The Trustees of Columbia University in the City of New York

Consolidated Financial Statements
June 30, 2014 and 2013

Independent Auditor's Report

To The Trustees of Columbia University in the City of New York

We have audited the accompanying consolidated financial statements of The Trustees of Columbia University in the City of New York (the "University"), which comprise the consolidated balance sheet as of June 30, 2014 and the related consolidated statements of activities and of cash flows for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit 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 financial position of The Trustees of Columbia University in the City of New York at June 30, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have previously audited The Trustees of Columbia University in the City of New York's 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 15, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

PricewaterhouseCoopers LLP

October 14, 2014

The Trustees of Columbia University in the City of New York
Consolidated Balance Sheets
At June 30, 2014 and 2013
(in thousands of dollars)

	June 2014	June 2013
Assets		
Cash and cash equivalents	$641,318	$783,733
Accounts receivable, net:		
Government agencies	127,793	144,618
Patient receivables	79,524	72,604
Other	264,713	232,120
Investment income receivable, net	2,566	2,830
Receivable for securities sold	112,189	32,572
Cash and securities held in trust by others	5	2,850
Pledges receivable, net	762,098	833,726
Student loans receivable, net	99,918	97,775
Collateral for securities loaned		3,057
Investments, at fair value	9,259,511	8,190,902
Institutional real estate	837,576	828,990
Land, buildings, and equipment, net	3,375,792	3,068,544
Other assets	224,907	204,700
Net assets held by CPMC Fund, Inc.	70,516	66,555
Interest in perpetual trusts held by others	187,596	163,366
Total assets	**$16,046,022**	**$14,728,942**
Liabilities		
Accounts payable and accrued expenses	$277,769	$270,740
Liabilities for securities purchased	8,541	37,565
Securities loan agreement payable		3,057
Prepaid tuition and other deferred credits	61,278	49,640
Deferred revenue and unamortized bond premium	102,157	109,622
Refundable advances	91,130	96,447
Capital lease obligations	124,096	120,427
Conditional asset retirement obligations	110,893	106,290
Accrued employee benefit liabilities	156,545	196,026
Federal student loan funds	79,652	79,603
Actuarial liability for split-interest agreements	43,802	44,410
Bonds and notes payable	1,422,724	1,478,896
Other long-term liabilities	462,623	435,522
Total liabilities	**2,941,210**	**3,028,245**
Net assets		
Unrestricted	5,727,139	5,105,563
Temporarily restricted	4,654,194	4,057,273
Permanently restricted	2,723,479	2,537,861
Total net assets	**13,104,812**	**11,700,697**
Total liabilities and net assets	**$16,046,022**	**$14,728,942**

See accompanying notes to the consolidated financial statements.

The Trustees of Columbia University in the City of New York
Consolidated Statements of Activities
For the Year Ended June 30, 2014, with Comparative 2013 Totals
(in thousands of dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 2014	June 2013
Operating activities					
Revenues and support					
Tuition and fees	$1,215,249			$1,215,249	$1,137,592
Less financial aid grants	(327,884)			(327,884)	(315,262)
Net tuition and fees	887,365			887,365	822,330
Government grants and contracts:					
Direct	586,277			586,277	605,211
Indirect	183,371			183,371	195,807
Private gifts, grants and contracts:					
Direct	236,151	$90,972		327,123	396,297
Indirect	19,805			19,805	20,786
Revenue from other educational and research activities	254,763			254,763	224,830
Patient care revenue	937,188			937,188	874,883
Investment income and gains utilized	348,706	149,144		497,850	463,609
Sales and services of auxiliary enterprises	147,512			147,512	133,577
Other sources	1,728			1,728	1,356
Net assets released from restrictions	257,745	(257,745)			
Total operating revenues and support	**3,860,611**	**(17,629)**		**3,842,982**	**3,738,686**
Expenses					
Instruction and educational administration	1,412,326			1,412,326	1,296,089
Research	549,481			549,481	556,940
Patient care expense	769,544			769,544	747,032
Library	64,587			64,587	62,221
Operation and maintenance of plant	208,083			208,083	207,508
Institutional support	212,418			212,418	230,558
Auxiliary enterprises	126,403			126,403	106,858
Depreciation expense	191,984			191,984	182,013
Interest expense	47,162			47,162	47,386
Other	23,791			23,791	23,412
Total expenses	**3,605,779**			**3,605,779**	**3,460,017**
Change in net assets from operating activities	**254,832**	**(17,629)**		**237,203**	**278,669**
Nonoperating activities					
Endowment gifts			$118,858	118,858	210,670
Current year realized and unrealized capital gains (losses)	509,430	842,709	1,949	1,354,088	861,776
Endowment appreciation utilized	(130,268)	(231,973)		(362,241)	(354,336)
Change in net assets held by CPMC Fund, Inc.	(7,247)	10,317	891	3,961	(12,359)
Change in funds held by others in perpetuity			24,230	24,230	10,198
Present value adjustment to split-interest agreements	745	(503)	(2,554)	(2,312)	(4,474)
Changes in pension and post retirement obligations	30,328			30,328	45,028
Other					13,474
Reclassification	(36,244)	(6,000)	42,244		
Change in net assets from nonoperating activities	**366,744**	**614,550**	**185,618**	**1,166,912**	**769,977**
Change in net assets	**621,576**	**596,921**	**185,618**	**1,404,115**	**1,048,646**
Net assets at beginning of year	**5,105,563**	**4,057,273**	**2,537,861**	**11,700,697**	**10,652,051**
Net assets at end of period	**$5,727,139**	**$4,654,194**	**$2,723,479**	**$13,104,812**	**$11,700,697**

See accompanying notes to the consolidated financial statements.

The Trustees of Columbia University in the City of New York
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013
(in thousands of dollars)

	June 2014	June 2013
Cash flows from operating activities		
(Includes adjustments to reconcile change in net assets to net cash provided by operating activities):		
Change in net assets	$1,404,115	$1,048,646
Depreciation expense	191,984	182,013
Interest on capital lease obligations and CARO	10,960	10,906
Institutional real estate depreciation	20,510	20,543
Realized and unrealized (gains) losses	(1,354,088)	(861,776)
Partnership distributions	325,833	344,931
Contributions restricted for permanent investment, plant, and split-interest agreements	(159,451)	(336,755)
Contributions other than cash	(1,834)	(36,846)
Present value adjustments to split-interest agreements	2,312	4,474
Accreted interest on bonds	653	851
Change in fair value of net assets held by CPMC Fund, Inc.	(3,961)	12,359
Change in fair value of interest in perpetual trusts held by others	(24,230)	(10,198)
Change in operating assets and liabilities:		
Accounts receivable, net	(22,688)	(64,514)
Investment income receivable, net	264	(700)
Pledges receivable, net	71,628	86,469
Other assets	(20,207)	(10,334)
Accounts payable and accrued expenses	(17,051)	40,876
Prepaid tuition and other deferred credits	11,638	2,359
Deferred revenue and unamortized bond premium	(7,465)	2,683
Refundable advances	(5,317)	10,627
Accrued employee benefit liabilities	(39,481)	(33,902)
CARO and other long-term liabilities	9,792	20,786
Net cash provided by operating activities	393,916	433,498
Cash flows from investing activities		
Proceeds from sales of investments	2,483,831	2,238,795
Purchases of investments	(2,631,949)	(2,286,671)
Collections from student notes	12,603	11,244
Student notes issued	(14,746)	(15,706)
Investment in cash and securities held in trust by others	2,845	85,242
Purchases of institutional real estate	(31,604)	(35,421)
Purchases of plant and equipment	(448,233)	(350,950)
Net cash used by investing activities	(627,253)	(353,467)
Cash flows from financing activities		
Proceeds from contributions for:		
Investment in endowment	113,256	74,664
Investment in plant	41,396	258,309
Investment in split-interest agreements	4,799	3,782
Investment income on split-interest agreements	3,234	4,442
Payments on split-interest agreements	(6,154)	(5,950)
Payments on capital lease obligations	(8,833)	(8,325)
Repayment of bonds and notes payable	(118,000)	(57,855)
Proceeds from commercial paper issuance	61,175	
Net change in federal student loan funds	49	
Net cash provided by financing activities	90,922	269,067
Net change in cash and cash equivalents	(142,415)	349,098
Cash and cash equivalents at beginning of year	783,733	434,635
Cash and cash equivalents at end of year	$641,318	$783,733
Supplemental disclosure of cash flow information:		
Equipment and space acquired through capital leases	$7,156	$9,060
Cash paid during the year for interest	$76,608	$77,080

See accompanying notes to the consolidated financial statements.

1. Organization

The Trustees of Columbia University in the City of New York (the "University") is a private, nonsectarian, nonprofit institution of higher education whose activities are concentrated at two locations in New York City and extend around the globe. The University provides instruction through sixteen undergraduate, graduate, and professional schools. It operates a variety of research institutes and a library system to support its teaching, learning, and research activities. The University performs research, training, and other services under grants and contracts with agencies of the federal government and other sponsoring organizations. The University enrolls approximately 29,250 full-time and part-time students and employs approximately 15,407 full-time employees, including 5,721 full-time faculty members and research staff. Of these, 1,519 hold positions in the arts and sciences; 3,362 hold health science positions; and the remainder hold positions in the other professional schools.

The University is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code.

2. Columbia University Medical Center

Columbia University Medical Center ("CUMC"), a division of the University, located in the Washington Heights section of northern Manhattan, is one of the largest academic medical centers in the United States. It is composed of four schools: College of Physicians and Surgeons, Mailman School of Public Health, College of Dental Medicine, and School of Nursing.

