) | -                   | -                   | -                   | -                    | 525,834             | -                  | 525,834                |
| Land, buildings, and equipment, net (Note 9)       | 3,880,529           | 2,490,158           | -                   | 6,370,687            | 4,560,493           | -                  | 10,931,180             |
| Total assets                                       | <u>\$ 9,548,422</u> | <u>\$ 4,216,227</u> | <u>\$ (101,241)</u> | <u>\$ 13,663,408</u> | <u>\$ 7,704,560</u> | <u>\$ (39,866)</u> | <u>\$ 21,328,102</u>   |
| <b>Liabilities and Net Assets</b>                  |                     |                     |                     |                      |                     |                    |                        |
| <b>Liabilities</b>                                 |                     |                     |                     |                      |                     |                    |                        |
| Accounts payable and accrued expenses              | \$ 328,044          | \$ 769,409          | \$ (101,241)        | \$ 996,212           | \$ 993,770          | \$ (39,866)        | \$ 1,950,116           |
| Deferred revenue                                   | 840,531             | 32,462              | -                   | 872,993              | 100,662             | -                  | 973,655                |
| Professional liabilities (Note 12)                 | -                   | -                   | -                   | -                    | 640,722             | -                  | 640,722                |
| Debt and other obligations (Note 11)               | 3,397,411           | 1,210,800           | -                   | 4,608,211            | 2,515,697           | -                  | 7,123,908              |
| Funds held for others (Notes 6 and 8)              | 147,306             | 147,938             | -                   | 295,244              | 49,381              | -                  | 344,625                |
| Accrued benefit obligation (Note 13)               | 36,267              | 31,716              | -                   | 67,983               | 384,504             | -                  | 452,487                |
| Accrued postretirement obligation (Note 13)        | 359,923             | 100,211             | -                   | 460,134              | 81,815              | -                  | 541,949                |
| Asset retirement obligation                        | 174,588             | 39,228              | -                   | 213,816              | 42,502              | -                  | 256,318                |
| Total liabilities                                  | <u>5,284,070</u>    | <u>2,331,764</u>    | <u>(101,241)</u>    | <u>7,514,593</u>     | <u>4,809,053</u>    | <u>(39,866)</u>    | <u>12,283,780</u>      |
| <b>Net assets</b>                                  |                     |                     |                     |                      |                     |                    |                        |
| Without donor restrictions                         | 1,799,122           | 864,810             | -                   | 2,663,932            | 2,750,780           | -                  | 5,414,712              |
| With donor restrictions (Note 16)                  | 2,465,230           | 1,019,653           | -                   | 3,484,883            | 144,727             | -                  | 3,629,610              |
| Total net assets                                   | <u>4,264,352</u>    | <u>1,884,463</u>    | <u>-</u>            | <u>6,148,815</u>     | <u>2,895,507</u>    | <u>-</u>           | <u>9,044,322</u>       |
| Total liabilities and net assets                   | <u>\$ 9,548,422</u> | <u>\$ 4,216,227</u> | <u>\$ (101,241)</u> | <u>\$ 13,663,408</u> | <u>\$ 7,704,560</u> | <u>\$ (39,866)</u> | <u>\$ 21,328,102</u>   |

The accompanying note is an integral part of these supplemental schedules.

**New York University**  
**Supplemental Schedule to the Consolidated Financial Statements**  
**(Consolidating Statement of Activities for NYU - Summary)**  
**Year Ended August 31, 2019**

