FORDHAM UNIVERSITY

2008 FINANCIAL STATEMENTS
with Report of Independent Auditors

KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Trustees
Fordham University:

We have audited the accompanying statements of financial position of Fordham University (the University) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fordham University as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 8 to the financial statements, the University adopted the provisions of Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans,* as of June 30, 2007.

KPMG LLP

October 10, 2008

FORDHAM UNIVERSITY

Statements of Financial Position

June 30, 2008 and 2007

Assets		2008	2007
Cash and cash equivalents	$	1,005,831	1,108,829
Accounts and grants receivable:			
Students, net (note 4)		15,558,757	14,981,332
Government		4,961,677	3,860,588
Other (note 15)		13,150,313	9,895,665
Contributions receivable, net (note 5)		57,286,509	32,221,309
Prepaid expenses and other assets (note 9)		3,567,422	9,502,497
Investments (note 3)		472,545,883	513,303,488
Student loans receivable, net (note 4)		15,039,171	14,548,298
Deposits with bond trustees (note 9)		3,163,599	5,474,490
Bond issuance costs (note 9)		3,537,509	4,287,705
Investment in plant assets, net (notes 6 and 9)		487,280,675	475,525,564
Total assets	$	1,077,097,346	1,084,709,765
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses (note 9)	$	67,018,633	60,999,255
Loans payable (note 7)		—	10,000,000
Deferred revenues and deposits (note 6)		23,982,848	25,436,335
Amounts held for others		2,044,153	2,209,300
U.S. government refundable advances		5,021,947	5,113,265
Postretirement benefits other than pensions (note 8)		29,821,000	42,772,000
Long-term debt (note 9)		192,958,021	199,413,865
Total liabilities		320,846,602	345,944,020
Commitments and contingent liabilities (notes 3, 9, 13, 14, and 16)			
Net assets:			
Unrestricted		387,172,469	394,970,990
Temporarily restricted (note 10)		197,176,524	179,237,812
Permanently restricted (note 10)		171,901,751	164,556,943
Total net assets		756,250,744	738,765,745
Total liabilities and net assets	$	1,077,097,346	1,084,709,765

See accompanying notes to financial statements.

FORDHAM UNIVERSITY

Statements of Activities

Years ended June 30, 2008 and 2007

	2008	2007
Operating revenues:		
Tuition and fees, net (note 11)	$ 284,370,150	273,465,815
Government grants	17,099,574	22,680,137
Investment return (note 3)	15,822,771	17,711,427
Contributions and private grants	19,714,302	22,063,881
Auxiliary enterprises, net (note 11)	51,635,560	49,329,915
Other revenues	14,071,756	9,720,851
Net assets released from restrictions	6,188,430	7,384,476
Total operating revenues	408,902,543	402,356,502
Operating expenses (note 12):		
Program services:		
Instruction	151,084,206	143,943,265
Research	11,706,799	8,761,642
Public service	12,370,249	10,172,023
Academic support	56,541,720	54,693,133
Student services	49,140,903	46,460,248
Auxiliary enterprises	54,252,838	52,162,038
Total program services	335,096,715	316,192,349
Supporting services:		
Institutional support	60,953,332	52,972,192
Total operating expenses	396,050,047	369,164,541
Net operating revenue	12,852,496	33,191,961
Nonoperating activities:		
Investment return (note 3)	(27,304,877)	33,755,664
Loss on refunding of debt (note 9)	(1,933,780)	—
Change in value of interest rate swap (note 9)	(6,124,751)	(406,500)
Gain not yet recognized as a component of net periodic benefit cost (note 8)	16,570,000	—
Loss on Marymount property sale (note 17)	(1,514,513)	—
Marymount College closing expenses	(343,096)	(1,108,085)
(Decrease) increase in net assets before effects of changes in accounting principles	(7,798,521)	65,433,040
Effect of adoption of FASB Statement No. 158 (note 8)	—	(5,869,000)
(Decrease) increase in unrestricted net assets	(7,798,521)	59,564,040
Changes in temporarily restricted net assets:		
Contributions and private grants	35,340,384	8,882,917
Investment return (note 3)	(11,213,242)	26,209,046
Net assets released from restrictions	(6,188,430)	(7,384,476)
Increase in temporarily restricted net assets	17,938,712	27,707,487
Changes in permanently restricted net assets:		
Contributions	8,486,471	17,028,063
Investment return (note 3)	(695,069)	723,137
(Depreciation) appreciation in fair value of perpetual trust (note 5)	(453,000)	1,053,000
Change in provision on contributions receivable	6,406	(234,013)
Increase in permanently restricted net assets	7,344,808	18,570,187
Increase in net assets	17,484,999	105,841,714
Net assets at beginning of year	738,765,745	632,924,031
Net assets at end of year	$ 756,250,744	738,765,745

See accompanying notes to financial statements.