CUMC has three primary areas of focus: patient care, scientific research, and education. CUMC offers a wide variety of degrees, certifications, and continuing education in health sciences. Faculty patient care services, sponsored research, tuition, endowment income, patent royalties, and gifts provide the majority of CUMC's revenues. Approximately 4,376 students are enrolled at CUMC, with a full-time faculty of 2,209, of whom approximately 290 are tenured. Additionally, CUMC's staff includes 3,556 part-time faculty instructors, 1,114 full-time researcher staff members, 200 part-time researchers, 269 post-doctoral research trainees and 1,660 post-doctoral clinical trainees. Approximately 65 percent of the full-time faculty and 27 percent of the part-time faculty hold clinical appointments and have admitting privileges at New York-Presbyterian Hospital ("NYP").

Patient care activities include patient visits performed by Columbia full-time faculty through its medical faculty practice plan, as well as clinical, educational and administration services provided to hospitals and other health care institutions through contractual agreements for services.

CUMC maintains several clinical and education affiliation agreements with other organizations. The most significant affiliation agreements are with NYP, St. Luke's–Roosevelt Hospital Center, which terminated as of December 31, 2013, Bassett Medical Center, and Harlem Hospital. Certain faculty physicians also provide patient care and supervision of residents at NYP network hospitals and other affiliates. In addition, through interinstitutional "medical service agreements," CUMC faculty provide patient care in specialty and subspecialty areas at hospitals in the tristate area and occasionally in other parts of the country and the world.

In fiscal 2014, the clinical faculty handled approximately 1.9 million outpatient and emergency room visits and participated in instruction and supervision of 645 University medical students and 911 residents and fellows at NYP. CUMC physicians generated approximately 62,000 NYP hospital admissions during the year.

Payments for patient-care services provided by the full-time faculty in both institutional and private office settings are derived mainly from third-party payers, including managed care companies (55 percent), Medicare (17 percent), Medicaid (13 percent), commercial insurance (5 percent), and other (1 percent). Direct patient payments comprise 9 percent of total payments.

3. Summary of Significant Accounting Policies

The significant accounting policies of the University are as follows:

Basis of Consolidation
The accompanying consolidated financial statements of the University include the accounts of all academic and administrative departments of the University. Additionally, the consolidated financial statements include the net assets and activities of the following entities, for which the University maintains managerial and financial control:

- Columbia Investment Management Company, LLC—Columbia Investment Management Company, LLC is a New York limited liability company formed by the University to manage the University's investment assets under the supervision of a Board appointed by the Trustees of the University and subject to the oversight of the Committee on Finance of the Trustees.
- Columbia University Press—Columbia University Press is a not-for-profit corporation formed to promote the study of economic, historical, literary, philosophical, scientific, and other subjects and to encourage and promote the publication of literary works embodying original research in such subjects.
- Reid Hall, Inc.—Reid Hall, located in Paris, France, was donated to the University in 1964. Reid Hall, Inc., a corporation organized under New York membership corporation law as an educational and charitable organization, operates Reid Hall to promote, facilitate, and aid the educational, cultural, and social interests of students studying in France.
- The University holds a number of other New York limited liability companies, Delaware not-for-profit corporations, and international organizations, which are established to facilitate various program and research objectives.

The University provides investment custodial services and manages all of the assets of Columbia Presbyterian Medical Center Fund, Inc. ("CPMC Fund, Inc."), a not-for-profit corporation that was created to hold and receive gifts for the University and NYP. The consolidated financial statements reflect the University's interest in the net assets of CPMC Fund, Inc. as well as the assets and amounts due NYP.

The University is also the sole corporate member of two not-for-profit practice entities, Columbia Ophthalmology Consultants, Inc., and Columbia University Healthcare, Inc., and a professional corporation, Columbia Doctors of New Jersey, and as such, consolidates these entities into the University's consolidated financial statements.

All significant intercompany accounts have been eliminated in consolidation.

Accrual Basis
The consolidated financial statements of the University have, in all material respects, been prepared on an accrual basis.

Basis of Presentation
The University maintains its accounts in accordance with the principles of fund accounting. Under this method of accounting, resources for various purposes are classified into funds that are consistent with activities or objectives specified by donors. Separate accounts are maintained for each fund.

For reporting purposes, the University prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") that requires resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into three categories of net assets – unrestricted, temporarily restricted, and permanently restricted. Periodically, donor redesignations may result in reclassifications of net assets. Descriptions of the three net asset categories and the type of transactions affecting each category follow.

Unrestricted—Net assets that are not subject to donor-imposed restrictions. This category includes unrestricted gifts, certain endowment income balances, certain board-designated endowment principal balances, including capital appreciation on such balances, certain plant funds, University-designated loan funds, and other unrestricted designated and undesignated current funds.

Temporarily restricted—Net assets that are subject to legal or donor-imposed stipulations that will be satisfied either by actions of the University, the passage of time, or both. These net assets include gifts donated for a particular purpose, certain other balances with donor-imposed restrictions, amounts subject to time restrictions such as funds pledged for future payment, or amounts subject to legal restrictions, such as the portion of a donor-restricted permanent endowment fund that is not classified as permanently restricted net assets, as required by the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), adopted on September 17, 2010. Once the time and purpose restriction are satisfied, or have been deemed to have been satisfied, those temporarily restricted net assets are released from restrictions.

Permanently restricted—Net assets that are subject to donor-imposed stipulations that will be invested to provide a perpetual source of income to the University. Donors of these assets require the University to maintain an endowment fund in perpetuity. The University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) realized and unrealized gains and losses to the permanent endowment when stipulated by the donor gift instrument.

Revenues and Expenses
Revenues are reported as increases in unrestricted net assets unless the use of those assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law.

Tuition and Fees and Financial Aid
Tuition and fees are derived from degree programs as well as executive and continuing education programs. Tuition and fee revenue is recognized as operating income in the period in which it is earned. Tuition and fee receipts received in advance are recorded as deferred revenue. Net tuition and fees are computed after deducting certain scholarships and fellowships awarded to students. In order to assist students in meeting tuition and other costs of attendance, the University administers a variety of federal, state, institutional, and private programs. Financial aid packages to students may include direct grants, loans, and employment.

Contributions
Contributions for University operations and plant, including unconditional promises to give ("pledges"), are recognized as operating revenue in the period earned. Contributions to endowment are recognized as nonoperating revenue in the period earned. Pledges that are expected to be collected within one year are recorded net of an allowance for uncollectable pledges. Amounts expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those pledges are computed using an interest rate for the year in which the promise was received and considers market and credit risk as applicable. Subsequent years' accretion of the discount is included in contribution revenue. Conditional promises to give are not recognized as revenue until such time as the conditions are substantially met.

Patient Care Revenue and Expense
Patient care activities relate to three distinct areas: medical faculty practice plans, affiliation agreements, and medical service agreements.

Patient Care expenses include direct expenses associated with providing patient care services, as well as administrative functions within the University's faculty practice organization. Patient Care expense does not include rent or utilities in clinical space, as those costs are aggregated with all University space costs within "Operations and Maintenance of plant".

The University provides medical care to patients via its faculty practice through CUMC, primarily under agreements with third-party payors. Agreements with third-party payors, including health maintenance organizations, provide payment for medical services at amounts different from rates established by the University. Medical faculty practice plan revenue is reported net of two items: (a) contractual allowances from third-party payors for services rendered and (b) estimates of uncollectible amounts. Included within the faculty practice revenues and expenses are financial arrangements associated with several physician professional corporations.

The University maintains several clinical and education affiliation agreements with other organizations. The University provides medical, professional, and supervisory staff as well as other technical assistance. Revenues and expenses from these agreements are accounted for in patient care and education categories of the operating activity in the Consolidated Statement of Activities.

Grant and Contract Income
The University receives grant and contract income from governmental and private sources. The University recognizes revenue associated with the direct costs of sponsored programs as the related costs are incurred. Recovery of facilities and administrative costs of federally sponsored programs are at reimbursement rates negotiated with the University's cognizant agency, the Department of Health and Human Services. The University and the federal government are currently operating under an agreement that provides for facilities and administrative cost rates under federal grants and

contracts through June 30, 2014. The agreement provides for provisional facilities and administrative cost rates under federal grants and contracts which will be effective on July 1, 2014 and which remain in effect until such time as a new agreement is reached.

Research and Development
The University engages in numerous research and development projects, partially or fully sponsored by governmental and private funds. These costs are charged to operating expense as incurred. The University periodically funds and develops patents for certain technologies, then licenses the usage of these patents to companies over several years. The revenue, net of payments due to third parties, is recorded in "Revenue from other educational and research activities" in the Consolidated Statement of Activities. Costs incurred with developing and maintaining these patents are expensed as incurred.

Institutional Support
Institutional Support expense includes central administrative functions and expenses that support the management of the University. This category also includes any net operating surplus or deficit of the University's benefit pool, as recoveries from units across the University may be less than or greater than benefits paid in a given year.

Cash and Cash Equivalents
Cash and cash equivalents are recorded at fair value and include several depository accounts, checking accounts, institutional money market funds, and similar temporary investments with maturities of three months or less at the date of purchase.

Investments
The University's investments, consisting primarily of publicly traded fixed income and equity securities, alternative investments, and cash held for reinvestment, are stated at fair value as of June 30, 2014 and 2013. Alternative investments include investments in absolute return strategy funds, private equity funds, and real asset funds (collectively, the 'funds'). The management of the respective fund provides the fair value of the investment. The University reflects its share of the partnerships or corporations in the consolidated financial statements.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The University believes that the net asset value of its alternative investments is a reasonable estimate of fair value as of June 30, 2014 and 2013. Because alternative investments are not marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed. Such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying consolidated financial statements based on the University's proportionate share in the net assets of these investments.

The University records both the assets and corresponding liabilities generated by securities lending transactions as "Collateral for securities loaned" and "Securities loan agreement payable". The loaned securities are returnable on demand and are collateralized by cash and cash equivalents.

The University's presentation in the Consolidated Statement of Cash Flows for limited liability partnerships, limited liability corporations, and other similarly structured investments is consistent with the accounting for equity method investments as it represents the underlying nature of these investments in which the University has a capital account.