|   | 2019         |                       |              | Consolidated<br>NYU |
|---|--------------|-----------------------|--------------|---------------------|
|   | University   | NYU<br>Langone Health | Eliminations |                     |
| <i>(in thousands of dollars)</i>  |              |                       |              |                     |
| <b>Changes in net assets without donor restrictions</b>   |              |                       |              |                     |
| Operating revenues  |              |                       |              |                     |
| Tuition and fees (net of financial aid awards of \$648,295 University; \$25,315 NYU Langone Health) | \$ 1,984,513 | \$ 37,592             | \$ -         | \$ 2,022,105        |
| Grants and contracts (Note 2)   | 597,877      | 461,141               | -            | 1,059,018           |
| Patient care (Note 4)   | 55,101       | 7,735,258             | -            | 7,790,359           |
| Hospital affiliations (Note 14)   | -            | 346,659               | -            | 346,659             |
| Insurance premiums earned   | -            | 97,117                | -            | 97,117              |
| Contributions   | 79,246       | 45,558                | -            | 124,804             |
| Endowment distribution (Note 5)   | 131,805      | 40,827                | -            | 172,632             |
| Return on short-term investments (Note 5)   | 30,154       | 6,429                 | -            | 36,583              |
| Auxiliary enterprises (net of financial aid awards of \$59,928)                                     | 388,251      | 71,924                | (4,594)      | 455,581             |
| Program fees and other  | 115,204      | 380,737               | (5,968)      | 489,973             |
| Net assets released from restrictions   | 97,030       | 102,586               | -            | 199,616             |
| Total operating revenues  | 3,479,181    | 9,325,828             | (10,562)     | 12,794,447          |
| Expenses (Note 15)  |              |                       |              |                     |
| Salaries and fringe   | 1,919,230    | 5,383,228             | -            | 7,302,458           |
| Medical and pharmaceutical costs  | -            | 1,075,764             | -            | 1,075,764           |
| Professional services   | 285,849      | 403,013               | -            | 688,862             |
| Facilities costs  | 376,252      | 492,494               | (4,594)      | 864,152             |
| Fees, insurance and taxes   | 45,397       | 314,264               | -            | 359,661             |
| Depreciation and amortization   | 263,094      | 537,652               | -            | 800,746             |
| Interest  | 152,673      | 161,076               | -            | 313,749             |
| Other   | 419,942      | 545,580               | (5,968)      | 959,554             |
| Total expenses  | 3,462,437    | 8,913,071             | (10,562)     | 12,364,946          |
| Excess of operating revenues over expenses  | 16,744       | 412,757               | -            | 429,501             |
| Nonoperating activities   |              |                       |              |                     |
| Investment return (Note 5)  | 34,997       | 68,653                | -            | 103,650             |
| Appropriation of endowment distribution (Note 5)  | (46,862)     | (12,287)              | -            | (59,149)            |
| Pension and postretirement nonservice costs (Note 13)   | (9,449)      | 10,871                | -            | 1,422               |
| Changes in pension and postretirement obligations (Note 13)   | (122,571)    | (456,312)             | -            | (578,883)           |
| Net assets released from restrictions for capital purposes  | 3,225        | 57,706                | -            | 60,931              |
| Other   | (44,252)     | 2,889                 | -            | (41,363)            |
| (Decrease) increase in net assets without donor restrictions  | (168,168)    | 84,277                | -            | (83,891)            |
| <b>Changes in net assets with donor restrictions</b>  |              |                       |              |                     |
| Contributions   | 207,787      | 171,901               | -            | 379,688             |
| Investment return (Note 5)  | 58,188       | 18,314                | -            | 76,502              |
| Appropriation of endowment distribution (Note 5)  | (84,943)     | (28,540)              | -            | (113,483)           |
| Other   | 31,162       | (13,786)              | -            | 17,376              |
| Net assets released from restrictions   | (100,255)    | (160,292)             | -            | (260,547)           |
| Increase (decrease) in net assets with donor restrictions   | 111,939      | (12,403)              | -            | 99,536              |
| (Decrease) increase in net assets   | \$ (56,229)  | \$ 71,874             | \$ -         | \$ 15,645           |

The accompanying note is an integral part of these supplemental schedules.