FORDHAM UNIVERSITY

Statements of Cash Flows

Years ended June 30, 2008 and 2007

		2008	2007
Cash flows from operating activities:			
Increase in net assets	$	17,484,999	105,841,714
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Effect of change in accounting principle		—	5,869,000
Gain not yet recognized as a component of net periodic benefit cost		(16,570,000)	—
Net losses (gains) on investments		30,236,379	(69,348,844)
Loss on sale of Marymount assets		1,514,513	—
Loss on refunding of debt		1,933,780	—
Provision for doubtful student accounts		671,217	390,718
Change in provision on contributions receivable		(6,406)	234,013
Depreciation of plant assets		29,106,315	27,296,991
Amortization of bond issue costs and original issue discount/premium		31,733	125,532
Depreciation (appreciation) in fair value of perpetual trust		453,000	(1,053,000)
Contributions and investment income restricted for permanent investment		(8,505,822)	(17,199,034)
Contributions of marketable securities		(2,179,121)	(8,510,590)
Contributions and grants restricted for physical facilities		(1,884,034)	(9,341,513)
Contribution of artwork		(139,318)	(3,255,560)
Change in value of interest rate swap		6,124,751	406,500
Changes in operating assets and liabilities:			
Accounts and grants receivable		(6,654,379)	(659,427)
Contributions receivable, net of permanently restricted component		(21,074,659)	(733,270)
Prepaid expenses and other assets		236,196	(294,727)
Accounts payable and accrued expenses		(963,610)	4,583,519
Deferred revenues and deposits		(1,453,487)	7,751,115
Amounts held for others		(165,147)	(142,552)
Postretirement benefits other than pensions		3,619,000	3,642,000
Net cash provided by operating activities		31,815,900	45,602,585
Cash flows from investing activities:			
Purchases of investments		(281,412,117)	(180,591,809)
Sales of investments		294,112,464	148,146,354
Purchases of plant assets		(64,320,723)	(48,621,959)
Increase in accounts payable related to capital expenditures		6,557,116	2,758,981
Proceeds from sale of Marymount assets, net		23,097,640	—
Increase in student loans receivable, net		(490,873)	(532,987)
Proceeds and payment of receivable from sale of NIT rights		1,050,000	1,050,000
Net cash used in investing activities		(21,406,493)	(77,791,420)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt		96,895,000	—
Bond issuance costs		(1,409,873)	—
Contributions and investment return restricted for permanent investment		8,505,822	17,199,034
Contributions and grants restricted for physical facilities		1,884,034	9,341,513
(Increase) decrease in contributions receivable related to capital projects		(5,000,000)	1,425,000
Decrease in permanently restricted contributions receivable		562,865	1,809,720
(Decrease) increase in U.S. government refundable advances		(91,318)	132,841
(Repayments) proceeds under line of credit		(10,000,000)	10,000,000
Retirement of long-term debt		(8,419,826)	(7,054,400)
Refunding of long-term debt		(95,750,000)	—
Decrease (increase) in deposits with bond trustees		2,310,891	(280,192)
Net cash (used in) provided by financing activities		(10,512,405)	32,573,516
Net (decrease) increase in cash and cash equivalents		(102,998)	384,681
Cash and cash equivalents at beginning of year		1,108,829	724,148
Cash and cash equivalents at end of year	$	1,005,831	1,108,829
Supplemental disclosure:			
Interest paid	$	9,568,726	8,186,029
Acquisition of equipment through capitalized leases		1,013,538	2,864,925

See accompanying notes to financial statements.

(1) Nature of Operations

Fordham University (the University) is an independent, not-for-profit, coeducational, nonsectarian institution of higher learning in the Jesuit tradition located in the City of New York. The University was founded in 1841 and was granted its charter in 1846 by the State of New York. It is exempt from federal income taxes under the provisions of the Internal Revenue Code, as an organization described in Section 501(c)(3).

