Yeshiva University

Consolidated Financial Statements

June 30, 2018 and 2017

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Report of Independent Auditors

To the Board of Trustees of
Yeshiva University

We have audited the accompanying consolidated financial statements of Yeshiva University and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yeshiva University and its subsidiaries at June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

December 21, 2018

PricewaterhouseCoopers LLP, PricewaterhouseCoopers Center, 400 Campus Drive, P.O. Box 988, Florham Park, New Jersey 07932 T: (973) 236 4000, F: (973) 236 5000

Yeshiva University
Consolidated Statements of Financial Position
June 30, 2018 and 2017
(in thousands of dollars)

	2018	2017
Assets		
Cash and cash equivalents	$ 15,458	$ 28,071
Student receivables, net (Note 6)	34,415	34,675
Contribution receivables, net (Note 6)	49,828	67,884
Other assets and receivables (Note 6)	55,389	47,812
Investments, at fair value (Note 4)	587,904	606,733
Investments held for AECOM, Inc. (Notes 4 and 11)	51,829	61,736
Investments held for unconsolidated organizations (Note 4)	138,440	139,453
Trusts and split-interest agreements held by others (Note 4)	11,862	12,142
Land, buildings and equipment, net (Note 7)	192,996	202,947
Total assets	$ 1,138,121	$ 1,201,453
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 30,643	$ 32,290
Deferred revenue	3,780	4,955
Other liabilities	14,363	13,594
Refundable advances from the U.S. Government	4,826	6,111
Bonds payable and other debt (Note 9)	290,802	299,638
Asset retirement obligations (Note 10)	9,403	9,455
Due to AECOM, Inc. (Note 11)	58,383	68,369
Investments held for unconsolidated organizations (Note 4)	138,440	139,453
Total liabilities	550,640	573,865
Contingencies (Note 17)		
Net assets		
Unrestricted	(38,220)	(12,125)
Temporarily restricted (Note 15)	196,567	199,840
Permanently restricted (Note 16)	429,134	439,873
Total net assets	587,481	627,588
Total liabilities and net assets	$ 1,138,121	$ 1,201,453

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

Yeshiva University
Consolidated Statements of Activities
Years Ended June 30, 2018 and 2017
(in thousands of dollars)

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues								
Tuition and fees, net of scholarships of $85,006 in 2018 and $75,379 in 2017 (Note 13)	$ 102,747	$ -	$ -	$ 102,747	$ 98,299	$ -	$ -	$ 98,299
Grants and contracts	3,473	-	-	3,473	2,779	-	-	2,779
Contributions	7,150	-	-	7,150	9,109	-	-	9,109
Investment support utilized	28,619	-	-	28,619	24,164	-	-	24,164
Interest income	560	-	-	560	697	-	-	697
Auxiliary enterprises	17,236	-	-	17,236	17,084	-	-	17,084
Other revenue	13,778	-	-	13,778	15,741	-	-	15,741
Gain on sale of properties	-	-	-	-	61,568	-	-	61,568
Net assets released from restrictions (Note 14)	29,130	-	-	29,130	30,557	-	-	30,557
Total operating revenues	202,693	-	-	202,693	259,998	-	-	259,998
Operating expenses								
Instruction	88,656	-	-	88,656	94,666	-	-	94,666
Research and training	3,497	-	-	3,497	3,655	-	-	3,655
Academic support	41,530	-	-	41,530	36,348	-	-	36,348
Student services	24,350	-	-	24,350	23,829	-	-	23,829
Institutional support	56,593	-	-	56,593	57,739	-	-	57,739
Auxiliary enterprises	12,529	-	-	12,529	13,153	-	-	13,153
Total operating expenses (Note 12)	227,155	-	-	227,155	229,390	-	-	229,390
Change in operating activities	(24,462)	-	-	(24,462)	30,608	-	-	30,608
Nonoperating activities								
Contributions, net	-	17,278	8,618	25,896	-	17,247	6,944	24,191
(Provision)/recovery for uncollectible contribution receivables	-	(50)	(19,706)	(19,756)	-	717	1,895	2,612
Net assets released from restrictions and reclassifications (Note 14)	(2,329)	(26,807)	6	(29,130)	(1,713)	(29,170)	326	(30,557)
Net investment return (Note 4)	7,166	29,598	367	37,131	9,069	42,254	540	51,863
Investment support utilized	(5,024)	(23,595)	-	(28,619)	(3,058)	(21,106)	-	(24,164)
Other revenue and transfers	-	303	(24)	279	26	2	3,133	3,161
Subsidy of unconsolidated organization (Note 6)	(1,446)	-	-	(1,446)	(1,603)	-	-	(1,603)
Extinguishment on debt	-	-	-	-	(15,975)	-	-	(15,975)
Other expenses	-	-	-	-	(4,113)	(39)	(4)	(4,156)
Change in net assets from nonoperating activities	(1,633)	(3,273)	(10,739)	(15,645)	(17,367)	9,905	12,834	5,372
Change in net assets	(26,095)	(3,273)	(10,739)	(40,107)	13,241	9,905	12,834	35,980
Net assets								
Beginning of year	(12,125)	199,840	439,873	627,588	(25,366)	189,935	427,039	591,608
End of year	$ (38,220)	$ 196,567	$ 429,134	$ 587,481	$ (12,125)	$ 199,840	$ 439,873	$ 627,588

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

Yeshiva University
Consolidated Statement of Cash Flows
Years Ended June 30, 2018 and 2017
(in thousands of dollars)