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

|  | 2018         |                       |              | Consolidated<br>NYU |
|--|--------------|-----------------------|--------------|---------------------|
|  | University   | NYU<br>Langone Health | Eliminations |                     |
| <i>(in thousands of dollars)</i>   |              |                       |              |                     |
| <b>Changes in net assets without donor restrictions</b>  |              |                       |              |                     |
| Operating revenues   |              |                       |              |                     |
| Tuition and fees (net of financial aid awards of \$616,7014 University; \$10,824 NYU Langone Health) | \$ 1,862,288 | \$ 48,187             | \$ -         | \$ 1,910,475        |
| Grants and contracts (Note 2)  | 545,688      | 465,887               | -            | 1,011,575           |
| Patient care (Note 4)  | 55,956       | 6,925,987             | -            | 6,981,943           |
| Hospital affiliations (Note 14)  | -            | 342,735               | -            | 342,735             |
| Insurance premiums earned  | -            | 115,544               | -            | 115,544             |
| Contributions  | 118,659      | 49,533                | -            | 168,192             |
| Endowment distribution (Note 5)  | 128,868      | 40,281                | -            | 169,149             |
| Return on short-term investments (Note 5)  | 16,072       | 58                    | -            | 16,130              |
| Auxiliary enterprises (net of financial aid awards of \$58,521)                                      | 381,394      | 70,512                | (5,110)      | 446,796             |
| Program fees and other   | 106,620      | 170,728               | (5,185)      | 272,163             |
| Net assets released from restrictions  | 52,149       | 69,320                | -            | 121,469             |
| Total operating revenues   | 3,267,694    | 8,298,772             | (10,295)     | 11,556,171          |
| Expenses (Note 15)   |              |                       |              |                     |
| Salaries and fringe  | 1,829,414    | 5,032,388             | -            | 6,861,802           |
| Medical and pharmaceutical costs   | -            | 921,221               | -            | 921,221             |
| Professional services  | 269,470      | 412,550               | -            | 682,020             |
| Facilities costs   | 351,547      | 388,368               | (5,110)      | 734,805             |
| Fees, insurance and taxes  | 51,535       | 276,366               | -            | 327,901             |
| Depreciation and amortization  | 261,918      | 456,391               | -            | 718,309             |
| Interest   | 122,761      | 125,436               | -            | 248,197             |
| Other  | 400,811      | 655,077               | (5,185)      | 1,050,703           |
| Total expenses   | 3,287,456    | 8,267,797             | (10,295)     | 11,544,958          |
| (Deficiency) excess of operating revenues over expenses  | (19,762)     | 30,975                | -            | 11,213              |
| Nonoperating activities  |              |                       |              |                     |
| Investment return (Note 5)   | 89,826       | 67,866                | -            | 157,692             |
| Appropriation of endowment distribution (Note 5)   | (47,610)     | (14,213)              | -            | (61,823)            |
| Pension and postretirement nonservice costs (Note 13)  | (17,150)     | 11,871                | -            | (5,279)             |
| Changes in pension and postretirement obligations (Note 13)  | 83,325       | 36,166                | -            | 119,491             |
| Net assets released from restrictions for capital purposes   | 20,725       | 326,594               | -            | 347,319             |
| Other  | (6,439)      | 51,728                | -            | 45,289              |
| Increase in net assets without donor restrictions  | 102,915      | 510,987               | -            | 613,902             |
| <b>Changes in net assets with donor restrictions</b>   |              |                       |              |                     |
| Contributions  | 123,976      | 188,748               | -            | 312,724             |
| Investment return (Note 5)   | 151,910      | 52,179                | -            | 204,089             |
| Appropriation of endowment distribution (Note 5)   | (81,258)     | (26,068)              | -            | (107,326)           |
| Other  | (8,132)      | (12,212)              | -            | (20,344)            |
| Net assets released from restrictions  | (72,874)     | (395,914)             | -            | (468,788)           |
| Increase (decrease) in net assets with donor restriction   | 113,622      | (193,267)             | -            | (79,645)            |
| Increase in net assets   | \$ 216,537   | \$ 317,720            | \$ -         | \$ 534,257          |

The accompanying note is an integral part of these supplemental schedules.

**New York University**  
**Supplemental Schedule to the Consolidated Financial Statements**  
**(Consolidating Statement of Activities for NYU - Detail)**  
**Year Ended August 31, 2019**