The central mission of the University is the discovery of Wisdom and the transmission of Learning, through research and through undergraduate, graduate and professional education of the highest quality. Guided by its Catholic and Jesuit traditions, the University fosters the intellectual, moral, and religious development of its students and prepares them for leadership in a global society.

The University is accredited by the Middle States Association of Colleges and Schools and presently serves approximately 7,700 undergraduate students and 6,800 graduate and professional students.

(2) Summary of Significant Accounting Policies

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

(a) Financial Statement Presentation

The University prepares its financial statements 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. Those standards require the classification of activities and net assets into one of three classes of net assets as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by the University, but permit the University to expend all or part of the income derived therefrom.

Revenues and gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Contributions and investment return subject to donor-imposed restrictions that are met in the same reporting period are reported as unrestricted revenues. Expiration of temporary restrictions on prior year net asset balances is reported as net assets released from restrictions.

Contributions, including unconditional promises to give, are reported as revenues in the period received, net of an allowance for uncollectible amounts. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are presented at their discounted present value at a risk-free rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Grants are reported as revenue when expenses are incurred in accordance with the terms of the agreement. Amounts received in advance are recorded as deferred revenue.

Contributions of property and equipment are reported as increases in unrestricted net assets unless the donor places restrictions on their use.

Contributions made towards long-lived assets are held as temporarily restricted until the asset is completed and available for use. At such time, the contribution is considered to be released from restriction and reclassified to unrestricted net assets.

Dividends, interest, and net gains on investments are reported as follows:

- As increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of permanently restricted net assets;
- As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the current use of the income or net gains; and
- As increases in unrestricted net assets in all other cases.

(b) Operating Activities

Operating activities in the accompanying statements of activities include all unrestricted revenues earned and all expenses incurred by the University except for return on investments in excess of (less than) the amount authorized for expenditure by the board of trustees, and certain nonrecurring activities.

(c) Cash Equivalents

Cash equivalents include investments with maturities of three months or less at time of purchase, except for such investments purchased by the University's investment managers as part of their investment strategies.

(d) Investment in Plant Assets

The carrying value of land is based upon a determination by the University of the fair value of land owned as of June 30, 1958. Subsequent additions have been capitalized at cost or fair market value at the date of donation in the case of gifts.

The carrying value of land improvements and buildings and building improvements constructed or acquired prior to June 30, 1969, and furnishings and equipment acquired prior to 1989 is based upon historical cost as estimated by an independent appraiser in 1989. The carrying value of buildings constructed and building improvements made after June 30, 1969 is based upon historical cost or fair market value at the date of donation in the case of gifts. Additions of furnishings and equipment subsequent to the 1989 appraisal and library collections are capitalized at cost or fair market value at the date of donation in the case of gifts.

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Depreciation of plant assets is computed on a straight-line basis over their estimated useful lives. No depreciation is computed in the year assets are acquired, and a full year's depreciation is computed in the year of disposition. Depreciable lives of land improvements and buildings and building improvements range from 5 to 60 years and depreciable lives of furnishings, equipment, and library collections range from 3 to 30 years.

(e) Deferred Revenues and Deposits

Deferred revenues and deposits include tuition and student deposits related to programs applicable to the next fiscal year and grants received in advance of incurring related expenses.

(f) U.S. Government Refundable Advances

Funds provided by the U.S. Government under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned after collections. These funds are ultimately refundable to the government and are presented in the accompanying statements of financial position as a liability.

(g) Fair Value of Financial Instruments

The carrying amount of all of the University's financial instruments other than loans receivable from students under government loan programs and long-term debt approximates fair value.

A reasonable estimate of the fair value of loans receivable from students under government loan programs (approximately $5,650,000 and $5,285,000 at June 30, 2008 and 2007, respectively) could not be made because the notes are not saleable and can only be assigned to the U.S. Government or its designees.

The fair value of long-term debt approximated $186,978,000 and $187,351,000 at June 30, 2008 and 2007, respectively. This amount was estimated by discounting the future cash flows associated with such debt by current market rates for loans with similar maturities and credit quality.

(h) Derivative Instruments

The University accounts for derivative instruments in accordance with FASB's Statement of Financial Accounting Standards (SFAS) No. 133 (SFAS 133), *Accounting for Derivative Instruments and Hedging Activities*. SFAS 133 requires that all derivative financial instruments be recognized in the financial statements and measured at fair value regardless of the purpose or intent for holding them. The fair value of the derivatives held is based upon values provided by third-party financial institutions.

