Yeshiva University

Consolidated Financial Statements
June 30, 2016 and 2015

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Report of Independent Auditors

To the Board of Trustees of
Yeshiva University

We have audited the accompanying consolidated financial statements of Yeshiva University (the "University"), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, 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 University'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 University'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 consolidated financial position of Yeshiva University at June 30, 2016 and 2015, 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.

PricewaterhouseCoopers LLP

New York, New York
January 17, 2017

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Yeshiva University
Consolidated Statements of Financial Position
June 30, 2016 and 2015
(in thousands of dollars)

	2016	2015
Assets		
Cash and cash equivalents	$ 30,389	$ 34,555
Note receivable (Note 3)	147,849	-
Student receivables, net (Note 6)	35,732	34,992
Contributions receivable, net (Note 6)	70,254	65,284
Other assets and receivables (Note 6)	52,260	43,566
Investments, at fair value (Note 4)	461,261	528,436
Investments held for AECOM, Inc. (Notes 4 and 11)	73,770	-
Investments held for unconsolidated organizations (Note 4)	135,336	146,493
Trusts and split-interest agreements held by others	11,623	12,601
Land, buildings and equipment, net (Note 7)	209,676	223,388
Assets held for sale (Notes 3 and 7)	5,657	986,041
Total assets	$ 1,233,807	$ 2,075,356
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 37,436	$ 39,538
Deferred revenue	4,853	5,477
Other liabilities	12,529	14,209
Refundable advances from the U.S. Government	5,930	6,040
Bonds payable and other debt (Note 9)	353,630	354,763
Bonds payable - Einstein (Note 9)	-	139,071
Asset retirement obligations (Note 10)	9,725	9,024
Due to AECOM, Inc. (Note 11)	82,760	-
Investments held for unconsolidated organizations (Note 4)	135,336	146,493
Liabilities held for sale - Einstein (Note 3)	-	179,791
Total liabilities	642,199	894,406
Contingencies (Note 17)		
Net assets		
Unrestricted	(25,366)	68,448
Temporarily restricted (Note 15)	189,935	430,967
Permanently restricted (Note 16)	427,039	681,535
Total net assets	591,608	1,180,950
Total liabilities and net assets	$ 1,233,807	$ 2,075,356

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

Yeshiva University
Consolidated Statements of Activities
Years Ended June 30, 2016 and 2015
(in thousands of dollars)

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues								
Tuition and fees, net of scholarships of $79,105 in 2016 and $98,254 in 2015 (Note 13)	$ 102,861	$ -	$ -	$ 102,861	$ 129,502	$ -	$ -	$ 129,502
Grants and contracts	30,358	-	-	30,358	210,203	-	-	210,203
Patient care revenue	1,815	-	-	1,815	32,465	-	-	32,465
Contributions	4,780	-	-	4,780	15,016	-	-	15,016
Services under affiliation agreements	3,508	-	-	3,508	25,731	-	-	25,731
Investment support utilized	25,268	-	-	25,268	44,463	-	-	44,463
Interest income (Note 3)	7,714	-	-	7,714	1,404	-	-	1,404
Auxiliary enterprises	19,904	-	-	19,904	30,765	-	-	30,765
Other revenue	14,587	-	-	14,587	16,829	-	-	16,829
Net assets released from restrictions (Note 14)	33,763	-	-	33,763	93,566	-	-	93,566
Total operating revenues	244,558	-	-	244,558	599,944	-	-	599,944
Operating expenses								
Instruction	113,150	-	-	113,150	193,180	-	-	193,180
Research and training	33,101	-	-	33,101	235,219	-	-	235,219
Patient care	2,386	-	-	2,386	39,659	-	-	39,659
Academic support	39,994	-	-	39,994	57,734	-	-	57,734
Student services	21,424	-	-	21,424	25,964	-	-	25,964
Institutional support	53,098	-	-	53,098	87,923	-	-	87,923
Auxiliary enterprises	33,854	-	-	33,854	44,825	-	-	44,825
Total operating expenses (Note 12)	297,007	-	-	297,007	684,504	-	-	684,504
Change in operating activities	(52,449)	-	-	(52,449)	(84,560)	-	-	(84,560)
Nonoperating activities								
Contributions, net	-	28,603	6,943	35,546	-	21,098	(3,603)	17,495
Provision for uncollectible contributions receivable	-	(151)	(93)	(244)	-	(3,714)	(1,573)	(5,287)
Net assets released from restrictions and reclassifications (Note 14)	(2)	(29,653)	(4,108)	(33,763)	(732)	(91,610)	(1,224)	(93,566)
Net investment (loss) return (Note 4)	(4,591)	(12,083)	(192)	(16,866)	2,331	25,031	392	27,754
Investment support utilized	(926)	(24,342)	-	(25,268)	(6,085)	(38,378)	-	(44,463)
Other revenue and transfers	333	387	(812)	(92)	-	2,508	(870)	1,638
Change in value of split-interest agreements	-	(26)	-	(26)	-	(271)	14	(257)
Subsidy of unconsolidated organizations (Note 6)	(2,391)	-	-	(2,391)	(3,610)	-	-	(3,610)
Loss on transfer of property	-	-	-	-	(15,662)	-	-	(15,662)
Other nonoperating expenses	-	(13)	(4)	(17)	(6,028)	-	-	(6,028)
Transfer of net assets/reduction, net in connection with the Transaction (Note 3)	(33,788)	(203,754)	(256,230)	(493,772)	-	-	-	-
Change in net assets from nonoperating activities	(41,365)	(241,032)	(254,496)	(536,893)	(29,786)	(85,336)	(6,864)	(121,986)
Change in net assets	(93,814)	(241,032)	(254,496)	(589,342)	(114,346)	(85,336)	(6,864)	(206,546)
Net assets at beginning of year	68,448	430,967	681,535	1,180,950	182,794	516,303	688,399	1,387,496
Net assets at end of year	$ (25,366)	$ 189,935	$ 427,039	$ 591,608	$ 68,448	$ 430,967	$ 681,535	$ 1,180,950

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

Yeshiva University
Consolidated Statements of Cash Flows
June 30, 2016 and 2015
(in thousands of dollars)

	2016	2015
Cash flows from operating activities		
Change in net assets	$ (589,342)	$ (206,546)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Transfer of net assets/reduction, net in connection with the Transaction (Note 3)	493,772	-
Realized and unrealized loss (gain) on investments	24,608	(22,813)
Unrealized (gain) loss in irrevocable charitable remainder trusts	(6)	242
Noncash contributions received	(568)	(1,135)
Proceeds from sale of donated securities	443	779
Depreciation, accretion, and amortization expense	14,641	46,908
Loss on transfer of property	-	15,662
Change in trusts and split-interest agreements held by others	978	2,103
Present value adjustments to receivables	(8,849)	3,006
Provision for uncollectible loans and receivables	(1,535)	8,226
Contributions restricted for long-term investment	(3,177)	(3,773)
Contributions restricted for investment in plant assets	(323)	(2,330)
Changes in operating assets and liabilities		
Other assets and receivables	35,642	24,466
Accounts payable and accrued expenses	(13,934)	(9,822)
Deferred revenue, trusts held for others, other liabilities and asset retirement obligations	(7,422)	4,290
Net cash used in operating activities	(55,072)	(140,737)
Cash flows from investing activities		
Change in student and faculty loans receivables, net	(517)	733
Additions to land, buildings and equipment	(6,856)	(23,091)
Proceeds from Einstein transaction (Note 3)	1,500	-
Change in funds held by bond trustees	2,214	(340)
Purchases of investments	(221,601)	(449,349)
Proceeds from sales of investments	276,788	563,944
Net cash provided by investing activities	51,528	91,897
Cash flows from financing activities		
Contributions restricted for long-term investment	3,302	4,129
Contributions restricted for investment in plant assets	323	2,330
Change in refundable advances from the U.S. Government	(119)	(2)
Proceeds from issuance of bonds	-	175,000
Payment on line of credit and short-term borrowing	-	(125,000)
Payment of bonds, notes, and mortgages payable	(3,871)	(4,441)
Payment of bonds issuance costs	-	(4,727)
Payment on capital lease obligation	(257)	(1,468)
Net cash (used in) provided by financing activities	(622)	45,821
Net change in cash and cash equivalents	(4,166)	(3,019)
Cash and cash equivalents		
Beginning of year	34,555	39,289
End of year	30,389	36,270
Less: Cash included within assets held for sale - Einstein at end of year (Note 3)	-	(1,715)
Cash and cash equivalents at end of year	$ 30,389	$ 34,555
Supplemental disclosure		
Interest paid	$ 25,260	$ 24,426
Change in accounts payable and accrued expenses relating to plant assets	37	(792)
Transfer of loan payable held by third party	-	17,181
Payment/Defeasance of DASNY debt by third party (Note 3)	145,995	-
Note receivable from AECOM, Inc.	140,808	-

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

1. The University and its Operations

Yeshiva University (the "University") is a private, non-profit institution of higher education primarily based in New York City. The University was founded in 1886 as the Rabbi Isaac Elchanan Theological Seminary ("RIETS"), with which it is still affiliated, and was chartered as a separate University in 1945. The University brings together the heritage of western civilization and the ancient traditions of Jewish law and life.

The University is comprised of several colleges and schools providing undergraduate, graduate, professional, and post-doctoral education and training. The University's undergraduate education includes Jewish Studies (the Robert M. Beren Department of Jewish Studies and the Rebecca Ivry Department of Jewish Studies), Yeshiva College, Stern College for Women, Sy Syms School of Business and the S. Daniel Abraham Israel Program in Israel. Its graduate and professional schools include the Albert Einstein College of Medicine ("Einstein") (Note 3), Benjamin N. Cardozo School of Law ("Cardozo"), Sy Syms School of Business, Wurzweiler School of Social Work, Ferkauf Graduate School of Psychology ("Ferkauf"), Azrieli Graduate School of Jewish Education and Administration, and Bernard Revel Graduate School of Jewish Studies. The University provides instruction to approximately 6,300 undergraduate, graduate and professional students including medical students attending Einstein.

The University is accredited by the Middle States Association of Colleges and Schools, Einstein is accredited by the Liaison Committee on Medical Education and Cardozo is accredited by the American Bar Association. The other academic programs are accredited by appropriate state and professional accrediting agencies and associations.

The University has four New York City campuses: the Wilf Campus located in the Washington Heights section of Manhattan, the Israel Henry Beren Campus located in the Murray Hill section of Manhattan, the Brookdale Center located in the Greenwich Village section of Manhattan, and the Jack and Pearl Resnick Campus located in the Bronx. The Wilf Campus, Beren Campus and the Brookdale Center, together with Ferkauf which is located in the Bronx, comprise the Manhattan Campuses. The Manhattan Campuses include all units of the University other than Einstein. The University operates a museum in New York City and is associated with programs in Israel and Canada.

The University derives its revenues principally from student tuition and fees, government appropriations, grants and contracts, contributions, and investment earnings. Additional support is generated through auxiliary activities carried out by the University, such as dining services and residence facilities. The University spends these resources in support of its instructional and research mission.

Related Entities

Consolidated Organizations

There are several entities (the "Consolidated Organizations") that are controlled by the University and for which the University provides various administrative services. The financial results of the Consolidated Organizations are consolidated for financial statement reporting purposes.

