

Yeshiva University and Related Entities

Consolidated Financial Statements
June 30, 2015 and 2014

Yeshiva University and Related Entities
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Independent Auditor's Report

To the Board of Trustees of
Yeshiva University and Related Entities

Emphasis of Matters

Yeshiva University and Related Entities
Consolidated Statements of Financial Position
June 30, 2015 and 2014

<i>(in thousands of dollars)</i>	2015	2014
Assets		
Cash and cash equivalents	\$ 34,555	\$ 39,289
Grants and contracts receivable, net	2,293	50,558
Contributions receivable, net (Note 6)	65,284	109,811
Student receivables, net (Note 6)	34,992	54,338
Due from affiliated organizations (Note 6)	3,303	4,993
Other assets (Note 6)	36,406	87,497
Mortgage loans receivable	1,115	18,059
Funds held by bond trustees (Note 9)	449	7,225
Investments (Note 4)	528,436	1,085,569
Trusts and split-interest agreements held by others	12,601	22,412
Land, buildings, and equipment, net (Note 7)	223,388	635,561
Assets held for sale - Einstein (Note 3)	986,041	-
Total assets	\$ 1,928,863	\$ 2,115,312
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 39,538	\$ 80,140
Deferred revenue	5,477	20,967
Line of credit and short-term borrowing (Note 9)	-	125,000
Trusts held for others	526	16,048
Other liabilities	13,683	49,458
Refundable advances from the	9.68 Tf	.2(,)-26e 404.16 709.16 Tm

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

Yeshiva University and Related Entities
Consolidated Statements of Activities
Years Ended June 30, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<i>(in thousands of dollars)</i>								
Operating revenues								
Tuition and fees, net of scholarships of \$98,254 in 2015 and \$96,149 in 2014 (Note 13)	\$ 129,502	\$ -	\$ -	\$ 129,502	\$ 133,149	\$ -	\$ -	\$ 133,149
Grants and contracts	210,203	-	-	210,203	215,374	-	-	215,374
Patient care revenue	32,465	-	-	32,465	36,572	-	-	36,572
Contributions	15,016	-	-	15,016	21,807	-	-	21,807
Services under affiliation agreements	25,731	-	-	25,731	23,474	-	-	23,474
Investment support utilized	44,463	-	-	44,463	46,942	-	-	46,942
Other investment income	1,404	-	-	1,404	1,412	-	-	1,412
Auxiliary enterprises	30,765	-	-	30,765	37,730	-	-	37,730
Other revenue	16,829	-	-	16,829	17,578	-	-	17,578
Net assets released from restrictions (Note 14)	93,566	-	-	93,566	124,692	-	-	124,692
Total operating revenues	599,944	-	-	599,944	658,730	-	-	658,730
Operating expenses								
Instruction	193,180	-	-	193,180	200,533	-	-	200,533
Research and training	235,219	-	-	235,219	254,519	-	-	254,519
Patient care	39,659	-	-	39,659	44,060	-	-	44,060
Academic support	57,734	-	-	57,734	58,947	-	-	58,947
Student services	25,964	-	-	25,964	27,714	-	-	27,714
Institutional support	87,923	-	-	87,923	106,262	-	-	106,262
Auxiliary enterprises	44,825	-	-	44,825	49,763	-	-	49,763
Total operating expenses	684,504	-	-	684,504	741,798	-	-	741,798
Change in operating activities	(84,560)	-	-	(84,560)	(83,068)	-	-	(83,068)
Nonoperating activities								
Contributions, net	-	21,098	(3,603)	17,495	-	28,167	(1,241)	26,926
Other revenue and transfers	-	2,508	(870)	1,638	211	4,006	1,304	5,521
Net assets released from restrictions and reclassifications (Note 14)	(732)	(91,610)	(1,224)	(93,566)	1,003	(117,862)	(7,833)	(124,692)
Change in value of split-interest agreements	-	(271)	14	(257)	-	124	(23)	101
Net investment return (Note 4)	2,331	25,031	392	27,754	15,766	101,895	1,163	118,824
Investment support utilized	(6,085)	(38,378)	-	(44,463)	(6,207)	(40,735)	-	(46,942)
Provision for uncollectible contribution receivable	-	(3,714)	(1,573)	(5,287)	-	(2,929)	(19,711)	(22,640)
Subsidy of affiliated organizations (Note 6)	(3,610)	-	-	(3,610)	(9,604)	-	-	(9,604)
(Loss) gain on transfer / sale of property (Note 7)	(15,662)	-	-	(15,662)	36,409	-	-	36,409
Other nonoperating expenses	(6,028)	-	-	(6,028)	-	-	-	-
Change in net assets from nonoperating activities	(29,786)	(85,336)	(6,864)	(121,986)	37,578	(27,334)	(26,341)	(16,097)
Change in net assets	(114,346)	(85,336)	(6,864)	(206,546)	(45,490)	(27,334)	(26,341)	(99,165)
Net assets at beginning of year	182,794	516,303	688,399	1,387,496	228,284	543,637	714,740	1,486,661
Net assets at end of year	\$ 68,448	\$ 430,967	\$ 681,535	\$ 1,180,950	\$ 182,794	\$ 516,303	\$ 688,399	\$ 1,387,496

