THE CULINARY INSTITUTE OF AMERICA

Consolidated Financial Statements

May 31, 2015 and 2014

(With Independent Auditors’ Report Thereon)

THE CULINARY INSTITUTE OF AMERICA

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KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

Board of Trustees
The Culinary Institute of America:

We have audited the accompanying consolidated financial statements of The Culinary Institute of America, which comprise the consolidated statements of financial position as of May 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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 these 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 the auditors' 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, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Culinary Institute of America as of May 31, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

September 18, 2015

THE CULINARY INSTITUTE OF AMERICA

Consolidated Statements of Financial Position

May 31, 2015 and 2014

Assets		**2015**	**2014**
Cash and cash equivalents	$	9,145,084	978,389
Cash held as collateral (note 7)		4,040,000	2,570,000
Investments (note 3)		148,528,994	149,499,276
Student accounts receivable, net (note 2)		5,255,125	3,948,048
Other receivables		1,996,961	1,975,396
Inventory		2,725,990	2,539,113
Prepaid and other assets		2,815,746	2,175,537
Contributions receivable, net (note 5)		7,893,491	6,779,473
Long-term loans to students, net (note 2)		2,027,252	1,939,216
Deposits with bond trustees (note 8)		13,413,711	31,737,775
Land, buildings and equipment, net (note 6)		237,849,251	220,277,491
Total assets	$	435,691,605	424,419,714
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	5,786,375	6,211,340
Borrowings under line of credit (note 7)		4,000,000	—
Deferred revenue		20,555,715	19,208,578
Accrued liabilities		7,759,579	7,084,845
Accrued compensated absences		4,283,458	4,202,290
Fair value of derivative instruments (note 7)		11,023,642	9,663,924
Bonds payable (note 7)		123,121,781	126,901,630
U.S government refundable advances		1,640,805	1,646,717
Total liabilities		178,171,355	174,919,324
Net assets:			
Unrestricted		198,620,905	191,862,555
Temporarily restricted (note 10)		34,293,963	33,333,424
Permanently restricted (note 10)		24,605,382	24,304,411
Total net assets		257,520,250	249,500,390
Total liabilities and net assets	$	435,691,605	424,419,714

See accompanying notes to consolidated financial statements.

THE CULINARY INSTITUTE OF AMERICA

Consolidated Statement of Activities

Year ended May 31, 2015
(with summarized information for the year ended May 31, 2014)

	2015				2014
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**Total**
Operating revenues and gains:					
Tuition and fees	$ 121,360,583	—	—	121,360,583	120,446,036
Less scholarships and awards	(25,457,682)	—	—	(25,457,682)	(21,453,302)
Net tuition and fees	95,902,901	—	—	95,902,901	98,992,734
Contributions for operations (note 5)	4,468,166	5,917,538	—	10,385,704	6,260,597
Government grants and contracts	1,828,458	—	—	1,828,458	763,919
Investment return designated for operations	4,143,363	2,293,226	—	6,436,589	6,093,781
Sales and services of educational activities	8,692,867	—	—	8,692,867	10,085,497
Sales of auxiliary enterprises	18,180,002	—	—	18,180,002	18,039,930
Other sources	5,003,279	—	—	5,003,279	5,033,598
Net assets released from restrictions	7,077,714	(7,077,714)	—	—	—
Total operating revenues and gains	145,296,750	1,133,050	—	146,429,800	145,270,056
Operating expenses:					
Instruction	56,170,024	—		56,170,024	57,433,852
Academic support	19,228,393	—		19,228,393	18,576,288
Student services	13,640,567	—	—	13,640,567	13,762,776
Institutional support	33,412,613	—	—	33,412,613	31,777,264
Auxiliary enterprises	15,867,772	—	—	15,867,772	14,722,293
Total operating expenses	138,319,369	—	—	138,319,369	136,272,473
Increase in net assets from operations	6,977,381	1,133,050	—	8,110,431	8,997,583
Nonoperating:					
Contributions for plant and endowment (note 5)	1,137,638	189,994	300,971	1,628,603	893,594
Net assets released for plant	257,233	(257,233)	—	—	—
Investment return, net of amounts designated for current operations	(254,184)	(105,272)	—	(359,456)	10,116,017
Change in fair value of derivative instruments (note 7)	(1,359,718)	—	—	(1,359,718)	1,205,222
Increase (decrease) in net assets from nonoperating activities	(219,031)	(172,511)	300,971	(90,571)	12,214,833
Increase in net assets	6,758,350	960,539	300,971	8,019,860	21,212,416
Net assets at the beginning of the year	191,862,555	33,333,424	24,304,411	249,500,390	228,287,974
Net assets at the end of the year	$ 198,620,905	34,293,963	24,605,382	257,520,250	249,500,390

See accompanying notes to consolidated financial statements.

THE CULINARY INSTITUTE OF AMERICA

Consolidated Statement of Activities

Year ended May 31, 2014

	2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Operating revenues and gains:				
Tuition and fees	$ 120,446,036	—	—	120,446,036
Less scholarships and awards	(21,453,302)	—	—	(21,453,302)
Net tuition and fees	98,992,734	—	—	98,992,734
Contributions for operations (note 5)	4,086,901	2,173,696	—	6,260,597
Government grants and contracts	763,919	—	—	763,919
Investment return designated for operations	3,796,747	2,297,034	—	6,093,781
Sales and services of educational activities	10,085,497	—	—	10,085,497
Sales of auxiliary enterprises	18,039,930	—	—	18,039,930
Other sources	5,033,598	—	—	5,033,598
Net assets released from restrictions	4,041,948	(4,041,948)	—	—
Total operating revenues and gains	144,841,274	428,782	—	145,270,056
Operating expenses:				
Instruction	57,433,852	—	—	57,433,852
Academic support	18,576,288	—	—	18,576,288
Student services	13,762,776	—	—	13,762,776
Institutional support	31,777,264	—	—	31,777,264
Auxiliary enterprises	14,722,293	—	—	14,722,293
Total operating expenses	136,272,473	—	—	136,272,473
Increase in net assets from operations	8,568,801	428,782	—	8,997,583
Nonoperating:				
Contributions for plant and endowment (note 5)	302,171	470,386	121,037	893,594
Net assets released for plant	310,364	(310,364)	—	—
Investment return, net of amounts designated for current operations	9,002,732	1,113,060	225	10,116,017
Change in fair value of derivative instruments (note 7)	1,205,222	—	—	1,205,222
Cost of debt extinguishment	—	—	—	—
Increase in net assets from nonoperating activities	10,820,489	1,273,082	121,262	12,214,833
Increase in net assets	19,389,290	1,701,864	121,262	21,212,416
Net assets at the beginning of the year	172,473,265	31,631,560	24,183,149	228,287,974
Net assets at the end of the year	$ 191,862,555	33,333,424	24,304,411	249,500,390