The Yeshiva Endowment Foundation, Inc. (the "Foundation") was formed in 1927 as a separate not-for-profit corporation organized for the benefit of the University and its affiliate, RIETS. Control of the Foundation is vested in a Board of Directors, all of whom are members of the University's Board of Trustees (the "Board of Trustees"). The Foundation includes five wholly owned, for-profit real estate corporations.

The University also owns several real estate entities, some of which are for-profit, that provide revenue to the University.

The Albert Einstein College of Medicine Staff Housing Co., Inc. (the "Housing Company") owns and operates a 635 unit, limited profit housing project under the supervision of the Housing Development Corporation of the City of New York through the Mitchell-Lama Housing Program. The Housing Company, a not-for-profit entity, provides housing primarily for Einstein students. On September 9, 2015, AECOM, Inc. became the sole member of the Housing Company and its financial results subsequent to that date are no longer consolidated with the University's (Note 3).

Unconsolidated Organizations
RIETS and the Yeshiva University High Schools (the "High Schools"), an education corporation that maintains separate secondary school programs for boys and girls, are independently incorporated not-for-profit institutions separately chartered by the Board of Regents of the State of New York in 1970 and 2009, respectively. Control of RIETS and the High Schools is vested in their respective boards of trustees, a minority of whose membership includes trustees of the University. The financial results for these two entities are excluded from the consolidated financial statements.

Affiliation Agreements
On September 9, 2015 (the "Acquisition Date" or the "Closing"), the University entered into a Joint Collaboration Agreement regarding Einstein with Montefiore Medicine Academic Health System, Inc. ("Montefiore Medicine"), an affiliate of Montefiore Medical Center ("Montefiore") which has long been Einstein's principal teaching hospital. Pursuant to the Joint Collaboration Agreement, the University transferred operational and financial responsibility for Einstein to a newly-created not-for-profit tax-exempt corporation ("AECOM, Inc.") controlled by Montefiore Medicine (Note 3).

For a transition period, estimated to be at least three years following the Closing, until AECOM, Inc. receives full accreditation as a freestanding degree-granting institution, the University will: (i) maintain academic oversight for the medical school, including granting degrees until AECOM, Inc. is granted the necessary accreditations and authority to grant degrees itself; and (ii) provide certain administrative services to or on behalf of the medical school. As part of the University's continuing involvement during the transition period until AECOM, Inc. receives full accreditation, certain medical school employees, including a number of faculty members and academic officers, will remain employed by the University. Additionally, during this transition period, medical school students will continue to enroll at the University and financial aid will be administered by the University in accordance with applicable federal and state law and accreditation requirements. As part of a transition services agreement, AECOM, Inc. will pay the University for the University's ongoing activities benefitting medical students and the medical school during the transition period.

The University's fiscal year 2016 consolidated financial statements reflect the operations of Einstein for the two month period until the effective date of the Joint Collaboration Agreement.

Tax Matters
The University is a not-for-profit corporation described in Internal Revenue Code Section 501(c)(3) and is generally exempt from federal income taxes on related income under Internal Revenue Code Section 501(a). Accordingly, no provision for federal income tax has been recorded in the consolidated financial statements. The University is also exempt from New York income taxes under the related state provisions. The University is subject to the unrelated business income tax on revenue generated by activities unrelated to its tax-exempt mission, primarily from income generated by certain investments. For the years ended June 30, 2016 and 2015, the University generated net unrelated trade or business income or (losses) of $180 and ($2,074), respectively. As of June 30, 2016, the University had approximately $12,346 of ordinary loss carry-forwards to offset unrelated business income and capital gains generated in future years. Management has taken the position not to record a deferred tax asset with respect to these losses, as it is uncertain whether such losses will be utilized in the future.

The Housing Company is a not-for-profit corporation described in Internal Revenue Code Section 501(c)(2) and is exempt from federal income taxes under Internal Revenue Code Section 501(a). On September 9, 2015, the Housing Company was transferred to AECOM, Inc. (Note 3).

The Foundation is a not-for-profit corporation described in Internal Revenue Code Section 501(c)(3) and is exempt from federal income taxes under Internal Revenue Code Section 501(a). The Foundation operates as a supporting organization of the University and RIETS. The real estate entities are wholly owned by either the University or the Foundation and operate as for-profit entities which are either disregarded or are subject to income tax at the federal, state, and local levels. In the opinion of management, these entities generate recurring losses and de minimis tax liabilities that are not material to the consolidated financial statements. Management has taken the position not to record a deferred tax asset with respect to these losses, as it is uncertain whether such losses will be utilized in the future.

Management assesses its income tax position each year to determine whether it is likely to be sustained if examined by an applicable taxing authority. This review for fiscal 2016 had no material impact on the consolidated financial statements.

Financial Position and Liquidity
In recent years, the University has incurred significant operating losses, including $52,449 in fiscal year 2016 and $84,560 in fiscal year 2015, which has impacted the University's financial resources. The University's recurring operating deficits have been funded in part by available operating resources.

The recurring operating losses incurred by the University are as a result of several economic factors, including; reduced research grants funding, investments in faculty to enhance undergraduate education and medical research, and investments in updated technologies.

As a result of these financial and operational challenges the University has been implementing certain strategic and operational initiatives to effect a short-term and long-term, comprehensive strategic business plan for a sustainable Yeshiva University.

Based on certain actions approved by the Board of Trustees, the implementation of both short-term and long-term strategies to generate adequate cash flow have been utilized to support operations and provide adequate cash to support ongoing operations over the subsequent 12 months and beyond, which included:

- Entering into a Joint Collaboration Agreement for the transfer of financial and operational control of Einstein to a separate entity (Note 3).

- Reviewing real estate holdings, including developing and implementing a strategy for the monetization of selected assets, in conjunction with the proposed strategic plan for the University (Notes 7 and 18).

- Implementing initiatives to reduce personnel costs and expenses, including voluntary and involuntary separation incentive programs.

- Developing new academic offerings and alternative delivery models to ensure productivity and continued relevance in the delivery of academic programs.

- Reviewing administrative services to maximize efficiencies and reduce expenses.

The University was in compliance with its bond and bank loan covenants at June 30, 2016 and 2015, and expects to remain in compliance, through fiscal 2017.

Management believes that the University will have sufficient liquidity to meet its ongoing obligations, through June 30, 2017.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the University are described below:

Basis of Presentation
The consolidated financial statements are prepared on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board ("FASB") for external financial reporting by not-for-profit organizations. While the underlying accounts of the University are maintained in accordance with the principles of fund accounting to facilitate observance of specific restrictions placed on the resources available to the University, the accompanying consolidated financial statements present the financial position, activities, and cash flows of the University as a whole. University resources are classified and reported in the consolidated financial statements within separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets
Net assets that are used to carry out the University's mission of education and research which are not subject to donor restrictions.

Temporarily Restricted Net Assets
Net assets subject to donor-imposed restrictions that permit the University to use or expend in full the donated asset as specified, whose restriction will be met by actions of the University and/or the passage of time.

Permanently Restricted Net Assets
Net assets subject to donor-imposed restrictions stipulating that the asset be maintained permanently by the University. Generally, the donors of these assets permit the University to use appreciation earned on assets in accordance with the University's endowment spending policy for specified or unspecified purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Generally, gains and losses on investments are reported as increases or decreases in temporarily restricted net assets until appropriated by the University. Net investment returns subject to donor-imposed restrictions are reported as increases in temporarily restricted net assets under nonoperating activities and released from temporarily restricted net assets under nonoperating activities to unrestricted net assets as investment support utilized under operating revenues when the donor-imposed restrictions are met.

Contributions subject to donor-imposed restrictions are reported as increases in temporarily restricted net assets under nonoperating activities and released from temporarily restricted net assets under nonoperating activities to unrestricted net assets as operating revenues when the donor-imposed restrictions are met.

Operating and Nonoperating Activities
The Consolidated Statements of Activities present the changes in net assets by distinguishing between operating and nonoperating activities.

Operating activities principally include all revenue and expenses that relate to the University's educational programs, research, training, and supporting activities. Investment returns utilized included in operating revenues consist of appropriated endowment spending on pooled endowed and investment income on nonendowed funds, as well as nonpooled endowed funds, that were used to support operating activities in accordance with the University's endowment spending policy (Note 5). Operating revenues also include the release of temporarily restricted net assets which include prior year contributions for which the donor-specified conditions have been met.

The University has defined nonoperating activities to principally include net investment return less investment return utilized to support current year operating activities in accordance with the University's endowment spending rate policy (Note 5), temporarily and permanently restricted contributions, temporarily restricted net assets released from restriction, changes in value of split-interest agreements, provision for uncollectible contributions receivable, and subsidy of unconsolidated organizations. Certain other gains, losses or changes in net assets related to transactions considered to be of an unusual or nonrecurring nature are also included in nonoperating activities.

Tuition and Fees
Tuition and fees are derived from degree and continuing education programs. The University recognizes tuition and fee revenues as operating income in the period in which it is earned. Tuition and fee receipts received in advance are recorded as deferred revenue. The University administers a variety of federal, state, institutional, and private programs in order to assist students in meeting tuition and other costs of attendance. Tuition and fee revenues are reported net of scholarships and transfers to AECOM, Inc.

Grants and Contracts
The University receives grant and contract revenue from governmental and private sources. The University recognizes revenue associated with the direct and applicable indirect costs of sponsored programs as the related costs are incurred. The University negotiates its federal indirect rate with its cognizant federal agency. Indirect costs recovered on federally-sponsored programs are generally based on predetermined reimbursement rates which are stated as percentages and distributed based on modified total direct costs incurred. Indirect costs recovered on all other grants and contracts are based on rates negotiated with the respective sponsors. Funds received for sponsored research activity are subject to audit. Based upon information currently available, management believes that any liability resulting from such audits will not materially affect the financial position or operations of the University.

Contributions
Contributions, including unconditional promises to give ("Pledges"), are reported as revenues in the period received or pledged.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of receipt if the University received certain goods and services that meet criteria under generally accepted accounting principles in the United States of America ("GAAP") for recognition as contributions. Contributions of property and equipment are recorded as increases in unrestricted net assets unless the donor places restrictions on their use. Pledges not expected to be received within one year are discounted at a risk-adjusted rate that includes a premium for credit risk, if any. In addition, provisions for uncollectible contributions receivable is presented under nonoperating activities.

Investments and Net Investment Return

Investments are stated at estimated fair value. These fair values may differ from the values that would have been used had a ready market existed for these investments and the differences could be significant.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses are generally determined on the basis of average cost of securities sold and are reflected in net investment return in the Consolidated Statements of Activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis, and are reflected in net investment return in the Consolidated Statements of Activities.

Cash and Cash Equivalents

Cash and cash equivalents represent the University's working capital and include cash on hand and other highly liquid investments having an original maturity of less than three months. Cash and cash equivalents may include cash in bank accounts and investments in money market funds. Cash and cash equivalents related to the University's investment strategies are included in Investments in the Consolidated Statements of Financial Position. At times, cash in banks may exceed Federal Deposit Insurance Corporation ("FDIC") insured limits.