	2018	2017
Cash flows from operating activities		
Change in net assets	$ (40,107)	$ 35,980
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized and unrealized gain on investments	(33,497)	(49,401)
Noncash endowment transfer	(109)	(2,478)
Unrealized (gain) loss in irrevocable charitable remainder trusts	(40)	(60)
Unrealized (gain) loss in Operational Investments Funds	272	527
Noncash contributions received	(1,334)	(919)
Proceeds from sale of donated securities	495	864
Depreciation, accretion, and amortization expense	14,570	16,903
Gain on sale of properties	-	(61,568)
Payment of debt extinguishment costs	-	15,975
Change in trusts and split-interest agreements held by others	280	(519)
Present value adjustments to receivables	(4,876)	(3,482)
(Provision) / recovery for uncollectible loans and receivables	19,710	(2,693)
Contributions restricted for long-term investment	(3,666)	(5,287)
Contributions restricted for investment in plant assets	(311)	(279)
Changes in operating assets and liabilities:		
Other assets and receivables	(6,877)	4,839
Accounts payable and accrued expenses	(1,767)	(4,835)
Deferred revenue, trusts held for others, other liabilities and asset retirement obligations	(762)	(160)
Net cash used in operating activities	(58,019)	(56,593)
Cash flows from investing activities		
Change in student and faculty loans receivables, net	2,826	1,226
Additions to land, buildings and equipment	(4,497)	(6,722)
Proceeds from sale of properties	-	66,045
Proceeds from sale of note (Note 3)	-	148,000
Change in funds held by bond trustees	10	(15)
Purchases of investments	(294,405)	(395,985)
Proceeds from sales of investments	346,608	301,925
Net cash provided by investing activities	50,542	114,474
Cash flows from financing activities		
Contributions restricted for long-term investment	4,505	5,342
Contributions restricted for investment in plant assets	311	279
Change in refundable advances from the U.S. Government	(1,285)	181
Proceeds from issuance of bonds and mortgage payable	-	140,083
Payment of bonds, notes, and mortgages payable	(8,667)	(186,883)
Payment of debt extinguishment costs	-	(15,975)
Payment of debt issuance costs	-	(3,226)
Net cash used in financing activities	(5,136)	(60,199)
Net change in cash and cash equivalents	(12,613)	(2,318)
Cash and cash equivalents		
Beginning of year	28,071	30,389
End of year	$ 15,458	$ 28,071
Supplemental disclosure		
Interest paid	$ 13,804	$ 21,634
Change in accounts payable and accrued expenses relating to plant assets	120	(220)
Proceeds from sale of donated securities	495	864
Change in investment held for AECOM and unconsolidated organizations	(10,920)	(7,917)

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

1. The University and its Operations

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

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

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

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

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

Related Entities

Consolidated Organizations

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

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

Y Properties Holdings, LLC ("Y Properties") was formed in 2017 as a special purpose bankruptcy remote entity in connection with the refinancing of the University's private placement debt which was collateralized by a mortgage encumbering five University properties in New York City. The purpose of Y Properties is to generally acquire, hold, maintain, operate, lease, or otherwise use its properties and to borrow money in furtherance of the objectives of Y Properties. The sole member of Y Properties is the University. On April 21, 2017, the University transferred ownership of the five aforementioned properties to Y Properties, and Y Properties entered into a $140,000 loan agreement secured by a mortgage on such properties. The net proceeds of the loan (less the costs of issuance) were distributed to the University as the sole member and used to repay the private placement debt. The University continues to use these properties as a tenant, pursuant to a long-term operating lease with Y Properties as landlord (Notes 7 and 9(c)). Y Properties remains a separate entity whose assets and credit are not available to satisfy the University's unrelated debts and other obligations. As the sole controlling member, the University includes the operations of Y Properties in the University's consolidated financial statements.

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

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

For a transition period, estimated at the closing to be at least three years following the Closing, until AECOM, Inc. receives full accreditation as a freestanding degree-granting institution, the University will: (i) maintain academic oversight for the medical school, including granting degrees; and (ii) provide certain administrative services to or on behalf of the medical school. As part of the University's continuing involvement during the transition period until AECOM, Inc. receives full accreditation, certain medical school employees, including a number of faculty members and academic officers, will remain employed by the University. Additionally, during this transition period, medical school students will continue to enroll at the University and financial aid will be administered by the University in accordance with applicable federal and state law and accreditation requirements (Note 3). As part of a transition services agreement, AECOM, Inc. will pay the University for the University's ongoing activities benefitting medical students and the medical school during the transition period. AECOM, Inc. has advised the University that it anticipates receiving degree granting authority during fiscal year 2019.

Tax Matters
The University is a not-for-profit corporation described in Internal Revenue Code Section 501(c) (3) and is generally exempt from federal income taxes on related income under Internal Revenue Code Section 501(a). Accordingly, no provision for federal income tax has been recorded in the consolidated financial statements. The University is also exempt from New York income taxes under the related state provisions. The University is subject to the unrelated business income tax on revenue generated by activities unrelated to its tax-exempt mission of education and research, primarily from income generated by certain investments. For the years ended June 30, 2018 and 2017, the University generated net unrelated trade or business income of $222 and ($1,012), respectively. As of June 30, 2018, the University had approximately $15,382 of ordinary loss carry-forwards to offset unrelated business income and capital gains generated in future years. Management has taken the position not to record a deferred tax asset with respect to these losses, as it is uncertain whether such losses will be utilized in the future.

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

Y Properties is a single member limited liability company that is classified as a disregarded entity for federal and state income tax purposes. For tax purposes, all of Y Properties' income and losses are included with the University, its sole member.

Management assesses its income tax position each year to determine whether it is likely to be sustained if examined by an applicable taxing authority. This review for fiscal 2018 had no material impact on the consolidated financial statements.

Financial Position and Liquidity
In recent years, the University has incurred significant operating losses. The University's recurring operating deficits have been funded in part by available operating resources.

As a result of these financial and operational challenges, the University has been implementing certain strategic and operational initiatives to effect a short-term and long-term comprehensive strategic business plan for a sustainable Yeshiva University. During fiscal 2017, the University completed certain liquidity transactions to provide additional operating support, including among other initiatives, the sale of the note receivable to an unrelated third party for $148,000 (Note 3); the sales of certain real estate assets for $61,568; and the refinancing of certain private placement bonds.

The University was in compliance with its bond and bank loan covenants at June 30, 2018 and 2017. Management believes that the University will have sufficient resources to meet its ongoing obligations, through June 30, 2020.

2. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

Operating activities principally include all revenue and expenses that relate to the University's educational programs, research, training, and supporting activities. Investment returns utilized included in operating revenues consist of appropriated endowment spending on pooled endowed funds and investment income on nonendowed funds, as well as nonpooled endowed funds, that were used to support operating activities in accordance with the University's endowment spending policy (Note 5). Gain on sale of properties included in operating revenues consists of the net proceeds from the sale of certain University owned assets which were sold during fiscal year 2017. Operating revenues also include the release of temporarily restricted net assets which include prior year contributions for which the donor-specified conditions have been met.

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

Tuition and Fees

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

Grants and Contracts

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

Contributions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Level 3 Unobservable inputs for the asset or liability.