See accompanying notes to consolidated financial statements.

THE CULINARY INSTITUTE OF AMERICA

Consolidated Statements of Cash Flows

Years ended May 31, 2015 and 2014

		2015	2014
Cash flows from operating activities:			
Change in net assets	$	8,019,860	21,212,416
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		8,601,701	8,030,774
Net realized and unrealized gains on investments and deposits with bond trustees		(6,255,129)	(15,991,808)
Equipment donations		(1,137,155)	(301,093)
Change in fair value of derivative instruments		1,359,718	(1,205,222)
Contributions restricted for long-term investment		(1,628,603)	(893,594)
Change in operating assets and liabilities that provide (use) cash:			
Student accounts receivable, net		(1,307,077)	2,562,383
Other receivables		(21,565)	384,394
Inventory		(186,877)	(208,307)
Prepaid and other assets		(640,209)	(381,030)
Contributions receivable, net		(1,114,018)	(137,957)
Accounts payable and accrued liabilities		1,537,512	2,263,235
Deferred revenue		1,347,137	(3,749,030)
Net cash provided by operating activities		8,575,295	11,585,161
Cash flows from investing activities:			
Purchases of land, buildings, and equipment		(26,167,730)	(28,422,601)
Net loans advanced to students		(88,036)	(34,202)
Proceeds from sales and maturities of investments		7,875,765	8,569,725
Purchases of investments		(640,470)	(5,790,544)
Net cash used in investing activities		(19,020,471)	(25,677,622)
Cash flows from financing activities:			
Borrowings under line of credit, net		4,000,000	—
Repayments of principal of indebtedness		(3,855,000)	(3,485,000)
Change in cash held as collateral by swap counterparties		(1,470,000)	1,420,000
Proceeds from issuance of bonds payable		—	30,800,000
Bond issuance costs paid		—	(265,565)
Premium received from bond issued		—	39,144
Change in deposits with bond trustees		18,314,180	(16,100,520)
Net decrease in U.S. government grants refundable		(5,912)	(31,754)
Contributions restricted for long-term investment		1,628,603	893,594
Net cash provided by financing activities		18,611,871	13,269,899
Increase (decrease) in cash and cash equivalents		8,166,695	(822,562)
Cash and cash equivalents at beginning of year		978,389	1,800,951
Cash and cash equivalents at end of year	$	9,145,084	978,389
Supplemental data:			
Interest paid	$	3,525,901	2,384,582
Gifts-in-kind		2,847,535	2,057,071
Change in purchases of plant and equipment included in accounts payable		(1,206,575)	549,459

See accompanying notes to consolidated financial statements.

(1) The Institute

The Culinary Institute of America (Institute) has been a leader in culinary education since 1946. The Institute has three domestic campuses, located on the East and West coasts of the United States of America in Hyde Park, NY and St. Helena, CA (Greystone), respectively, as well as a campus in San Antonio, TX. The Institute also has an international campus located in Singapore that is operated through The Culinary Institute of America Singapore, Ltd., a wholly owned subsidiary of the Institute.

At its Hyde Park campus, the Institute offers associate's degrees, in either culinary arts or baking and pastry arts, bachelor's of professional studies degrees in culinary arts management or baking and pastry arts management, and a bachelor's degree in culinary science. At its Greystone campus, the Institute offers either culinary arts or baking and pastry associate's degrees. At its San Antonio campus, the Institute offers an associate in applied science (AAS) degree in culinary arts. At both the Greystone and San Antonio campuses, credit bearing certificate programs are also offered. In addition, the Institute offers continuing education programs at all of its campuses. At the Singapore campus, the Institute has a collaboration agreement with the Singapore Institute of Technology for the culinary education of undergraduate degree students. In addition, the Institute operates nine public restaurants, five at the Hyde Park campus, three at the Greystone campus, and one at the San Antonio campus.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements include the accounts of The Culinary Institute of America and its wholly owned subsidiary (collectively, the Institute). All significant intercompany balances and transactions have been eliminated in consolidation.

The Institute's consolidated financial statements, which have been prepared on the accrual basis of accounting and are presented in accordance in accordance with U.S. generally accepted accounting principles, have been prepared to focus on the Institute as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. The net assets of the Institute are classified as follows:

Unrestricted net assets – generally are not subject to donor-imposed stipulations, but may be designated for specific purposes by the board of trustees or may otherwise be limited by contractual agreements with outside parties.

Temporarily restricted net assets – are subject to donor-imposed stipulations that expire by the passage of time or can be fulfilled or removed by actions pursuant to the stipulations. Temporarily restricted net assets consist primarily of gifts restricted by donors for capital projects and other operating purposes.

Permanently restricted net assets – are subject to donor-imposed stipulations that they be maintained in perpetuity. Generally, donors of these assets usually permit the use of all or part of the investment return on these assets. Permanently restricted net assets primarily consist of the Institute's permanent endowment funds.

Expenses are reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations are reported as a reclassification between the applicable classes of net assets as an increase in one class of net assets and decrease in another. It is the Institute's policy to record temporarily restricted contributions received and expended in the same accounting period as unrestricted.