Note receivable

As part of the Joint Collaboration Agreement (Note 3), the University received a note ("Note") in exchange for property and other assets and liabilities. The principal amount of cash expected to be received over the life of the Note is $270,000 (20 annual payments of $12,500 each, followed by a final payment of $20,000). The University recorded the Note at an amount that reasonably approximates fair value. In calculating fair value, the University utilized a 6% discount rate which it determined was reasonable based on applicable rates for similar instruments of issuers with similar credit ratings was a reasonable rate. The difference between the face amount and present value using the imputed 6% rate is treated as a premium and amortized as interest income over the life of the Note using the interest method which provides a constant rate of interest when applied to the amount outstanding at the beginning of any given period. Subsequent to June 30, 2016, the University sold this note (Note 18).

Student Receivables and Allowance for Doubtful Accounts

Student receivables are recorded when billed to the student. Student receivables are reduced by an allowance for doubtful accounts. The process for estimating the ultimate collection of receivables involves significant assumptions and judgments. Account balances are written off against the allowance when management determines it is probable the receivable will not be recovered. Historical collection is an integral part of the estimation process related to reserves for uncollectible accounts. Revisions in allowance for doubtful accounts estimates are recorded as an adjustment to the provision for bad debts.

Institutional Student Loans

The University manages a variety of internal loan programs. Student loans are classified as permanently restricted net assets. Interest earned on institutional loan programs is reinvested to support additional loans. The repayment and interest rate terms of the institutional loans vary considerably.

Split-Interest Agreements and Perpetual Trusts

The University's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts for which the University serves as trustee. The fair value of trusts and split interest are categorized at Level 3 within the fair value hierarchy. Contribution revenue is recognized at the date that the trusts are established, after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits.

The University is the beneficiary of certain perpetual trusts and other split-interest agreements held and administered by others. The present value of the estimated future cash receipts from the trusts and agreements is recognized as an asset and as a contribution when the University is notified that the trusts or agreements have been funded. Distributions from the trusts greater than the present value estimated are recorded as contributions and the carrying value of the assets is adjusted annually for changes in the estimates of future receipts. Changes in the fair values of assets of perpetual trusts and agreements are recorded as increases or decreases in permanently restricted net assets.

Land, Buildings and Equipment

Land, buildings and equipment (Note 7) are stated substantially at cost, except for those received by contribution, which are stated at appraised value at date of contribution. Equipment, furniture and fixtures having a useful life of one year or more and an acquisition cost of three thousand dollars or more per unit are capitalized.

In the opinion of management, the University has title to all equipment purchased with grant funds, except for certain specialized equipment. In certain cases, the granting agencies retain certain rights thereto and may request transfer of such property to others. At such time, the University recognizes equipment disposals for these items. Items of equipment purchased under affiliation agreements and various clinical program agreements are not capitalized when the terms of the agreements specify that title to such property remains with the funding agency.

Depreciation is computed on a straight line basis over the assets' estimated useful lives. Depreciable lives of buildings and improvements are 50 years for building shell and up to 28 years for all other building components. The depreciable lives of equipment, furniture, and fixtures range from 5 to 15 years and range from 5 to 10 years for software applications.

Refundable Advances from the U.S. Government

Funds provided by the U.S. Government under the Federal Perkins Loan and the Health Professions Student Loan programs are loaned to eligible students and may be re-loaned after collection. These funds are ultimately refundable to the U.S. Government and are presented in the Consolidated Statements of Financial Position as a liability.

Fair Value

The University values certain financial and nonfinancial assets and liabilities by applying the FASB pronouncement on *Fair Value Measurements*. The pronouncement defines fair value and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The hierarchy has three levels based on inputs that market participants would use in valuing the asset or liability based on market data obtained from sources independent of the University as follows:

Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2 Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable.

Level 3 Unobservable inputs for the asset or liability.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. The University is required by the pronouncement to maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3). The University considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, provided by independent sources that are actively involved in the relevant market, and not proprietary. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the University's perceived risk of that instrument.

Assets and liabilities are disclosed in the Notes to Consolidated Financial Statements within the hierarchy based on the lowest (or least observable) input that is significant to the measurement. The University's assessment of the significance of an input requires judgment, which may affect the valuation and categorization within the fair value hierarchy. The fair value of assets and liabilities using Level 3 inputs are generally determined by using pricing models, discounted cash flow methods or calculated NAV, which all require significant management judgment or estimation.

As a practical expedient, the University is permitted, under the pronouncement, to estimate the fair value of an investment in an investment company at the measurement date using the reported Net Asset Value ("NAV"). Adjustment is required if the University expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with GAAP. All investments for which fair value is measured using NAV, are excluded within the fair value hierarchy, as long as no adjustment is required to NAV and the manager has reported a NAV at the measurement date. Investments are categorized as Level 3 if a NAV adjustment is required or if there is no reported NAV at the measurement date.

The University performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with GAAP. The University has assessed factors including, but not limited to, managers' compliance with the *Fair Value Measurement* standard, price transparency and valuation procedures in place.

All investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is likely that changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported in the Consolidated Statements of Financial Position.

The fair value of the University's investments is disclosed in Note 4. A reasonable estimate of the fair value of loans receivable from students under government loan programs could not be made because the loans are not saleable and can only be assigned to the U.S. Government or its designees. The fair value of the mortgage loans receivable at June 30, 2016 and 2015 approximated carrying value in the Consolidated Statements of Financial Position. The carrying amount of the remaining University's financial instruments approximates fair value because of their short maturity.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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. Significant estimates and assumptions include the valuation of investments, provision for uncollectible receivables, the present value of multi-year pledges, and the allocation of expenses to functional classifications.

New Accounting Pronouncements

In May 2014, the FASB issued an Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction prices 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. The University is evaluating the impact this standard will have on the fiscal year 2019 consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements – Going Concern, that will require management of public and nonpublic companies to evaluate and disclose where there is substantial doubt about an entity's ability to continue as a going concern. The amendments are effective for annual periods ending after December 15, 2016, and for annual periods thereafter. Early application is permitted. The University has not elected to early adopt this standard.

In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs. To simplify the presentation, upon adoption, debt issuance costs will be presented in the Consolidated Statements of Financial Position as a deduction from the carrying amount of debt liability, consistent with debt discounts or premiums rather than included in other assets as currently permitted. The recognition and measurement guidance for debt issuance costs is not affected. This ASU is effective for the fiscal year beginning after December 15, 2015. The new guidance will be applied on a retrospective basis, whereby the Consolidated Statements of Financial Position for each period presented will be adjusted to reflect the respective period specific effects. While early adoption is permitted, the University has elected not to early adopt within the fiscal 2016 consolidated financial statements. Currently deferred issuance costs are $6,412 and $9,166 at June 30, 2016 and 2015, respectively. The University is evaluating the impact this standard will have on the fiscal year 2017 consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate NAV per Share (or its Equivalent). This standard removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using

NAV as a practical expedient. This standard is effective for fiscal years beginning after December 15, 2016; however, early adoption is permitted. The University elected to early adopt ASU 2015-07 in fiscal 2015. Accordingly, investments for which fair value is measured using NAV as a practical expedient have not been categorized within the fair value hierarchy.

In January 2016, the FASB issued ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which eliminate the requirement to disclose fair value of financial instruments at amortized cost for entities that are not public business entities. The amendments in this update are effective for fiscal years beginning after December 15, 2018; however, early adoption is permitted for the elimination of the fair value of financial instruments disclosure guidance in the General Subsection of Section 825-10-50 (Financial Instruments Disclosures). The University elected to early adopt the elimination of the fair value of financials instructions in fiscal year 2016.

In February 2016, the FASB issued ASU 2016-02, Leases that will require lessees to report most leases on their statement of financial position, but recognize expenses on their income statement in a manner similar to current accounting. The guidance also eliminates current real estate specific provisions. Lessors in operating leases continue to recognize the underlying asset and recognize lease income on either a straight-line basis or another systematic and rational basis. The provisions of ASU 2016-02 are effective for fiscal years beginning after December 15, 2018; however, early adoption is permitted. The University is evaluating the impact this standard will have on the fiscal year 2020 consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. The ASU amends the financial reporting requirements in Topic 958, Not-for-Profit Entities. Changes include revisions to the classification of net assets and expanded liquidity disclosures. The ASU is effective for fiscal years beginning after December 15, 2017; however, early adoption is permitted. The University is evaluating the impact this standard will have on the fiscal year 2019 consolidated financial statements.

Other Significant Accounting Policies
Other significant accounting policies are set forth in the following notes.

Reclassifications
Certain previously reported amounts in the fiscal 2015 consolidated financial statements have been reclassified in order to conform to the fiscal 2016 presentation.

Revision of 2015 Consolidated Financial Statements
For the year ended June 30, 2015, the University presented investments on the consolidated statement of financial position, net of approximately $146.5 million of Investments held for unconsolidated organizations, (RIETS and High Schools). The total investments including the amounts that related to RIETS' and High Schools' were previously disclosed within the Notes to the financial statements. As a result of the net presentation, the University's consolidated statement of financial position at June 30, 2015 did not reflect the $146.5 million of those investments as assets and corresponding liabilities. In fiscal 2016, the University determined that it should include these assets and corresponding liabilities on the statement of financial position and revised its consolidated statement of financial position as of June 30, 2015 to present those assets separately as Investments held for unconsolidated organizations with a corresponding liability. This revision had no impact on the University's June 30, 2015 net assets, consolidated statement of activities, and no impact on its changes in net assets, or statement of cash flows from operating, investing or financing activities for the year ended June 30, 2015 and was not material to the previously issued financial statements.

3. Assets and Liabilities Held for Sale - Einstein

As described in Note 1, on September 9, 2015, the University entered into a Joint Collaboration Agreement regarding Einstein with Montefiore Medicine. Pursuant to the Joint Collaboration Agreement, the University transferred operational and financial responsibility for Einstein to AECOM, Inc., a newly-created not-for-profit tax-exempt corporation controlled by Montefiore Medicine. In connection with the Transaction (the "Transaction"), substantially all of the assets, employees, liabilities, and fiduciary responsibilities to donors associated with Einstein as well as those pertaining to the consolidated related entity, the Housing Company, were transferred from the University to, and assumed by, AECOM, Inc. as part of the agreement. As detailed below, included in the assets transferred were Einstein-related land and buildings in the Bronx, as well as Einstein-related receivables, investments, endowments and research grants and contracts. AECOM, Inc. is controlled by an affiliate of Montefiore and is now responsible for the medical school's current and future operations. Over the course of the several years prior to the Transaction, Einstein's operating deficits comprised a significant portion of the University's annual operating deficits. As described in Note 1, although financial and operational control transferred to the new entity, the University will continue to have involvement with AECOM, Inc., as it will be the degree granting institution until AECOM, Inc. receives its accreditation.

In accordance with the Joint Collaboration Agreement, those portions of the University's investment and endowment accounts that were attributable to (i.e., donated for the benefit of) Einstein were transferred from the University to AECOM, Inc.

In connection with the Transaction, the University received consideration in a number of forms including an amount of cash proceeds that were specifically paid to reduce its long-term debt, by redeeming or defeasing \$136,110 of outstanding principal of Dormitory Authority of the State of New York ("DASNY") bonds and \$9,885 of other defeased costs (Note 9). In addition, the transfer of the Housing Company to AECOM, Inc. relieved the University of responsibility for approximately \$42,600 of mortgage debt (both the first and subordinated mortgage notes and the associated mortgages) comprising the entire outstanding long-term debt encumbering the Housing Company's land and buildings (Note 9).