(i) Expenses

Expenses are reported as decreases in unrestricted net assets. Costs related to the operation and maintenance of the physical plant, including depreciation of plant assets, are allocated to program (which includes instruction, research, public service, academic support, student services, and auxiliary enterprises) and supporting services (institutional support, which includes management and general and fund-raising expenses) based upon the useable square footage of such facilities. Interest expense is allocated to program and supporting services based upon the purposes of loan or bond proceeds.

(Continued)

(j) Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) Risks and Uncertainties

The University invests in various investment securities. Investment securities are exposed to various risks and other factors such as interest rate changes, market fluctuations, and credit risks. Due to the level of fluctuation in values associated with certain investment securities due to these factors, it is reasonably possible that changes in the values of investment securities will occur and that such changes could materially affect the amounts reported in the statement of financial position in future periods.

(l) Other Significant Accounting Policies

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

(m) Recently Adopted Accounting Standards

In June 2006, FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 addresses the accounting for uncertainties in income taxes recognized in an organization's financial statements and prescribes a threshold of more-likely-than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. FIN 48 also provides related guidance on measurement, classification, interest and penalties, and disclosures. There was no significant impact to the University's financial statements as a result of the adoption of FIN 48.

(n) New Accounting Standards

In August 2008, FASB Staff Position (FSP) FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds* (FSP), was issued, and its guidance is effective for fiscal years ending after December 15, 2008. A key component of that FSP is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. The State of New York has not yet adopted UPMIFA so the University will not have to reclassify its net assets until such time. However, for the year ended June 30, 2009, the University will have to adopt some of the disclosure requirements of the FSP.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value, and requires expanded disclosures about fair value measurements. SFAS 157 is effective for reporting periods beginning after November 15, 2007. The adoption of SFAS 157 is not expected to have a material impact on the University's financial statements; however, the adoption of SFAS 157 will require additional disclosures regarding the inputs used to develop the fair value measurements, and the impact of certain measurements on the statement of activities.

(o) Reclassifications

Certain amounts in the 2007 financial statements have been reclassified to conform to the 2008 presentation.

(3) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon quoted market prices or upon values provided by the University's external investment managers. Investments in limited partnerships are reflected at fair value as estimated and reported by general partners, based upon the underlying net assets of the fund or partnership. These estimated values are reviewed and evaluated by the University. At June 30, 2008 and 2007, the underlying investments of the limited partnerships consist principally of securities having readily available market quotations, often in long and short positions. In certain partnerships, including some funds of funds, the underlying investments are generally not actively traded at the time of investment. In these instances, estimated values may differ from the values that would have been reported had a ready market for these securities existed. The following tabulation summarizes the composition of investments at June 30, 2008 and 2007:

	Fair value	
	2008	**2007**
Cash and cash equivalents	$ 50,731,462	31,801,015
U.S. government obligations	2,570,821	2,254,168
Corporate stocks	91,309,259	161,644,335
Corporate bonds	1,061,390	1,196,720
Equity mutual funds	101,840,261	75,651,961
Bond mutual funds	1,945,924	2,368,715
Limited partnerships	220,725,796	235,997,969
Other	2,360,970	2,388,605
Total	$ 472,545,883	513,303,488

At June 30, 2008, the University had unfunded commitments to limited partnerships of approximately $9.4 million.

The University maintains an investment pool for substantially all of its investments. The pool is managed to achieve the maximum prudent long-term total return. The University's board of trustees has authorized a policy designed to preserve the value of these investments in real terms (after inflation) and provide a predictable flow of funds to support operations. This policy permits the use of total return at a rate (spending rate) of 4.0%, of the average quarterly fair value during the three preceding calendar years for the permanently restricted and other board-designated portions of the pool. Operating investment return for the year ended June 30, 2007 includes an additional $3,500,000, authorized by the board of trustees.