Nonoperating activities include contributions to be used for facilities and equipment, or contributions for the endowment fund. Nonoperating activities also includes investment return net of amounts designated for current operations, as well as gains or losses resulting from nonrecurring financing activities.

(b) Contributions

Contributions, including unconditional promises to give, are recognized as revenues when donors' commitments are received. Contributions of assets other than cash are recorded at their estimated fair value. Conditional pledges are recognized as revenues when conditions are substantially met. Unconditional pledges, net of an allowance for uncollectible amounts, are reported at their estimated net present values, and are classified as either temporarily or permanently restricted. The allowance for uncollectible contributions is estimated based upon management's judgment and includes factors such as prior collection history.

(c) Cash Equivalents

For the purposes of the statements of cash flows, the Institute considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, unless they are part of long-term investment funds.

(d) Revenue Recognition and Receivables

Students are billed prior to the start of each semester. The related net revenue is deferred and recognized when the educational services are rendered. The Institute extends credit, primarily to students, in the form of notes and accounts receivable for educational expenses. Student accounts receivable do not bear interest, but long-term loans to students bear interest at rates averaging 5%.

The receivables are recorded at their current unpaid principal balance and associated interest income, if applicable, is accrued based on the principal amount outstanding and applicable interest rates. Allowances for doubtful accounts are recorded representing the amounts that, in the opinion of management of the Institute, are necessary to account for probable losses related to the receivables. These allowances are determined based upon numerous considerations, including economic conditions, the specific composition of the receivable balance, as well as trends of delinquencies and write-offs. On a periodic basis, these factors are considered and the allowances for doubtful accounts are adjusted accordingly, with a corresponding adjustment to the provision for allowance for doubtful accounts.

Reserves have been provided for accounts receivable estimated to be uncollectible at May 31, 2015 and 2014 of $3,615,000 and $3,143,000, respectively.

Reserves have been provided for long-term loans to students estimated to be uncollectible at May 31, 2015 and 2014 of $522,235 and $470,263, respectively.

(Continued)

(e) Investments

Investments are recorded at fair value. If an investment is held directly by the Institute and in an active market where quoted prices exists, the Institute reports the fair value as the market price of an identical security. Shares in mutual funds are based on share values reported by the funds as of the last business day of the fiscal year. The Institute also holds shares or units in alternative investment funds involving hedge and private equity strategies. Such alternative investment funds may hold securities or other financial instruments for which a ready market exists and are priced accordingly. In addition, such funds may hold assets that require the estimation of fair values in the absence of readily determinable market values. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

The Institute utilizes the net asset value (NAV) reported by each of the alternative investment funds as a practical expedient for determining the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the Institute's interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the Institute's interest in the funds.

Endowment and investment return includes interest and dividends, realized gains and losses, and the change in unrealized appreciation (depreciation) on the associated investments. The average cost of investment securities sold is used to determine the basis for computing realized gains or losses, and the Institute accounts for investment sales and purchases on a trade date basis.

(f) Inventory

Inventory primarily represents restaurant operating supplies and food and beverage and are stated at the lower of cost, determined principally on the weighted average cost method, or market.

(g) Land, Buildings, and Equipment

Land, buildings, and equipment are recorded at cost at the date of acquisition or fair value at date of donation.

Depreciation is recorded using the straight-line method with estimated useful lives used in the calculation of depreciation by major category of assets are as follows:

Buildings and building improvements	50 years
Kitchen equipment and renovations	15 years
Furniture and equipment	7 years
Computer equipment	5 years

(Continued)

In June 2011, the Institute entered into a long-term ground lease with a component of the Collegiate Housing Foundation (CHF), a national not-for-profit organization, for the construction of three separate townhouses to be utilized for a 161-bed student housing facility. Pursuant to this 40-year agreement, the development, construction and financing of the facility is the exclusive responsibility of the CHF-CIA, LLC, the component of CHF. The facility is owned by CHF-CIA, LLC, a separate 501(c)(3) entity, and financed through tax-exempt bonds issued by the Dutchess County Local Development Corporation. The Institute does not pay nor is it responsible for the debt. When the financing is paid in full, the ownership interest in the facility may be conveyed to the Institute. Accordingly, the assets, related long-term debt and associated results of operations of CHF-CIA, LLC have been properly excluded from the Institute's consolidated financial statements.

(h) Discount and Bond Premium

Bonds payable are recorded net of the discount or premium. Amortization and accretion of this discount or premium is recorded using the straight-line method. Net accretion (amortization expense) amounted to $101,614 and $101,287 for the fiscal years ended May 31, 2015 and 2014, respectively.

(i) Bond Issuance Costs

Bond issuance costs are capitalized and amortized over the term of the related bond, using the straight-line method. Bond issuance costs are $3,555,771 and $3,732,536, net of amortization, at May 31, 2015 and 2014, respectively. Amortization expense amounted to $176,765 and $174,552 in 2015 and 2014, respectively.

(j) Interest Rate Swap Agreements

The Institute uses interest rate swap agreements as part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. The interest rate swap agreements in place are not designated as a hedge of cash flows related to the corresponding debt agreements. The fair value of the interest rate swaps is recognized as either an asset or liability based on dealer quotes of the estimated settlement amounts required of the Institute if the agreement was terminated, taking into consideration current interest rates. Gains and losses on settlements and changes in the fair value of the interest rate swap transactions are reflected in the consolidated statement of activities.

(k) Income Taxes

The Institute has a tax determination letter dated February 22, 1973, from the Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code. The Institute believes it has no significant uncertain tax positions.

(l) Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(Continued)

The Institute recognizes a liability for the fair value of conditional asset retirement obligations if their fair values can be reasonably estimated. The Institute has identified a specific legal obligation related to an environmental remediation matter as a conditional asset retirement obligation. The liability associated with this obligation cannot be reasonably estimated due to the fact that a settlement date cannot be determined. Management does not believe that this item is material to the Institute's consolidated financial statements.