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

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

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

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

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

The fair value of the University's investments is disclosed in Note 4. A reasonable estimate of the fair value of loans receivable from students under government loan programs could not be made because the loans are not saleable and can only be assigned to the U.S. Government or its designees. The fair value of the mortgage loans receivable at June 30, 2018 and 2017 approximated carrying value in the Consolidated Statements of Financial Position. The carrying amount of the University's remaining financial instruments approximates fair value because of their short maturity.

Use of Estimates
The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions include the valuation of investments, provision for uncollectible receivables, the present value of multi-year pledges, and the allocation of expenses to functional classifications.

New Accounting Pronouncements

In May 2014, the FASB issued an Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction prices to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2017. The University is evaluating the impact this standard will have on the fiscal year 2019 consolidated financial statements.

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

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

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. The ASU provides guidance on certain cash receipts and states that cash payments should be classified in the Statement of Cash Flows. The ASU is effective for fiscal years beginning after December 15, 2018; however, early adoption is permitted. The University is evaluating the impact this standard will have on the fiscal year 2020 consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. The ASU provides guidance on the presentation, disclosure, and cash flow classification of restricted cash. The ASU is effective for fiscal years beginning after December 15, 2018; however, early adoption is permitted. The University is evaluating the impact this standard will have on the fiscal year 2020 consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The amendments in this update provide a framework for evaluating whether grants should be accounted for as exchange transactions or as nonexchange transactions. This ASU is effective for fiscal years beginning after December 15, 2017. This ASU should be applied on a modified prospective basis; however, retrospective application is permitted. The University is evaluating the impact this standard will have on the fiscal year 2019 consolidated financial statements.

Reclassifications

Certain previously reported amounts in the fiscal 2017 consolidated financial statements have been reclassified in order to conform to the fiscal 2018 presentation.

3. Joint Collaboration Agreement – AECOM, Inc.

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

In accordance with the Joint Collaboration Agreement, the majority of the University's investment and endowment accounts that were attributable to (i.e., donated for the benefit of) Einstein were transferred from the University to AECOM, Inc. The remainder of those investments continue to be transferred to AECOM, Inc. over time (Notes 4 and 11).

In connection with the Transaction, the University received consideration in a number of forms including an amount of cash proceeds that were specifically paid to reduce its long-term debt, by redeeming or defeasing outstanding principal of Dormitory Authority of the State of New York ("DASNY") bonds. The Joint Collaboration Agreement also provided for the University to receive additional consideration, in the form of 21 annual cash payments from AECOM, Inc., commencing on September 9, 2017, and on each September 9th thereafter through 2037. Such payments were represented by a Promissory Note from AECOM, Inc. to the University and aggregated $270,000 (20 annual payments of $12,500 each, followed by a final payment of $20,000). In October 2016, the University sold the Note receivable from AECOM, Inc. for $148,000 to an unrelated third party. As part of the sale of the Note, all obligations of AECOM, Inc. under the Note and the future proceeds of the Note were assigned to the third party.

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

(in thousands of dollars)

4. Investments

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

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

In anticipation of the Joint Collaboration Agreement regarding Einstein (Note 3), the University split the LTPool into two unitized pools in fiscal year 2015, both of which are included as part of the LTPool in the schedule below. The remaining portion of Einstein's investments of $51,829 and $61,736 at June 30, 2018 and 2017, respectively, represents investments held for AECOM, Inc. that are being transferred over time due to illiquidity and other regulatory reasons. These amounts are shown separately on the Consolidated Statements of Financial Position as of June 30, 2018, and 2017, respectively.

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

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

At June 30, 2018 and 2017, the value of the University's interest in these groups is as follows:

	2018	2017
Long term pool	$ 569,345	$ 554,771
Operational investment funds	13,677	47,139
Segregated investments	4,882	4,823
Total investments, at fair value	$ 587,904	$ 606,733

Included in segregated investments are irrevocable charitable remainder trusts of $952 and $802 as of June 30, 2018 and 2017, respectively. Included in investments held for AECOM, Inc. on the Consolidated Statements of Financial Position are $20,849 and $20,434 of irrevocable charitable remainder trusts as of June 30, 2018 and 2017, respectively.

The following tables present the fair value hierarchy for those assets reported at fair value in the Consolidated Statements of Financial Position as of June 30, 2018 and 2017. The fair value amounts presented below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Financial Position as of June 30, 2018 and 2017:

(in thousands of dollars)

	2018				
Investment strategy	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Cash and cash equivalents	$ 35,064	$ -	$ -	$ -	$ 35,064
Fixed income					
U.S. Government obligations	39,953	-	-	-	39,953
Mutual funds (fixed income)	42,777	-	-	-	42,777
Corporate debt	-	20,230	-	-	20,230
State of Israel bonds	-	-	270	-	270
Equities					
Corporate stocks	62,114	-	-	-	62,114
Mutual funds (equities)	45,635	-	-	-	45,635
Long-only equities	-	-	-	135,476	135,476
Long-short equities	-	-	-	150,377	150,377
Private equity	-	-	-	71,352	71,352
Venture capital	-	-	-	9,982	9,982
Marketable alternatives					
Multi-strategy/event-driven	-	-	-	131,692	131,692
Real assets	-	-	-	7,165	7,165
Real estate	-	-	4,241	12,178	16,419
Investment receivables	210	-	-	7,400	7,610
Other investments	315	-	1,742	-	2,057
	$ 226,068	$ 20,230	$ 6,253	$ 525,622	778,173
Less: Unconsolidated Organizations' interests in the investments portfolio					(138,440)
Less: Investments held for AECOM, Inc.					(51,829)
Total investments, at fair value					$ 587,904

	2017				
Investment Strategy	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Cash and cash equivalents	$ 83,563	$ -	$ -	$ -	$ 83,563
Fixed income					
U.S. Government obligations	50,088	-	-	-	50,088
Mutual funds (fixed income)	1,483	-	-	-	1,483
Corporate debt	-	63,280	-	-	63,280
State of Israel bonds	-	-	160	-	160
Equities					
Corporate stocks	57,240	-	-	-	57,240
Mutual funds (equities)	49,563	-	-	-	49,563
Long-only equities	-	-	-	131,113	131,113
Long-short equities	-	-	-	117,569	117,569
Private equity	-	-	-	59,953	59,953
Venture capital	-	-	-	9,838	9,838
Marketable alternatives					
Multi-strategy/event-driven	-	-	-	140,859	140,859
Real assets	-	-	-	7,231	7,231
Real estate	-	-	6,730	8,493	15,223
Investment receivables	-	-	-	18,934	18,934
Other investments	110	-	1,715	-	1,825
	$ 242,047	$ 63,280	$ 8,605	$ 493,990	807,922
Less: Unconsolidated Organizations' interests in the investments portfolio					(139,453)
Less: Investments held for AECOM, Inc.					(61,736)
Total investments, at fair value					$ 606,733

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

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

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

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

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

Investment Receivables
Investment receivables include investments in limited partnerships where the University has placed redemption requests and are measured at NAV and accrued income earned not yet paid are

(in thousands of dollars)

measured at Level I. All investments, for which fair value is measured using NAV, have been excluded within the fair value hierarchy.