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

Yeshiva University and Related Entities
Consolidated Statements of Cash Flows
June 30, 2015 and 2014

(in thousands of dollars)

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. BO 9.69.8(c)-3.7(l)e Rbata

(in thousands of dollars)

The Albert Einstein College of Medicine Staff Housing Co., Inc. (the “Housing Company”) owns and

(in thousands of dollars)

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, 2015 and 2014, the University generated net unrelated trade or business losses of \$29 and \$2,280, respectively. As of June 30, 2015, the University has approximately \$10,480 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).

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. 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 2015 had no material impact on the consolidated financial statements.

Financial Position and Liquidity

In recent years, the University has incurred significant operating losses, including \$84,560 in fiscal year 2015 and \$83,068 in fiscal year 2014, which has impacted the University's financial resources. The University's recurring operating deficits have been funded in part by short-term financing, proceeds from the sale of noncore properties, and utilization of Board-designated quasi-endowment funds, as approved by the Board of Trustees.

The recurring operating losses incurred by the University are as a result of several economic factors, including:

- Reduced research grant funding.
- Investments in faculty to enhance undergraduate education and medical research.
- Investments in facilities to support the growth needs of education and medical research.
- Investments in updated technologies.
- Increases in the need for University funds to supplement other sources of financial aid.

(in thousands of dollars)

As a result of these financial and operational challenges the University has been implementing certain strategic and operational initiatives. The University retained a financial advisor to assist in the review of the University's financial position and, together with the Board of Trustees and management, formulate 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:

(in thousands of dollars)

The University was in compliance with its bond and bank loan covenants at June 30, 2015 and 2014, and expects to remain in compliance, through fiscal 2016.

Management believes that the University will have sufficient liquidity to meet its ongoing obligations, through June 30, 2016.

2. Summary of Significant Accounting Policies

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

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(in thousands of dollars)

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 financial aid.

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, an allowance for contributions receivable estimated to be uncollectible is provided.

Cash and Cash Equivalents

Cash and cash equivalents represent the University’s working capital and include cash on hand and

(in thousands of dollars)

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions affecting the reported amounts of assets and

(in thousands of dollars)

Fair Value

The University values certain financial assets

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(in thousands of dollars)

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. The fair value of the University's bonds payable and other debt is disclosed in Note 9. 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, 2015 and 2014 approximated carrying value on the Consolidated Statements of Financial Position. The carrying amount of the remaining University's financial instruments approximates fair value because of their short maturity.

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.

Land, Buildings, and Equipment

Land, buildings, and equipment (Note 7) are stated substantially at cost, except for those received by gift, which are stated at appraised value at date of gift. 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

(in thousands of dollars)

In accordance with ASC 360-10-35, the carrying value of the assets (and liabilities) held for sale shall be measured at the lower of their carrying amount or fair value less cost to sell where appropriate, which the University has determined to be the carrying value. Additionally, per ASC 360-10-35, assets held for sale shall not be depreciated while they are classified as held for sale. As the Board of Trustees authorized the sale of these referenced assets and liabilities in June 2015, the depreciation of such assets for that time period until the end of fiscal year was deemed to be

(in thousands of dollars)

Other cash payments and other considerations.

