THE CULINARY INSTITUTE OF AMERICA

Consolidated Financial Statements

May 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

THE CULINARY INSTITUTE OF AMERICA

Consolidated Financial Statements

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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, 2016 and 2015, 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, 2016 and 2015, 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 27, 2016

THE CULINARY INSTITUTE OF AMERICA

Consolidated Statements of Financial Position

May 31, 2016 and 2016

Assets		**2016**	**2015**
Cash and cash equivalents	$	4,115,238	9,145,084
Cash held as collateral (note 7)		5,073,538	4,040,000
Investments (note 3)		123,764,669	148,528,994
Student accounts receivable, net		5,060,012	5,255,125
Other receivables		4,832,112	1,996,961
Inventory		2,616,073	2,725,990
Prepaid and other assets		3,195,667	2,815,746
Contributions receivable, net (note 5)		15,909,855	7,893,491
Long-term loans to students, net		2,096,715	2,027,252
Deposits with bond trustees (note 8)		10,624,739	13,413,711
Land, buildings and equipment, net (note 6)		249,174,683	237,849,251
Total assets	$	426,463,301	435,691,605
Liabilities and Net Assets			
Liabilities:			
Accounts payable	$	3,325,296	5,786,375
Borrowings under line of credit (note 7)		—	4,000,000
Deferred revenue		18,940,187	20,555,715
Accrued liabilities		8,074,966	7,759,579
Accrued compensated absences		4,291,857	4,283,458
Fair value of derivative instruments (note 7)		11,854,734	11,023,642
Bonds payable (note 7)		118,716,934	123,121,781
U.S. government refundable advances		1,755,887	1,640,805
Total liabilities		166,959,861	178,171,355
Net assets:			
Unrestricted		192,087,946	198,620,905
Temporarily restricted (note 10)		38,309,847	34,293,963
Permanently restricted (note 10)		29,105,647	24,605,382
Total net assets		259,503,440	257,520,250
Total liabilities and net assets	$	426,463,301	435,691,605

See accompanying notes to consolidated financial statements.

THE CULINARY INSTITUTE OF AMERICA

Consolidated Statement of Activities

Year ended May 31, 2016
(with summarized information for the year ended May 31, 2015)

	2016				
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**2015 Total**
Operating revenues and gains:					
Tuition and fees	$ 128,266,442	—	—	128,266,442	121,360,583
Less scholarships and awards	(28,932,683)	—	—	(28,932,683)	(25,457,682)
Net tuition and fees	99,333,759	—	—	99,333,759	95,902,901
Contributions for operations (note 5)	8,271,356	3,224,563	—	11,495,919	10,385,704
Government grants and contracts	810,187	—	—	810,187	1,828,458
Investment return designated for operations	4,457,711	2,434,934	—	6,892,645	6,436,589
Sales and services of educational activities	8,698,472	—	—	8,698,472	8,692,867
Sales of auxiliary enterprises	23,311,339	—	—	23,311,339	18,180,002
Other sources	3,295,978	—	—	3,295,978	5,003,279
Net assets released from restrictions	5,100,084	(5,100,084)	—	—	—
Total operating revenues and gains	153,278,886	559,413	—	153,838,299	146,429,800
Operating expenses:					
Instruction	63,019,131	—	—	63,019,131	55,899,752
Academic support	19,095,776	—	—	19,095,776	19,590,019
Student services	16,295,536	—	—	16,295,536	15,436,932
Institutional support	31,345,828	—	—	31,345,828	30,101,944
Auxiliary enterprises	18,560,979	—	—	18,560,979	17,290,722
Total operating expenses	148,317,250	—	—	148,317,250	138,319,369
Increase in net assets from operations	4,961,636	559,413	—	5,521,049	8,110,431
Nonoperating:					
Contributions for plant and endowment (note 5)	429,084	6,999,045	4,500,265	11,928,394	1,628,603
Net assets released for plant	258,023	(258,023)	—	—	—
Investment return, net of amounts designated for current operations	(11,350,610)	(3,284,551)	—	(14,635,161)	(359,456)
Change in fair value of derivative instruments (note 7)	(831,092)	—	—	(831,092)	(1,359,718)
Increase (decrease) in net assets from nonoperating activities	(11,494,595)	3,456,471	4,500,265	(3,537,859)	(90,571)
Increase (decrease) in net assets	(6,532,959)	4,015,884	4,500,265	1,983,190	8,019,860
Net assets at the beginning of the year	198,620,905	34,293,963	24,605,382	257,520,250	249,500,390
Net assets at the end of the year	$ 192,087,946	38,309,847	29,105,647	259,503,440	257,520,250

See accompanying notes to consolidated financial statements.