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

The following table summarizes quantitative inputs and assumptions used for Level 3 investments for which fair value is based on unobservable inputs at June 30, 2018 and 2017:

2018

Investment Strategy	Fair Value	Valuation Technique	Significant Unobservable Input	Range
State of Israel bonds	$ 270	Face value	N/A	N/A
Real estate	4,241	Discounted	Discount Rate	12.0% -15.0%
		Cash Flow	Capitalization Rate	6.3% - 10.5%

2017

Investment Strategy	Fair Value	Valuation Technique	Significant Unobservable Input	Range
State of Israel bonds	$ 160	Face value	N/A	N/A
Real estate	6,730	Discounted	Discount Rate	12.0% - 15.0%
		Cash Flow	Capitalization Rate	5.5% - 10.4%

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

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

(in thousands of dollars)

The following tables present the University's fiscal 2018 and 2017 activity for those assets classified as Level 3 within the fair value hierarchy:

	June 30, 2017	Purchases	Sales	Net Realized and Unrealized Gain (Loss)	June 30, 2018
State of Israel bonds	$ 160	$ 270	$ (160)	$ -	$ 270
Real estate	6,730	-	(2,682)	193	4,241
Other investments	1,715	-	-	27	1,742
Total Level 3 investments	8,605	270	(2,842)	220	6,253
Trusts and split-interest agreements held by others	12,142	-	-	(280)	11,862
Total Level 3 assets	$ 20,747	$ 270	$ (2,842)	$ (60)	$ 18,115

	June 30, 2016	Purchases	Sales	Net Realized and Unrealized Gain (Loss)	June 30, 2017
State of Israel bonds	$ 176	$ -	$ (18)	$ 2	$ 160
Real estate	10,551	-	(4,165)	344	6,730
Other investments	1,672	-	-	43	1,715
Total Level 3 investments	12,399	-	(4,183)	389	8,605
Trusts and split-interest agreements held by others	11,623	-	-	519	12,142
Total Level 3 assets	$ 24,022	$ -	$ (4,183)	$ 908	$ 20,747

All net realized and unrealized gains (losses) in the tables above are reflected in the Consolidated Statements of Activities. Net unrealized gains (losses) still held relating to Level 3 investments are ($545) and ($667) at June 30, 2018 and 2017, respectively. The University's policy is to recognize transfers in and transfers out as of the end of the period. During the year ended June 30, 2018 and 2017, there were no significant transfers between Level 1 and Level 2.

The University has made investments in various long-lived partnerships and, in other cases, has entered into contractual agreements that may limit its ability to initiate redemptions due to notice periods, lock-ups and other restrictions. The University has also made commitments to provide capital to various limited partnerships, and under the terms of those agreements, the University is obligated to periodically advance additional funding. The University had commitments of approximately $139,437 and $96,548 at June 30, 2018 and 2017, respectively, to investment funds and limited partnerships for which capital calls had not been exercised. These amounts have not been recorded as liabilities in the Consolidated Statements of Financial Position. Such commitments generally have fixed expiration dates or other termination clauses. The University maintains sufficient liquidity in its investment portfolio to cover such calls.

(in thousands of dollars)

Details on liquidity, restrictions by strategy and type of investment are provided below as of June 30, 2018 and 2017:

2018

	Monthly and More Frequent	Quarterly	Semi-Annually and Annually	Greater Than One Year	Redemptions Placed	Total	Notice Periods in Days
Investment strategy							
Cash and cash equivalents	$ 35,064	$ -	$ -	$ -	$ -	$ 35,064	N/A
Fixed income							
U.S. Government obligations	39,953	-	-	-	-	39,953	N/A
Mutual funds (fixed income)	42,777	-	-	-	-	42,777	N/A
Corporate debt	20,230	-	-	-	-	20,230	N/A
State of Israel bonds	-	-	-	270	-	270	N/A
Equities							
Corporate stocks	62,114	-	-	-	-	62,114	N/A
Mutual funds (equities)	45,635	-	-	-	-	45,635	N/A
Long-only equities	69,210	33,083	33,183		-	135,476	10–60
Long-short equities	-	17,219	68,361	50,554	14,243	150,377	30–N/A
Private equity	-	-	-	71,352	-	71,352	N/A
Venture capital	-	-	-	9,982	-	9,982	N/A
Marketable alternatives							
Multi-strategy/event-driven	-	58,652	69,330	-	3,710	131,692	45–N/A
Real assets	-	-	-	7,165	-	7,165	N/A
Real estate	-	-	-	16,419	-	16,419	N/A
Investment receivables	486	7,124	-	-	-	7,610	N/A
Other investments	628	-	-	1,429	-	2,057	N/A
Total investments, at fair value	$ 316,097	$ 116,078	$ 170,874	$ 157,171	$ 17,953	$ 778,173	