The following summarizes the University's total investment return and its classification in the financial statements for the years ended June 30, 2008 and 2007:

	2008			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Dividends and interest (net of expenses of $1,761,254)	$ 4,456,756	2,369,856	19,350	6,845,962
Net depreciation on investments	(15,938,862)	(13,583,098)	(714,419)	(30,236,379)
Total return on investments	(11,482,106)	(11,213,242)	(695,069)	(23,390,417)
Investment return recognized in operating activities	15,822,771	—	—	15,822,771
Investment return less than amounts recognized in operating activities	$ (27,304,877)	(11,213,242)	(695,069)	(39,213,188)

	2007			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Dividends and interest (net of expenses of $1,808,020)	$ 6,767,245	2,112,214	170,971	9,050,430
Net appreciation on investments	44,699,846	24,096,832	552,166	69,348,844
Total return on investments	51,467,091	26,209,046	723,137	78,399,274
Investment return recognized in operating activities	17,711,427	—	—	17,711,427
Investment return greater than amounts recognized in operating activities	$ 33,755,664	26,209,046	723,137	60,687,847

(4) Allowances for Uncollectible Accounts and Loans Receivable

Accounts receivable from students are reported net of an allowance for uncollectible accounts of approximately $9,421,000 and $9,059,000 at June 30, 2008 and 2007, respectively.

Student loans receivable are net of an allowance for uncollectible amounts of approximately $3,115,000 and $2,761,000 at June 30, 2008 and 2007, respectively.

(Continued)

(5) Contributions Receivable

Contributions receivable consist of the following at June 30, 2008 and 2007:

		2008	2007
Amounts expected to be collected in			
Less than one year	$	24,759,451	12,019,574
One to five years		24,594,236	18,577,303
More than five years		17,150,000	871,200
		66,503,687	31,468,077
Less allowance for uncollectible accounts		(12,723,255)	(8,577,578)
Less discount to present value (rates ranging from 2.5% to 5.0%)		(6,886,263)	(1,643,446)
Subtotal		46,894,169	21,247,053
Funds held in perpetual trusts		7,175,000	7,628,000
Charitable remainder trusts		3,217,340	3,346,256
	$	57,286,509	32,221,309

Nine pledges accounted for 64% of gross contributions receivable at June 30, 2008 and 2007.

The University is a one-thirteenth income beneficiary of a perpetual trust managed by an outside trustee. The present value of the estimated future cash receipts from the trust (which is equivalent to the University's interest in the current fair value of the trust) is recorded as contributions receivable. Changes in the underlying fair value of the assets of the trust are recorded as appreciation/depreciation in fair value of perpetual trust in the accompanying financial statements. Distributions from the trust are recorded as temporarily restricted revenue in the year received.

The University is also a beneficiary of a number of irrevocable charitable remainder trusts held by others. At the dates these charitable remainder trusts are established or the University becomes aware of their existence, contribution revenue and receivables are recognized at the present value of the estimated future benefits to be received when the trust assets are distributed. The receivable is adjusted during the term of the trusts for changes in the value of assets, accretion of the discount, and other changes in the estimates of future benefits.

(6) Plant Assets

Plant assets at June 30, 2008 and 2007 consist of the following:

		2008	2007
Land and land improvements	$	31,418,733	35,603,004
Buildings and building improvements		472,112,231	478,477,200
Furnishings, equipment, and library collections		173,653,910	166,026,612
Construction in progress		53,828,854	21,303,624
Total		731,013,728	701,410,440
Less accumulated depreciation		(243,733,053)	(225,884,876)
	$	487,280,675	475,525,564

On June 30, 2005, the University entered into an agreement to sell a portion of its real property located in Manhattan at a price expected to exceed $150 million. It is anticipated that a luxury residential condominium would be built on this site by a private developer. With this agreement, the purchaser provided the University with a $5 million letter of credit, which was redeemed by the University in July 2006 and is included in deferred revenues and deposits at June 30, 2008 and June 30, 2007. If the purchase is not completed for certain reasons outlined in the agreement, the University may be required to repay part or all of the $5 million. Additionally, once the City Planning Commission has issued the Certification of Completeness with respect to the Zoning Applications, the University shall be entitled to a second letter of credit totaling $5 million.

(7) Loans Payable

The University has three unsecured lines of credit, which, at June 30, 2008, provide up to an aggregate of $50 million of short-term financing. Borrowings against these credit lines bear interest at rates equal to the LIBOR rate plus 0.55% at the date of the loan. The University had no outstanding borrowings at June 30, 2008. At June 30, 2007 the University had $10,000,000 of outstanding borrowings under these lines of credit.

(8) Pension and Other Postretirement Benefits

Employees of the University are covered under the Teachers Insurance and Annuity Association College Retirement Equities Fund, a defined contribution plan. Contributions by the University range from 5% to 11% of an employee’s earnings and are determined by the employee’s level of earnings and length of service. The University’s contributions for retirement benefits for its employees totaled approximately $11,784,000 and $11,111,000 for the years ended June 30, 2008 and 2007, respectively.