(m) Management Estimates

The preparation of consolidated financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of interest rate swaps, valuation allowances for receivables, and the valuation of certain investments. Actual results could differ from those estimates.

(n) Fair Value

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents, investments, student accounts receivable, other receivables, deposits with bond trustees, accounts payable – The carrying amounts approximate fair value because of the short-term maturity of these instruments or they have been otherwise recorded at their estimated fair value.

Long-term loans to students – Determination of the fair value cannot be made as these notes are comprised of federally sponsored student loans that bear interest rates and repayment terms, and are subject to significant restrictions on their transfer and disposition.

Bonds and notes payable – The fair value of long-term debt is based on quoted market prices for similar issues. The fair value of the Institute's long-term debt is approximately $129,876,000 and $132,955,000 at May 31, 2015 and 2014, respectively.

Interest rate swaps – The interest rate swap agreements are recorded at fair value within the accompanying consolidated financial statements based on dealer quotes of the estimated settlement amounts required of the Institute if the agreement was terminated, taking into consideration current interest rates. The interest rate swaps are categorized as Level 2 in the fair value hierarchy.

(o) Reclassifications

Certain reclassifications have been made to the 2014 information to conform with the 2015 presentation.

(p) Adoption of New Accounting Standards

Effective in the year ended May 31, 2015, the Institute retrospectively adopted the provisions of the FASB Accounting Standards Update (ASU) No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs.* The ASU is limited to simplifying the presentation of debt issuance costs, and the recognition and measurement guidance for debt issuance costs is not affected by the ASU. As a result of the adoption, the Institute has reclassified unamortized bond issuance costs in the amount of $3,732,536 which had been previously been presented as a separate component of total assets on the consolidated statement of financial position for the year ended May 31, 2014, and presented the amount as a reduction of Bonds payable, as required by the ASU. The adoption had no effect on the Institute's net assets, consolidated statement of activities or consolidated statement of cash flows for the year ended May 31, 2014.

In addition, as further disclosed in note 3, the Institute retrospectively adopted the provisions of the FASB Accounting Standards Update (ASU) 2015-07, *Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate NAV per Share (or its Equivalent)* in the year ended May 31, 2015.

(3) Investments

The investment objective of the Institute is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund a portion of its spending and to increase investment value after inflation. The Institute's investment strategy incorporates a diversified asset allocation approach that maintains, within defined limits, exposure to domestic and international equities, fixed income, real estate, and private equity markets. The majority of the Institute's investments are managed in a pooled fund that consists primarily of endowment assets.

Investments and other financial instruments are reported at fair value. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Items measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Institute has the ability to access at the measurement date. Assets and liabilities classified as Level 1 generally include listed equities. Level 1 also includes cash and cash equivalents given the short maturity of these investments.
- Level 2 inputs are quoted market prices for markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly. Assets and liabilities classified as Level 2 generally include fixed income securities or investments in common collective trusts that hold Level 1 assets and derivative instruments.
- Level 3 inputs include pricing inputs that are unobservable for the assets and reflect certain assumptions to determine fair value.

Effective in the fiscal year ended May 31, 2015, the Institute retrospectively adopted the provisions of the FASB Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement Disclosures for Investments in Certain Entities that Calculate NAV per Share (or its Equivalent)* (ASU 2015-07). Among other things, ASU 2015-07 removes the requirement to classify within the fair value hierarchy table in Levels 2 or 3 investments in certain funds measured at net asset value (NAV) as a practical expedient to estimate fair value. The adoption did not impact the Institute's consolidated statement of financial position, consolidated statement of activities, or consolidated statement of cash flow and resulted only in changes to the Institute's investment footnote disclosures.

With respect to those investments reported at NAV as a practical expedient, fair value hierarchy categorization is not required. The fair value amounts presented as NAV are intended to permit reconciliation of the fair value hierarchy disclosure to the amounts presented in the consolidated statement of financial position. As of May 31, 2015, the Institute had no specific plans or intentions to sell investments at amounts different than NAV.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Accordingly, the inputs or methodology used for valuing or classifying investments for financial reporting purposes is not necessarily an indication of the risk associated with investing in those investments or a reflection on the liquidity of each fund's underlying assets and liabilities.

The Institute's investments at May 31, 2015 are summarized in the following table by their fair value hierarchy classification:

	May 31, 2015	Level 1	Level 2	Level 3	Redemption frequency	Days' notice
Investments at fair value:						
Time deposits and short-term funds	$ 136,707	136,707		—	Daily	1–3
Commingled equity and debt funds	1,577,815	1,577,815	—	—	Daily	1–3
Private equity	371,109	—	—	371,109	Illiquid	—
Real estate	1,100,000	—	—	1,100,000	—	—
Total investments at fair value	3,185,631	1,714,522	—	1,471,109		
Investments measured at net asset value:						
Private equity	2,811,065				Illiquid	—
Multi-strategy	139,310,631				Quarterly	90
Real assets	3,221,667				Illiquid	—
Total investments	$ 148,528,994					

As of May 31, 2015, 93% of the Institute's total investments were invested in a fund-of-funds managed by Perella Weinberg Partners, the Institute's outsourced chief investment officer. This particular fund offers the Institute the ability to direct investments via share classes offering exposure in global equities, fixed income, absolute return, real assets and private equity. As of May 31, 2015, the Institute's investment in this multi-strategy fund was comprised of 52% global equities, 11% global fixed income, 18% absolute return, 14% real assets and 5% private equity.

The Institute's investments at May 31, 2014 are summarized in the following table by their fair value hierarchy classification:

	May 31, 2014	Level 1	Level 2	Level 3	Redemption frequency	Days' notice
Investments at fair value:						
Time deposits and short-term funds	$ 68,316	68,316	—	—	Daily	1–3
Commingled equity and debt funds	1,575,195	1,575,195	—	—	Daily	1–3
Private equity	374,501	—	—	374,501	Illiquid	—
Real estate	1,100,000	—	—	1,100,000	—	—
Total investments at fair value	3,118,012	1,643,511	—	1,474,501		
Investments measured at net asset value:						
Private equity	3,073,486				Illiquid	—
Multi-strategy	139,283,532				Quarterly	90
Real assets	4,024,246				Illiquid	—
Total investments	$ 149,499,276					

As a result of the adoption of ASU 2015-07, the May 31, 2014 fair value hierarchy table was restated to reflect the removal of NAV-measured investments aggregating $139,283,532 in Level 2 and $7,097,736 in Level 3.