THE CULINARY INSTITUTE OF AMERICA

Consolidated Statement of Activities

Year ended May 31, 2015

	2015			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Operating revenues and gains:				
Tuition and fees	$ 121,360,583	—	—	121,360,583
Less scholarships and awards	(25,457,682)	—	—	(25,457,682)
Net tuition and fees	95,902,901	—	—	95,902,901
Contributions for operations (note 5)	4,468,166	5,917,538	—	10,385,704
Government grants and contracts	1,828,458	—	—	1,828,458
Investment return designated for operations	4,143,363	2,293,226	—	6,436,589
Sales and services of educational activities	8,692,867	—	—	8,692,867
Sales of auxiliary enterprises	18,180,002	—	—	18,180,002
Other sources	5,003,279	—	—	5,003,279
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
Operating expenses:				
Instruction	55,899,752	—	—	55,899,752
Academic support	19,590,019	—	—	19,590,019
Student services	15,436,932	—	—	15,436,932
Institutional support	30,101,944	—	—	30,101,944
Auxiliary enterprises	17,290,722	—	—	17,290,722
Total operating expenses	138,319,369	—	—	138,319,369
Increase in net assets from operations	6,977,381	1,133,050	—	8,110,431
Nonoperating:				
Contributions for plant and endowment (note 5)	1,137,638	189,994	300,971	1,628,603
Net assets released for plant	257,233	(257,233)	—	—
Investment return, net of amounts designated for current operations	(254,184)	(105,272)	—	(359,456)
Change in fair value of derivative instruments (note 7)	(1,359,718)	—	—	(1,359,718)
Increase (decrease) in net assets from nonoperating activities	(219,031)	(172,511)	300,971	(90,571)
Increase in net assets	6,758,350	960,539	300,971	8,019,860
Net assets at the beginning of the year	191,862,555	33,333,424	24,304,411	249,500,390
Net assets at the end of the year	$ 198,620,905	34,293,963	24,605,382	257,520,250

See accompanying notes to consolidated financial statements.

THE CULINARY INSTITUTE OF AMERICA

Consolidated Statements of Cash Flows

Years ended May 31, 2016 and 2015

		2016	2015
Cash flows from operating activities:			
Change in net assets	$	1,983,190	8,019,860
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		9,724,139	8,601,701
Net realized and unrealized gains (losses) on investments and deposits with bond trustees		7,523,321	(6,255,129)
Equipment donations		(429,172)	(1,137,155)
Change in fair value of derivative instruments		831,092	1,359,718
Contributions restricted for long-term investment		(1,378,394)	(1,628,603)
Change in operating assets and liabilities that provide (use) cash:			
Student accounts receivable, net		195,113	(1,307,077)
Other receivables		(2,835,151)	(21,565)
Inventory		109,917	(186,877)
Prepaid and other assets		(379,921)	(640,209)
Contributions receivable, net		(8,016,364)	(1,114,018)
Accounts payable and accrued liabilities		(1,035,965)	1,537,512
Deferred revenue		(1,615,528)	1,347,137
Net cash provided by operating activities		4,676,277	8,575,295
Cash flows from investing activities:			
Purchases of land, buildings, and equipment		(21,646,574)	(26,167,730)
Net loans advanced to students		(69,463)	(88,036)
Proceeds from sales and maturities of investments		17,375,525	7,875,765
Purchases of investments		(134,521)	(640,470)
Net cash used in investing activities		(4,475,033)	(19,020,471)
Cash flows from financing activities:			
Borrowings under line of credit, net		(4,000,000)	4,000,000
Repayments of principal on bonds payable		(4,480,000)	(3,855,000)
Change in cash held as collateral by swap counterparties		(1,033,538)	(1,470,000)
Change in deposits with bond trustees		2,788,972	18,314,180
Net decrease in U.S. government grants refundable		115,082	(5,912)
Contributions restricted for long-term investment		1,378,394	1,628,603
Net cash (used in) provided by financing activities		(5,231,090)	18,611,871
Increase (decrease) in cash and cash equivalents		(5,029,846)	8,166,695
Cash and cash equivalents at beginning of year		9,145,084	978,389
Cash and cash equivalents at end of year	$	4,115,238	9,145,084
Supplemental data:			
Interest paid	$	4,771,837	3,525,901
Gifts-in-kind		2,573,229	2,847,535
Change in purchases of plant and equipment included in accounts payable		(1,101,328)	(1,206,575)