In addition to providing pension benefits, the University provides certain healthcare and life insurance benefits for retired faculty and administrative employees who meet certain minimum age and length of service requirements. Effective June 30, 2007, the University adopted FASB Statement No. 158, *Employers' Accounting for Defined Benefit and Other Postretirement Plans* (SFAS 158), which requires that the funded status of such plans be fully reflected on the balance sheet. The following provides a summary of this unfunded plan as of June 30, 2008 and 2007:

		2008	**2007**
Change in benefit obligation:			
Benefit obligation at beginning of year	$	42,772,000	46,784,000
Service cost		2,224,000	2,367,000
Interest cost		2,493,000	2,506,000
Plan participants' contributions		214,000	160,000
Actuarial net gain		(16,570,000)	(7,547,000)
Benefits paid		(1,312,000)	(1,498,000)
Benefit obligation at end of year (funded status)	$	29,821,000	42,772,000
Components of net periodic benefit cost:			
Service cost	$	2,224,000	2,367,000
Interest cost		2,493,000	2,506,000
Amortization of net loss		—	107,000
Net periodic benefit cost	$	4,717,000	4,980,000

Prior to recognizing the effect of adopting SFAS 158, unrecognized actuarial losses totaled $5,869,000. This amount has been reported in the 2007 statement of activities as the effect of adoption of SFAS 158, decreasing unrestricted net assets and increasing the liability at June 30, 2007.

The actuarial net gain of $16,570,000 resulted primarily from changes in assumptions with respect to retiree contributions.

At June 30, 2008 the gain not yet recognized as a component of net periodic benefit cost is $10,701,000; however, it is estimated that $920,000 of such gains will be included as a component of net periodic benefit cost in fiscal year 2009.

Information with respect to plan assumptions and estimated future benefit payments follows:

	2008	2007
Benefit obligation weighted average assumptions as of June 30:		
Discount rate	6.50%	6.25%
Rate of compensation increase	3.50	3.00
Benefit cost weighted average assumptions for the years ended June 30, 2008 and 2007		
Discount Rate	6.25%	6.50%
Healthcare cost trend:		
Assumed for the next year	8.50%	9.00%
Ultimate rate	5.00%	5.00%
Year that the ultimate rate is reached	2015	2015
Discount rate	6.25%	6.50%

The healthcare cost trend rate assumption has a significant effect on the amounts reported. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects as of and for the year ended June 30, 2008:

	One-percentage-point increase	One-percentage-point decrease
Effect on total of service and interest cost components	$ 718,000	(598,000)
Effect on postretirement benefit obligation	3,519,000	(2,982,000)

Estimated future contributions and benefit payments reflecting expected future service for the fiscal years ending:

	Gross benefit payments	Gross subsidy receipts	Net benefit payments
Estimated future benefit payments reflecting expected future service for the fiscal years ending:			
2009	$ 1,365,000	178,000	1,187,000
2010	1,505,000	198,000	1,307,000
2011	1,650,000	222,000	1,428,000
2012	1,857,000	246,000	1,611,000
2013	2,061,000	278,000	1,783,000
2014 to 2018	13,979,000	1,931,000	12,048,000

(9) Long-Term Debt

Long-term debt at June 30, 2008 and 2007 is summarized as follows:

		2008	2007
Liability under bonds of the Dormitory Authority of the State of New York	$	189,285,659	193,495,214
Other notes payable		1,961,303	2,077,596
Capitalized lease obligations		1,711,059	3,841,055
	$	192,958,021	199,413,865

The Dormitory Authority of the State of New York (DASNY) bonds (Series 2008, 2004, 2002, 1998) mature in varying amounts through July 1, 2032. In May 2008, Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 2008A were issued for $96,895,000 to refund the Series 2005 issue and to pay costs of issuance of the Series 2008 bonds. The refunding of the 2005 issue resulted in an accounting loss of approximately $1,934,000, which reflects the write-off of associated bond issuance costs, and is reflected as a nonoperating charge in the 2008 statement of activities. This loss reduces the future economic benefit projected to be generated by the 2005 refunding. The Series 2008A bonds were issued as variable interest rate bonds bearing interest at a rate determined weekly by the remarketing agent for the bonds. At the option of the University and according to the bond agreement, any portion of the weekly rate bonds may be converted to another rate mode, including a fixed rate mode.