The Joint Collaboration Agreement also provides for the University to receive additional consideration, in the form of 21 annual cash payments from AECOM, Inc., commencing on September 9, 2017, and on each September 9th thereafter through 2037. Such payments are represented by a Promissory Note from AECOM, Inc. to the University and aggregates \$270,000 (20 payments of \$12,500 each, followed by a final payment of \$20,000). The present value of such note using a 6% discount rate, at June 30, 2016 was \$147,849. In fiscal year 2016, \$7,040 of imputed interest was recorded as interest income related to the note. Montefiore has guaranteed AECOM, Inc.'s obligation to make payments under the Note. In October 2016, the University sold the note to an unrelated third party for \$148,000 (Note 18).

As part of the agreement, the University retained ownership of certain limited assets on the Resnick Campus in the Bronx. The University was also relieved of substantially all of its inter-divisional borrowing from Einstein.

The Consolidated Statements of Activities incorporate the activities of two months of Einstein for the year ended June 30, 2016 and a full year of Einstein for the year ended June 30, 2015. Such activities include total operating revenues of approximately \$46,000 and \$416,000, total operating expenses of approximately \$65,000 and \$447,000, and operating losses of approximately (\$19,000) and (\$31,000), respectively.

In accordance with ASC 360-10-35, the carrying value of the Einstein assets (and liabilities) held for sale were measured at the lower of their carrying amount or fair value less cost to sell, which the University has determined to be the carrying value. Additionally, per ASC 360-10-35, assets held for sale were no longer depreciated while they are classified as held for sale. All assets and liabilities that were transferred to AECOM, Inc. are presented separately as assets and liabilities held for sale in the Consolidated Statements of Financial Position.

(in thousands of dollars)

As of June 30, 2015, the following represents the carrying amounts of major classes of assets and liabilities that are presented separately as held for sale on the Consolidated Statements of Financial Position:

	2015
Assets Held for Sale - Einstein	
Cash and cash equivalents	$ 1,715
Grants and contracts receivable, net	36,428
Contributions receivable, net (Note 6)	20,232
Student receivables, net (Note 6)	19,220
Other assets and receivables (Note 6)	40,292
Mortgage loans receivable	16,376
Funds held by bond trustees	7,116
Investments (Note 4)	465,109
Trusts and split-interest agreements held by others (Note 4)	7,708
Land, buildings and equipment, net (Note 7)	371,845
Total assets held for sale	986,041
Liabilities Held for Sale - Einstein	
Accounts payable and accrued expenses	29,988
Deferred revenue	21,681
Trusts held for others	14,669
Other liabilities	35,000
Refundable advances from the U.S. Government	116
Mortgage note payable (Note 9)	42,604
Capital lease obligation	33,587
Asset retirement obligations (Note 11)	2,146
Total liabilities held for sale	$ 179,791

(in thousands of dollars)

The transaction was consummated on September 9, 2015, and the following represents the assets assigned, liabilities assumed, consideration received and the resulting decrease to consolidated net assets as of the effective date of the Transaction.

	2016
Assets Assigned to AECOM, Inc.	
Deposits held for AECOM, Inc.	$ 2,137
Grants and contracts receivable, net	22,952
Contributions receivable, net	19,410
Student receivables, net	9,085
Other assets and receivables	23,898
Mortgage loans receivable	16,292
Funds held by bond trustees	5,344
Investments	452,495
Trusts and split-interest agreements held by others	7,708
Land, buildings and equipment, net	373,116
Total assets assigned to AECOM, Inc.	932,437
Liabilities Assumed by AECOM, Inc.	
Accounts payable and accrued expenses	16,075
Deferred revenue	13,868
Trusts held for others	14,642
Other liabilities	35,055
Mortgage note payable	42,572
Capital lease obligation	33,330
Asset retirement obligations	1,622
Total liabilities assumed by AECOM, Inc.	157,164
Consideration	
Note receivable from AECOM, Inc. (net of unamortized discount of $129,191 as of September 9, 2015)	140,809
Consideration received for defeasance of debt	145,995
Other cash consideration	1,500
Total consideration	288,304
Defeased costs and other, net	(6,803)
Total transfer of net assets/reduction, net in connection with the Transaction	$ 493,772

The effect of the Transaction resulted in a reduction of $493,772 of net assets in the Consolidated Statement of Activities. The reduction relates to the transfer of net assets to AECOM, Inc., net of consideration received. Included in this reduction, is the transfer of approximately $256,230 of Permanently restricted net assets and approximately $203,754 of Temporarily restricted net assets which primarily related to the fiduciary obligations associated with the Einstein related endowments, endowment appreciation, and other restricted funds as part of the agreement.

(in thousands of dollars)

4. Investments

The University manages substantially all of its investments and those of certain Consolidated Organizations and Unconsolidated Organizations in three investment groups – the Long Term Pools ("LTPools") for long-term investments, the Operational Investment Funds ("OIFunds") for shorter-term investments, and Segregated Investments.

The Investment Oversight Committee of the Board of Trustees oversees the University's investment strategy for the LTPools in accordance with established guidelines, which cover, among other criteria, asset allocation, diversification, liquidity and performance return objectives. The overall investment objective of the University is to invest the LTPools in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after accounting for inflation. The University diversifies its investments among various asset classes incorporating multiple strategies and managers.

In anticipation of the Joint Collaboration Agreement regarding Einstein (Note 3), the University split the LTPools into two unitized pools both of which are included as part of the LTPools in the schedule below as of June 30, 2015. The remaining portion of Einstein's investments of $73,770 represents investments held for AECOM, Inc. and were not transferred due to illiquidity and other regulatory reasons and is shown separately on the Consolidated Statements of Financial Position.

The OIFunds are managed to a shorter-term investment horizon with an emphasis on liquidity. Investments include cash and cash equivalents, fixed income, and equities held in mutual funds.

Segregated Investments include investments that are donor directed and assets held in irrevocable charitable remainder trusts. These investments include cash and cash equivalents, U.S. Government obligations, mutual funds (fixed income), corporate debt, State of Israel Bonds, corporate stocks, mutual funds (equities), investment receivables, investment payables and other investments.

At June 30, 2016 and 2015, the value of the University's interest in these groups is as follows:

	2016	2015
Long term pools	$ 440,290	$ 916,659
Operational investment funds	15,910	39,947
Segregated investments	5,061	36,939
Total investments, including assets held for sale	461,261	993,545
Less: Assets held for sale - Einstein (Note 3)	-	(465,109)
Total investments, at fair value	$ 461,261	$ 528,436

As of June 30, 2015, assets held in irrevocable charitable remainder trusts were included in Segregated Investments in the amount of $25,088. As of June 30, 2016, assets held in irrevocable charitable remainder trusts were included in Segregated Investments in the amount of $818. Included in investments held for AECOM, Inc. on the Consolidated Statements of Financial Position are $20,215 of irrevocable charitable remainder trusts.

(in thousands of dollars)

As of June 30, 2015, the University held assets of $7,875 which were included in the OIFunds and were collateral to a letter of credit provided to an estate for which the University (on behalf of Einstein) is the residuary beneficiary, in the event additional expenses are incurred by the estate. As of June 30, 2016, this asset was reduced to $5,250 and is included in investments held for AECOM, Inc. on the Consolidated Statements of Financial Position.

The following tables present the fair value hierarchy for those assets reported at fair value in the Consolidated Statements of Financial Position as of June 30, 2016 and 2015. The fair value amounts presented below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Financial Position as of June 30, 2016 and 2015:

		2016			
Investment strategy	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Cash and cash equivalents	$ 60,772	$ -	$ -	$ -	$ 60,772
Fixed income					
U.S. Government obligations	50,650	-	-	-	50,650
Mutual funds (fixed income)	1,264	-	-	-	1,264
Corporate debt	-	17,419	-	-	17,419
State of Israel bonds	-	-	176	-	176
Equities					
Corporate stocks	39,800	-	-	-	39,800
Mutual funds (equities)	52,612	-	-	-	52,612
Long-only equities	-	-	-	94,120	94,120
Long-short equities	-	-	-	117,296	117,296
Private equity	-	-	-	53,635	53,635
Venture capital	-	-	-	10,540	10,540
Marketable alternatives					
Multi-strategy/event-driven	-	-	-	135,730	135,730
Real assets	-	-	-	5,852	5,852
Real estate	-	-	10,551	10,031	20,582
Investment receivables	-	-	-	8,228	8,228
Investment payables	-	-	-	(568)	(568)
Other investments	879	-	1,380	-	2,259
	$ 205,977	$ 17,419	$ 12,107	$ 434,864	670,367
Less: Unconsolidated Organizations' interests in the investments portfolio					(135,336)
Less: Investments held for AECOM, Inc.					(73,770)
Total investments, at fair value					$ 461,261

(in thousands of dollars)

	2015				
Investment strategy	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Cash and cash equivalents	$ 130,298	$ -	$ -	$ -	$ 130,298
Fixed income					
U.S. Government obligations	78,912	-	-	-	78,912
Mutual funds (fixed income)	2,899	-	-	-	2,899
Corporate debt	-	23,205	-	-	23,205
State of Israel bonds	-	-	7,066	-	7,066
Equities					
Corporate stocks	70,174	-	-	-	70,174
Mutual funds (equities)	94,224	-	-	-	94,224
Long-only equities	-	-	-	136,891	136,891
Long-short equities	-	-	-	148,511	148,511
Private equity	-	-	-	64,367	64,367
Venture capital	-	-	-	25,519	25,519
Marketable alternatives					
Multi-strategy/event-driven	-	-	-	210,095	210,095
Macro	-	-	-	1,055	1,055
Real assets	-	-	-	6,478	6,478
Real estate	-	-	11,899	14,684	26,583
Investment receivables	-	-	-	109,584	109,584
Investment payables	-	-	-	(784)	(784)
Other investments	467	-	4,494	-	4,961
	$ 376,974	$ 23,205	$ 23,459	$ 716,400	1,140,038
Less: Unconsolidated Organizations' interests in the investments portfolio					(146,493)
Total investments, including assets held for sale					993,545
Less: Assets held for sale - Einstein (Note 3)					(465,109)
Total investments, at fair value					$ 528,436

The fair value hierarchy of the Unconsolidated Organizations' and AECOM, Inc.'s interest in the University's investment portfolio is consistent with the University's fair value hierarchy as a whole.

Cash and Cash Equivalents
Cash and cash equivalents include cash on hand and other highly liquid investments having an original maturity of less than three months. Cash and cash equivalents may include cash in bank accounts and investments in money market funds. At times, cash in banks may exceed FDIC insured limits.

Fixed Income
Fixed income securities include directly held U.S. Government obligations, fixed income securities held in mutual funds, directly held corporate debt and directly held State of Israel bonds. U.S. Government obligations and fixed income securities held in mutual funds are valued based on quoted market prices in active markets and are categorized as Level 1. Corporate debt is valued based on quoted market prices, dealer or broker quotations and is categorized as Level 2. State of Israel bonds are recorded at face value, which approximates fair value, and are therefore categorized as Level 3.