|   | 2019               |                    |                 |                     |                   |                  | Total<br>Consolidated<br>NYU |
|---|--------------------|--------------------|-----------------|---------------------|-------------------|------------------|------------------------------|
| <i>(in thousands of dollars)</i>  | University         | NYUGSoM            | Eliminations    | Subtotal            | Health<br>System  | Eliminations     |                              |
| <b>Changes in net assets without donor restrictions</b>   |                    |                    |                 |                     |                   |                  |                              |
| Operating revenues  |                    |                    |                 |                     |                   |                  |                              |
| Tuition and fees (net of financial aid awards of \$648,295 University; and \$25,315 NYU Langone Health) | \$ 1,984,513       | \$ 37,187          | \$ -            | \$ 2,021,700        | \$ 405            | \$ -             | \$ 2,022,105                 |
| Grants and contracts (Note 2)   | 597,877            | 422,897            | -               | 1,020,774           | 38,244            | -                | 1,059,018                    |
| Patient care (Note 4)   | 55,101             | 2,337,451          | -               | 2,392,552           | 6,088,566         | (690,759)        | 7,790,359                    |
| Hospital affiliations (Note 14)   | -                  | 319,490            | -               | 319,490             | 27,169            | -                | 346,659                      |
| Insurance premiums earned   | -                  | -                  | -               | -                   | 97,117            | -                | 97,117                       |
| Contributions   | 79,246             | 38,987             | -               | 118,233             | 6,571             | -                | 124,804                      |
| Endowment distribution (Note 5)   | 131,805            | 40,014             | -               | 171,819             | 813               | -                | 172,632                      |
| Return on short-term investments (Note 5)   | 30,154             | (36)               | -               | 30,118              | 6,465             | -                | 36,583                       |
| Auxiliary enterprises (net of financial aid awards of \$59,928)   | 388,251            | 22,457             | (4,594)         | 406,114             | 49,467            | -                | 455,581                      |
| Program fees and other  | 115,204            | 291,554            | (5,968)         | 400,790             | 389,946           | (300,763)        | 489,973                      |
| Net assets released from restrictions   | 97,030             | 58,901             | -               | 155,931             | 43,685            | -                | 199,616                      |
| Total operating revenues  | <u>3,479,181</u>   | <u>3,568,902</u>   | <u>(10,562)</u> | <u>7,037,521</u>    | <u>6,748,448</u>  | <u>(991,522)</u> | <u>12,794,447</u>            |
| Expenses (Note 15)  |                    |                    |                 |                     |                   |                  |                              |
| Salaries and fringe   | 1,919,230          | 2,634,729          | -               | 4,553,959           | 2,748,499         | -                | 7,302,458                    |
| Medical and pharmaceutical costs  | -                  | 60,933             | -               | 60,933              | 1,014,831         | -                | 1,075,764                    |
| Professional services   | 285,849            | 134,449            | -               | 420,298             | 1,087,543         | (818,979)        | 688,862                      |
| Facilities costs  | 376,252            | 243,144            | (4,594)         | 614,802             | 249,350           | -                | 864,152                      |
| Fees, insurance and taxes   | 45,397             | 155,312            | -               | 200,709             | 158,952           | -                | 359,661                      |