As of May 31, 2014, 93% of the Institute's total investments were invested in a fund-of-funds managed by Perella Weinberg Partners, the Institute's outsourced chief investment officer. This particular fund offers the Institute the ability to direct investments via share classes offering exposure in global equities, fixed income, absolute return, real assets and private equity. As of May 31, 2014, the Institute's investment in this multi-strategy fund was comprised of 52% global equities, 10% global fixed income, 17% absolute return, 16% real assets and 5% private equity.

There were no purchases, realized or unrealized gains, or redemptions for the Institute's direct real estate investment assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended May 31, 2015 and 2014. Other Level 3 activity was attributable to unrealized losses totaling $3,392 and $9,505 for the Institute's private equity investment for the year ended May 31, 2015 and 2014, respectively.

There were no transfers between Level 1 and Level 2 investments or between Level 2 and Level 3 investments during the fiscal years ended May 31, 2015 and 2014.

The following schedule summarizes the investment return and its classification in the accompanying consolidated statements of activities:

		2015	2014
Interest income and dividends	$	58,731	385,407
Net realized and unrealized gains		6,149,013	15,861,264
Directly paid managed investment fees		(130,611)	(36,874)
Total return on investments		6,077,133	16,209,797
Investment return designated for current operations		(6,436,589)	(6,093,781)
Investment return, net of amounts designated for current operations	$	(359,456)	10,116,016

Liquidity

The investments fair value as of May 31, 2015 are summarized below by redemption period:

Investments redemption period:		
Daily (up to 3 days)	$	1,714,522
Quarterly		139,310,631
Not redeemable until liquidated		7,503,841
Total	$	148,528,994

The limitations and restrictions on the Institute's ability to redeem or sell certain investments vary by investment and range from required notice periods (generally 30 to 180 days after initial lock-up periods) for certain limited partnership and real asset funds, to specified terms at inception (generally 10 years) associated with private equity interests. Based upon the terms and conditions in effect at May 31, 2015, the Institute's investments in the amount of $7,503,841 are locked up until redeemed.

Under the terms of certain limited partnership agreements, the Institute is obligated periodically to advance additional funding for certain funds that the Institute is invested in. At May 31, 2015, the Institute had capital commitments of $1,628,940 for which calls had not been exercised. Such commitments generally have fixed expiration dates or other termination dates. The Institute maintains sufficient liquidity in its investment portfolio to cover such commitments.

(Continued)

(4) Endowment Funds

The Institute's endowment consists of funds established for a variety of purposes, including both donor restricted endowment funds and funds designated by the Institute to function as endowments (board designated).

(a) Return Objectives and Risk Parameters

The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Institute must hold in perpetuity or for a donor-specified period as well as board-designated funds. The primary investment objective of the management of the endowment fund is to maintain and grow the fund's real value by generating average annual real returns that meet or exceed the spending rate, after inflation, management fees, and administrative costs. Consistent with this goal, the Board of Trustees and the Investment Committee intend that the endowment fund be managed with an intention to maximize total returns consistent with prudent levels of risk, and reduce portfolio risk through asset allocation and diversification.

(b) Strategies Employed for Achieving Objects

To satisfy its long-term rate-of-return objectives, the Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Investment Committee is responsible for establishing an asset allocation policy. The asset allocation policy is designed to attempt to achieve diversity among capital markets and within capital markets, by investment discipline and management style. The Investment Committee designs a policy portfolio in light of the endowment's needs for liquidity, preservation of purchasing power, and risk tolerance.

The Institute targets a diversified asset allocation that places emphasis on investments in global equities, global fixed income, absolute return, real assets, and private equity strategies to achieve its long-term return objectives within prudent risk constraints. The Investment Committee reviews the policy portfolio asset allocation, exposures, and risk profile on an ongoing basis.

(c) Spending Policy

The Institute has a policy of appropriating for distribution each year a percentage of its endowment fund based on the fund's average fair value over the prior 12 quarters. The spending rate approved by the Board of Trustees was 5.0% for both the years ended May 31, 2015 and 2014. In establishing this policy, the Institute considered the long-term expected return on its endowment. Accordingly, over the long term, the Institute expects the current spending policy to allow its endowment to grow at an average of 2.0% real growth plus the rate of inflation (as measured by the Consumer Price Index). This is consistent with the Institute's objective to maintain the purchasing power of the endowment assets held as well as to provide additional growth through new gifts and investment return. The effective spending rate was 4.4% and 4.8% for the years ended May 31, 2015 and 2014, respectively.

In establishing these policies, the Institute considered the expected return on its endowment and its programming needs. Accordingly, the Institute expects the current spending policy to allow its endowment to maintain its purchasing power and to provide a predictable and stable source of revenue to the annual operating budget. Additional real growth will be provided through new gifts, any excess investment return, or additions by the Board of Trustees.

The following is a summary of the Institute's endowment net asset composition by type of fund as of May 31, 2015 and 2014:

	2015			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	$ (655,149)	25,422,620	24,142,790	48,910,261
Board designated (quasi)	82,325,376	—	—	82,325,376
	$ 81,670,227	25,422,620	24,142,790	131,235,637

	2014			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	$ (633,169)	25,489,964	23,870,886	48,727,681
Board designated (quasi)	78,784,231	—	—	78,784,231
	$ 78,151,062	25,489,964	23,870,886	127,511,912

Annually, the Institute's management assesses whether certain endowment balances comprising its permanently restricted fund, as of May 31, 2015, had market values less than their historical corpus values. Aggregate shortfalls amounted to $655,149 and $633,169 at May 31, 2015 and 2014, respectively, and are accounted for in the unrestricted fund. Permanent endowment corpuses are separately maintained in the permanent fund. Endowment earnings shortfalls are covered by investments held in unrestricted net assets.