The University records purchases and sales of securities on a trade-date basis. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected in the Consolidated Statement of Activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

Split-Interest Agreements

The University's split-interest agreements with donors consist primarily of charitable gift annuities, pooled income funds, and irrevocable charitable remainder trusts for which the University serves as custodian and trustee. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements. In the case of irrevocable split-interest agreements whose assets are held in trusts not administered by the University (third-party charitable trusts), the University will recognize its beneficial interest when it is provided sufficient reliable information and documentation that establishes the trust's existence.

Contribution revenues for split-interest agreements are recognized at the dates the agreements are established net of the present value of the estimated future payments to be made to the beneficiaries, if applicable, under these agreements. The discounts on those agreements are computed using an interest rate for the year in which the promise was received and considers market and credit risk as applicable. Assets related to these agreements are recorded in "Investments, at fair value," and categorized as Level 2 and Level 3. The liability for the present value of the estimated future payments to be made to the beneficiaries is recorded in "Actuarial liability for split-interest agreements." Adjustments to the fair value of these agreements are recorded in the Consolidated Statement of Activities under "Present value adjustment to split-interest agreements."

Institutional Real Estate

Institutional real estate consists primarily of properties proximate to the University's Morningside and Washington Heights campuses, the primary purpose of which is to house faculty, staff, and graduate students. The income earned on this investment is used primarily to finance operating expenditures. The properties are valued at cost and depreciated over a useful life of fifty years.

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost net of accumulated depreciation. Depreciation is calculated on a straight-line basis over useful lives ranging from ten to forty years for buildings and improvements and three to twenty years for equipment, consistent with the method used for government cost reimbursement purposes. Capitalized software costs are amortized over seven years. Upon disposal of assets, the costs and accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in operations.

Other Assets

Prepaid expenses, bond issuance costs, the University's investment in the Medical Center Insurance Company ("MCIC"), and insurance recovery receivable are categorized within other assets. Bond issuance costs are amortized over the expected holding period of the specific debt issue.

Collections
Collections at the University include works of art, literary works, historical treasures, and artifacts that are maintained in the University's galleries, libraries, and buildings. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service and, therefore, are not recognized as assets on the Consolidated Balance Sheet. Costs associated with purchasing additions to and maintaining these collections are recorded as operating expenses in the period in which the items are acquired.

Interest in Perpetual Trusts Held by Others
The University is the beneficiary of certain perpetual trusts administered by others. These trusts are recognized as permanently restricted contributions upon receipt of documentation evidencing that the trust has been established and a statement of its assets, and adjusted to fair value each year. The fair value of the interest in the perpetual trust is based on the University's share of the income generated by the trust, ascribed to the fair value of assets reported by the trust. Gains and losses resulting from the change in fair value of trust assets are reported as nonoperating activity in the Consolidated Statement of Activities.

Capital Lease Obligations
Capital lease obligations are recognized for equipment and space where substantially all of the risks of ownership have been transferred to the University. The obligations extend up to five years for equipment and up to fifty years for space.

Conditional Asset Retirement Obligations
Conditional asset retirement obligations ("CARO") are recognized for remediation or disposal of asbestos, underground storage tanks, soil, and radioactive sources and equipment as required by law. The fair value of the liability for a conditional asset retirement obligation is recognized in the period in which it occurred, provided that it can be reasonably estimated.

Other Long Term Liabilities
Other long term liabilities are obligations that extend beyond one year, or operating cycle, whichever is longer. The obligations for the medical malpractice liabilities, self-insurance reserves, the fixed payor swap agreement and other commitments are categorized in other long term liabilities.

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 disclosure of contingent assets and liabilities 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. The most significant estimates include valuation of investments without readily determinable public markets, estimated useful life of land, buildings and equipment, actuarially determined costs associated with split-interest agreements, pension, postemployment and postretirement benefits, contractual allowances for patient receivables, allowances for doubtful accounts, insurance obligations and conditional asset retirement obligations.

2013 Presentation
While comparative information is not required under GAAP, the University believes that this information is useful and has included comparative financial information from the consolidated

financial statements for 2013. Within the Statement of Activities prior year presentation of restricted asset categorization has been condensed for comparative purposes. There has been no change in total by net asset class. This summarized information is not intended to be a full presentation in conformity with GAAP, which would require certain additional information. Accordingly, such information should be read in conjunction with the University's audited consolidated financial statements for the year ended June 30, 2013. In addition, certain amounts in the summarized consolidated financial statements for fiscal year 2013 have been reclassified to conform to the fiscal year 2014 presentation.

New Authoritative Pronouncements
In January, 2013, FASB issued Accounting Standards Update No. 2013-01, Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities which clarifies the scope of Accounting Standards Update No. 2011-11 as it applies to derivatives accounted for in accordance with Topic 815, Derivatives and Hedging, requiring additional disclosures for derivative portfolios including disclosing the gross amounts of recognized financial assets and financial liabilities, amounts offset in the balance sheet and subject to an enforceable master netting arrangement. The University has adopted the standard in fiscal year 2014 and disclosures pertaining to this topic have been included in the consolidated financial statements.

In October 2012, FASB issued Accounting Standards Update No. 2012-05, Statement of Cash Flows (Topic 230) Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows, which defines the financial reporting for the receipt of donated securities in the Statement of Cash Flows. Donated securities with no donor-imposed restrictions and converted nearly immediately into cash, are to be included in the operating section of the statement, while donated securities with donor-imposed long-term restrictions should be included in the financing section. The University has adopted the standard in fiscal year 2014.

4. Operating Measurement

The University divides its Consolidated Statement of Activities into operating and nonoperating activities. The operating activities of the University include all income and expenses related to carrying out its educational and research mission. Operating revenues include investment income and endowment appreciation utilized to fund current operations, the largest portion of which is the distribution of funds budgeted in accordance with the endowment spending rule.

Nonoperating activities include current year realized and unrealized gains and losses on investments, including realized gain distributions from fund investments, less amounts withdrawn from endowment appreciation to fund operations. Nonoperating activities also include new gifts to permanently restricted endowments, changes in net assets held by CPMC Fund, Inc., changes in perpetual trusts held by others, present value adjustments to split-interest agreements, changes in pension and postretirement obligations, other items and reclassifications.

5. Patient Care Revenue

The University's affiliation agreements with area hospitals generated $275.6 million and $247.6 million of revenue for the years ended June 30, 2014 and 2013, respectively. As of June 30, 2014 and 2013, accounts receivable includes $93.4 million and $82.2 million, respectively, relating to these agreements.

Medical faculty practice revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Medical faculty practice revenues are $622.1 million and $586.2 million for the years ended June 30, 2014 and 2013, respectively. As of June 30, 2014 and 2013, patient accounts receivable amounts to $79.5 million and $72.6 million, respectively. Medical service agreements generated $22.8 million and $22.8 million of revenue for the years ended June 30, 2014 and 2013, respectively and other patient care activities generated $16.7 million and $18.3 million of revenue for the years ended June 30, 2014 and 2013, respectively.

6. Long-Term Investments and Fair Value

The University values its investments in accordance with GAAP and consistent with the FASB official pronouncement on *Fair Value Measurements* for financial assets and liabilities. The pronouncement defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value utilize relevant observable inputs and minimize the use of unobservable inputs.

The University follows a fair value hierarchy based on three levels of inputs, described below:

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

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or inputs other than quoted prices that are observable.

Fair value for Level 3 is based on valuation techniques that use significant inputs that are unobservable as they are not actively traded.

Investments categorized as Level 2 and Level 3 include the University’s ownership in funds that invest in alternative assets (i.e. absolute return strategy funds, private equity funds, and real asset funds) and funds that invest in equity and fixed income strategies. The value of the University’s investments in these funds represents the University’s ownership interest in the net asset value (NAV) of the respective fund. The University is permitted under GAAP to estimate the fair value of an investment at the measurement date using the NAV reported by the fund without further adjustment, provided the NAV has been calculated in accordance with or in a manner consistent with GAAP, and provided further that the University does not expect to sell the investment at a value other than NAV. The University has various processes and controls in place to ensure investment fair value is reasonable and performs additional procedures and due diligence procedures of its investments including an assessment of applicable accounting policies, a review of the valuation procedures employed, and consideration of redemption features and price transparency.

(in thousands of dollars)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining the categorization of the University's investments within the fair value hierarchy, the University has considered market information, including observable net asset values, and the length of time until the investment will become redeemable. Investments which can be redeemed at NAV by the University up to 180 days beyond the measurement date are classified as Level 2. If the redemption period extends beyond 180 days, the investment is categorized as Level 3. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of that instrument and does not necessarily correspond to the University's perceived risk of that instrument.

In addition, the University holds direct real estate investments categorized as Level 3. Valuation for material directly held real estate investments is determined from periodic valuations prepared by independent appraisers or broker opinions.

The following tables present assets and liabilities measured at fair value at June 30, 2014 and June 30, 2013.

	2014			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments:				
Cash and cash equivalents	$ 217,316	$ 400,871		$ 618,187
Global equities	927,965	292,421	$ 630,302	1,850,688
Fixed income	21,755	345,718	88	367,561
Absolute return strategies	22,693	1,088,510	1,641,615	2,752,818
Private equity		2,170	1,998,678	2,000,848
Real assets	37,600		1,631,809	1,669,409
Investments, at fair value	1,227,329	2,129,690	5,902,492	9,259,511
Interest in perpetual trusts held by others			187,596	187,596
Total assets at fair value	$ 1,227,329	$ 2,129,690	$ 6,090,088	$ 9,447,107
Liabilities				
Swaps payable		$ 58,085		$ 58,085
Total liabilities at fair value		$ 58,085		$ 58,085

(in thousands of dollars)

	2013			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments:				
Cash and cash equivalents	$ 118,153	$ 387,016		$ 505,169
Global equities	860,252	278,278	$ 506,531	1,645,061
Fixed income	21,655	327,778	350	349,783
Absolute return strategies	15,488	1,087,415	1,402,494	2,505,397
Private equity		1,916	1,751,751	1,753,667
Real assets	10,444		1,421,381	1,431,825
Investments, at fair value	1,025,992	2,082,403	5,082,507	8,190,902
Interest in perpetual trusts held by others			163,366	163,366
Total assets at fair value	$ 1,025,992	$ 2,082,403	$ 5,245,873	$ 8,354,268
Liabilities				
Swaps payable		$ 55,213		$ 55,213
Total liabilities at fair value		$ 55,213		$ 55,213

Cash and cash equivalents

Cash and cash equivalents includes government securities and money market instruments and are valued at amortized cost which approximates fair value.