| Depreciation and amortization   | 263,094            | 157,216            | -               | 420,310             | 380,436           | -                | 800,746                      |
| Interest  | 152,673            | 58,982             | -               | 211,655             | 102,094           | -                | 313,749                      |
| Other   | 419,942            | 261,396            | (5,968)         | 675,370             | 456,727           | (172,543)        | 959,554                      |
| Total expenses  | <u>3,462,437</u>   | <u>3,706,161</u>   | <u>(10,562)</u> | <u>7,158,036</u>    | <u>6,198,432</u>  | <u>(991,522)</u> | <u>12,364,946</u>            |
| Excess (deficiency) of operating revenues over expenses   | 16,744             | (137,259)          | -               | (120,515)           | 550,016           | -                | 429,501                      |
| Nonoperating activities   |                    |                    |                 |                     |                   |                  |                              |
| Investment return (Note 5)  | 34,997             | 5,146              | -               | 40,143              | 63,507            | -                | 103,650                      |
| Appropriation of endowment distribution (Note 5)  | (46,862)           | (12,245)           | -               | (59,107)            | (42)              | -                | (59,149)                     |
| Pension and postretirement nonservice costs (Note 13)   | (9,449)            | (1,904)            | -               | (11,353)            | 12,775            | -                | 1,422                        |
| Changes in pension and postretirement obligations (Note 13)   | (122,571)          | (73,880)           | -               | (196,451)           | (382,432)         | -                | (578,883)                    |
| Net assets released from restrictions for capital purposes  | 3,225              | 22,067             | -               | 25,292              | 35,639            | -                | 60,931                       |
| Other   | (44,252)           | 29,898             | -               | (14,354)            | (27,009)          | -                | (41,363)                     |
| Mission based payment   | -                  | 50,000             | -               | 50,000              | (50,000)          | -                | -                            |
| (Decrease) increase in net assets without donor restrictions  | <u>(168,168)</u>   | <u>(118,177)</u>   | <u>-</u>        | <u>(286,345)</u>    | <u>202,454</u>    | <u>-</u>         | <u>(83,891)</u>              |
| <b>Changes in net assets with donor restrictions</b>  |                    |                    |                 |                     |                   |                  |                              |
| Contributions   | 207,787            | 130,379            | -               | 338,166             | 41,522            | -                | 379,688                      |
| Investment return (Note 5)  | 58,188             | 17,598             | -               | 75,786              | 716               | -                | 76,502                       |
| Appropriation of endowment distribution (Note 5)  | (84,943)           | (27,769)           | -               | (112,712)           | (771)             | -                | (113,483)                    |
| Other   | 31,162             | (14,082)           | -               | 17,080              | 296               | -                | 17,376                       |
| Net assets released from restrictions   | (100,255)          | (80,968)           | -               | (181,223)           | (79,324)          | -                | (260,547)                    |
| Increase (decrease) in net assets with donor restrictions   | <u>111,939</u>     | <u>25,158</u>      | <u>-</u>        | <u>137,097</u>      | <u>(37,561)</u>   | <u>-</u>         | <u>99,536</u>                |
| (Decrease) increase in net assets   | <u>\$ (56,229)</u> | <u>\$ (93,019)</u> | <u>\$ -</u>     | <u>\$ (149,248)</u> | <u>\$ 164,893</u> | <u>\$ -</u>      | <u>\$ 15,645</u>             |

The accompanying note is an integral part of these supplemental schedules.