Assuming the Transaction would have occurred on June 30, 2015, the effect would have resulted in

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Notes to Consolidated Financial Statements
June 30, 2015 and 2014

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Notes to Consolidated Financial Statements

(in thousands of dollars)

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

(in thousands of dollars)

June 30, 2014					
Fair Value	Valuation Technique	Significant Unobservable Input	Range		
Investment strategy					
State of Israel bonds	\$ 8,571	Face value	N/A		N/A
Real estate	13,494	NAV	78–90% 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 a 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 a life insurance policy, valued at policy surrender value, and directly held real estate properties, held at carrying value.

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
	26,162	350	(5,778)	2,725	23,459
Trusts and split interest agreements	22,412	-	-	(2,103)	20,309
Total Level 3 investments	\$ 48,574	\$ 350	\$ (5,778)	\$ 622	\$ 43,768

Yeshiva University and Related Entities
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(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 (\$2,439) and \$7,041 at June 30, 2015 and 2014, respectively. The University's policy is to recognize transfers in and transfers out as of the end of the period. During the years ended June 30, 2015 and 2014, 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 \$47,959 and \$46,755 at June 30, 2015 and 2014, 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, 2015 and 2014:

	June 30, 2015						Notice Periods in Days
	Monthly and More Frequent	Quarterly	Semi- annually and Annually	Greater Than One Year	Redemptions Placed	Total	
Investment strategy							
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	\$ 430,557	\$ 319,323	\$ 221,658	\$ 134,505	\$ 33,995	\$ 1,140,038	

Yeshiva University and Related Entities
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(in thousands of dollars)

	Monthly and More Frequent	Quarterly	Semi- annually and Annually	June 30, 2014 Greater Than One Year	Redemptions Placed	Total	Notice Periods in Days
Investment strategy							
Cash and cash equivalents	\$ 81,771	\$ -	\$ -	\$ -	\$ -	\$ 81,771	N/A
Fixed income							
U.S. Government obligations	100,003	-	-	-	-	100,003	N/A
Mutual funds (fixed income)	13,706	-	-	-	-	13,706	N/A
Corporate debt	24,910	-	-	-	-	24,910	N/A
State of Israel bonds	-	-	-	8,571	-	8,571	N/A
Equities							
Corporate stocks	61,151	-	-	-	-	61,151	N/A
Mutual funds (equities)	129,305	-	-	-	-	129,305	N/A
Long-only equities	37,465	83,379	42,765	-	857	164,466	30-90
Long-short equities	-	64,832	63,066	-	16,509	144,407	30-60
Private equity	-	-	-	68,584	-	68,584	N/A
Venture capital	-	-	-	11,945	-	11,945	N/A
Marketable alternatives							
Multi-strategy/event-driven	-	108,578	173,373	-	27,390	309,341	45-180
Macro	-	-	20,592	-	-	20,592	60
Real assets	-	-	-	3,742	-	3,742	N/A
Real estate	-	-	-	28,068	-	28,068	N/A
Investment receivables	394	60,889	-	-	-	61,283	N/A
Other investments	471	-	-	4,096	-	4,567	N/A
Total investments	\$ 449,176	\$ 317,678	\$ 299,796	\$ 125,006	\$ 44,756	\$ 1,236,412	

Yeshiva University and Related Entities
Notes to Consolidated Financial Statements
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(in thousands of dollars)

	June 30, 2014				
	Unfunded Commitment	Remaining Years of Investments			Total
		0-3 Years	4-5 Years	Greater Than 5	
Investment strategy					
Equities					
Private equity	\$ 29,671	\$ 51,050	\$ 16,816	\$ 718	\$ 68,584
Venture capital	974	2,791	9,154	-	11,945
Real assets	13,529	2,563	-	1,179	3,742
Real estate	2,581	28,068	-	-	28,068
	<u>\$ 46,755</u>	<u>\$ 84,472</u>	<u>\$ 25,970</u>	<u>\$ 1,897</u>	<u>\$ 112,339</u>

The net movement of cash and cash equivalents within the investments balance is included in proceeds from sales of investments on the Consolidated Statements of Cash Flows as of June 30, 2015 and 2014.