Global Equities and Fixed Income

Global equities and fixed income consists of investments in publicly traded U.S. and foreign common and preferred equities, funds that invest in equity and fixed income based strategies, and cash held in separate accounts committed to these strategies. The fair value of these investments is based on quoted market prices. Investments that are listed on an exchange are valued, in general, at the last reported sale price (or, if there is no sales price, at the last reported bid price, or, in the absence of reported bid prices, at the mean between the last reported bid and asked prices thereof). Fund investments in equity and fixed income based strategies are valued in accordance with valuations provided by the investment managers of the underlying funds. If the University has the ability to redeem from a fund up to 180 days beyond the measurement date at NAV, the investment is categorized as Level 2. If the redemption period extends beyond 180 days, the investment is categorized as Level 3.

Alternative Investments

Alternative investments include interests in absolute return strategy funds, private equity funds, and real asset funds. These private equity funds include large market, leveraged buyout and venture capital based strategies. The University values these investments in accordance with valuations provided by the investment managers of the underlying funds. These funds may make investments in securities that are publicly traded, which are generally valued based on observable market prices, unless a restriction exists. In addition, interests in a private equity fund may be publicly traded and valued based on observable market prices. As a general rule, managers of funds invested in alternative investments value those investments based upon the best information available for a given circumstance and may incorporate assumptions that are the investment manager's best estimates after consideration of a variety of internal and external factors. If no public market exists for the investments, the fair value is determined by the investment manager taking into consideration, among other things, the cost of the investment, prices of recent significant placements of similar investments of the same issuer, and subsequent developments concerning the companies to which the investments relate. The University's management may consider other factors in assessing the fair value of these investments. If the University has the ability to redeem from an absolute return strategy fund up to 180 days beyond the measurement date at NAV, the investment is categorized as Level 2. If the redemption period extends beyond 180 days, the investment is categorized as Level 3. All private equity funds and real asset funds, with the exception of directly-held public securities, are categorized as Level 3 given that the University does not have discretion for timing of withdrawal.

The fair value of the alternative investment funds in the table above represents the amount the University would expect to receive at June 30, 2014 and 2013, if it had liquidated its investments in the funds on these dates. The University has performed due diligence around these investments and believes that the NAV of its alternative investments is a reasonable estimate of fair value as of June 30, 2014 and 2013. Alternative investments may allocate a high percentage of their assets in specific sectors of the market in order to achieve a potentially greater investment return. As a result, the investments may be susceptible to economic, political, and regulatory developments in a particular sector of the market, positive or negative, and may experience increased volatility in net asset values.

Absolute return strategies also include separate accounts with direct investments in fixed income (which include mortgage back securities, collateralized mortgage obligations, and convertible bonds) and cash committed to these strategies. The fair value of these investments is based on the last reported bid price obtained from pricing sources or broker quotes and is categorized as Level 2.

Perpetual Trusts
The fair value of interest in perpetual trust held by third parties is based on the University's share of the income generated by the trust, ascribed to the fair value of the assets reported by the trust.

Derivatives
Investment fund managers may invest in derivatives, and the value of these positions is reflected in the NAV of the respective funds. Separately, the University employs derivatives primarily to hedge its risks and to rebalance its market exposures. Derivatives used may include futures, swaps, options, and forward contracts and are reflected at fair value following the definition of Level 1 and Level 2 assets as described above. Certain derivative positions held within the endowment portfolio are subject to master netting agreements included within an International Swap and Derivatives Association, Inc. ("ISDA") master agreement with each of the counterparties. These positions are reflected on a net basis within Investments, at fair value on the Consolidated Balance Sheet. The equity derivatives held directly by the University within the endowment portfolio had a net fair value of ($2.4) million and ($14.1) million at June 30, 2014 and 2013, respectively. At June 30, 2014 and June 30, 2013 the fair value of the derivatives was comprised of gross assets of $4.5 million and zero, respectively and gross liabilities of $6.9 million and $14.1 million, respectively. As of June 30, 2014 and 2013, the University has provided counterparties with collateral of $33.7 million and $42.9 million, respectively, related to these derivative positions.

As of June 30, 2014 and 2013, the notional amounts of long equity derivative contracts were $739.0 million and $797.7 million, respectively, and the notional amounts of short equity derivative contracts were $247.9 million and $363.8 million, respectively. The fair value of the equity swap assets were $3.7 million and ($7.6) million at June 30, 2014 and 2013, respectively. In addition, the University also held currency derivative contracts with notional amount of $129.3 million at

June 30, 2013. There were no currency derivative contracts outstanding at June, 30, 2014. The fair value of the currency contracts was ($1.2) million on both a gross and net basis as of June 30, 2013.

Outside of the endowment portfolio, the University entered into a fixed payor interest rate swap as described in Footnote 16. The estimated fair value of the agreement was ($58.1) million and ($55.2) million at June 30, 2014 and 2013, respectively, and is included in "Swaps payable" in the tables above. The derivatives are reflected as a receivable or payable, as appropriate, on the Consolidated Balance Sheet. Unrealized gain or loss from derivative investments is a component of the current year realized and unrealized capital gains (losses) in the Consolidated Statement of Activities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

(in thousands of dollars)

The following table is a rollforward of the Consolidated Balance Sheet amounts for financial instruments classified by the University within Level 3 of the fair value hierarchy defined above at June 30, 2014 and 2013.

	June 30, 2013	Transfers In/Out	Purchases	Sales	Realized gain/loss	Unrealized gain/loss	June 30, 2014
Global equities	$ 506,531		$ 30,563	$ (57,912)	$ 42,367	$ 108,753	$ 630,302
Fixed income	350			(262)			88
Absolute return strategies	1,402,494	$ (95,910)	238,721	(109,241)	58,038	147,513	1,641,615
Private equity	1,751,751		189,426	(365,551)	185,955	237,097	1,998,678
Real assets	1,421,381		294,592	(232,281)	59,206	88,911	1,631,809
Total level 3 investments	$ 5,082,507	$ (95,910)	$ 753,302	$ (765,247)	$ 345,566	$ 582,274	$ 5,902,492

	June 30, 2013	Disburse-ments	Realized/ Unrealized gain/loss, net	June 30, 2014
Interest in perpetual trusts held by others	$ 163,366	$ (8,025)	$ 32,255	$ 187,596

	June 30, 2012	Transfers In/Out	Purchases	Sales	Realized gain/loss	Unrealized gain/loss	June 30, 2013
Global equities	$ 336,822		$ 91,395	$ (10,351)		$ 88,665	$ 506,531
Fixed income	125		231	(6)			350
Absolute return strategies	1,077,306		314,486	(187,956)	61,828	136,830	1,402,494
Private equity	1,766,982	(273)	153,252	(364,766)	217,512	(20,956)	1,751,751
Real assets	1,277,711		268,925	(200,569)	60,844	14,470	1,421,381
Total level 3 investments	$ 4,458,946	$ (273)	$ 828,289	$ (763,648)	$ 340,184	$ 219,009	$ 5,082,507

	June 30, 2012	Disburse-ments	Realized/ Unrealized gain/loss, net	June 30, 2013
Interest in perpetual trusts held by others	$ 153,168	$ (8,168)	$ 18,366	$ 163,366

All net realized and unrealized gains (losses) in the tables above are reflected in the Consolidated Statement of Activities. Net unrealized gains (losses) relate to those financial instruments held by the University at June 30, 2014 and 2013. The University's policy is to recognize transfers in and transfers out as of the end of the period. The transfer from Level 3 to Level 2 is reported at gross, due to the criteria described above. There were no significant transfers between Level 1 and Level 2 for the years ended June 30, 2014 and 2013.

Certain investments in global equities and alternative investments may be subject to restrictions that i) limit the University's ability to withdraw capital after such investment and ii) limit the amount that may be withdrawn as of a given redemption date. The redemption terms of the University's investments in absolute return strategy funds vary from daily to triennial, with a portion of these investments designated as "illiquid" in "sidepockets" and that portion may not be available for withdrawal until liquidated by the investing fund and redemption notice periods range from 0 days to 180 days. Generally, as noted above, the University has no discretion as to withdrawal with respect to its investment in private equity and real asset funds; distributions are made when sales of assets are made with the funds. The remaining life of these private equity and real asset funds is up to 12 years.

The University is obligated under certain investment fund agreements to advance additional funding up to specified levels over a period several years. These commitments have fixed expiration dates and other termination clauses. At June 30, 2014, the University had unfunded commitments of approximately $1.8 billion as displayed in the table below.

Asset class ($ in millions)	**Remaining life**	**Unfunded commitments**	**Timing to draw commitments**
Global equities	N/A	$ 78	1 to 8 years
Absolute return strategies	N/A	126	1 to 5 years
Private equity	1 to 12 years	636	1 to 12 years
Real assets	1 to 12 years	969	1 to 12 years
Total		$ 1,809	

Management's estimate of the lives of the funds could vary significantly depending on the investment decisions of the external fund managers, changes in the University's portfolio, and other circumstances. Furthermore, the University's obligation to fund the commitments noted above may be waived by the fund manager for a variety of reasons including market conditions and/or changes in investment strategy.