The reconciliation of permanently restricted endowment net assets to permanently restricted net assets at May 31, 2015 and 2014 is as follows:

	2015	2014
Permanent endowment investment balance	$ 24,142,790	23,870,886
Permanent endowment pledge receivable	462,592	433,525
Permanently restricted net assets	$ 24,605,382	24,304,411

The following is a summary of the components of the return of the endowment pool and changes in endowment net assets for the years ended May 31, 2015 and 2014:

	2015			2014		
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Unrestricted**	**Temporarily restricted**	**Permanently restricted**
Endowment net assets, beginning of year	$ 78,151,062	25,489,964	23,870,886	67,395,917	24,141,425	23,593,149
Investment return	3,403,603	2,191,346	—	10,580,537	3,419,599	225
Amounts appropriated for spending	(3,511,426)	(2,293,226)	—	(3,003,742)	(2,297,034)	—
Endowment reinvestment of appropriated spending and changed restrictions	3,155,389	34,536	—	2,702,212	225,974	—
Contributions, pledge payments and other transfers	471,599	—	271,904	476,138	—	277,512
Endowment net assets, end of year	$ 81,670,227	25,422,620	24,142,790	78,151,062	25,489,964	23,870,886

The Institute follows the New York Prudent Management of Institutional Funds Act (NYPMIFA) in the management of its endowment. The Institute has interpreted NYPMIFA as allowing the Institute to spend or accumulate the amount of an endowment fund that the Institute determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The Institute has not changed the way permanently restricted net assets are classified as a result of this interpretation and classifies as permanently restricted net assets (a) the original values of gifts donated to permanent endowments, (b) the original values of subsequent gifts to permanent endowments, and (c) accumulations to permanent endowments made in accordance with the directions of the applicable donors' gift instruments at the times the accumulations are added to the funds. U.S. generally accepted accounting principles requires the portion of a donor restricted endowment fund that is not classified in permanently restricted net assets to be classified as temporarily restricted net assets until those amounts are appropriated for spending by the Institute's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Investment Committee considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the Institute and the endowment fund
- General economic conditions
- The expected total return from income and the appreciation of investments

- Other resources of the Institute
- Where appropriate and where circumstances would otherwise warrant, alternatives to expenditure of an endowment fund, giving due consideration to the effect that such alternatives may have on the Institute
- The investment policies of the Institute

(5) Contributions and Contributions Receivable

At May 31, 2015 and 2014, contributions receivable estimated to be collected are as follows:

		2015	2014
Less than one year	$	2,233,815	1,863,835
One to five years		3,841,035	3,417,521
Thereafter		3,030,526	2,480,524
		9,105,376	7,761,880
Less present value discount (3% on May 31, 2015 and May 31, 2014)		(1,038,069)	(835,661)
Less allowance for doubtful receivables		(173,816)	(146,746)
Total	$	7,893,491	6,779,473

Net contributions include gifts which support both operating and nonoperating activities of the Institute are comprised of the following:

		2015	2014
Pledge revenue	$	6,276,661	2,224,843
Cash and other gift revenue		3,119,589	2,608,833
Gifts-in-kind		2,847,535	2,057,071
Gross contributions		12,243,785	6,890,747
Receivable write-offs and net change in allowance for doubtful receivables		(27,070)	207,894
Net change in present value adjustment		(202,408)	55,550
Net contributions	$	12,014,307	7,154,191

For the years ended May 31, 2015 and 2014, the Institute's fundraising expense amounted to $1,883,022 and $2,126,492, respectively. These amounts do not include expenses incurred for fundraising events which amounted to $637,762 and $495,567, respectively.

(6) Land, Buildings, and Equipment

Land, buildings, and equipment as of May 31, 2015 and 2014 consists of:

		2015	2014
Land	$	7,661,136	7,661,136
Buildings and building improvements		261,005,328	257,925,817
Furniture and equipment		70,874,825	67,063,440
Construction-in-progress		30,185,064	10,977,650
		369,726,353	343,628,043
Less accumulated depreciation		(131,877,102)	(123,350,552)
Total	$	237,849,251	220,277,491

During fiscal year 2015, the Institute began major renovation of a student recreation center and continued land improvements for areas surrounding the new conference center at the Hyde Park campus. To finance this project, the Institute issued Series 2013 Insured Revenue Bonds with the Dormitory Authority of the State of New York in September 2013 (see note 7).

Depreciation of buildings and building improvements, and furniture and equipment was $8,526,550 and $7,957,510 for the fiscal years ended May 31, 2015 and 2014, respectively.

Interest costs incurred during construction are capitalized, net of interest earned on construction funds. Capitalized interest during fiscal years ended May 31, 2015 and 2014 was $1,400,923 and $1,738,348, respectively.

(7) Bonds Payable

Bonds payable are comprised of the following at May 31, 2015 and 2014:

	Interest rate	Original issue	Outstanding at May 31, 2015	Outstanding at May 31, 2014
State of New York				
Revenue bonds:				
Series 2004A (a)	2.0% – 4.0%	9,760,000	$ 6,400,000	6,745,000
Series 2004B (a)	2.5% – 4.0%	9,720,000	1,895,000	2,795,000
Series 2004C (a)	Variable	23,725,000	23,725,000	23,725,000
Revenue bonds:				
Series 2004D (b)	Variable	19,000,000	15,050,000	15,550,000
Revenue bonds:				
Series 2006 (c)	Variable	15,125,000	12,725,000	13,075,000
Revenue bonds:				
Series 2012 (e)	3.0% – 5.0%	22,150,000	20,605,000	21,495,000
Revenue bonds:				
Series 2013 (f)	2.0% – 5.0%	30,800,000	30,765,000	30,800,000
Revenue bonds:				
Communities Development Authority:				
Revenue bonds:				
Series 2008 (d)	Variable	18,200,000	13,710,000	14,545,000
			$ 124,875,000	128,730,000

(a) The Series 2004A, Series 2004B and Series 2004C Bonds are secured by the pledge and assignment to a financial institution (Trustee) of amounts recorded in the Debt Service Reserve Fund (note 8). Additionally, the bonds are secured by pledged tuition revenues (as defined in the loan agreement), a mortgage on the associated student townhouses and security interests in certain fixtures, furnishings and equipment located therein.