Net Investment Return

Net investment return for the years ended June 30, 2015 and 2014 is as follows:

2015

Yeshiva University and Related Entities
Notes to Consolidated Financial Statements
June 30, 2015 and 2014

(in thousands of dollars)

The following represents the University's endowment net asset composition by type of fund as of June 30, 2015 and 2014:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
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	<u>\$ (6,720)</u>	<u>\$ 306,813</u>	<u>\$ 594,366</u>	894,459
Other funds				99,086
Less: Assets held for sale - Einstein				<u>(465,109)</u>
Total investments				<u>\$ 528,436</u>

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (9,962)	\$ 319,705	\$ 592,040	\$ 901,783
Board-designated endowment funds	11,182	8,090	-	19,272
Toe 1 0 o(:)-281.1(e)4.4(n)4.4(d)4.4(o)4.4(R)4m[(D)01.1(e)4.4(d)-9.4(t)-273n6(d)4.4(n)4.4(t)-273a6(e)4.4(s)-10.3				

(in thousands of dollars)

Changes in endowment net assets for the year ended June 30, 2014 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at June 30, 2013	\$ 75,323	\$ 360,019	\$ 587,411	\$ 1,022,753
Endowment income, net of expenses	222	2,598	23	2,843
Net realized and unrealized gains (losses) on endowments	6,136	97,042	1,110	104,288
Net endowment return	6,358	99,640	1,133	107,131

(in thousands of dollars)

6. Receivables and Other Assets

Contributions Receivable, Net

Contributions receivable consists of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Amount expected to be collected in		
Less than one year	\$ 39,449	\$ 41,161
One to five years	29,203	39,002
Greater than five years	<u>73,304</u>	<u>76,827</u>
	141,956	156,990
Less:		
Discount to present value (1.67%–6.0%)	(18,056)	(15,050)
Allowance for uncollectible amounts	<u>(38,384)</u>	<u>(32,129)</u>
Total including assets held for sale	85,516	<u>\$ 109,811</u>
Less:		
Assets held for sale - Einstein (Note 3)	<u>(20,232)</u>	
Total contribution receivable, net	<u>\$ 65,284</u>	

As of June 30, 2015 and 2014, approximately 59% and 58%, respectively, of gross contributions receivable were from five donors. The allowance in 2015 and 2014 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, 2015 and 2014.

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

Yeshiva University and Related Entities
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(in thousands of dollars)

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

(in thousands of dollars)

Other Assets

Other assets consist of prepaid expenses, prepaid bond issuance costs, donated fractional interests in real estate, cash deposits required by vendors, due to/from related entities, rent receivables, and

(in thousands of dollars)

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, 2015 and 2014 was \$18,364 and \$19,703, 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 in the Consolidated Statements of Financial Position and amounted to \$26,486 and \$25,513 as of June 30, 2015 and 2014, 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.

	June 30, 2015			Total
	Level 1	Level 2	Level 3	
Investments				
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				(18,103)
Plan assets at fair value			\$	\$ 8,383

(in thousands of dollars)

(in thousands of dollars)

- g. The Housing Company has outstanding a first mortgage note and a subordinated mortgage note. 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 outstanding balance of the first mortgage note was \$7,483 at June 30, 2015. 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. Subsequent to year end, as part of the Transaction, the University transferred 100% of its membership interest in the Housing Company to New Einstein (Notes 3 and 18).
- h. In March 2013, the University and a bank agreed to amend and restate their 2010 revolving loan agreement, the proceeds of which were used by the University for capital expenditures or for working capital purposes. As amended and restated, the agreement provided for an increase in the facility (\$75,000, formerly \$50,000) and extended the maturity date of the facility to March 22, 2015 (formerly May 31, 2014) and provided for modestly higher interest rates (approximately 0.30% higher). After March 2013, the interest rate on the outstanding balance

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

Years Ending June 30,	Principal	Interest	Total
2016	\$ 4,752	\$ 27,562	\$ 32,314
2017	12,729	27,167	39,896
2018	14,377	26,539	40,916
2019	10,146	25,954	36,100
2020	10,651	25,446	36,097
Thereafter	481,688	180,155	661,843
	534,343	\$ 312,823	\$ 847,166
Unamortized premium	2,095		
	536,438		
Less:			

(in thousands of dollars)

10. Leases

Capital Lease – Kennedy

During 2005, the University, on behalf of Einstein, entered into a lease with the HHC for an existing facility on the Jacobi campus with an initial term of 50 years. The University has the right to cancel the lease after 25 years. The lease (known as the Kennedy lease) allows for the University to renew the lease for five additional periods of 10 years each. Included in the minimum lease payments are utility expenses of the facility for the first 7 years of the lease, and the remaining lease term has a utility credit for 2.5% of the lease payment. Einstein is using this facility to support its research, clinical, and teaching activities. The lease has been accounted for as a capital lease; and therefore, the related asset and liability have been recorded on the Consolidated Statements of Financial Position. The interest rate on this capital lease obligation is approximately 4.8%. Subsequent to year end, as part of the Transaction the University transferred 100% of the lease obligation (and benefits) to New Einstein (Note 18).