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

|   | 2018              |                   |                 |                   |                  |                  |                        |
|---|-------------------|-------------------|-----------------|-------------------|------------------|------------------|------------------------|
| <i>(in thousands of dollars)</i>  | University        | NYUGSoM           | Eliminations    | Subtotal          | Health System    | Eliminations     | Total Consolidated NYU |
| <b>Changes in net assets without donor restrictions</b>   |                   |                   |                 |                   |                  |                  |                        |
| Operating revenues  |                   |                   |                 |                   |                  |                  |                        |
| Tuition and fees (net of financial aid awards of \$616,701 University; and \$10,824 NYU Langone Health) | \$ 1,862,288      | \$ 48,187         | \$ -            | \$ 1,910,475      | \$ -             | \$ -             | \$ 1,910,475           |
| Grants and contracts (Note 2)   | 545,688           | 423,150           | -               | 968,838           | 42,737           | -                | 1,011,575              |
| Patient care (Note 4)   | 55,956            | 1,788,996         | -               | 1,844,952         | 5,654,643        | (517,652)        | 6,981,943              |
| Hospital affiliations (Note 14)   | -                 | 314,345           | -               | 314,345           | 28,390           | -                | 342,735                |
| Insurance premiums earned   | -                 | -                 | -               | -                 | 115,544          | -                | 115,544                |
| Contributions   | 118,659           | 40,204            | -               | 158,863           | 9,329            | -                | 168,192                |
| Endowment distribution (Note 5)   | 128,868           | 38,715            | -               | 167,583           | 1,566            | -                | 169,149                |
| Return on short-term investments (Note 5)   | 16,072            | 58                | -               | 16,130            | -                | -                | 16,130                 |
| Auxiliary enterprises (net of financial aid awards of \$58,521)   | 381,394           | 20,901            | (5,110)         | 397,185           | 49,611           | -                | 446,796                |
| Program fees and other  | 106,620           | 288,308           | (5,185)         | 389,743           | 149,520          | (267,100)        | 272,163                |
| Net assets released from restrictions   | 52,149            | 56,342            | -               | 108,491           | 12,978           | -                | 121,469                |
| Total operating revenues  | <u>3,267,694</u>  | <u>3,019,206</u>  | <u>(10,295)</u> | <u>6,276,605</u>  | <u>6,064,318</u> | <u>(784,752)</u> | <u>11,556,171</u>      |
| Expenses (Note 15)  |                   |                   |                 |                   |                  |                  |                        |
| Salaries and fringe   | 1,829,414         | 2,176,255         | -               | 4,005,669         | 2,856,133        | -                | 6,861,802              |
| Medical and pharmaceutical costs  | -                 | 42,706            | -               | 42,706            | 878,515          | -                | 921,221                |
| Professional services   | 269,470           | 162,333           | -               | 431,803           | 777,032          | (526,815)        | 682,020                |
| Facilities costs  | 351,547           | 179,604           | (5,110)         | 526,041           | 208,764          | -                | 734,805                |
| Fees, insurance and taxes   | 51,535            | 132,222           | -               | 183,757           | 144,144          | -                | 327,901                |
| Depreciation and amortization   | 261,918           | 109,292           | -               | 371,210           | 347,099          | -                | 718,309                |
| Interest  | 122,761           | 37,203            | -               | 159,964           | 88,233           | -                | 248,197                |
| Other   | 400,811           | 274,534           | (5,185)         | 670,160           | 638,480          | (257,937)        | 1,050,703              |
| Total expenses  | <u>3,287,456</u>  | <u>3,114,149</u>  | <u>(10,295)</u> | <u>6,391,310</u>  | <u>5,938,400</u> | <u>(784,752)</u> | <u>11,544,958</u>      |
| (Deficiency) excess of operating revenues over expenses   | (19,762)          | (94,943)          | -               | (114,705)         | 125,918          | -                | 11,213                 |
| Nonoperating activities   |                   |                   |                 |                   |                  |                  |                        |
| Investment return (Note 5)  | 89,826            | 24,605            | -               | 114,431           | 43,261           | -                | 157,692                |
| Appropriation of endowment distribution (Note 5)  | (47,610)          | (14,050)          | -               | (61,660)          | (163)            | -                | (61,823)               |
| Pension and postretirement nonservice costs (Note 13)   | (17,150)          | (2,427)           | -               | (19,577)          | 14,298           | -                | (5,279)                |
| Changes in pension and postretirement obligations (Note 13)   | 83,325            | 22,016            | -               | 105,341           | 14,150           | -                | 119,491                |
| Net assets released from restrictions for capital purposes  | 20,725            | 54,028            | -               | 74,753            | 272,566          | -                | 347,319                |
| Other   | (6,439)           | 148,946           | -               | 142,507           | (97,218)         | -                | 45,289                 |
| Mission based payment   | -                 | 50,000            | -               | 50,000            | (50,000)         | -                | -                      |
| Increase in net assets without donor restrictions   | <u>102,915</u>    | <u>188,175</u>    | <u>-</u>        | <u>291,090</u>    | <u>322,812</u>   | <u>-</u>         | <u>613,902</u>         |
| <b>Changes in net assets with donor restrictions</b>  |                   |                   |                 |                   |                  |                  |                        |
| Contributions   | 123,976           | 161,536           | -               | 285,512           | 27,212           | -                | 312,724                |
| Investment return (Note 5)  | 151,910           | 48,804            | -               | 200,714           | 3,375            | -                | 204,089                |
| Appropriation of endowment distribution (Note 5)  | (81,258)          | (24,665)          | -               | (105,923)         | (1,403)          | -                | (107,326)              |
| Other   | (8,132)           | (23,403)          | -               | (31,535)          | 11,191           | -                | (20,344)               |
| Net assets released from restrictions   | <u>(72,874)</u>   | <u>(110,370)</u>  | <u>-</u>        | <u>(183,244)</u>  | <u>(285,544)</u> | <u>-</u>         | <u>(468,788)</u>       |
| Increase (decrease) in net assets with donor restrictions   | <u>113,622</u>    | <u>51,902</u>     | <u>-</u>        | <u>165,524</u>    | <u>(245,169)</u> | <u>-</u>         | <u>(79,645)</u>        |
| Increase in net assets  | <u>\$ 216,537</u> | <u>\$ 240,077</u> | <u>\$ -</u>     | <u>\$ 456,614</u> | <u>\$ 77,643</u> | <u>\$ -</u>      | <u>\$ 534,257</u>      |