2017

	Monthly and More Frequent	Quarterly	Semi-Annually and Annually	Greater Than One Year	Redemptions Placed	Total	Notice Periods in Days
Investment strategy							
Cash and cash equivalents	$ 83,563	$ -	$ -	$ -	$ -	$ 83,563	N/A
Fixed income							
U.S. Government obligations	50,088	-	-	-	-	50,088	N/A
Mutual funds (fixed income)	1,483	-	-	-	-	1,483	N/A
Corporate debt	63,280	-	-	-	-	63,280	N/A
State of Israel bonds	-	-	-	160	-	160	N/A
Equities							
Corporate stocks	57,240	-	-	-	-	57,240	10–N/A
Mutual funds (equities)	49,563	-	-	-	-	49,563	N/A
Long-only equities	68,678	28,246	34,189	-	-	131,113	10–90
Long-short equities	-	37,709	57,884	7,847	14,129	117,569	30–N/A
Private equity	-	-	-	59,953	-	59,953	N/A
Venture capital	-	-	-	9,838	-	9,838	N/A
Marketable alternatives							
Multi-strategy/event-driven	-	54,774	79,428	-	6,657	140,859	45–120
Real assets	-	-	-	7,231	-	7,231	N/A
Real estate	-	-	-	15,223	-	15,223	N/A
Investment receivables	581	18,353	-	-	-	18,934	N/A
Other investments	417	-	-	1,408	-	1,825	N/A
Total investments, at fair value	$ 374,893	$ 139,082	$ 171,501	$ 101,660	$ 20,786	$ 807,922	

As of June 30, 2018, a total of $57,177 within the long-short equities investment strategy is locked up until a future date. Specifically, $26,096 is locked up until September 30, 2018; $6,621 is locked up until December 31, 2018; $8,172 is locked up until June 30, 2019; and $16,288 is locked up until June 30, 2020. As of June 30, 2017, within the long-short equities investment strategy, $7,847 was locked up until June 30, 2019.

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

(in thousands of dollars)

Details on unfunded commitments by investment strategy are provided below as of June 30, 2018 and 2017:

2018 Unfunded Commitments				
Investment Strategy	**0–3 Years**	**4–5 Years**	**Greater Than 5**	**Total**
Marketable alternatives				
Multi-strategy/event driven	$ 21,000	$ -	$ -	$ 21,000
Equities				
Long-short equities	15,000	-	-	15,000
Private equity	8,836	-	50,895	59,731
Venture capital	535	-	12,290	12,825
Real assets	5,767	-	1,881	7,648
Real estate	2,581	-	20,652	23,233
Total	$ 53,719	$ -	$ 85,718	$ 139,437

2017 Unfunded Commitments				
Investment Strategy	**0–3 Years**	**4–5 Years**	**Greater Than 5**	**Total**
Marketable alternatives				
Multi-strategy/event driven	$ 21,000	$ -	$ -	$ 21,000
Equities				
Long-short equities	6,000	-	-	6,000
Private equity	14,055	4,807	34,318	53,180
Venture capital	554	-	6,480	7,034
Real assets	-	-	1,353	1,353
Real estate	2,581	-	5,400	7,981
Total	$ 44,190	$ 4,807	$ 47,551	$ 96,548

The net movement of cash and cash equivalents within the investments balance is included in proceeds from sales of investments in the Consolidated Statements of Cash Flows as of June 30, 2018 and 2017.

Net Investment Return
Net investment return for the years ended June 30, 2018 and 2017 is as follows:

	2018	**2017**
Investment income	$ 6,476	$ 4,532
Investment expenses	(2,842)	(2,070)
Net realized and unrealized gains (losses)	33,497	49,401
Net investment return	$ 37,131	$ 51,863

(in thousands of dollars)

Investment Support Appropriated From LTPool

In fiscal 2018, investment support appropriated from the LTPool was $30,807, inclusive of appropriation from endowments of $25,985, of which $28,619 was utilized. In fiscal 2017, investment support appropriated from the LTPool was $26,432, inclusive of appropriation from endowments of $23,686, of which $24,164 was utilized.

5. Endowment

The University's endowment consists of approximately 1,200 individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

The following represents the University's endowment net asset composition by type of fund as of June 30, 2018 and 2017:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (10,060)	$ 131,532	$ 385,792	$ 507,264
Board-designated endowment funds	4,123	3,458	-	7,581
Total endowment net assets	$ (5,937)	$ 134,990	$ 385,792	514,845
Other investments, net				73,059
Total investments				$ 587,904

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (10,667)	$ 127,581	$ 381,169	$ 498,083
Board-designated endowment funds	4,061	4,036	-	8,097
Total endowment net assets	$ (6,606)	$ 131,617	$ 381,169	506,180
Other investments, net				100,553
Total investments				$ 606,733

The tables above do not include pledge receivables, loan funds and other permanently restricted funds of $43,342 and $58,704 for the years ended June 30, 2018 and 2017, respectively.

Changes in endowment net assets for the year ended June 30, 2018 were as follows:

(in thousands of dollars)

	2018			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets at June 30, 2017	$ (6,606)	$ 131,617	$ 381,169	$ 506,180
Endowment income, net of expenses	24	2,956	32	3,012
Net realized and unrealized gains (losses) on endowments	239	27,237	311	27,787
Net endowment return	263	30,193	343	30,799
Contributions	-	181	4,505	4,686
Appropriation of endowment assets per spending policy	(202)	(25,520)	(263)	(25,985)
Transfers, withdrawals and other changes	-	(873)	38	(835)
Reclassifications	608	(608)	-	-
Endowment net assets at June 30, 2018	$ (5,937)	$ 134,990	$ 385,792	$ 514,845

Changes in endowment net assets for the year ended June 30, 2017 were as follows:

	2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets at June 30, 2016	$ (9,401)	$ 114,987	$ 372,647	$ 478,233
Endowment income, net of expenses	18	2,106	23	2,147
Net realized and unrealized gains (losses) on endowments	377	42,784	490	43,651
Net endowment return	395	44,890	513	45,798
Contributions	1	235	5,342	5,578
Appropriation of endowment assets per spending policy	(204)	(23,217)	(265)	(23,686)
Transfers, withdrawals and other changes	-	(2,675)	2,932	257
Reclassifications	2,603	(2,603)	-	-
Endowment net assets at June 30, 2017	$ (6,606)	$ 131,617	$ 381,169	$ 506,180

The New York Prudent Management of Institutional Funds Act ("NYPMIFA") contains provisions that govern appropriation and use, among other things, of donor-restricted endowment funds. NYPMIFA updated certain provisions of prior endowment management law.

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

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

The provisions of NYPMIFA allowing prudent appropriation without regard to historic dollar value apply to funds created after its September 2010 effective date. Donors of funds created before that date were given the option of requiring institutions to continue to observe the historic dollar value restrictions contained in prior law. Some donors of University funds have elected this option. Moreover, a donor may incorporate in a gift instrument specific restrictions on appropriation that are different from either NYPMIFA or prior law.