The University does have various sources of internal liquidity at its disposal, including cash, cash equivalents, marketable debt and equity securities and lines of credit, which are available to fund the committed drawdowns.

Securities Lending
At June 30, 2014, there were no securities lending arrangements outstanding. At June 30, 2013, investment securities valued at $2.8 million were loaned to various brokerage firms through a securities lending agent. The loaned securities were returnable on demand and were collateralized by cash and cash equivalents. The University recorded the value of the collateral received of $3.1 million and an offsetting liability for the return of the collateral on the Consolidated Balance Sheet at June 30, 2013.

Investment Return
Investment income and gains utilized on the Consolidated Statement of Activities contains interest and dividend income net of fees, institutional real estate revenue net of operating expenses and depreciation, other investment income, and endowment appreciation utilized to fund the spending rule. Endowment appreciation utilized was $362.2 million and $354.3 million during 2014 and 2013, respectively. The nonoperating section of the Consolidated Statement of Activities contains realized and unrealized gains reduced by endowment appreciation utilized to fund the spending rule.

7. Endowment Funds

The University's endowment consists of approximately almost 5,000 separate funds established over many years for a wide variety of purposes. The endowment includes permanent endowments, term endowments, and funds designated by the Board of Trustees to function as endowments. As required by GAAP, 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 employs a market value unit method of accounting for pooled general investments. Each participating fund enters and withdraws from the pooled investment account based on monthly unit market values. Changes in the market value of investments are distributed proportionately to each fund that participates in the investment pool. Net investment income distributed during the year is allocated on a per unit basis to each participating fund.

Relevant Law

Under NYPMIFA, the University may appropriate so much of an endowment fund as it deems prudent, considering the specific factors set forth in NYPMIFA and subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the earnings in an endowment fund are donor-restricted assets until appropriated.

The University continues to classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) realized and unrealized gains and losses to the permanent endowment when stipulated by the donor gift instrument. In accordance with NYPMIFA and authoritative guidance, the remaining portion of the donor-restricted endowment funds not classified in permanently restricted net assets which had previously been classified as unrestricted net assets is now classified as temporarily restricted net assets.

(in thousands of dollars)

The composition and changes in the University's endowment net assets as of June 30, 2014 and 2013, are as follows:

	2014			
Changes in University endowment net assets	**Unrestricted Net Assets**	**Temporarily Restricted Net Assets**	**Permanently Restricted Net Assets**	**Total**
Opening balance - June 30, 2013	$ 2,951,047	$ 2,992,999	$ 2,253,834	$ 8,197,880
Investment return:				
Investment income	81,146	2,175		83,321
Net appreciation	451,711	824,662	24,113	1,300,486
Total investment return	532,857	826,837	24,113	1,383,807
New gifts	4,657	13,086	123,911	141,654
Appropriation for expenditure	(257,987)	(274,490)		(532,477)
Other Changes:				
Transfers to create endowments	17,471	16,678	2,694	36,843
Other / Reclassifications	(41,269)	6,937	29,672	(4,660)
	(23,798)	23,615	32,366	32,183
Closing balance - June 30, 2014	$ 3,206,776	$ 3,582,047	$ 2,434,224	$ 9,223,047
University endowment composition				
Endowment funds		$ 3,303,036	$ 2,220,571	$ 5,523,607
Funds functioning as endowment:				
Departmental funds	$ 1,333,495	234,585		1,568,080
University funds	1,473,320			1,473,320
Institutional real estate, net	399,928			399,928
CPMC Fund, Inc.	33	44,426	26,057	70,516
Interests in perpetual trusts held by others			187,596	187,596
University's endowment value	$ 3,206,776	$ 3,582,047	$ 2,434,224	$ 9,223,047

Note: The tables above do not include split-interest agreements, net of $127,142 and pledges receivable, net of $263,310.

Reconciliation to *Investments, at fair value*		
Investments, at fair value		$ 9,259,511
Add:		
Interests in perpetual trusts held by others	187,596	
CPMC Fund, Inc.	70,516	
Institutional real estate, net	399,928	
Investment receivables and payables	101,357	759,397
Subtract:		
Other long-term investments	(546,205)	
Split-interest agreements	(183,912)	
Funds held on behalf of others	(65,744)	(795,861)
University's endowment value		$ 9,223,047

(in thousands of dollars)

	2013			
Changes in University endowment net assets	**Unrestricted Net Assets**	**Temporarily Restricted Net Assets**	**Permanently Restricted Net Assets**	**Total**
Opening balance - June 30, 2012	$ 2,800,423	$ 2,702,975	$ 2,150,754	$ 7,654,152
Investment return:				
Investment income	52,025			52,025
Net appreciation	256,037	515,320	10,199	781,556
Total investment return	308,062	515,320	10,199	833,581
New gifts	3,733	14,053	83,029	100,815
Appropriation for expenditure	(183,146)	(272,508)	(131)	(455,785)
Other Changes:				
Transfers to create endowments	53,778	17,798	896	72,472
Other / Reclassifications	(31,803)	15,361	9,087	(7,355)
	21,975	33,159	9,983	65,117
Closing balance - June 30, 2013	$ 2,951,047	$ 2,992,999	$ 2,253,834	$ 8,197,880
University endowment composition				
Endowment funds		$ 2,704,190	$ 2,065,303	$ 4,769,493
Funds functioning as endowment:				
Departmental funds	$ 1,221,530	254,699		1,476,229
University funds	1,316,558			1,316,558
Institutional real estate, net	405,679			405,679
CPMC Fund, Inc.	7,280	34,110	25,165	66,555
Interests in perpetual trusts held by others			163,366	163,366
University's endowment value	$ 2,951,047	$ 2,992,999	$ 2,253,834	$ 8,197,880

Note: The tables above do not include split-interest agreements, net of $105,405 and pledges receivable, net of $257,707.

Reconciliation to *Investments, at fair value*		
Investments, at fair value		$ 8,190,902
Add:		
Interests in perpetual trusts held by others	163,366	
CPMC Fund, Inc.	66,555	
Institutional real estate, net	405,679	
Investment receivables and payables	(19,582)	616,018
Subtract:		
Other long-term investments	(394,783)	
Split-interest agreements	(160,886)	
Funds held on behalf of others	(53,371)	(609,040)
University's endowment value		$ 8,197,880

Return Objectives and Risk Parameters
Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under the University's investment policies, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce performance which exceeds that of relevant indices for each asset class while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives
The University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Rule
The endowment spending rule utilized by the University is designed to be directly responsive to both investment returns and the current level of price inflation. Its long-term objectives are:

- To protect the corpus of the endowment by spending no more than the real investment return;
- To cushion spending against market volatility; and
- To provide specific spending instructions and multiyear spending projections based on explicit future investment return assumptions.

The current endowment spending rule is based on two factors: first, the market value multiplied by a 5 percent target spending rate, which provides a response to investment market conditions; and second, the prior year's spending plus inflation, which ties spending increases to operating needs and cushions spending against market volatility. This allows the University to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

As a general policy, each fiscal year's distribution is calculated by adding together the following:

a. The market value of the endowment at a point twelve months prior to the beginning of the given fiscal year, multiplied by the 5 percent target spending rate, multiplied by a 40 percent weighting; and

b. Endowment spending in the year immediately preceding the given fiscal year, grown or reduced by an inflation factor, which is defined as the Higher Education Price Index ("HEPI"), multiplied by a 60 percent weighting.

The Trustees conduct a special review in any year in which either projected endowment distributions are 0.5 percent higher or lower than the 5 percent target spending rate, or if the increase in endowment distributions over the previous year is more than 3 percentage points higher or lower than HEPI.

In addition to the base spending rate described above, two additional payout components were approved as temporary measures by the Trustees in 2008. The first is an increase in annual spending of up to 1.75 percent of the prior year beginning market value of endowments that are designated for undergraduate financial aid support. This increase began in fiscal 2009 and will be phased out as new endowments substitute for this funding source. The amount of the incremental payout for the coming year is approved annually by the Trustees' Committee on Finance as part of the budget process. The second component is 0.70 percent of the prior year beginning market value for certain endowments in categories key to the University's current development efforts, primarily unrestricted endowment and endowments for financial aid and faculty support. This second component is reviewed by the Trustees every two years and has currently been extended through the end of fiscal year 2016.

(in thousands of dollars)

8. Accounts Receivable

Accounts receivable, net, consists of the following as of June 30:

	2014	2013
Patient receivables, net of contractual allowances	$ 132,734	$ 117,534
Government agencies	136,655	149,344
NewYork-Presbyterian Hospital	101,891	93,043
Patent and licensing	22,452	21,302
Student receivables	40,302	25,051
Other receivables, gross	114,757	103,258
	548,791	509,532
Less: Allowance for doubtful accounts	(76,761)	(60,190)
Accounts receivable, net	$ 472,030	$ 449,342

Patient receivables for medical services are net of an allowance for contractual reserves in the amount of $115.1 million and $102.2 million at June 30, 2014 and 2013, respectively.

9. Student Loans Receivable and Financial Aid

The University participates in various federal loan programs, in addition to administering institutional loan programs. Loans receivable from students as of June 30 are as follows:

	2014	2013
Government revolving loans	$ 74,250	$ 74,387
Institutional loans	27,077	24,908
Gross student loans	101,327	99,295
Less: Allowance for doubtful collections	(1,409)	(1,520)
Student loans receivable, net	$ 99,918	$ 97,775

In addition to the loans identified above, the University processes and authorizes loans to students through the Stafford Loan program and Federal Plus Loan program. These loans are not recorded in the University's consolidated financial statement since the University does not guarantee any federal loan funds related to these programs. The amount of loans issued under these programs was $253.7 million and $258.0 million for the years ended June 30, 2014 and 2013, respectively.