(in thousands of dollars)

Equities
Equity investments include directly held corporate stocks, public equities held in mutual funds, long-only equities, long-short equities, private equity and venture capital, all held in limited partnerships. Corporate stocks and public equities held in mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1. Long-only equities (where only long positions in assets and securities are traded and held), long-short equities (where long positions that are expected to appreciate and short positions that are expected to decline are traded and held), private equity (which invests directly in private firms) and venture capital (which includes direct equity investments of less mature firms) are valued at the NAV provided by the investment manager. All investments, for which fair value is measured using NAV, have been excluded within the fair value hierarchy.

Marketable Alternatives
Marketable alternatives include limited partnership investments in multi-strategy/event-driven and macro strategies. Multi-strategy/event-driven (which represents an investment strategy that includes several strategies or attempts to take advantage of events such as mergers and restructurings) and macro (that bases its holdings - such as long and short positions in various equity, fixed income, currency, and futures markets - primarily on overall economic and political views of various countries (macroeconomic principles)) are valued at the NAV provided by the investment manager. All investments, for which fair value is measured using NAV, have been excluded within the fair value hierarchy.

Real Assets and Real Estate
Real Assets represent limited partnership investments in tangible assets that may include rail cars, ships, aircraft, forestry or traded commodities. Real estate represents limited partnership investments in real property. The interests in these investments are valued at the NAV provided by the investment manager. All investments, for which fair value is measured using NAV, have been excluded within the fair value hierarchy, as long as no adjustment is required to NAV and the manager has reported a NAV at the measurement date. Investments are categorized as Level 3 if a NAV adjustment is required or if there is no reported NAV at the measurement date.

Investment Receivables and Investment Payables
Investment receivables include investments in limited partnerships where the University has placed redemption requests and are valued at NAV. Investment payables include unsettled trades at the measurement date and are valued at NAV. All investments, for which fair value is measured using NAV, have been excluded within the fair value hierarchy.

Other Investments
Other investments include life insurance policies and directly held real estate property.

The following table summarizes quantitative inputs and assumptions used for Level 3 investments for which fair value is based on unobservable inputs at June 30, 2016 and 2015:

2016					
Investment strategy		**Fair Value**	**Valuation Technique**	**Significant Unobservable Input**	**Range**
State of Israel bonds	$	176	Face value	N/A	N/A
Real estate		10,551	Discounted Cash Flow	Discount Rate	12.0% - 15.5%
				Capitalization Rate	5.8% - 9.5%

(in thousands of dollars)

2015

Investment strategy	Fair Value	Valuation Technique	Significant Unobservable Input	Range
State of Israel bonds	$ 7,066	Face value	N/A	N/A
Real estate	11,899	NAV	80–100% reduction to NAV based on uncertainty over future realization	N/A

For the State of Israel bonds, the University utilized a discounted cash flow method, which includes significant unobservable input for counter party risk and a range of 2% - 3%, to determine that face value approximates fair value.

Excluded from the above table are "Other investments" classified in Level 3. These investments include life insurance policies, valued at policy surrender value, and directly held real estate properties, held at carrying value.

The following table presents the University's 2016 activity for those assets classified as Level 3 within the fair value hierarchy:

	June 30, 2015	Purchases	Sales	Transfers To AECOM, Inc.	Net Realized and Unrealized Gain (Loss)	June 30, 2016
State of Israel bonds	$ 7,066	$ 125	$ (3,665)	$ (3,350)	$ -	$ 176
Real estate	11,899	-	(4,936)	-	3,588	10,551
Other investments	4,494	-	-	(2,800)	(314)	1,380
Total Level 3 investments	23,459	125	(8,601)	(6,150)	3,274	12,107
Trusts and split-interest agreements held by others	20,309	-	-	(7,708)	(978)	11,623
Total Level 3 assets	$ 43,768	$ 125	$ (8,601)	$ (13,858)	$ 2,296	$ 23,730

The following table presents the University's 2015 activity for those assets classified as Level 3 within the fair value hierarchy:

	June 30, 2014	Purchases	Sales	Net Realized and Unrealized Gain (Loss)	June 30, 2015
State of Israel bonds	$ 8,571	$ -	$ (1,505)	$ -	$ 7,066
Real estate	13,494	-	(4,273)	2,678	11,899
Other investments	4,097	350	-	47	4,494
Total Level 3 investments	26,162	350	(5,778)	2,725	23,459
Trusts and split-interest agreements held by others	22,412	-	-	(2,103)	20,309
Total Level 3 assets	$ 48,574	$ 350	$ (5,778)	$ 622	$ 43,768

(in thousands of dollars)

All net realized and unrealized gains (losses) in the tables above are reflected on the Consolidated Statements of Activities. Net unrealized gains (losses) still held relating to Level 3 investments are $3,665 and ($2,439) at June 30, 2016 and 2015, respectively. The University's policy is to recognize transfers in and transfers out as of the end of the period. During the year ended June 30, 2016, there were no significant transfers between Level 1 and Level 2. During the year ended June 30, 2015, there were no significant transfers between Level 1, Level 2 or Level 3.

The University has made investments in various long-lived partnerships and, in other cases, has entered into contractual agreements that may limit its ability to initiate redemptions due to notice periods, lock-ups and other restrictions. The University has also made commitments to provide capital to various limited partnerships, and under the terms of those agreements, the University is obligated to periodically advance additional funding. The University had commitments of approximately $39,294 and $47,959 at June 30, 2016 and 2015, respectively, to investment funds and limited partnerships for which capital calls had not been exercised. These amounts have not been recorded as liabilities on the Consolidated Statements of Financial Position. Such commitments generally have fixed expiration dates or other termination clauses. The University maintains sufficient liquidity in its investment portfolio to cover such calls. Details on liquidity, restrictions by strategy and type of investment are provided below as of June 30, 2016 and 2015:

			2016				
Investment strategy	**Monthly and More Frequent**	**Quarterly**	**Semi-annually and Annually**	**Greater Than One Year**	**Redemptions Placed**	**Total**	**Notice Periods in Days**
Cash and cash equivalents	$ 60,772	$ -	$ -	$ -	$ -	$ 60,772	N/A
Fixed income							
U.S. Government obligations	50,650	-	-	-	-	50,650	N/A
Mutual funds (fixed income)	1,264	-	-	-	-	1,264	N/A
Corporate debt	17,419	-	-	-	-	17,419	N/A
State of Israel bonds	-	-	-	176	-	176	N/A
Equities							
Corporate stocks	39,800	-	-	-	-	39,800	N/A
Mutual funds (equities)	52,612	-	-	-	-	52,612	N/A
Long-only equities	28,539	38,250	27,331	-	-	94,120	10–90
Long-short equities	-	52,017	51,197	-	14,082	117,296	30–90
Private equity	-	-	-	53,635	-	53,635	N/A
Venture capital	-	-	-	10,540	-	10,540	N/A
Marketable alternatives							
Multi-strategy/event-driven	-	49,586	75,146	-	10,998	135,730	45–180
Real assets	-	-	-	5,852	-	5,852	N/A
Real estate	-	-	-	20,582	-	20,582	N/A
Investment receivables	228	8,000	-	-	-	8,228	N/A
Investment payables	(568)	-	-	-	-	(568)	N/A
Other investments	881	-	-	1,378	-	2,259	N/A
Total investments, at fair value	$ 251,597	$ 147,853	$ 153,674	$ 92,163	$ 25,080	$ 670,367	

(in thousands of dollars)

2015							
Investment strategy	**Monthly and More Frequent**	**Quarterly**	**Semi-annually and Annually**	**Greater Than One Year**	**Redemptions Placed**	**Total**	**Notice Periods in Days**
Cash and cash equivalents	$ 130,298	$ -	$ -	$ -	$ -	$ 130,298	N/A
Fixed income							
U.S. Government obligations	78,912	-	-	-	-	78,912	N/A
Mutual funds (fixed income)	2,899	-	-	-	-	2,899	N/A
Corporate debt	23,205	-	-	-	-	23,205	N/A
State of Israel bonds	-	-	-	7,066	-	7,066	N/A
Equities							
Corporate stocks	70,174	-	-	-	-	70,174	N/A
Mutual funds (equities)	94,224	-	-	-	-	94,224	N/A
Long-only equities	30,526	62,166	44,199	-	-	136,891	10–90
Long-short equities	-	69,020	63,257	-	16,234	148,511	30–60
Private equity	-	-	-	64,367	-	64,367	N/A
Venture capital	-	-	-	25,519	-	25,519	N/A
Marketable alternatives							
Multi-strategy/event-driven	-	79,187	113,147	-	17,761	210,095	45–180
Macro	-	-	1,055	-	-	1,055	60
Real assets	-	-	-	6,478	-	6,478	N/A
Real estate	-	-	-	26,583	-	26,583	N/A
Investment receivables	634	108,950	-	-	-	109,584	N/A
Investment payables	(784)	-	-	-	-	(784)	N/A
Other investments	469	-	-	4,492	-	4,961	N/A
Total investments, at fair value	$ 430,557	$ 319,323	$ 221,658	$ 134,505	$ 33,995	$ 1,140,038	

As of June 30, 2016, $12,623 within the long-only equity investment strategy is locked up until May 31, 2019, $17,350 within the long-short equites investment strategy is locked up until March 31, 2017 and $2,161 within the long-short equites investment strategy is locked up until May 31, 2019. As of June 30, 2015, $27,229 within the multi-strategy/event driven investment strategy was locked up until September 1, 2015.

The University has placed redemptions with certain investments that are in the process of fully redeeming, in liquidation or are side pocketed. Payout from these investments is subject to when the investment manager determines and has the ability to sell the underlying assets to generate cash for payment. As such, payout of such investments may take a significant and indeterminable amount of time.

Details on outstanding commitments and remaining estimated life by strategy and type of investment are provided below as of June 30, 2016 and 2015:

2016					
		Remaining Years of Investments			
Investment strategy	**Unfunded Commitment**	**0–3 Years**	**4–5 Years**	**Greater Than 5**	**Total**
Equities					
Private equity	$ 33,663	$ 44,319	$ -	$ 9,316	$ 53,635
Venture capital	577	10,540	-	-	10,540
Real assets	2,473	251	-	5,601	5,852
Real estate	2,581	20,582	-	-	20,582
Total	$ 39,294	$ 75,692	$ -	$ 14,917	$ 90,609

(in thousands of dollars)

2015					
		Remaining Years of Investments			
Investment strategy	**Unfunded Commitment**	**0–3 Years**	**4–5 Years**	**Greater Than 5**	**Total**
Equities					
Private equity	$ 35,529	$ 42,312	$ 15,734	$ 6,321	$ 64,367
Venture capital	712	21,422	4,097	-	25,519
Real assets	9,137	1,581	-	4,897	6,478
Real estate	2,581	26,583	-	-	26,583
Total	$ 47,959	$ 91,898	$ 19,831	$ 11,218	$ 122,947

The net movement of cash and cash equivalents within the investments balance is included in proceeds from sales of investments in the Consolidated Statements of Cash Flows as of June 30, 2016 and 2015.

Net Investment Return

Net investment return for the years ended June 30, 2016 and 2015 is as follows:

	2016	2015
Investment income	$ 9,620	$ 7,776
Investment expenses	(1,878)	(2,835)
Net realized and unrealized gains (losses)	(24,608)	22,813
Net investment return	$ (16,866)	$ 27,754

5. Endowment

The University's endowment following the Transaction (Note 3) consists of approximately 1,600 individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University classifies as permanently restricted net assets: (a) the original values of contributions donated to the permanent endowment, (b) the original value of subsequent contributions to the permanent endowment, and (c) accumulations to the permanent endowment required by the applicable donor gift instrument. Appreciation related to donor-restricted endowment funds is classified as temporarily restricted net assets and reclassified as unrestricted net assets when those amounts are appropriated for expenditure and utilized.