In September 2005, the University entered into an interest rate exchange agreement (swap) with Merrill Lynch Capital Services, Inc. with a notional amount of $95,750,000 for the purpose of creating a synthetic fixed rate on the Series 2005A bonds. This agreement has since been amended to reflect the Series 2008A bond issue, with a notional amount of $96,895,000. Under the terms of the agreement, the University pays a fixed rate of 3.2475% and receives 67% of the 1-month LIBOR on the notional principal amount ($96,895,000 at June 30, 2008). The fair value of the swap at June 30, 2008 approximated a liability of $425,872, which is included in accounts payable and accrued expenses in the 2008 statement of financial position. The fair value of the swap at June 30, 2007 approximated an asset of $5,698,879 which is included in prepaid expenses and other assets in the 2007 statement of financial position. The change in value of the swap was ($6,124,751) and ($406,500) at June 30, 2008 and June 30, 2007, respectively.

Interest rates on the bonds range from 2.0% to 7.2% annum. The bonds are secured by mortgages on certain of the University’s property and, in certain cases, by pledges of dormitory and tuition revenues equal to the annual debt services requirements on the bonds. At June 30, 2008 and 2007, bonds payable include an unamortized net premium of $4,160,659 and $4,355,214, respectively. Bond issuance costs of $3,537,509 and $4,287,705 at June 30, 2008 and June 30, 2007 respectively, are being amortized over the term of the bonds.

Capitalized lease obligations relate to computer equipment purchases by the University and bear interest at rates ranging from 2% to 14% per annum.

The combined aggregate amounts of payments on the bonds, notes, and capitalized leases and building and equipment reserve payments for each of the next five years and thereafter are as follows:

		Bonds and notes principal	Capital lease principal	Interest	Total
Year:					
2009	$	6,879,807	1,373,275	7,450,322	15,703,404
2010		7,203,428	337,784	7,045,789	14,587,001
2011		7,547,159	—	6,690,783	14,237,942
2012		7,866,002	—	6,329,141	14,195,143
2013		8,164,961	—	5,697,742	13,862,703
Thereafter		149,424,946	—	52,105,563	201,530,509
Sub-total		187,086,303	1,711,059	85,319,340	274,116,702
Net unamortized premium		4,160,659	—	—	4,160,659
Total	$	191,246,962	1,711,059	85,319,340	278,277,361

Total interest expense on long-term debt and loans payable amounted to approximately $9,382,000 and $8,109,000 for the years ended June 30, 2008 and 2007, respectively.

The University is required to establish and deposit with bond trustees certain funds for the benefit of bondholders, and to fulfill construction commitments. The funds are invested, principally in U.S. Government obligations, by the trustees until withdrawn to affect the purposes for which they were generated. Deposits held by bond trustees consist of the following as of June 30, 2008 and 2007:

		2008	2007
Debt Service Funds	$	697,552	649,192
Building and Equipment Reserve Funds		2,105,664	4,559,523
Construction Funds		360,383	265,775
	$	3,163,599	5,474,490

Subsequent to June 30, 2008, Dormitory Authority of the State of New York Fordham University Insured Revenue Bonds, Series 2008B were issued for $115,000,000 in connection with the University's construction of a new 450-room residential facility and numerous projects located at the University's Rose Hill campus. The fixed rate bonds, which have a final maturity of 2038, were issued at an interest rate of 4.82%.

(10) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2008 and 2007 are available for the following purposes:

		2008	2007
Instruction	$	45,538,291	43,896,535
Research		6,937,505	7,031,527
Public service		10,167,384	10,732,004
Academic support		37,556,428	40,764,889
Scholarships and fellowships		52,124,979	55,730,109
Other		22,720,280	18,404,882
Restricted for time		22,131,657	2,677,866
Total	$	197,176,524	179,237,812

Permanently restricted net assets at June 30, 2008 and 2007 are restricted to investment in perpetuity, with investment return available to support the following activities:

		2008	2007
Instruction	$	41,962,819	40,702,921
Public service		9,603,481	8,615,340
Academic support		13,740,162	13,854,727
Scholarships and fellowships		93,355,708	86,718,796
General operations		13,239,581	14,665,159
Total	$	171,901,751	164,556,943

(11) Financial Aid

Tuition and fees and auxiliary enterprises revenues are presented net of amounts awarded to students to defray their cost of attending the University as follows:

		2008	2007
Tuition and fees	$	99,845,909	93,812,438
Room and board		1,743,900	1,731,319
	$	101,589,809	95,543,757

(12) Expenses

Expenses are reported in the accompanying statements of activities in categories recommended by the National Association of College and University Business Officers. The University’s primary program services are instruction, research, and public service. Expenses reported as academic support, student services, and auxiliary enterprises are incurred in support of these primary program services. Institutional support includes approximately $10,200,000 and $8,700,000 of fund-raising expenses in 2008 and 2007,

(Continued)

respectively. For purposes of reporting fund-raising expenses, the University includes only those fund raising costs incurred by its development office.