Government revolving loans are funded principally with federal advances to the University under the Perkins Loan Program and certain other programs. Advances under the Perkins Loan Program totaled $68.4 million and $67.1 million and advances under the other federally sponsored loan programs are $11.3 million and $12.5 million as of June 30, 2014 and 2013, respectively. These advances are classified as liabilities on the Balance Sheet. Interest earned on the revolving and institutional loan programs is reinvested to support additional loans. The repayment and interest rate terms of the institutional loans vary considerably.

(in thousands of dollars)

Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluation of the student loan and student accounts receivable portfolios.
Loans receivable under federally guaranteed student loan programs are subject to significant restrictions.

Undergraduate financial aid represents packages for all or part of a student's tuition, fees, room, and board. Graduate financial aid represents packages for all or part of a student's tuition and fees. Funding from external sources is obtained through government and private grants and contracts as well as private gifts and payout from certain endowment funds.

	2014			2013		
	University Sources	External Sources	Total Financial Aid	University Sources	External Sources	Total Financial Aid
Undergraduate	$ 94,829	$ 45,124	$ 139,953	$ 92,173	$ 45,070	$ 137,243
Graduate	112,513	75,418	187,931	113,960	64,059	178,019
Total financial aid grants	$ 207,342	$ 120,542	$ 327,884	$ 206,133	$ 109,129	$ 315,262

Agency activities such as tuition aid grants, federal supplemental educational opportunity grants, federal Pell, SMART, and ACG grant program are not included in the University's consolidated financial statements. Receipts from agency transactions were $12.6 million and $12.7 million, and disbursements were $12.6 million and $12.7 million in fiscal year 2014 and 2013, respectively.

10. Pledges Receivable

Unconditional promises to give appear as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after recognizing an allowance for uncollectible contributions and a discount to reflect the net present value based on projected cash flows. Periodically unconditional promises to give are reviewed for collectability. As a result, the allowance for uncollectible contributions may be adjusted and some contributions may be adjusted or cancelled. Such changes will be reflected in the consolidated financial statements.

The June 30 balances of unconditional promises to give are:

	2014	2013
Less than one year	$ 250,642	$ 243,477
One to five years	462,521	521,249
More than five years	216,339	233,004
Total unconditional promises	929,502	997,730
Less: Allowance for doubtful contributions	(48,039)	(22,602)
Less: Net present-value discount	(119,365)	(141,402)
Net pledges receivable	$ 762,098	$ 833,726

New pledges recorded in 2014 and 2013 were discounted at an average annual rate of 1.88 percent and 1.89 percent, respectively, using a rate that considers market and credit risk. Credit risk is also considered in the allowance for doubtful contributions.

(in thousands of dollars)

Pledges receivable are intended for the following purposes:

	2014	2013
Endowment for educational and general purposes	$ 263,309	$ 257,707
New construction and modernization of plant	135,399	130,686
Support of University operations	363,390	445,333
Net pledges receivable	$ 762,098	$ 833,726

The University also has other outstanding pledges of $315.5 million as of June 30, 2014. These pledges represent either conditional gifts for which the probability of meeting the conditions is uncertain, verbal pledges, or other pledges that have not met the requirements for recognition.

11. Land, Buildings, and Equipment

Investments in land, buildings, and equipment, net, consisted of the following at June 30:

	2014			2013		
	Total Assets	Accumulated Depreciation	Net Assets	Total Assets	Accumulated Depreciation	Net Assets
Land	$ 454,549		$ 454,549	$ 437,927		$ 437,927
Building and building improvements	4,017,707	$ 2,076,685	1,941,022	3,888,216	$ 1,925,059	1,963,157
Construction in progress	807,215		807,215	488,883		488,883
Equipment	361,575	188,569	173,006	382,137	203,560	178,577
	$ 5,641,046	$ 2,265,254	$ 3,375,792	$ 5,197,163	$ 2,128,619	$ 3,068,544

The University uses componentized depreciation to calculate depreciation expense for buildings and building improvements for research facilities included in operations. The costs of research facilities are separated into the building shell, building service systems, and fixed equipment, and each component is separately depreciated.

Equipment includes physical assets owned by the University as well as capitalized software costs and moveable equipment acquired through capitalized leases.

Building and building improvements include physical assets owned by the University as well as leasehold improvements, capitalized space leases, and construction in progress. Capital space leases at June 30, 2014 and 2013 were $83.5 million and $86.1 million, respectively.

12. Accrued Employee Benefit Liabilities

Accrued employee benefit liabilities arise from employment at the University. These include liabilities for pension, postretirement benefits, postemployment benefits, unused vacation, and deferred compensation.

Postemployment benefits relating to workers' compensation, short-term disability, and continuation of medical benefits for those on long-term disability are provided to former or inactive employees after employment but before retirement. The University records the costs of such benefits on an accrual basis if the employee has provided the services from which those benefits are derived. In 2014 and 2013, the University recognized actuarially computed liabilities of $37.3 million and $37.3 million, respectively.

(in thousands of dollars)

13. Pension and Other Postretirement Benefit Costs

Pension Plan Benefits

The University has five non-contributory pension plans (the "pension plans") for supporting staff employees. Four of the pension plans are subject to collective bargaining agreements. The fifth pension plan covers former employees of the Arden Conference Center, which closed in 2005. Three of the plans include defined benefits plans for past service, and in the case of two plans, defined benefit for future service. Two of the pension plans provide defined benefits for service prior to 1976 (January 1, in one case, and prior to July 1, 1976, in the other). For these two pension plans, future benefits are provided by defined contribution plans. Charges to expenditures for the defined contribution segments of the plans amounted to $5.3 million and $5.6 million for the years ended June 30, 2014 and 2013, respectively.

In addition, the University provides retirement benefits for full-time faculty, officers, and certain other employees under a separate defined contribution plan (the "officer plan"). Charges to expenditures for the officer plan amounted to $103.4 million and $97.0 million for the years ended June 30, 2014 and 2013, respectively.

Postretirement Health Care and Life Insurance Benefits

The University provides postretirement health care and life insurance benefits for certain employees. The University accrues the estimated cost of these benefits over the years that eligible employees render services.

Obligations and Funded Status

The University adopted authoritative guidance, which requires the recognition on the Balance Sheet of the difference between benefit obligations and any plan assets of the University's defined benefit and other postretirement benefit plans. In addition, the authoritative guidance requires unamortized amounts (e.g., net actuarial gains or losses and prior service cost or credits) to be recognized as changes to unrestricted net assets and that those amounts be adjusted as they are subsequently recognized as components of net periodic pension cost.

Amounts recognized in unrestricted net assets are as follows:

	Pension Plan Benefits		Other Postretirement Benefits	
	2014	**2013**	**2014**	**2013**
Net actuarial loss	$ 42,335	$ 44,562	$ 22,780	$ 61,536
Prior service cost	578	670	(15,624)	(26,371)
Total amount recognized	$ 42,913	$ 45,232	$ 7,156	$ 35,165

(in thousands of dollars)

The components of accrued benefit costs for pension benefits and other postretirement benefits are as follows:

	Pension Plan Benefits		Other Postretirement Benefits	
	2014	**2013**	**2014**	**2013**
Change in benefit obligation:				
Benefit obligation, beginning of year	$ 146,178	$ 152,733	$ 188,503	$ 202,876
Service cost	4,879	5,314	7,218	7,907
Interest cost	7,227	6,654	8,802	8,473
Plan participants' contributions			5,581	4,885
Actuarial (gain) loss	10,781	(13,589)	(18,981)	(23,396)
Federal subsidy			307	382
Net disbursements and transfers	(6,028)	(4,933)	(12,990)	(12,624)
Benefit obligation, end of year	$ 163,037	$ 146,179	$ 178,440	$ 188,503
Change in plan assets:				
Fair value of assets, beginning of year	$ 117,360	$ 109,817	$ 143,721	$ 129,292
Actual return on plan assets	17,665	5,466	26,788	18,293
Employer contributions	9,370	7,340	7,400	4,209
Plan participants' contributions			5,581	4,885
Net disbursements and transfers	(6,369)	(5,263)	(12,990)	(12,958)
Fair value of assets, end of year	$ 138,026	$ 117,360	$ 170,500	$ 143,721
Net amount recognized	$ (25,011)	$ (28,819)	$ (7,940)	$ (44,782)

Weighted-average assumptions used to determine end of year benefit obligation	**2014**	**2013**
Discounted rate	3.55% to 4.45%	3.90% to 4.95%
Rate of compensation increase	2.39% to 3.25%	2.8% to 3.25%

The accumulated benefit obligations for the underfunded pension plans at June 30, 2014 and 2013 were $137.5 and $119.8 million, respectively.

At the end of 2014 and 2013, the projected benefit obligation exceeded the pension plan assets for three of the five plans. The projected benefit obligation for the pension plans with a benefit obligation in excess of plan assets were as follows:

End of year	**2014**	**2013**
Projected benefit obligation	$ 151,918	$ 134,375
Fair value of plan assets	124,824	104,075

(in thousands of dollars)

The accumulated postretirement benefit obligation for the other postretirement benefit plan and the fair value of plan assets with an accumulated postretirement benefit obligation in excess of plan assets were as follows:

End of year	2014	2013
Accumulated postretirement benefit obligation	$ 178,440	$ 188,503
Fair value of plan assets	170,500	143,721

A 6.75 percent annual rate of increase in the per capita cost of covered health care benefits for the other postretirement benefit plan was assumed for 2015. The rate was assumed to decrease gradually to 5 percent for 2019 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effect:

	1-%-point increase	1-%-point decrease
Effect on accumulated postretirement benefit obligation	$ 24,545	$ (19,765)

The asset allocation for the two defined benefit plans for both past and future service at June 30, 2014 and 2013, and the target allocation for 2015, by asset category, follows:

	Target allocation	Percentage of plan assets at year's end	
	2015	2014	2013
Asset category			
U.S. large cap equity and global equity funds	24% - 27%	24%	20%
International equities (non-U.S.)	12% - 13%	15%	15%
High yield fixed income securities	9% - 10%	13%	16%
U.S. core fixed income	55% - 50%	48%	49%
	100%	100%	100%

The asset allocation for the two defined benefit plans for prior service only at June 30, 2014 and 2013, and the target allocation for 2015, by asset category, follows:

	Target allocation	Percentage of plan assets at year's end	
	2015	2014	2013
Asset category			
U.S. large cap equity	10%	4%	8%
International equities (non-U.S.)	5%	8%	3%
High yield fixed income securities	5%	11%	5%
U.S. core fixed income	80%	77%	84%
	100%	100%	100%

The retirement plan for the employees of Arden Conference Center was invested in equity securities, including mutual funds, 29 percent, and debt securities, 71 percent as of June 30, 2014.