For the Series 2004C Bonds, the Institute entered into an interest rate swap agreement, the effect of which is to modify the interest rate characteristics of the Series 2004C Bonds from a floating to a fixed rate. The interest rate swap agreement requires the Institute to pay a fixed rate of interest (3.359%) and receive variable rates of interest based on fluctuations in the one-month LIBOR rate. The original notional amount of this interest rate swap was $23,725,000 and decreases consistent with the scheduled principal payments on the associated Series 2004C Bonds. The swap agreement matures on July 1, 2033. The fair value of the interest rate swap is $4,229,591 at May 31, 2015.

During fiscal year 2008, the Institute completed a reoffering of the Series 2004C Bonds in order to modify the variable interest rate mode from the Auction Rate Mode to the Weekly Rate Mode, as defined and provided for within the combined Reoffering Circular. Also, the associated bond series have been additionally secured by an irrevocable, transferable direct pay letter of credit issued by TD Banknorth N.A. under terms of a Reimbursement Agreement dated May 1, 2014 between the Institution and the aforementioned bank. This letter of credit will expire in April of 2019.

(b) The Series 2004D Bonds are secured by the pledge and assignment to a financial institution (Trustee) of amounts recorded in the Debt Service Reserve Fund (note 8). Additionally, the bonds are secured by pledged tuition revenues (as defined in the loan agreement), a mortgage on the Admissions Building and Anton Parking Plaza and security interests in certain fixtures, furnishings and equipment located therein. For the Series 2004D Bonds, the Institute entered into an interest rate swap agreement, the effect of which is to modify the interest rate characteristics of the Series 2004D Bonds from a floating to a fixed rate. The interest rate swap agreement requires the Institute to pay a fixed rate (3.597%) and receive variable rates of interest based on fluctuations in the one-month LIBOR rate. The original notional amount of this interest rate swap was $14,000,000 and decreases consistent with the scheduled principal payments on the associated Series 2004D Bonds. The swap agreement matures on July 1, 2034. The fair value of the interest swap is $2,979,853 at May 31, 2015.

During fiscal year 2008, the Institute completed a reoffering of the Series 2004D Bonds in order to modify the variable interest rate mode from the Auction Rate Mode to the Weekly Rate Mode, as defined and provided for within the combined Reoffering Circular. Also, the associated bond series have been additionally secured by an irrevocable, transferable direct pay letter of credit issued by TD Banknorth N.A. under terms of a Reimbursement Agreement dated May 1, 2014 between the Institution and the aforementioned bank. This letter of credit will expire in April of 2019.

(c) The Series 2006 Bonds are secured by the pledge and assignment to a financial institution (Trustee) of amounts recorded in the Debt Service Reserve Fund (note 8). Additionally, the bonds are secured by pledged tuition revenues (as defined in the loan agreement), a mortgage on the associated townhouses and security interests in certain fixtures, furnishings, and equipment located therein. For the Series 2006 Bonds, the Institute entered into an interest rate swap agreement, the effect of which is to modify the interest rate characteristics of the Series 2006 Bonds from a floating to a fixed rate. The interest rate swap agreement requires the Institute to pay a fixed rate (3.678%) and receive variable rates of interest based on fluctuations in the one-month LIBOR rate. The original notional amount of this interest rate swap was $15,125,000 and decreases consistent with the scheduled principal payments on the associated Series 2006 Bonds. The swap agreement matures on July 1, 2036. The fair value of the interest rate swap is $2,948,186 at May 31, 2015.

During fiscal year 2008, the Institute completed a reoffering of the Series 2006 Bonds in order to modify the variable interest rate mode from the Auction Rate Mode to the Weekly Rate Mode, as defined and provided for within the combined Reoffering Circular. Also, the associated bond series have been additionally secured by an irrevocable, transferable direct pay letter of credit issued by TD Banknorth N.A. under terms of a Reimbursement Agreement dated May 1, 2014 between the Institution and the aforementioned bank. This letter of credit expires in April of 2019.

(d) The Series 2008 Bonds were issued to (1) finance the renovation and equipping of the student residential property and the campus store located at Greystone and (2) refund in full the previously issued California Statewide Communities Development Authority (Series 2005 Bonds).

The bonds are secured by pledged tuition revenues (as defined in the loan agreement) subject to the prior DASNY pledges and a first lien mortgage on the Greystone campus. In connection with the issuance of the Series 2005 Bonds, the Institute entered into an interest rate swap agreement, the effect of which is to modify the interest rate characteristics of the Series 2005 Bonds and subsequently, the refunding portion of the Series 2008 Bonds from a floating to fixed rate. The interest rate swap agreement requires the Institute to pay a fixed rate (3.23%) and receive variable rates of interest based on fluctuations in the one-month LIBOR rate. The original notional amount of this interest rate swap was $14,150,000 and decreases consistent with the scheduled principal payments on the associated Series 2005 Bonds which were refunded by the Series 2008 Bonds. The fair value of the interest rate swap is $866,012 at May 31, 2015.

During the fiscal year 2011, the Institute completed a remarketing of the Series 2008 Bonds which converted the Bonds from variable rate bonds secured by a bank letter of credit to variable rate bank qualified private placement bonds. The converted Series 2008 Bonds were purchased by TD Bank, NA and are subject to a Continuing Covenants Agreement dated October 29, 2010 between the Institute and the aforementioned bank. The purchase period is for ten years expiring in 2020. The 2005 interest rate swap agreement continues to hedge a portion of the converted Series 2008 Bonds, as the swap was assumed by TD Bank, NA and the rate was modified to 3.28%. The Institute was in compliance with its debt covenants as of May 31, 2015.