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

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

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

The University utilizes a spending rate in allocating appreciation earned on assets invested in the LTPool. For fiscal year 2018, the spending rate policy consisted of appropriating 5.0% of the fair value per unit in the LTPool, based on a 12-quarter average value through December 31 of the previous year. When donors have expressly stipulated the payout percentage of earnings on endowment that differs from the University's policies, the donors' intent prevails. For fiscal year 2018, the University approved an additional appropriation of approximately $2,400 from certain accessible endowment gains in accordance with NYPMIFA guidelines.

(in thousands of dollars)

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below its original value. Deficiencies of this nature approximated $10,060 and $10,667 as of June 30, 2018 and 2017, respectively.

The Manhattan Campuses had a balance of prior borrowings from the LTPool utilized to fund operations of $12,773 and $11,971 at June 30, 2018 and 2017, respectively. This amount included gains of $802 and $1,128 in fiscal 2018 and 2017, respectively, and is reported as a reduction to the investment balance in the Consolidated Statements of Financial Position as of June 30, 2018 and 2017. AECOM, Inc.'s share of this borrowing amounted to $5,109 out of the $12,773 for fiscal 2018, which is included in investments held for AECOM, Inc. In accordance with the Joint Collaboration Agreement, the University will repay AECOM, Inc.'s share (plus accrued interest) over a ten year period commencing on September 9, 2020; and interest is accrued annually based on the equivalent return on the LTPool.

6. Receivables and Other Assets

Contribution Receivables, Net
Contribution receivables, net consisted of the following at June 30, 2018 and 2017:

	2018	2017
Amount expected to be collected in		
Less than one year	$ 16,232	$ 16,906
One to five years	63,591	64,908
Greater than five years	20,848	22,531
	100,671	104,345
Less:		
Discount to present value (1.49%–6.00%)	(7,178)	(12,054)
Allowance for uncollectible amounts	(43,665)	(24,407)
Total contribution receivables, net	$ 49,828	$ 67,884

As of June 30, 2018, and 2017, approximately 80% and 79%, respectively, of gross contribution receivables were from five donors. The allowance in 2018 and 2017 includes approximately $40,000 and $20,000, respectively, related to long-term donors due to changes in circumstances.

Student Receivables, Net
The tables below provide disclosures about the student loan receivables as well as student tuition receivables at June 30, 2018 and 2017.

(in thousands of dollars)

	2018		
	Receivable	**Allowance**	**Net Receivable**
Federal revolving loans	$ 6,120	$ (1,325)	$ 4,795
Institutional loans	31,612	(7,553)	24,059
Accrued interest	5,904	(4,352)	1,552
Total student loan receivables	43,636	(13,230)	30,406
Total student tuition receivables	9,914	(5,905)	4,009
Total student receivables	$ 53,550	$ (19,135)	$ 34,415

	2017		
	Receivable	**Allowance**	**Net Receivable**
Federal revolving loans	$ 6,830	$ (1,312)	$ 5,518
Institutional loans	31,474	(7,108)	24,366
Accrued interest	5,349	(3,904)	1,445
Total student loan receivables	43,653	(12,324)	31,329
Total student tuition receivables	9,195	(5,849)	3,346
Total student receivables	$ 52,848	$ (18,173)	$ 34,675

	2018					
	Federal Revolving	**Institutional**	**Accrued Interest**	**Total Loans Allowance**	**Student Receivables**	**Gross Allowances**
Allowance at beginning of year	$ (1,312)	$ (7,108)	$ (3,904)	$ (12,324)	$ (5,849)	$ (18,173)
Current year provisions	(13)	(445)	(448)	(906)	(56)	(962)
Allowance at end of year	$ (1,325)	$ (7,553)	$ (4,352)	$ (13,230)	$ (5,905)	$ (19,135)

	2017					
	Federal Revolving	**Institutional**	**Accrued Interest**	**Total Loans Allowance**	**Student Receivables**	**Gross Allowances**
Allowance at beginning of year	$ (1,324)	$ (7,042)	$ (3,508)	$ (11,874)	$ (5,130)	$ (17,004)
Current year recovery (provisions)	12	(66)	(396)	(450)	(719)	(1,169)
Allowance at end of year	$ (1,312)	$ (7,108)	$ (3,904)	$ (12,324)	$ (5,849)	$ (18,173)

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

(in thousands of dollars)

Other Assets and Receivables

Other assets consisted of grant receivables, prepaid expenses, deposits with bond trustees, donated fractional interests in real estate, cash deposits required by vendors, due to/from related entities, rent receivables, and various other miscellaneous receivables. Included at fair value are the assets of the University's 457(b) deferred compensation plan (Note 8).

The University has a lease agreement with Montefiore, whereby exclusive occupation, management, and control of Jack D. Weiler Hospital of Albert Einstein College of Medicine ('WHAECOM") is with Montefiore. This lease was amended as part of the Transaction (Note 3), and the revenue from the lease is now allocated to Manhattan Campuses instead of Einstein. The lease term was extended and the annual lease payment was increased to $2,500, effective as of September 9, 2015, with annual increases thereafter of 2% compounded annually through 2114. The rental income on this lease is recognized evenly over the life of the lease, and accordingly, a rent receivable of $23,129 and $18,105 is included in other assets and receivables in the Consolidated Statements of Financial Position at June 30, 2018 and 2017, respectively.

As of June 30, 2018, the University, as a lessor, is expecting to receive as minimum future lease payments for WHAECOM the following amounts over the next 5 years and thereafter:

	2019	2020	2021	2022	2023	Thereafter	Total
Minimim lease income	$ 2,653	$ 2,706	$ 2,760	$ 2,815	$ 2,872	$ 741,367	$ 755,173

Included in other assets and receivables are amounts due from unconsolidated organizations. The University charges RIETS and the High Schools for management services (such as accounting, treasury operations, human resources, procurement, legal, and other administrative services) as well as facilities maintenance. The fees for these services to RIETS were $2,500 for each of the years ended June 30, 2018 and 2017. The cost of these services to the High Schools was $1,100 and $1,000 for the years ended June 30, 2018 and 2017, respectively. The University's inter-company receivable from RIETS is $1,783 and $3,351 at June 30, 2018 and 2017, respectively. The University's inter-company receivable from the High Schools is $1,056 and $0 at June 30, 2018 and 2017, respectively.