The accompanying note is an integral part of these supplemental schedules.

**New York University**  
**Supplemental Schedule to the Consolidated Financial Statements**  
**(Consolidating Statement of Cash Flows for NYU – Summary)**  
**Year Ended August 31, 2019**

|  | 2019         |                       |              | Consolidated<br>NYU |
|--|--------------|-----------------------|--------------|---------------------|
|  | University   | NYU<br>Langone Health | Eliminations |                     |
| <i>(in thousands of dollars)</i>   |              |                       |              |                     |
| <b>Cash flows from operating activities</b>  |              |                       |              |                     |
| Change in net assets   | \$ (56,229)  | \$ 71,874             | \$ -         | \$ 15,645           |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |              |                       |              |                     |
| Depreciation and amortization  | 263,094      | 537,652               | -            | 800,746             |
| Loss on sale or disposal of land, buildings and equipment                                  | 5,686        | 11,980                | -            | 17,666              |
| Gain on settlement   | -            | (62,414)              | -            | (62,414)            |
| Net gain on investments and deposits with trustees   | (61,631)     | (54,498)              | -            | (116,129)           |
| Bad debt expense   | 9,639        | 2,463                 | -            | 12,102              |
| Pension and postretirement obligation change   | 122,571      | 456,312               | -            | 578,883             |
| Contributions received for permanent investment and capital                                | (66,537)     | (64,481)              | -            | (131,018)           |
| Proceeds from insurance recovery for capital and FEMA award for future mitigation          | -            | (42,843)              | -            | (42,843)            |
| Changes in operating assets and liabilities  |              |                       |              |                     |
| (Increase) decrease in accounts and loans receivable, net                                  | (9,024)      | 68,164                | (7,450)      | 51,690              |
| Increase in patient accounts receivable  | (108)        | (77,564)              | -            | (77,672)            |
| Increase in nonendowment and noncapital contributions receivable                           | (20,967)     | (1,399)               | -            | (22,366)            |
| Decrease (increase) in other assets  | 9,327        | (5,001)               | -            | 4,326               |
| Decrease in asset retirement obligation  | (4,540)      | (1,030)               | -            | (5,570)             |
| Increase in accounts payable and accrued expenses  | 31,042       | 121,474               | 7,450        | 159,966             |
| Increase in professional liabilities   | -            | 89,545                | -            | 89,545              |
| Increase in deferred revenue   | 30,699       | 64,082                | -            | 94,781              |
| Decrease in accrued benefit obligation   | (5,655)      | (11,950)              | -            | (17,605)            |
| Increase in accrued postretirement obligation  | 5,698        | 7,431                 | -            | 13,129              |
| Net cash provided by operating activities  | 253,065      | 1,109,797             | -            | 1,362,862           |
| <b>Cash flows from investing activities</b>  |              |                       |              |                     |
| Purchases of investments   | (730,795)    | (767,832)             | -            | (1,498,627)         |
| Sales and maturities of investments  | 726,236      | 733,370               | -            | 1,459,606           |
| Increase in assets held for professional liabilities                                       | -            | (103,919)             | -            | (103,919)           |
| Drawdowns of unexpended bond proceeds  | 385,256      | -                     | -            | 385,256             |
| Additions to land, buildings, and equipment  | (505,218)    | (744,368)             | -            | (1,249,586)         |
| Proceeds from sale of building   | -            | 41,527                | -            | 41,527              |
| Proceeds from insurance recovery for capital   | -            | 3,761                 | -            | 3,761               |
| Net cash used in investing activities  | (124,521)    | (837,461)             | -            | (961,982)           |
| <b>Cash flows from financing activities</b>  |              |                       |              |                     |
| Contributions restricted for permanent investment and capital                              | 66,537       | 64,481                | -            | 131,018             |
| Payments for disaster recovery award for mitigation  | -            | 39,082                | -            | 39,082              |
| Proceeds from short-term borrowings  | -            | 57,100                | -            | 57,100              |
| Proceeds from long-term borrowings   | -            | 6,593                 | -            | 6,593               |
| Principal payments on long-term borrowings   | (77,089)     | (88,848)              | -            | (165,937)           |
| Payments of deferred financing costs   | (2,619)      | (56)                  | -            | (2,675)             |
| Decrease in funds held for others  | 49           | -                     | -            | 49                  |
| Net cash (used in) provided by financing activities  | (13,122)     | 78,352                | -            | 65,230              |
| Net increase in cash   | 115,422      | 350,688               | -            | 466,110             |
| <b>Cash</b>  |              |                       |              |                     |
| Beginning of year  | 1,008,398    | 478,672               | -            | 1,487,070           |
| End of year  | \$ 1,123,820 | \$ 829,360            | \$ -         | \$ 1,953,180        |
| <b>Supplemental disclosure of cash flow information</b>                                    |              |                       |              |                     |
| Bond proceeds (non-cash)   | \$ 831,044   | \$ 126,400            | \$ -         | \$ 957,444          |
| Line of credit repayments (non-cash)   | 45,000       | 126,400               | -            | 171,400             |
| Interest paid  | 153,342      | 175,247               | -            | 328,589             |
| Change in noncash acquisitions of land, buildings, and equipment                           | 25,946       | (51,189)              | -            | (25,243)            |
| Assets acquired under capital leases   | -            | 198,699               | -            | 198,699             |

The accompanying note is an integral part of these supplemental schedules.