(13) Operating Leases

In September 2005, the University entered into an operating lease expiring on April 30, 2016 as the lessee of property at 888 Seventh Avenue, New York, New York. Rent and related expense for this lease was $1,383,490 and $1,279,550 in 2008 and 2007, respectively.

In April 2006, the University entered into an operating lease expiring March 31, 2026 as the lessee of property at 3450 Wayne Avenue, Bronx, New York. Rent and related expense for this lease was $115,217 and $102,765 in 2008 and 2007, respectively.

In April 2007, the University entered into an operating lease expiring June 30, 2017 as the lessee of property at 1790 Broadway, New York, New York. Rent and related expense for this lease was $535,574 in 2008 and $83,852 in 2007, respectively.

In October 2007, the University entered into an operating lease expiring September 30, 2013 as the lessee of property at Ursuline Bedford Park Convent, Bronx, New York. Rent and related expense for this lease was $53,250 in 2008.

In March 2008, the University entered into an operating lease expiring December 31, 2028 as the lessee of property at 400 Westchester Avenue, West Harrison, New York. Rent and related expense for this lease was $677,084 in 2008.

The following is a schedule by year of future minimum rental payments as of June 30, 2008.

	888 Seventh Avenue	3450 Wayne Avenue	1790 Broadway	Ursuline Bedford Park Convent	400 Westchester Avenue	Total Minimum Lease Payments
Year ending June 30:						
2009	$ 1,400,090	106,415	880,000	68,000	1,039,063	3,493,568
2010	1,400,090	107,512	1,056,000	68,000	1,781,250	4,412,852
2011	1,421,797	108,619	1,056,000	72,500	1,781,250	4,440,166
2012	1,530,331	109,738	1,056,000	74,000	1,781,250	4,551,319
2013	1,530,331	110,868	1,122,000	74,000	1,781,250	4,618,449
2014 and thereafter	4,335,937	1,625,996	4,488,000	18,500	34,153,649	44,622,082

(14) Related-Party Transactions

A member of the Board of Trustees is the principal in a construction company, which performs work for the University. The amount of construction costs incurred totaled $4,600,000 and $114,000 for the years ended June 30, 2008 and June 30, 2007, respectively. In addition, there are estimated commitments to the construction company in the amount of $87,000,000 as of June 30, 2008.

A member of the Board of Trustees is the Managing Director of an investment management firm, which manages a portion of the University's investments. Assets under management totaled $23,226,000 and $29,382,000 for the years ended June 30, 2008 and 2007, respectively. The University incurred no expenses in connection with this service for the years ended June 30, 2008 and 2007.

(15) Gain on Sale of NIT Tournament Rights

In August 2005, the Metropolitan Intercollegiate Basketball Association (MIBA), a membership organization that owned the rights to the National Invitational Basketball Tournament (NIT), and the National Collegiate Athletic Association (NCAA) entered into an agreement whereby the NCAA agreed to acquire certain assets of MIBA. In consideration, each of the MIBA five member schools, including the University, will receive approximately $10 million over a ten-year period beginning in August 2005. In 2006, the University recognized an operating gain of approximately $7,842,000. Other accounts receivable includes approximately $5,582,000 and $6,210,000 at June 30, 2008 and June 30, 2007, respectively, representing the present value of the expected future payments.

(16) Contingent Liabilities

The University is a defendant in various lawsuits arising in the normal course of business. Management of the University does not expect the ultimate resolution of these actions to have a material adverse effect on the University's financial position.

(17) Sale of Marymount Campus

In February 2008, the University sold the Marymount College campus for proceeds of approximately $24 million. The net book value of the assets sold and expenses incurred approximated $24.5 million and $1 million, respectively. This resulted in a net loss from the sale of approximately $1.5 million, which is reported as a nonoperating expense in the statement of activities.