The University provided a subsidy to forgive the High Schools of $1,446 and $1,603 for the years ended June 30, 2018 and 2017, respectively, related to University funded advances.

7. Land, Buildings and Equipment, Net

Land, buildings and equipment, net consisted of the following at June 30, 2018 and 2017:

	2018	2017
Land	$ 13,717	$ 13,717
Buildings and improvements	387,096	385,736
Equipment, furniture and fixtures	26,296	27,858
Capitalized asbestos remediation costs	3,945	5,380
	431,054	432,691
Less: Accumulated depreciation and amortization	(238,058)	(229,744)
Total land, buildings and equipment, net	$ 192,996	$ 202,947

Depreciation and amortization expense related to buildings and equipment for the years ended June 30, 2018 and 2017 was $12,972 and $13,211, respectively. The University wrote off fully depreciated assets of $1,953 and $3,448 during the years ended June 30, 2018 and 2017, respectively.

8. Retirement Plans

Defined Contribution and Deferred Compensation Plans

The University has several defined contribution retirement plans in which most full-time and many part-time employees participate. The University's contributions are based on specified percentages of each employee's annual salary. It is the University's policy to fund retirement plan costs currently. Total retirement plan expense for the years ended June 30, 2018 and 2017 was $3,046 and $2,881, respectively.

The University has a 457(b) deferred compensation plan, which is offered to select management employees. The employee contributions are capped at the annual federal limit for deferred compensation. The assets related to this plan are included in other assets and receivables in the Consolidated Statements of Financial Position and amounted to $12,547 and $12,023 as of June 30, 2018 and 2017, respectively. The assets primarily consist of mutual funds and guaranteed interest classified as level 1 based on the fair value hierarchy described in Note 4. These assets for the years ended June 30, 2018 and 2017 was $9,223 and $8,389, respectively.

Offsetting liabilities that relate to this plan are included in other liabilities as of June 30, 2018 and 2017. The contract value of the guaranteed interest account for the years ended June 30, 2018 and 2017 was $3,324 and $3,634, respectively.

Multi-Employer Benefit Plan

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

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

(in thousands of dollars)

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

The University contributed $1,041 and $1,031 in cash and recorded expenses for the multi-employer plan for fiscal 2018 and 2017, respectively. The University's contributions to the 1199 Pension Fund represent less than 5% of its total contributions to all retirement plans.

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

Plan Name	EIN Plan Number /Pension	Pension Protection Act Zone Status 2018	Pension Protection Act Zone Status 2017	FIP/RP Status Pending/ Implemented	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
1199 Pension Fund	13-3604862/001	Green	Green	N/A	No	December 31, 2018

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

The University has one contract with 1199 SEIU on extension through December 31, 2018.

9. Bonds Payable and Other Debt

Details of the bonds payables and other debt as of June 30, 2018 and 2017 are as follows:

Description	Maturity Date	Interest Rate	2018	2017
Bonds payable - DASNY Bonds				
Series 2011A [(a)]	November 1, 2040	4.00%–5.00%	$ 50,970	$ 53,015
Series 2009 [(b)]	September 1, 2038	3.50%–5.18%	99,540	105,970
Principal subtotal			150,510	158,985
Add: Unamortized premiums			240	812
Less: Unamortized bond issuance costs			(1,692)	(1,907)
Subtotal - Bonds payable - DASNY Bonds			149,058	157,890
Mortgages payable	Varied	3.13%–4.17%	4,754	4,946
Y Properties notes [(c)]	May 6, 2032	4.32%	140,000	140,000
Less: Unamortized loan issuance costs			(3,010)	(3,198)
Total bonds payable and other debt			$ 290,802	$ 299,638

a. In September 2011, DASNY issued $90,000 of Revenue Bonds Series 2011A (Series 2011A Bonds) on behalf of the University. The Series 2011A Bonds bear interest rates ranging from 4% to 5% with principal payments due at various dates commencing November 1, 2014, and a final maturity date of November 1, 2040. The Series 2011A Bonds are general unsecured obligations of the University; no security interest or mortgage encumbering University revenues or assets was granted in connection with the issuance of the Series 2011A Bonds. A portion of the proceeds of the Series 2011A Bonds was used for the payment of, or to reimburse the University for the payment of, certain capital expenditures and to reimburse $20,500 on a line of credit. A portion of the Series 2011A Bonds was used to refund all but $3,064 of the outstanding DASNY Series 2001 Bonds. The Series 2011A Bonds were issued with a net premium of $3,390, of which $657 and $1,000 were unamortized as of June 30, 2018 and 2017, respectively.

b. In July 2009, DASNY issued $140,820 of Revenue Bonds Series 2009 (Series 2009 Bonds) on behalf of the University. The Series 2009 Bonds bear interest rates ranging from 3.50% to 5.18% with principal payments due at various dates commencing September 1, 2016, and a final maturity date of September 1, 2038. The Series 2009 Bonds are general unsecured obligations of the University; no security interest or mortgage encumbering University revenues or assets was granted in connection with the issuance of the Series 2009 Bonds. A portion of the proceeds of the Series 2009 Bonds was used for the payment of, or to reimburse the University for the payment of, certain capital expenditures. A portion of the Series 2009 Bonds was used to refund the outstanding DASNY Series 1998 Bonds. The Series 2009 Bonds were issued with a net premium of $1,386, of which ($416) and ($188) were unamortized as of June 30, 2018 and 2017, respectively.

c. In April 2017, in connection with the refinancing of certain private placement taxable bonds, the University transferred ownership of five mortgaged properties to Y Properties, a special purpose entity of which the University is the sole member (Note 1). Y Properties entered into a secured loan agreement with certain lenders whereby it issued notes in the aggregate principal amount of $140,000 which are secured by a mortgage on the five properties owned by Y Properties. The term of the notes are for 15 years, and the notes currently bear interest at a rate of 4.324% per annum. Until June 2021, Y Properties will make interest only payments; subsequent payments will include a portion of the principal amount outstanding, using a 30 year amortization table. Y Properties distributed the net proceeds of the loan (less debt issuance costs), in the amount of approximately $136,800, to the University in April 2017, and the University used the proceeds to repay the outstanding taxable bonds.