(in thousands of dollars)

The following presents investments of the pension plans as of June 30, 2014. The Plans' investments in common collective trusts and mutual funds are included as Level 2 because fair value is based on quoted prices for similar instruments or other observable inputs. Level 3 assets represent fixed income related investment contracts with a major life insurance company.

	Level 1	Level 2	Level 3	Total
Common collective trust funds				
Global equity		$ 48,971		$ 48,971
Fixed income		85,811		85,811
Mutual funds		927		927
Fixed income investment contracts			$ 2,317	2,317
Investments, at fair value		$ 135,709	$ 2,317	$ 138,026

The following table is a roll forward of the amounts for investments classified within Level 3 as described above.

	June 30, 2013	Purchases (Gross)	Sales (Gross)	Investment gain/(loss)	June 30, 2014
Investment contracts	$ 2,234	$ 103	$ (130)	$ 110	$ 2,317
Total level 3 investments	$ 2,234	$ 103	$ (130)	$ 110	$ 2,317

The following presents investments of the pension plans as of June 30, 2013.

	Level 1	Level 2	Level 3	Total
Common collective trust funds				
Global equity		$ 37,125		$ 37,125
Fixed income		77,212		77,212
Mutual funds		789		789
Fixed income investment contracts			$ 2,234	2,234
Investments, at fair value		$ 115,126	$ 2,234	$ 117,360

The following table is a roll forward of the amounts for investments classified within Level 3 as described above.

	June 30, 2012	Purchases (Gross)	Sales (Gross)	Investment gain/(loss)	June 30, 2013
Investment contracts	$ 2,177	$ 86	$ (148)	$ 119	$ 2,234
Total level 3 investments	$ 2,177	$ 86	$ (148)	$ 119	$ 2,234

(in thousands of dollars)

The asset allocation for the other postretirement benefit plan at June 30, 2014 and 2013, and the target allocation for 2015, by asset category, follows:

	Target allocation	Percentage of plan assets at year's end	
	2015	**2014**	**2013**
Asset category			
U.S. large cap equity and global equity funds	50%	59%	59%
International equities (non-U.S.)	10%	16%	16%
U.S. fixed income	30%	25%	25%
Other assets	10%		
	100%	100%	100%

The following presents investments of the other postretirement benefit plan as of June 30, 2014. The Plans' investments in common collective trusts are included as Level 2 because the fair value is based on quoted prices for similar instruments or other observable inputs.

	Level 1	Level 2	Level 3	Total
Common collective trust funds				
Global Equity		$ 127,843		$ 127,843
Fixed Income		42,657		42,657
Investments, at fair value		$ 170,500		$ 170,500

The following presents investments of the other postretirement benefit plan as of June 30, 2013.

	Level 1	Level 2	Level 3	Total
Common collective trust funds				
Global Equity		$ 107,906		$ 107,906
Fixed Income		35,815		35,815
Investments, at fair value		$ 143,721		$ 143,721

(in thousands of dollars)

Net Periodic Pension Cost

The components of net periodic benefit cost for pension benefits and other postretirement benefits are as follows:

	Pension Plan Benefits		Other Postretirement Benefits	
	2014	2013	2014	2013
Components of net periodic benefit cost				
Service cost	$ 4,879	$ 5,314	$ 7,218	$ 7,907
Interest cost on projected benefit obligation	7,227	6,654	8,802	8,473
Expected return on assets	(7,257)	(6,703)	(10,702)	(9,479)
Amortization of prior service cost	93	93	(10,747)	(10,824)
Amortization of unrecognized net losses	2,941	4,414	3,275	7,002
Net periodic benefit cost	7,883	9,772	(2,154)	3,079
Other changes in plan assets and benefit obligations recognized in the Consolidated Statement of Activities				
Current year actuarial (gain)/loss	713	(12,022)	(35,480)	(32,321)
Amortization of actuarial gain/(loss)	(2,940)	(4,414)	(3,275)	(7,002)
Amortization of prior service credit/(cost)	(93)	(93)	10,747	10,824
Total recognized in nonoperating	(2,320)	(16,529)	(28,008)	(28,499)
Total recognized in net periodic benefit cost and nonoperating	$ 5,563	$ (6,757)	$ (30,162)	$ (25,420)

Amounts in net unrestricted assets expected to be recognized in net periodic pension cost in fiscal 2015 are as follows:

	Pension Plan Benefits	Other Postretirement Benefits
Actuarial (gain)/loss	$ 3,041	$ 615
Prior service (credit)/cost	71	(9,199)
	$ 3,112	$ (8,584)

Weighted-average assumptions used to determine net periodic pension cost	**2014**	**2013**
Discount rate	3.90% to 4.95%	3.90% to 4.95%
Expected return on plan assets	5% to 7.5%	5% to 7.5%
Rate of compensation increase	2.39% to 3.25%	2.80% to 3.25%

To arrive at assumptions for expected long term rates of return on assets in the pension plan and the postretirement benefit plan, the University considered historical returns and future expectations for returns in each asset class in the asset allocation for the previously described pension and postretirement benefit portfolios.

(in thousands of dollars)

Assumed health care cost trend rates have a significant effect on the amounts reported for the other postretirement benefit plan. A one-percentage-point change in the assumed health care cost trend rates would have had the following effect:

	1-%-point increase	1-%-point decrease
Effect on total service and interest cost	$ 2,901	$ (2,440)

Expected Cash Flows

Information about the expected cash flows for the plans is as follows:

	Pension Benefits	Other Postretirement Pension Benefits
University contributions:		
2015 (expected)	$ 7,568	$ 4,667
Expected benefit payments:		
2015	6,159	9,330
2016	6,447	9,384
2017	6,777	9,477
2018	7,119	9,406
2019	7,474	9,223
2020-2024	43,776	48,452
Total	$ 77,752	$ 95,272

Total benefits expected to be paid include both the University's share of the benefit cost net of Medicare subsidies and the participants' share of the cost, which is funded by participant contributions to the other postretirement benefit plan. The University receives a Medicare Part D subsidy from the federal government as reimbursement for certain retiree health benefits paid to plan participants of approximately $0.3 million per year.

14. Lease Obligations

The University is the lessee of various equipment and space under noncancelable operating and capital leases. Capital lease obligations at June 30, 2014 and 2013, were $124.1 million and $120.4 million, respectively. Operating lease rental expense for the years ended June 30, 2014 and 2013 were approximately $35.9 million and $37.0 million, respectively. Space leases contained customary escalation clauses, which are included in annual aggregate minimum rentals.

Future aggregate minimum rental payments under operating and capital leases are as follows:

	Operating	Capital
Future minimum rental payments:		
2015	$ 33,417	$ 8,949
2016	27,570	8,601
2017	25,293	8,234
2018	23,581	6,774
2019	22,313	5,843
Thereafter	258,667	244,118
Less: Interest at 1.48 percent to 5.31 percent		(158,423)
Capital lease obligations at June 30, 2014		$ 124,096

15. Conditional Asset Retirement Obligations

Conditional asset retirement obligations are a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation does not defer recognition of a liability. GAAP requires that the fair value of a liability for a conditional asset retirement obligation be recognized in the period in which it occurred if a reasonable estimate of fair value can be made.

Conditional asset retirement obligations related to remediation or disposal of asbestos, underground storage tanks, soil, and radioactive sources and equipment were $110.9 million and $106.3 million at June 30, 2014 and 2013, respectively. For June 30, 2014, the University increased its obligation for certain environmental remediation that was not reasonably estimable as to the amount of the potential obligation in prior years.

(in thousands of dollars)

16. Bonds and Notes Payable

Bonds and notes payable outstanding at June 30, 2014 and 2013, are as follows:

	2014	2013
Dormitory Authority of the State of New York, tax exempt revenue bonds, Columbia University issues		
Series 2012 A, 3.00% to 5.00%, maturing 2023	$ 137,935	$ 137,935
Series 2011 A, 3.00% to 5.00%, maturing 2042	300,000	300,000
Series 2009 A, variable rate, 0.02% to 0.10%, maturing 2040	117,000	117,000
Series 2008 A, 5.00%, maturing 2038	200,000	200,000
Series 2006 A, 4.75% to 5.25%, maturing 2031	183,860	190,630
Series 2006 B, 4.125% to 5.25%, maturing 2022	110,050	122,970
Series 2004 A2, 5.00%, maturing 2014		12,150
Series 2004 B, 4.75% to 5.125%, maturing 2024		66,130
Series 2004 C, 5.00%, maturing 2029	48,270	48,270
Series 2003 B, variable rate, 0.02% to 0.11%, maturing 2028	30,000	30,000
Series 2002 C, variable rate, 0.05% to 0.10%, maturing 2027	23,300	23,300
	1,150,415	1,248,385
Taxable Series 2012, 3.827%, maturing 2043	100,000	100,000
Taxable commercial paper		
2008, variable rate, 0.10% to 0.12%, maturing 2015	61,175	
Dormitory Authority of the State of New York, tax-exempt commercial paper		
Series 1997, variable rate, 0.03% to 0.09%, final maturity 2015	1,225	7,440
New Jersey Economic Development Corporation		
Series 2002, variable rate, 0.05% to 0.10%, final maturity 2028	6,770	7,155
Medium-Term Notes, Taxable Series C 6.53% to 7.36%, maturing 2022	77,709	90,239
Empire State Development Corporation Issues:		
Interest-free, maturing 2029	7,330	7,577
Interest-free, maturing 2016	8,100	8,100
Economic Development Corporation		
Interest-free, maturing 2016	10,000	10,000
	272,309	230,511
Total bonds and notes payable	$ 1,422,724	$ 1,478,896

(in thousands of dollars)

Estimated principal payments on bonds and certificates are summarized below:

Year	Principal
2015	$ 96,284
2016	68,253
2017	33,169
2018	47,037
2019	59,924
Thereafter (through 2043)	1,118,057
Total	$ 1,422,724

At June 30, 2014, the University's bonds and notes payable had a carrying amount of approximately $1.4 billion, compared to an estimated fair value of $1.5 billion. The estimated fair value of bonds and notes payable was calculated using a discounted cash flow method, where the estimated cash flows were based on contractual principal and interest payments. The discount rates used were based on the University's borrowing rate for similar obligations. Fair values represent the lower of the estimated value at call or maturity of each respective issue.