(in thousands of dollars)

The following represents the University's endowment net asset composition by type of fund as of June 30, 2016 and 2015:

	2016			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	$ (13,270)	$ 110,663	$ 372,647	$ 470,040
Board-designated endowment funds	3,869	4,324	-	8,193
Total endowment net assets	$ (9,401)	$ 114,987	$ 372,647	$ 478,233
Other funds, net				(16,972)
Total investments				$ 461,261

	2015			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Donor-restricted endowment funds	$ (10,937)	$ 299,371	$ 594,366	$ 882,800
Board-designated endowment funds	4,217	7,442	-	11,659
Total endowment net assets	$ (6,720)	$ 306,813	$ 594,366	$ 894,459
Other funds, net				99,086
Less: Assets held for sale - Einstein				(465,109)
Total investments				$ 528,436

Changes in endowment net assets for the year ended June 30, 2016 were as follows:

	2016			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets at June 30, 2015	$ (6,720)	$ 306,813	$ 594,366	$ 894,459
Endowment income, net of expenses	53	6,792	75	6,920
Net realized and unrealized gains (losses) on endowments	(131)	(21,657)	(226)	(22,014)
Net endowment return	(78)	(14,865)	(151)	(15,094)
Contributions	5	46	3,302	3,353
Appropriation of endowment assets per spending policy	(221)	(28,117)	(313)	(28,651)
Transfers, withdrawals and other changes	(54)	(151,240)	(224,540)	(375,834)
Reclassifications	(2,333)	2,350	(17)	-
Endowment net assets at June 30, 2016	$ (9,401)	$ 114,987	$ 372,647	$ 478,233

In connection with the Transaction, the University transferred $370,730 of endowments to AECOM, Inc. in fiscal 2016, which is included in transfers, withdrawals and other changes in the table of changes in endowment net assets above.

(in thousands of dollars)

Changes in endowment net assets for the year ended June 30, 2015 were as follows:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at June 30, 2014	$ 1,220	$ 327,795	$ 592,040	$ 921,055
Endowment income, net of expenses	39	3,755	36	3,830
Net realized and unrealized gains (losses) on endowments	199	19,211	191	19,601
Net endowment return	238	22,966	227	23,431
Contributions	30	535	4,129	4,694
Appropriation of endowment assets per spending policy	(533)	(43,423)	(432)	(44,388)
Transfers, withdrawals and other changes	(6,700)	(3,258)	(375)	(10,333)
Reclassifications	(975)	2,198	(1,223)	-
Endowment net assets at June 30, 2015	$ (6,720)	$ 306,813	$ 594,366	$ 894,459

In September 2010, the New York Prudent Management of Institutional Funds Act ("NYPMIFA") became effective in New York State. NYPMIFA contains provisions that govern appropriation and use, among other things, of donor-restricted endowment funds. NYPMIFA updated certain provisions of prior endowment management law that had become outdated.

Under NYPMIFA, a detailed prudence standard governs appropriation from endowment funds, and there is no longer a requirement to always maintain historic dollar value. Prudent appropriation from a fund whose value is less than its historic dollar value is permitted under certain circumstances. In particular, NYPMIFA provides that, unless a donor expresses a contrary intention in a gift instrument, a charitable institution may appropriate as much of an endowment fund as it "determines is prudent for the uses, benefits, purposes and duration for which the fund is established," without regard for historic dollar value. NYPMIFA retains the requirement that in making any decision to appropriate, "the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances." It further provides a requirement that the institution "shall consider, if relevant" the following eight factors in deciding whether or not to appropriate from a fund:

- The duration and preservation of the endowment fund
- The purposes of the Institution and the endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Institution
- Alternatives to expenditure of the endowment fund
- The investment policy of the Institution

The provisions of NYPMIFA allowing prudent appropriation without regard to historic dollar value apply to funds created after its effective date. Donors of funds created before that date were given the option of requiring institutions to continue to observe the historic dollar value restrictions contained in prior law. Some donors of University funds have elected this option. Moreover, a donor may incorporate in a gift instrument specific restrictions on appropriation that are different from either NYPMIFA or prior law.

Certain of the University's funds are governed by such restrictions. Thus the University has funds that fall into three categories with respect to appropriation: those from which it may prudently appropriate without regard to historic dollar value; those from which it may prudently appropriate appreciation only above historic dollar value; and those whose appropriation is governed by specific instructions in the governing gift instrument.

The investment objectives for the University's endowment are to preserve the principal value of those funds (noting guidance above regarding appropriation), in both absolute as well as real terms, and to maximize over the long-term the total rate of return earned without assuming an unreasonable degree of risk. In connection with these investment objectives, the Board of Trustees has adopted a spending policy.

The University's spending policies are consistent with the University's objectives to utilize income to support mission-critical programs while preserving capital and ensuring future growth of the endowment. Under these policies, and as approved by the Board of Trustees, the long-term focus of the endowment is to support the University's mission by providing a reliable source of funds for current and future use.

The University utilizes a spending rate in allocating appreciation earned on assets invested in the LTPools. In accordance with the current spending rate policy, 5.5% of the fair value per unit in the LTPools, based on a 12-quarter average value through December 31 of the previous year, is available for expenditure for the fiscal year commencing July 1. When donors have expressly stipulated the payout percentage of earnings on endowment that differs from the University's policies, the donors' intent prevails.

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below its original value. Deficiencies of this nature approximated $13,270 and $10,937 as of June 30, 2016 and 2015, respectively.

The Manhattan Campuses had a balance of prior borrowings from the LTPools utilized to fund operations of $10,844 and $34,215 at June 30, 2016 and 2015, respectively. This amount is reported as a reduction to the investment balance in the Consolidated Statements of Financial Position as of June 30, 2016 and 2015. As provided in the Joint Collaboration Agreement, $23,183 was repaid on September 9, 2015. This borrowing has (losses) gains of ($188) and $912 for the year ended June 30, 2016 and 2015, respectively. AECOM, Inc.'s share amounted to $4,338 out of the $10,844, which is included in investments held for AECOM, Inc. The University will repay AECOM, Inc.'s share over a ten year period commencing on September 9, 2020 and will accrue interest annually based on the equivalent return on the LTPool.

(in thousands of dollars)

6. Receivables and Other Assets

Contributions Receivable, Net

Contributions receivable consists of the following at June 30, 2016 and 2015:

	2016	2015
Amount expected to be collected in		
Less than one year	$ 18,305	$ 39,449
One to five years	70,764	29,203
Greater than five years	24,987	73,304
	114,056	141,956
Less:		
Discount to present value (1.49%–6.00%)	(15,385)	(18,056)
Allowance for uncollectible amounts	(28,417)	(38,384)
Total including assets held for sale	70,254	85,516
Less:		
Assets held for sale - Einstein (Note 3)	-	(20,232)
Total contributions receivable, net	$ 70,254	$ 65,284

As of June 30, 2016 and 2015, approximately 75% and 59%, respectively, of gross contributions receivable were from five donors. The allowance in 2016 and 2015 includes approximately $20,000 related to a long-term donor due to changes in circumstances.

Student Receivables, Net

The tables below provide disclosures about the student loan receivables as well as student tuition receivables at June 30, 2016 and 2015.

	2016		
	Receivable	Allowance	Net Receivable
Federal revolving loans	$ 7,345	$ (1,324)	$ 6,021
Institutional loans	32,198	(7,042)	25,156
Accrued Interest	4,835	(3,508)	1,327
Total student loans receivable	44,378	(11,874)	32,504
Total student tuition receivable	8,358	(5,130)	3,228
Total student receivables	$ 52,736	$ (17,004)	$ 35,732

(in thousands of dollars)

	2015		
	Receivable	Allowance	Net Receivable
Federal revolving loans	$ 7,228	$ (1,415)	$ 5,813
Institutional loans	48,974	(8,213)	40,761
Accrued Interest	7,824	(3,196)	4,628
Total student loans receivable	64,026	(12,824)	51,202
Total student tuition receivable	7,313	(4,303)	3,010
Total including assets held for sale	71,339	(17,127)	54,212
Less:			
Assets held for sale - Einstein (Note 3)	(20,001)	781	(19,220)
Total student receivables	$ 51,338	$ (16,346)	$ 34,992

	2016					
	Federal Revolving	Institutional	Accrued Interest	Total Loans Allowance	Student Receivables	Gross Allowances
Allowance at beginning of year	$ (1,415)	$ (8,213)	$ (3,196)	$ (12,824)	$ (4,303)	$ (17,127)
Current year recovery (provisions)	91	1,171	(312)	950	(827)	123
Allowance at end of year	$ (1,324)	$ (7,042)	$ (3,508)	$ (11,874)	$ (5,130)	$ (17,004)

	2015					
	Federal Revolving	Institutional	Accrued Interest	Total Loans Allowance	Student Receivables	Gross Allowances
Allowance at beginning of year	$ (1,319)	$ (8,545)	$ (2,856)	$ (12,720)	$ (5,757)	$ (18,477)
Current year (provisions) recovery	(96)	332	(340)	(104)	1,454	1,350
	$ (1,415)	$ (8,213)	$ (3,196)	$ (12,824)	$ (4,303)	$ (17,127)
Less: Assets held for sale - Einstein (Note 3)						781
Allowance at end of year						$ (16,346)

Write-offs of a student loan receivable are based primarily on the age of the receivable and an evaluation of any recent activity in the account. Overall default rates and an evaluation of general economic conditions are reviewed at least annually. The University, because of its close and continuing relationship with its students and graduates, seeks to work closely with the students to help ensure repayment.

Other Assets and Receivables
Other assets consist of grant receivables, prepaid expenses, prepaid bond issuance costs, deposits with bond trustees, donated fractional interests in real estate, cash deposits required by vendors, due to/from related entities, rent receivables, and various other miscellaneous receivables. Included at fair value are the assets of the University's 457(b) deferred compensation plan (Note 8). In addition, included at fair value are deposits with bond trustees which are primarily invested in U.S. Government securities which consist of $7 and $7,565 as of June 30, 2016 and June 30, 2015, respectively. These deposits are categorized as Level 1 on the fair value hierarchy table.

(in thousands of dollars)

The University has a lease agreement with Montefiore, whereby exclusive occupation, management, and control of Jack D. Weiler Hospital of Albert Einstein College of Medicine ('WHAECOM") is with Montefiore. This lease was amended and the revenue from the lease is now allocated to Manhattan Campuses instead of Einstein. The lease term was extended and the annual lease payment was increased to $2,500, effective as of September 9, 2015, with annual increases thereafter of 2% compounded annually through 2114. The rental income on this lease is recognized evenly over the life of the lease, and accordingly, a rent receivable of $13,030 and $8,697 is included in other assets and receivables in the Consolidated Statements of Financial Position at June 30, 2016 and 2015, respectively.