Minimum lease payments under this lease are as follows:

(in thousands of dollars)

Operating Lease – Van Etten

During 2005, the University, on behalf of Einstein, entered into a 30 year noncancelable operating lease with the HHC. The lease (known as the Van Etten lease) includes clauses that allow the University, on behalf of Einstein, to renew the lease for an additional 20 year period and five more renewable periods of 10 years each. The lease includes a facility and a 10 acre parcel of vacant land

(in thousands of dollars)

Total rent expense under this lease was \$1,483 in 2015 and in 2014. Included in liabilities held for sale and other liabilities on the Consolidated Statements of Financial Position is a deferred rent obligation of \$1,066 and \$798 at June 30, 2015 and 2014, respectively, which is a result of straight-lining the total minimum lease payments over the 30 year noncancelable period. . Subsequent to year end, as part of the Transaction the University transferred 100% of the lease obligation (and benefits) to New Einstein (Note 18).

The minimum lease payments that are associated with this lease are as follows:

Years Ending June 30,	
2016	\$ 1,130
2017	1,115
2018	1,097
2019	1,079
2020	1,059
Thereafter	28,949
	<u>\$ 34,429</u>

11. 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:

	<u>2015</u>	<u>2014</u>
Asset retirement obligations at June 30, 2014	\$ 11,125	\$ 15,279
Accretion expense	318	530
Asset retirement obligations settled or eliminated	<u>(273)</u>	<u>(4,684)</u>
Total including liabilities held for sale	11,170	<u>\$ 11,125</u>
Less: Liabilities held for sale - Einstein (Note 3)	<u>(2,146)</u>	
Asset retirement obligations at June 30, 2015	<u>\$ 9,024</u>	

12.

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(in thousands of dollars)

Expenses by functional classification, after allocating operations and maintenance, depreciation, and interest, are as follows for the years ended June 30, 2015 and 2014:

	Before Allocation	Operations and Maintenance	Depreciation	Interest	After Allocation	2014 Total
Instruction	\$ 155,181	\$ 18,332	\$ 11,732	\$ 7,935	\$ 193,180	\$ 200,533

(in thousands of dollars)

14. Net Assets Released From Restrictions

Net assets were released from restrictions during June 30, 2015 and 2014 for the following purposes:

	<u>2015</u>	<u>2014</u>
Academic chairs and support	\$ 2,536	\$ 13,490
Facility maintenance	5,960	17,400
Fellowships	986	2,317
Instruction, training and lectureships	1,626	3,583
Other	16,810	17,586
Public service	578	-
Research	49,900	57,349
Student scholarships	8,250	3,722
Time restricted pledges	6,920	9,245
	<u>\$ 93,566</u>	<u>\$ 124,692</u>

(in thousands of dollars)

16. Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2015 and 2014 includes endowments, pledges, and loans and were available for the following purposes:

	<u>2015</u>	<u>2014</u>
Academic chairs and support	\$ 117,227	\$ 116,915
Capital projects	6,055	6,038
Facility maintenance	3,642	3,817
Faculty scholars and fellowships	36,738	36,399
Instruction and training and lectureships	82,853	82,935
Library	2,616	2,616
Other	12,482	11,949
Patient care	4,874	4,874
Research	60,703	61,375
Revolving fund for special projects	69,740	74,316
Student loans	39,241	40,010
Student scholarships	219,481	220,975
Trusts held by others in perpetuity	11,200	11,561
Unrestricted	14,683	14,619
	<u>\$ 681,535</u>	<u>\$ 688,399</u>

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 position.

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 position.

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

that the University will receive any recoveries from that fund. The Madoff Trustee su 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 sut by settlement without trial, under confidential terms. The

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

(in thousands of dollars)

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, (and the Plaintiffs' request for review by that court was also denied, as was their request for certiorari to the United States Supreme Court). The University understands that counsel for the Plaintiffs filed a request for the trial judge to reconsider his earlier decision to

(in thousands of dollars)

operating expenses and transfers of approximately \$447,000 and deficit changes in operating activity of approximately (\$31,000).

For a transition period, estimated to be at least three years following the Closing, until New