As part of the loan, the University entered into a unitary lease with Y Properties, whereby the University will continue to use the mortgaged properties as a tenant pursuant to a long term operating lease and make monthly rent payments to Y Properties, initially in the approximate amount of $1,590. Payments in excess of debt service and certain operating costs of Y Properties are distributed to the University as the sole member, on a monthly basis. As controlling member, the University includes the operations of Y Properties in its consolidated financial statements, and accordingly all intercompany revenue, expenses, equity transfers and distributions are eliminated in consolidation.

(in thousands of dollars)

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

	Principal	Interest	Total
Year Ending June 30,			
2019	$ 6,528	$ 13,486	$ 20,014
2020	5,272	13,207	18,479
2021	5,725	12,924	18,649
2022	8,151	12,504	20,655
2023	8,547	12,113	20,660
Thereafter	261,041	75,669	336,710
	295,264	$ 139,903	$ 435,167
Unamortized premium	240		
Unamortized issuance costs	(4,702)		
Total projected debt service payments	$ 290,802		

Interest expense on the bonds and other debt for the years ended June 30, 2018 and 2017 was $13,092 and $16,445, respectively.

The sale of certain property on the Brookdale campus in October 2016 reduced the University's bonds and mortgages payable by approximately $5,000.

10. Asset Retirement Obligations

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

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

	2018	2017
Asset retirement obligations at June 30, 2017	$ 9,455	$ 9,725
Accretion expense	171	188
Asset retirement obligations settled or eliminated	(223)	(458)
Asset retirement obligations at June 30, 2018	$ 9,403	$ 9,455

(in thousands of dollars)

11. Due to AECOM, Inc.

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

The following are liabilities payable to AECOM, Inc. that the University has recognized as of June 30, 2018 and 2017:

	2018	2017
Investments held pending transfer	$ 51,829	$ 61,736
Cash and cash equivalents	1,828	1,961
Other assets and receivables		
457B plan	2,062	2,219
Workers compensation	2,341	2,111
Faculty mortgages	323	342
Total due to AECOM, Inc.	$ 58,383	$ 68,369

12. Allocation of Certain Expenses

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

Expenses by functional classification, after allocating operations and maintenance, depreciation, and interest, are as follows for the years ended June 30, 2018 and 2017:

	2018				
	Before Allocation	Operations and Maintenance	Depreciation and Amortization	Interest	After Allocation
Instruction	$ 70,497	$ 8,620	$ 4,564	$ 4,975	$ 88,656
Research and training	2,781	340	180	196	3,497
Academic support	33,024	4,038	2,138	2,330	41,530
Student services	19,363	2,367	1,254	1,366	24,350
Institutional support	45,001	5,502	2,914	3,176	56,593
Auxiliary enterprises	5,023	5,321	1,136	1,049	12,529
Year ended June 30, 2018	$ 175,689	$ 26,188	$ 12,186	$ 13,092	$ 227,155

(in thousands of dollars)

	2017				
	Before Allocation	Operations and Maintenance	Depreciation and Amortization	Interest	After Allocation
Instruction	$ 73,940	$ 9,426	$ 4,581	$ 6,719	$ 94,666
Research and training	2,855	364	177	259	3,655
Academic support	28,390	3,619	1,759	2,580	36,348
Student services	18,612	2,373	1,153	1,691	23,829
Institutional support	45,098	5,749	2,794	4,098	57,739
Auxiliary enterprises	4,554	5,490	2,011	1,098	13,153
Year ended June 30, 2017	$ 173,449	$ 27,021	$ 12,475	$ 16,445	$ 229,390

Fundraising expenses are included in institutional support. For the years ended June 30, 2018 and 2017, such costs were $9,290 and $10,449, respectively. For purposes of reporting fundraising expenses, the University includes only those fundraising costs incurred by its development office.

13. Scholarships and Tuition Transfers to AECOM, Inc.

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

	2018	2017
University unfunded support	$ 67,582	$ 52,466
University funded support	17,424	22,913
	$ 85,006	$ 75,379

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

As part of the affiliation with AECOM, Inc, the University has continued as the degree-granting institution until AECOM, Inc. receives its accreditation (Note 3). The University transferred to AECOM, Inc. gross tuition of $49,504 and $47,559, less a scholarship allowance of $19,435 and $18,763, for a net tuition transfer of $30,069 and $28,796 for the years ended June 30, 2018 and 2017, respectively.

(in thousands of dollars)

14. Net Assets Released From Restrictions

Net assets released from restrictions during June 30, 2018 and 2017 were released for the following purposes:

	2018	2017
Academic chairs and support	$ 2,293	$ 1,392
Facility maintenance	1,510	961
Fellowships	1,715	1,385
Instruction, training and lectureships	4,659	6,956
Other	8,213	4,938
Public service	251	181
Research	254	27
Student scholarships	9,016	12,983
Time restricted pledges	1,219	1,734
	$ 29,130	$ 30,557

15. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018 and 2017 were available for the following purposes:

	2018	2017
Academic chairs	$ 29,731	$ 30,532
Facility maintenance	690	2,335
Faculty scholars and fellowships	12,843	12,697
Instruction, training and lectureships	10,217	10,483
Library	2,214	2,239
Other	71,962	66,646
Public service	2,287	2,983
Research	259	170
Student scholarships	64,636	63,510
Time restricted pledges	1,728	8,245
	$ 196,567	$ 199,840

(in thousands of dollars)

16. Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2018 and 2017 includes endowments, pledges, and loans and were available for the following purposes:

	2018	2017
Academic chairs and support	$ 55,088	$ 55,088
Capital projects	6,055	6,055
Faculty scholars and fellowships	14,708	14,458
Instruction and training and lectureships	65,801	66,016
Library	2,616	2,616
Other	15,588	13,459
Research	4,997	4,967
Revolving fund for special projects	59,649	74,695
Student loans	14,899	14,397
Student scholarships	170,416	168,721
Trusts held by others in perpetuity	4,504	4,658
Unrestricted	14,813	14,743
	$ 429,134	$ 439,873

17. Contingencies

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

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

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

18. Subsequent Events

Subsequent event guidance requires the University to evaluate subsequent events to determine whether they provide additional evidence about conditions that existed at the date of the consolidated financial statements, and to determine if those events require recognition or disclosure in the consolidated financial statements. The University has performed an evaluation of subsequent events through December 21, 2018, which is the date the consolidated financial statements were issued.