As of June 30, 2016, the University, as a lessor, is expecting to receive as minimum future lease payments for WHAECOM the following amounts over the next 5 years and thereafter:

	2017	2018	2019	2020	2021	Thereafter	Total
Minimim lease income	$ 2,550	2,601	2,653	2,706	2,760	747,054	$ 760,324

Included in other assets and receivables are amounts due from unconsolidated organizations. The University charges RIETS and the High Schools for management services (such as accounting, treasury operations, human resources, procurement, legal, and other administrative services) as well as facilities maintenance. The fees for these services to RIETS were $2,500 for each of the years ended June 30, 2016 and 2015. The cost of these services to the High Schools was $1,428 and $1,740 for the years ended June 30, 2016 and 2015, respectively. The University's inter-company receivable from RIETS is $2,973 and $3,303 at June 30, 2016 and 2015, respectively.

The University provided a subsidy for the High Schools of $2,391 and $2,617 for the years ended June 30, 2016 and 2015, respectively. The University also provided a subsidy for RIETS of $0 and $993 for the years ended June 30, 2016 and 2015, respectively.

7. Land, Buildings and Equipment

Land, buildings and equipment, net consisted of the following at June 30, 2016 and 2015:

	2016	2015
Land	$ 13,717	$ 17,387
Buildings and improvements	390,375	993,732
Equipment, furniture and fixtures	30,731	139,058
Capitalized asbestos remediation costs (Note 10)	5,493	6,704
Building under capital lease (Note 9)	-	36,150
	440,316	1,193,031
Less: Accumulated depreciation and amortization	(224,983)	(597,798)
Total including assets held for sale	215,333	595,233
Less: Assets held for sale	(5,657)	(371,845)
Total land, buildings and equipment	$ 209,676	$ 223,388

Depreciation and amortization expense related to buildings and equipment for the years ended June 30, 2016 and 2015 was $13,829 and $46,991, respectively. The University wrote off fully depreciated assets of $7,198 and $13,865 during the years ended June 30, 2016 and 2015, respectively.

(in thousands of dollars)

Assets Held for Sale

In fiscal 2016, the Board of Trustees authorized the sale of two properties located on the Brookdale campus and the Beren Campus for approximately $58,000 and $9,000, respectively. The two sales closed during fiscal 2017; the net book value of $5,657 and $0, related to the Brookdale campus and Beren Campus, respectively is presented in the Consolidated Statements of Financial Position as assets held for sale. The total approximate gains related to the sale of these two properties were $60,000 (Note 18).

8. Retirement Plans

Defined Contribution and Deferred Compensation Plans

The University has several defined contribution retirement plans in which most full-time and many part-time employees participate. The University's contributions are based on specified percentages of each employee's annual salary. It is the University's policy to fund retirement plan costs currently. Total retirement plan expense for the years ended June 30, 2016 and 2015 was $5,172 and $18,364, respectively.

The University has a 457(b) deferred compensation plan, which is offered to select management employees. The employee contributions are capped at the annual Federal limit for deferred compensation. The assets related to this plan are included in other assets and receivables in the Consolidated Statements of Financial Position and amounted to $11,582 and $8,383 as of June 30, 2016 and 2015, respectively. The assets primarily consist of mutual funds and guaranteed interest accounts that have been reported in the tables below with the appropriate investment leveling based on the fair value hierarchy described in Note 4.

	2016			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds at fair value	$ 7,681	$ -	$ -	$ 7,681

	2015			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 18,417	$ -	$ -	$ 18,417
Guaranteed interest accounts	-	-	8,069	8,069
Plan assets at fair value	$ 18,417	$ -	$ 8,069	$ 26,486
Less: Assets held for sale - Einstein (Note 3)				(18,103)
Plan assets at fair value				$ 8,383

Offsetting liabilities that relate to this plan are included in other liabilities as of June 30, 2016 and 2015. Beginning in fiscal 2016, the guaranteed interest accounts are being reported at contract value, which amounts to $3,901.

Multi-Employer Benefit Plan

The University participates in the 1199 SEIU Health Care Employees Pension Fund, a multi-employer defined benefit pension plan, for its Manhattan-based and Einstein 1199 union employees.

The University makes cash contributions to the plan under the terms of collective-bargaining agreements that cover its union employees based on a fixed rate and hours of service per week worked by the covered employees. The risks of participating in a multi-employer plan 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 the University chooses to stop participating in its multi-employer plan, the University may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

(in thousands of dollars)

In connection with the Joint Collaboration Agreement regarding Einstein (Note 3), substantially all 1199 union employees of Einstein have been hired by AECOM, Inc. As a result, the Transaction did not result in any withdrawal liability for the University. As required by ERISA, in the event that AECOM, Inc. withdraws from the plan during the first five years and fails to pay its withdrawal liability, the University will be secondarily liable. AECOM, Inc. has assumed all obligations under the plan and as part of the Transaction agreed to make the required plan contributions.

The University contributed $1,682 and $5,378 in cash and recorded expenses for the multi-employer plan for fiscal 2016 and 2015, respectively. The University's contributions to the 1199 Pension Fund represent less than 5% of total plan contributions.

The following table includes additional disclosure information related to the 1199 Pension Fund.

Plan Name	EIN Plan Number /Pension	Pension Protection Act Zone Status 2016	Pension Protection Act Zone Status 2015	FIP/RP Status Pending/ Implemented	Surcharge Imposed	Expiration date of Collective Bargaining Agreement
1199 Pension Fund	13-3604862/001	Green	Green	N/A	No	September 30, 2018

The Pension Protection Act zone status indicates the plan's funded status of either at least 80% funded (green) or less than 80% funded (red). A zone status of red requires the plan sponsor to implement a Funding Improvement Plan or Rehabilitation Plan.

The University has one contract with 1199 SEIU which expires on September 30, 2018.

(in thousands of dollars)

9. Bonds Payable and Other Debt

Details of the bonds payables and other debt as of June 30, 2016 and 2015 are as follows:

Description	Maturity Date	Interest Rate	2016	2015
Bonds payable - DASNY Bonds				
Series 2011A [a]	November 1, 2040	4.00%–5.00%	$ 54,330	$ 88,075
Series 2009 [b]	September 1, 2038	3.50%–5.18%	116,225	140,820
Series 2004 [c]	July 1, 2034	2.59%–5.25%	-	81,400
Principal subtotal			170,555	310,295
Add: Unamortized premiums			1,841	2,095
Subtotal - Bonds payable - DASNY Bonds			172,396	312,390
Private placement note [d]	September 1, 2024	6.75%	175,000	175,000
Mortgages payable	Varied	3.25%–4.50%	6,234	6,444
The Housing Company obligations [e]	April 30, 2035	0.00%–6.50%	-	42,604
Total bonds payable and other debt including bonds payable - Einstein and liabilities held for sale - Einstein			353,630	536,438
Less: Bonds payable - Einstein			-	(139,071)
Liabilities held for sale - Einstein (Note 3)			-	(42,604)
Bonds payable and other debt			$ 353,630	$ 354,763

a. In September 2011, DASNY issued $90,000 of Revenue Bonds Series 2011A (Series 2011A Bonds) on behalf of the University. The Series 2011A Bonds bear interest rates ranging from 4% to 5% with principal payments due at various dates commencing November 1, 2014, with a final maturity date of November 1, 2040. The Series 2011A Bonds are general unsecured obligations of the University; no security interest or mortgage encumbering University revenues or assets was granted in connection with the issuance of the Series 2011A Bonds. A portion of the proceeds of the Series 2011A Bonds was used for the payment of, or to reimburse the University for the payment of, certain capital expenditures and to reimburse $20,500 on a line of credit. A portion of the Series 2011A Bonds was used to refund all but $3,064 of the outstanding DASNY Series 2001 Bonds. The Series 2011A Bonds were issued with a net premium of $3,390, of which $1,463 and $1,767 were unamortized as of June 30, 2016 and 2015, respectively. As part of the Transaction regarding Einstein, $32,485 of the Series 2011A Bonds was defeased (Note 3).

b. In July 2009, DASNY issued $140,820 of Revenue Bonds Series 2009 (Series 2009 Bonds) on behalf of the University. The Series 2009 Bonds bear interest rates ranging from 3.50% to 5.18% with principal payments due at various dates commencing September 1, 2016, with a final maturity date of September 1, 2038. The Series 2009 Bonds are general unsecured obligations of the University; no security interest or mortgage encumbering University revenues or assets was granted in connection with the issuance of the Series 2009 Bonds. A portion of the proceeds of the Series 2009 Bonds was used for the payment of, or to reimburse the University for the payment of, certain capital expenditures. A portion of the Series 2009 Bonds was used to refund the outstanding DASNY Series 1998 Bonds. The Series 2009 Bonds were issued with a net premium of $1,386, of which $378 and ($60) were unamortized as of June 30, 2016 and 2015, respectively. As part of the Transaction regarding Einstein, $24,595 of the Series 2009 Bonds was defeased (Note 3).

c. In June 2004, DASNY issued $100,000 of Revenue Bonds Series 2004 (Series 2004 Bonds) on behalf of the University. The Series 2004 Bonds bear interest rates ranging from 2.59% to 5.25% with principal payments due at various dates commencing July 1, 2005, with a final maturity date of July 1, 2034. Of this amount, $90,000 was utilized for the construction of a biomedical facility, which houses the Price Center/Block Pavilion at Einstein. The remaining $10,000 was used for projects at the Manhattan Campuses. The Series 2004 Bonds are secured, subject to prior secured revenues, by a portion of the University's unrestricted revenues equal to the amount of principal and interest due in any year. Payment of principal and interest on the Series 2004 Bonds is guaranteed by Ambac Assurance Corporation. The Series 2004 Bonds were issued with a net premium of $2,208, of which $0 and $388 were unamortized as of June 30, 2016 and 2015, respectively. As part of the Transaction regarding Einstein, the remaining balance at June 30, 2015 of $79,030 was defeased (Note 3).

d. In August 2014, the University entered into a financing agreement with a private lender whereby it issued $175,000 of taxable bonds in a private placement. These taxable bonds are secured by mortgages on certain University properties with a net book value of approximately $71,000. The bonds bear interest at the rate of 6.75% per annum. Interest on the bonds is payable semi annually in March and September and the principal payment is due upon maturity on September 1, 2024. The University utilized a portion of the proceeds to refinance its other short-term borrowings. The University will incur approximately $11,813 annually in additional interest through 2024 when the bonds mature. In November 2016, the University exercised an option to redeem a portion of the outstanding borrowing and paid down $50,000 of the bonds (Note 18).

e. As part of the Transaction regarding Einstein, the University transferred 100% of its membership interest in the Housing Company to AECOM, Inc. (Note 3). The Housing Company has outstanding a first mortgage note and a subordinated mortgage note which was transferred and assumed as part of the Transaction. The Housing Company's first mortgage note was refinanced in December 2004 in a principal amount of $8,918. The note bears interest at the rate of 6.5% per annum. Installments of principal and interest are payable in 360 fixed monthly amounts of $56.

   Prepayment of the loan is not permitted until December 1, 2019. The mortgage requires the Housing Company to make a monthly escrow payment to the New York City Housing Development Corporation ("HDC") for, among other things, fire and extended coverage, and such other insurance as may be required so that there will be sufficient money on deposit to secure payment of each such item one month before the due date of such item. The mortgage provides for a reserve for replacements currently held by HDC pursuant to the original mortgage note. The reserve is increased by monthly payments in the amount of $25 until HDC conducts its next assessment. The subordinated mortgage note is noninterest-bearing with a principal amount of $35,121 that is due on April 30, 2035. The University is not obligated for this or any other debt of the Housing Company.