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

|  | 2018         |                       |              | Consolidated<br>NYU |
|--|--------------|-----------------------|--------------|---------------------|
|  | University   | NYU<br>Langone Health | Eliminations |                     |
| <i>(in thousands of dollars)</i>   |              |                       |              |                     |
| <b>Cash flows from operating activities</b>  |              |                       |              |                     |
| Change in net assets   | \$ 216,537   | \$ 317,720            | \$ -         | \$ 534,257          |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |              |                       |              |                     |
| Depreciation and amortization  | 261,918      | 456,391               | -            | 718,309             |
| (Gain) loss on sale or disposal of land, buildings and equipment                           | (5,387)      | 6,831                 | -            | 1,444               |
| Net gain on investments and deposits with trustees   | (206,653)    | (87,549)              | -            | (294,202)           |
| Bad debt expense   | 15,807       | -                     | -            | 15,807              |
| Pension and postretirement obligation change   | (83,325)     | (36,166)              | -            | (119,491)           |
| Contributions received for permanent investment and capital                                | (61,318)     | (82,046)              | -            | (143,364)           |
| Proceeds from insurance recovery for capital and FEMA award for future mitigation          | -            | (6,742)               | -            | (6,742)             |
| Changes in operating assets and liabilities  |              |                       |              |                     |
| Decrease in accounts and loans receivable, net   | 17,156       | 28,679                | (22,571)     | 23,264              |
| Increase in patient accounts receivable  | (2,697)      | (30,931)              | -            | (33,628)            |
| Decrease (Increase) in nonendowment and noncapital contributions receivable                | 32,714       | (42,240)              | -            | (9,526)             |
| (Increase) decrease in other assets  | (13,812)     | 4,526                 | -            | (9,286)             |
| Decrease in asset retirement obligation  | -            | (5,200)               | -            | (5,200)             |
| Increase in accounts payable and accrued expenses  | 8,163        | 222,926               | 22,571       | 253,660             |
| Increase in professional liabilities   | -            | 10,912                | -            | 10,912              |
| Increase (decrease) in deferred revenue  | 42,912       | (14,977)              | -            | 27,935              |
| Decrease in accrued benefit obligation   | (13,190)     | (24,449)              | -            | (37,639)            |
| Increase in accrued postretirement obligation  | 6,741        | 7,819                 | -            | 14,560              |
| Net cash provided by operating activities  | 215,566      | 725,504               | -            | 941,070             |
| <b>Cash flows from investing activities</b>  |              |                       |              |                     |
| Purchases of investments   | (1,622,856)  | (577,276)             | -            | (2,200,132)         |
| Sales and maturities of investments  | 1,687,651    | 753,889               | -            | 2,441,540           |
| Increase in assets held for professional liabilities                                       | -            | (17,672)              | -            | (17,672)            |
| Drawdowns of unexpended bond proceeds  | 105,650      | -                     | -            | 105,650             |
| Additions to land, buildings, and equipment  | (367,803)    | (1,271,130)           | -            | (1,638,933)         |
| Proceeds from insurance recovery for capital   | -            | 5,558                 | -            | 5,558               |
| Net cash used in investing activities  | (197,358)    | (1,106,631)           | -            | (1,303,989)         |
| <b>Cash flows from financing activities</b>  |              |                       |              |                     |
| Contributions restricted for permanent investment and capital                              | 61,318       | 82,046                | -            | 143,364             |
| Proceeds from FEMA award for future mitigation   | -            | 1,184                 | -            | 1,184               |
| Proceeds from short-term borrowings  | 106,500      | 525,913               | -            | 632,413             |
| Proceeds from long-term borrowings   | -            | 5,262                 | -            | 5,262               |
| Principal payments on short-term borrowings  | -            | (25,000)              | -            | (25,000)            |
| Principal payments on long-term borrowings   | (61,029)     | (113,954)             | -            | (174,983)           |
| Payments of deferred financing costs   | (1,650)      | -                     | -            | (1,650)             |
| Decrease in funds held for others  | (10,649)     | (1,398)               | -            | (12,047)            |
| Decrease in deposits with bond trustees  | 5,898        | 5,949                 | -            | 11,847              |
| Net cash provided by financing activities  | 100,388      | 480,002               | -            | 580,390             |
| Net increase in cash   | 118,596      | 98,875                | -            | 217,471             |
| <b>Cash</b>  |              |                       |              |                     |
| Beginning of year  | 889,802      | 379,797               | -            | 1,269,599           |
| End of year  | \$ 1,008,398 | \$ 478,672            | \$ -         | \$ 1,487,070        |
| <b>Supplemental disclosure of cash flow information</b>                                    |              |                       |              |                     |
| Bond proceeds (non-cash)   | \$ 461,452   | \$ 184,850            | \$ -         | \$ 646,302          |
| Line of credit repayments (non-cash)   | 156,835      | 184,850               | -            | 341,685             |
| Interest paid  | 121,602      | 147,375               | -            | 268,977             |
| Change in noncash acquisitions of land, buildings, and equipment                           | (14,416)     | 39,245                | -            | 24,829              |
| Assets acquired under capital leases   | -            | 113,153               | -            | 113,153             |

The accompanying note is an integral part of these supplemental schedules.

**New York University**  
**Note to Consolidating Supplemental Schedules**  
**August 31, 2019 and 2018**

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**1. Basis of Presentation – Consolidating Supplemental Schedules**

The consolidating supplemental schedules (consolidating information) presented on pages 47-56 was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual companies within NYU and is not a required part of the consolidated financial statements. The individual reporting entities within NYU as presented within the consolidating information are disclosed within Note 1 to the consolidated financial statements.

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