(e) The Series 2012 Bonds were issued to (1) finance the construction and equipping of a new conference center located at the Hyde Park Campus and (2) refund in full, the previously issued Dormitory Authority of the State of New York (Series 1999 Bonds). These bonds are secured by pledged tuition revenues (as defined by the loan agreement). The bonds were issued at fixed interest rates ranging from 3.0% to 5.0% at the date of issuance depending on the underlying principal maturity date. These bonds were issued at a premium that is being amortized using the straight-line method over the remaining life of the bonds, resulting in a yield ranging from 0.98% to 4.07%.

(f) The Series 2013 Bonds were issued to (1) finance the major renovation and equipping of a Institute’s student recreation center and (2) finance land improvements for the areas surrounding the new conference center at the Hyde Park campus. These bonds are secured by pledged tuition revenues (as defined by the loan agreement). The bonds were issued at fixed interest rates ranging from 2.0% to 5.0% at the date of issuance depending on the underlying principal maturity date. These bonds were issued at a premium that is being amortized using the straight-line method over the remaining life of the bonds, resulting in a yield ranging from 0.87% to 5.18%.

Scheduled principal payments and maturities of bonds payable are summarized as follows:

Year ending May 31:		
2016	$	4,480,000
2017		4,635,000
2018		4,855,000
2019		5,045,000
2020		5,210,000
Thereafter through 2043		100,650,000
Bond principal maturities		124,875,000
Add bond premium		2,096,755
Less bond discounts		(294,203)
Less bond issue costs		(3,555,771)
Bonds payable, net	$	123,121,781

Total interest expense for the years ended May 31, 2015 and 2014, was $3,586,177 and $3,045,987, respectively.

The fair values of the aforementioned interest rate swaps are included on the accompanying consolidated statements of financial position and the change in the fair values is reported as appreciation or depreciation in fair value of derivative instruments within the consolidated statements of activities. The counterparties to these arrangements are major financial institutions with which the Institute also has other financial relationships. The Institute is exposed to credit loss in the event of nonperformance by the counterparties. However, the Institute does not anticipate nonperformance by the counterparties. Further, in accordance with collateral requirements set forth in the swap agreements, the Institute deposited $4,040,000 and $2,570,000 with the counterparties at May 31, 2015 and 2014, respectively.

Credit Facility

The Institute has unsecured lines of credit totaling $9.0 million in 2015 and had a total of $6.0 million in an unsecured line of credit in 2014. At May 31, 2015, there was $4.0 million outstanding borrowings under these lines. The interest rate fluctuates from time to time based on changes in the LIBOR interest rates. Total interest expense paid on the lines of credit for the years ended May 31, 2015 and 2014, was $80,652 and $0 respectively.

(8) Deposits with Bond Trustees

Funds on deposit with bond trustees, primarily representing investments in U.S. Treasury obligations at fair value, relate to the Series 2004, 2004D, Series 2006, Series 2008, Series 2012 and Series 2013, Bonds as follows:

		Debt service fund	Debt service reserve fund	Project fund	Total
Series 2004	$	1,330,575	2,739,067	—	4,069,642
Series 2004D		488,493	1,172,907	—	1,661,400
Series 2006		353,125	890,907	—	1,244,032
Series 2008		—	—	23,731	23,731
Series 2012		1,277,101	1,585,008	—	2,862,109
Series 2013		1,151,913	—	2,400,884	3,552,797
2015 Total	$	4,601,207	6,387,889	2,424,615	13,413,711
2014 Total	$	3,472,582	6,396,435	21,868,758	31,737,775

The amounts in the debt service funds are for the anticipated principal and bond interest payments due July 1.

At May 31, 2015, the Institute is required to maintain debt service reserve funds of an aggregate minimum in the amount of $6,344,114 which are available to cover any deficits in the debt service fund.

(9) Retirement Plan

All employees of the Institute who have been employed by the Institute for at least one year and work in excess of 1,000 hours annually are eligible to participate in the Institute's Retirement Defined Contribution Plan with the Teacher's Insurance and Annuity Association, College Retirement Equities Fund (TIAA/CREF). Under this plan, the Institute makes annual contributions which are immediately vested for the benefit of the participants. For the years ended May 31, 2015 and 2014, the expense amounted to $3,416,070 and $3,434,374, respectively.

The Institute also has a Supplemental Tax Deferred Annuity Plan with TIAA/CREF for employees who want to make additional retirement contributions. There is no pension expense to the Institute for this plan.

(10) Temporarily Restricted and Permanently Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

		2015	2014
Gifts for operations	$	570,325	718,482
Gifts for scholarships		1,555,838	1,181,529
Gifts for campaign for excellence		6,344,954	5,501,615
Gifts for plant		400,226	441,834
Term endowment		19,612,849	19,612,849
Accumulated endowment return		5,809,771	5,877,115
Total	$	34,293,963	33,333,424

Temporarily restricted net assets included contributions receivable of $7,430,899 and $6,335,948 at May 31, 2015 and 2014, respectively.

Permanently restricted net assets consist entirely of endowment corpus and pledges, with donor stipulations that they be invested in perpetuity for the following purposes:

		2015	2014
Student scholarships	$	10,356,344	10,055,398
Library support		10,112,258	10,112,258
Building maintenance		2,460,380	2,460,355
Operating support		1,676,400	1,676,400
Total	$	24,605,382	24,304,411

(11) Subsequent Events

On June 5, 2015, the Institute transferred $1.0 million under deposit for the purchase of property in Napa, California, located near the Institute's Greystone campus. The total purchase price under the purchase and sale and escrow agreement is $12.5 million with closing scheduled for late September 2015.

The Institute evaluated subsequent events for potential recognition or disclosure through September 18, 2015, the date on which the consolidated financial statements were available to be issued.