Projected debt service payments on the bonds and mortgages payable are as follows:

(in thousands of dollars)

Years Ending June 30,	**Principal**	**Interest**	**Total**
2017	$ 7,900	$ 20,100	$ 28,000
2018	8,914	19,729	28,643
2019	5,259	19,408	24,667
2020	5,513	19,161	24,674
2021	5,788	18,881	24,669
Thereafter	318,415	110,676	429,091
	351,789	$ 207,955	$ 559,744
Unamortized premium	1,841		
Total projected debt service payments	$ 353,630		

The unamortized bond issuance costs were $6,412 and $9,166 at June 30, 2016 and 2015, respectively.

Interest expense on the bonds and other debt for the years ended June 30, 2016 and 2015 was $22,743 and $24,631, respectively.

In connection with the Transaction, the University received $145,995 of consideration to defease DASNY bonds, of which $136,110 defeased outstanding principal and $9,885 related to other DASNY related costs.

The sale of the property on the Brookdale campus in October 2016 (Note 18) will reduce the University's bonds and mortgages payable by approximately $5,000; going forward, the University's corresponding debt service payments will no longer be required to be made.

10. Asset Retirement Obligations

The University has asset retirement obligations for asbestos related removal costs. The University accrues for asset retirement obligations in the period in which they are incurred if sufficient information is available to reasonably estimate the fair value of the obligation. Over time, the liability is accreted to its settlement value. Upon settlement of the liability, the University will recognize a gain or loss for any difference between the settlement amount and liability amount recorded.

A reconciliation of the beginning and ending carrying amounts of such obligations is as follows:

	2016	**2015**
Asset retirement obligations at June 30, 2015	$ 9,024	$ 11,125
Accretion expense	195	318
Asset retirement obligations settled or eliminated	(16)	(273)
Reclassification - Rousso	522	-
Total including liabilities held for sale	9,725	11,170
Less: Liabilities held for sale - Einstein (Note 3)	-	(2,146)
Asset retirement obligations at June 30, 2016	$ 9,725	$ 9,024

(in thousands of dollars)

11. Due to AECOM, Inc.

Included in the Consolidated Statements of Financial Position are certain assets that are being held for AECOM, Inc. due to the Transaction (Note 3).

The following are liabilities payable to AECOM, Inc. that the University has recognized as of June 30, 2016:

	2016
Investments held pending transfer	$ 73,770
Cash and cash equivalents	3,272
Other assets and receivables:	
457B plan	3,250
Workers Compensation	2,110
Faculty Mortgages	358
Total due to AECOM, Inc.	$ 82,760

12. Allocation of Certain Expenses

The accompanying Consolidated Statements of Activities report expenses by functional classification in accordance with the educational mission of the University in categories recommended by the National Association of College and University Business Officers. The University's primary program services are instruction and sponsored research. Expenses reported as Academic support, Student services and Auxiliary enterprises are incurred in support of these primary services. Institutional support includes general and administrative expenses of the University.

Expenses by functional classification, after allocating operations and maintenance, depreciation, and interest, are as follows for the years ended June 30, 2016 and 2015:

	2016					
	Before Allocation	Operations and Maintenance	Depreciation and Amorization	Interest	After Allocation	2015 Total
Instruction	$ 87,291	$ 12,678	$ 4,983	$ 8,198	$ 113,150	$ 193,180
Research and training	29,769	2,699	-	633	33,101	235,219
Patient care	2,150	191	-	45	2,386	39,659
Academic support	30,419	4,628	1,885	3,062	39,994	57,734
Student services	19,336	1,021	404	663	21,424	25,964
Institutional support	47,828	2,928	808	1,534	53,098	87,923
Auxiliary enterprises	7,236	12,623	5,387	8,608	33,854	44,825
Year ended June 30, 2016	$ 224,029	$ 36,768	$ 13,467	$ 22,743	$ 297,007	
Year ended June 30, 2015	$ 549,053	$ 64,853	$ 45,967	$ 24,631		$ 684,504

Fundraising expenses are included in institutional support. For the years ended June 30, 2016 and 2015, such costs were $11,870 and $14,932, respectively. For purposes of reporting fundraising expenses, the University includes only those fundraising costs incurred by its development office. Institutional support includes approximately $3,000 and $6,000 of restructuring costs incurred during fiscal 2016 and 2015, respectively.

(in thousands of dollars)

13. Scholarships and Tuition Transfers to AECOM, Inc.

Student tuition and fees are presented net of amounts awarded to students to defray their costs of attending the University as follows:

	2016	2015
University unfunded support	$ 58,333	$ 72,992
University funded support	20,772	25,262
	$ 79,105	$ 98,254

University unfunded support includes tuition discounts, financial aid, and merit scholarships awarded to students from unrestricted operating resources. University funded support includes financial aid and scholarships funded from restricted and external sources, including federal grant programs, private giving and endowment support.

As part of the affiliation with AECOM, Inc, the University has continued as the degree granting institution until AECOM, Inc. receives its accreditation. The University transferred to AECOM, Inc. gross tuition of $40,404, less a scholarship allowance of $15,290, for a net tuition transfer of $25,114.

14. Net Assets Released From Restrictions

Net assets released from restrictions during June 30, 2016 and 2015 were related for the following purposes:

	2016	2015
Academic chairs and support	$ 1,297	$ 2,536
Facility maintenance	4,664	5,960
Fellowships	924	986
Instruction, training and lectureships	3,842	1,626
Other	7,001	16,810
Public service	644	578
Research	373	49,900
Student scholarships	8,648	8,250
Time restricted pledges	6,370	6,920
	$ 33,763	$ 93,566

The amount of net assets released from restrictions presented in the Consolidated Statements of Activities for the year ended June 30, 2015 of $93,566, includes the release from restriction of a bequest of $56,634.

(in thousands of dollars)

15. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2016 and 2015 were available for the following purposes:

	2016	2015
Academic chairs	$ 28,172	$ 78,559
Facility maintenance	1,593	13,437
Faculty scholars and fellowships	10,799	28,884
Instruction, training and lectureships	13,454	42,865
Library	1,940	2,305
Other	65,902	73,399
Patient care	-	864
Public service	3,271	4,608
Research	97	62,284
Student scholarships	55,614	107,279
Time restricted pledges	9,093	16,483
	$ 189,935	$ 430,967

16. Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2016 and 2015 includes endowments, pledges, and loans and were available for the following purposes:

	2016	2015
Academic chairs and support	$ 52,588	$ 117,227
Capital projects	6,055	6,055
Facility maintenance	-	3,642
Faculty scholars and fellowships	14,208	36,738
Instruction and training and lectureships	66,461	82,853
Library	2,616	2,616
Other	11,236	12,482
Patient care	-	4,874
Research	4,686	60,703
Revolving fund for special projects	70,966	69,740
Student loans	13,589	39,241
Student scholarships	165,590	219,481
Trusts held by others in perpetuity	4,306	11,200
Unrestricted	14,738	14,683
	$ 427,039	$ 681,535

17. Contingencies

The University is a party to various litigation and other claims arising in the ordinary course of business. In the opinion of management, appropriate provision has been made for possible losses and the ultimate resolution of these matters will not have a significant effect on the University's consolidated financial statements.

Amounts received and expended by the University under various federal and state grants and contracts are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the University's consolidated financial statements.

The actions of Bernard Madoff, and J. Ezra Merkin and Ascot Partners, discussed in the 2013 consolidated financial statements' Note 8 (Contingencies), led to the appointment of a trustee and receiver, respectively, for Bernard Madoff's, J. Ezra Merkin's and Ascot Partners' assets. In August 2014, the University received a payment under the settlement negotiated by the New York State Attorney General with J. Ezra Merkin and Ascot Partners. The University has also filed a claim under the Madoff Victims Fund of the U.S. Attorney General, but there can be no assurance that the University will receive any recoveries from that fund. The Madoff Trustee sued the University, seeking to recover approximately $1,000 contributed by Bernard Madoff to the University across a six-year period, prior to 2008. During fiscal 2014, the University and the Madoff Trustee resolved the suit by settlement without trial, under confidential terms. The negotiated settlement amount was substantially less than the initial claim, and is not deemed material by the University.

In January 2014, the University's (and the High Schools') motion to dismiss the case brought against them (and others) in federal court in July 2013 by former students of the High Schools was granted, based upon the fact that the statute of limitations on such claims had run, among other defenses. The case was dismissed with prejudice by the trial judge. The litigation alleged abuse during the 1970s and 1980s by former High Schools employees and sought damages of over $680 million. The Plaintiffs appealed such dismissal and subsequently lost the appeal before the Second Circuit Court of Appeals, (the Plaintiffs' request for review by that court was also denied, as was their request for certiorari to the United States Supreme Court). Thereafter Plaintiffs filed yet another action in state court (New York County), asserting the same and related claims and also brought a claim against the schools and others by the parents of one of the victims, claiming emotional damages stemming from learning of their son's abuse. The University removed this case to Federal Court. Thereafter, counsel for the Plaintiffs severed the parent claim from the remaining causes of action and refiled the parents' case, with respect to which there was no federal jurisdiction, in state court. The University moved to dismiss that action, and the Court dismissed that action as well. It is currently unknown if that action will be appealed. With respect to the case filed in Federal Court, that case was dismissed on res judicata grounds, which dismissal was upheld by the Second Circuit. Plaintiffs again attempted to have that dismissal heard en banc by the Second Circuit, which request was also denied. In all such cases, the University and the High Schools intend to continue to vigorously defend themselves, and believe all previously issued dismissals will be upheld. The University and the High Schools have utilized legal counsel approved by their insurance carriers and believe there should be sufficient coverage such that a negative outcome will not have material financial impact. The University and the High Schools further believe that the litigation and other related costs will not have a material adverse effect. Following the end of the fiscal year, the University was advised by counsel that the Plaintiffs' counsel is not pursuing any further appeals or proceedings. This long-pending matter appears to be over.

18. Subsequent Events

In fiscal 2016, the Board of Trustees authorized the sale of two properties located on the Brookdale campus and the Beren Campus for approximately $58,000 and $9,000, respectively. The two sales were completed during fiscal 2017. The net book value of the $5,657 and $0, related to the Brookdale campus and the Beren Campus, respectively is presented in the Consolidated Statements of Financial Position as assets held for sale. With respect to the sale of the Brookdale campus property, the University was released from responsibility for approximately $1,000 of mortgage payable and approximately $4,000 of DASNY bonds payable upon defeasance to occur in fiscal 2017. The total approximate gains related to the sale of these two properties were $60,000.

In October 2016, the University sold the note receivable from AECOM, Inc. for $148,000 to an unrelated third party. The proceeds represented an approximately 6% discount of the future payment stream on the note. As part of the transaction, all obligations of AECOM, Inc. under the note and the future proceeds of the note have been assigned to the third party.

In November 2016, the University paid down $50,000 of the private placement bonds included in Bonds payable and other debt.

Subsequent event guidance requires the University to evaluate subsequent events to determine whether they provide additional evidence about conditions that existed at the date of the consolidated financial statements, and to determine if those events require recognition or disclosure in the consolidated financial statements. The University has performed an evaluation of subsequent events through January 17, 2017, which is the date the consolidated financial statements were issued.