As of June 30, 2014, the University had a $100 million operating line of credit, which expires in December, 2014. Additionally, as of June 30, 2014, the University had two $100 million standby lines of credit supporting self-liquidity for variable rate debt outstanding, one that expires in January, 2016 and a second that expires in January, 2017. Each of the lines is with a different lending institution and, as of June 30, 2014, no balances were outstanding on the lines of credit.

The University issues most of its tax-exempt debt through the Dormitory Authority of the State of New York ("DASNY"). The University has not issued tax-exempt debt since 2012.

The University chose to redeem Series 2004B bonds totaling $61.2 million with a call date of July 1, 2014. The redeemed bonds were legally defeased and, as such, are not reflected in "Bonds and notes payable" at June 30, 2014.

The University has a $150 million taxable commercial paper program. In June 2014, the University funded the redemption of its Series 2004B bonds with taxable commercial paper. As of June 30, 2014, $61.2 million of taxable commercial paper was outstanding.

On October 1, 2008, the University entered into a $200 million notional value forward starting, fixed payor swap agreement to protect against the risk of interest rate changes. The estimated fair value of the liability was ($58.1) million and ($55.2) million at June 30, 2014 and 2013, respectively. The fair value of the swap is obtained by taking the present value of all future cash flows on the swap implied by the forward curve.

The University has administrative covenants with which it was in compliance as of June 30, 2014 and 2013.

17. Insurance

In connection with managing financial risks through various third-party insurance programs, the University is self-insured in certain areas. Funded self-insurance liabilities primarily cover deductibles on general liability and property insurance claims. Self-insurance liabilities are actuarially calculated on an annual basis. The University's core liability coverage is purchased through Pinnacle RRG, a Vermont-based risk retention group with fifteen other universities.

The University obtains medical malpractice insurance through MCIC and MLMIC. MCIC is a group-captive insurance company owned by the University, Johns Hopkins, Yale, Rochester, and Weill Cornell Medical School and their respective major teaching hospitals, including NYP. MLMIC is a mutual company where policyholders are owners, with full voting rights to elect the company's Board of Directors, thereby having direct input into vital areas of operation. The governing Board is comprised primarily of practicing physicians, dentists, and hospital administrators. More than 1,134 of the University's faculty physicians and dentists are enrolled in MCIC or MLMIC. The University has recorded self-insurance and medical malpractice liabilities of approximately $257.7 million and $254.3 million as of June 30, 2014 and 2013, respectively. The medical malpractice liabilities of approximately $175.0 million and $173.2 million as of June 30, 2014 and 2013, respectively, are reported gross with an offsetting receivable for anticipated recoveries of $111.1 million and $109.0 million, respectively, recorded in Other assets.

18. Related Party Transactions

The University maintains several clinical and education affiliation agreements with other organizations. Revenues and expenses from these agreements are accounted for in the operating activities segment of the Consolidated Statement of Activities. The most significant affiliation agreement is with NYP.

The University has an alliance dating back to 1921 with Presbyterian Hospital, which merged with New York Hospital effective January 1, 1998, and formed the new corporate entity called New York-Presbyterian Hospital. The University provides NYP with medical, professional, and supervisory staff as well as other technical assistance. These services are reimbursed by NYP. NYP provides funding to the clinical departments for specific purposes, including administration, supervision, and teaching of the NYP resident staff and salary support for faculty and staff providing services to NYP. In addition, NYP provides funding for clinical programs that the University and NYP would like to see developed or expanded. NYP also provides the departments with certain facilities and services (outpatient faculty practice offices, nursing, telecommunications, etc.) for which the University is invoiced on a monthly basis. Finally, the University and NYP collaborate and fund joint projects for which specific agreements are negotiated.

In addition the University and NYP negotiate a joint budget, which forms the basis for the reimbursement agreement. The fiscal year 2014 joint budget was approximately $243 million. The payments to NYP for goods and services were $87 million. The majority of revenues received pursuant to this reimbursement arrangement for services rendered are reflected in the consolidated financial statements as a portion of "Patient care revenue." The majority of the expenses related to this agreement are reflected in "Patient care expense."

The University records both receivables from and payables to NYP on the Consolidated Balance Sheet. The University has no liability for obligations and debt incurred by NYP.

The University has financial arrangements with several physician professional corporations ("PCs"), whereby the University provides facilities and other services to these PCs for a negotiated fee. These PCs provide clinical services to patients and are owned and controlled by physicians who are also faculty members of the University. These non-controlled PCs generated revenue of approximately $72 million and $70 million during fiscal year 2014 and 2013, respectively, which has not been consolidated into the University's consolidated financial statements. The University is also the sole corporate member of two not-for-profit practice entities and a professional corporation and as such, consolidates these entities into the University's consolidated financial statements.

Pursuant to the consent of the Trustees of the CPMC Fund, Inc., during fiscal 2013, the CPMC Fund, Inc. transferred to the University eight endowments previously held for CPMC Fund, Inc. for the University. The value of the endowments at the time of transfer was $13.4 million, with $2.7 million being permanently restricted. There were no transfers from the CPMC Fund, Inc. to the University during fiscal 2014.

19. Contingencies and Commitments

From time to time, various claims and suits generally incident to the conduct of normal business are pending or may arise against the University.

In the opinion of counsel and management of the University, after taking into account insurance coverage, losses, if any, from the resolution of pending litigation should not have a material effect on the University's financial position or results of operations.

All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from audits of government grants and contracts by government agencies, claims, and suits is presently not determinable, it should not, in the opinion of counsel and management, have a material effect on the University's financial position or results of activities.

The University is subject to laws and regulations concerning environmental remediation and will, from time to time, establish reserves for potential obligations that management considers probable and for which reasonable estimates can be made. As of June 30, 2014, the University has recorded $110.9 million for conditional asset retirement obligations. These estimates may change depending upon the nature and extent of contamination, appropriate remediation technologies, and regulatory approvals. The University is not aware of any existing conditions that it currently believes are likely to have a material adverse effect on the University's financial position, changes in net assets, or cash flows.

The University's capital improvement program and related commitments includes projects that address the major strategic objectives of the University. As part of the capital improvement program, the University has entered into contracts to purchase properties with an aggregate value of $37.4 million. As of June 30, 2014 approximately $29.6 million is still outstanding.

The University has made commitments related to its expansion in Manhattanville, certain of which are based upon events in the future which would result in cash and in-kind payments from the University.

(in thousands of dollars)

The University offered a loan program for students and families to pay tuition, fees and other costs. Loans were issued by a private lending institution and are guaranteed by the University. Upon default by the borrower, the University is required to pay all or a portion of the outstanding loan balance. The amount guaranteed is $2.3 million and $2.9 million as of June 30, 2014 and 2013, respectively.

The University has performed an evaluation of subsequent events through October 14, 2014, which is the date the consolidated financial statements were issued.

20. Expense Allocation by Program

Expenses are reported for the University's primary program activities. The consolidated financial statements also report certain categories of expenditures that support more than one major program of the University. These expenses include operation and maintenance of plant, depreciation expense, and interest expense.

These costs are allocated to the applicable program activities as indicated in the following chart:

	2014			2013		
	Expenses per Statement of Activities	Allocation	Final Allocated Expenses	Expenses per Statement of Activities	Allocation	Final Allocated Expenses
Instruction and educational administration	$ 1,412,326	$ 188,907	$ 1,601,233	$ 1,296,089	$ 198,431	$ 1,494,520
Research	549,481	106,530	656,011	556,940	93,846	650,786
Patient care expense	769,544	40,247	809,791	747,032	33,540	780,572
Library	64,587	38,880	103,467	62,221	38,780	101,001
Operation and maintenance of plant	208,083	(208,083)		207,508	(207,508)	
Institutional support	212,418	26,100	238,518	230,558	24,687	255,245
Auxiliary enterprise	126,403	46,565	172,968	106,858	47,623	154,481
Depreciation expense	191,984	(191,984)		182,013	(182,013)	
Interest expense	47,162	(47,162)		47,386	(47,386)	
Other	23,791		23,791	23,412		23,412
	$ 3,605,779		$ 3,605,779	$ 3,460,017		$ 3,460,017

The allocation of operation and maintenance of plant is based on square footage occupancy with the exception of certain rent costs directly attributable to patient care expense. Depreciation expense includes depreciation of buildings and building improvements and equipment. The allocation of depreciation on buildings and building improvements is based on square footage occupancy. Depreciation on equipment is allocated to the programs for which the equipment was purchased. Interest expense is allocated according to the same methodologies used for building depreciation.