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 and Napa, CA (Greystone and Copia), 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 the Greystone campus, 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. Also, 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, 2016 and 2015 of $4,162,000 and $3,615,000, respectively.

Reserves have been provided for long-term loans to students estimated to be uncollectible at May 31, 2016 and 2015 of $439,221 and $522,235, 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

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 $101,613 for the fiscal years ended May 31, 2016 and 2015.

(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 $3,379,005 and $3,555,771, net of amortization, at May 31, 2016 and 2015, respectively and are included in the bonds payable balance on the statement of financial position. Amortization expense amounted to $176,765 in both 2016 and 2015.

(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. Management does not believe that this item is material to the Institute's consolidated financial statements and therefore has not recorded any obligation.

(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.

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 2015 information to conform with the 2016 presentation.

(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.

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, 2016, 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, 2016 are summarized in the following table by their fair value hierarchy classification:

		May 31, 2016	Level 1	Level 2	Level 3	Redemption frequency	Days' notice
Investments at fair value:							
Time deposits and short-term funds	$	136,898	136,898	—	—	Daily	1–3
Commingled equity and debt funds		1,515,232	1,515,232	—	—	Daily	1–3
Private equity		367,579	—	—	367,579	Illiquid	—
Real estate		750,000	—	—	750,000	—	—
Total investments at fair value	$	2,769,709	1,652,130	—	1,117,579		
Investments measured at net asset value:							
Private equity		2,637,716				Illiquid	—
Multi-strategy		116,755,507				Monthly - Illiquid	5-90
Real assets		1,601,737				Illiquid	—
Total investments	$	123,764,669					

As of May 31, 2016, 95% 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, 2016, the Institute's investment in this multi-strategy fund was comprised of 46% global equities, 12% global fixed income, 16% absolute return, 13% real assets and 12% private equity.

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.

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, 2016 and 2015. Other Level 3 activity was attributable to unrealized losses totaling $3,530 and $3,392 for the Institute's private equity investment for the year ended May 31, 2016 and 2015, respectively, and an unrealized loss of $350,000 in the Institute's private real estate holdings.

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, 2016 and 2015.

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

		2016	2015
Interest income and dividends	$	57,311	58,731
Net realized and unrealized (losses) gains		(7,539,317)	6,149,013
Directly paid managed investment fees		(260,510)	(130,611)
Total return on investments		(7,742,516)	6,077,133
Investment return designated for current operations		(6,892,645)	(6,436,589)
Investment return, net of amounts designated for current operations	$	(14,635,161)	(359,456)

Liquidity

The investments fair value as of May 31, 2016 are summarized below by redemption period:

Investments redemption period:		
Daily (up to 3 days)	$	1,652,130
Monthly		11,508,376
Quarterly		64,675,464
Not redeemable until liquidated		45,928,699
Total	$	123,764,669

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.

(Continued)

From the investment fund managed by Perella Weinberg Partners, the Institute has the ability to redeem 10% within 30 days. In total, 65% of the investments are redeemable based on a quarterly withdrawal schedule. 35% of investments are not redeemable until the designated investments are liquidated based on their individual agreements.

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, 2016, the Institute had capital commitments of $513,000 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.

(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, 2016 and 2015. 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 4.7% and 4.4% for the years ended May 31, 2016 and 2015, 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, 2016 and 2015:

	2016			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor restricted	$ (2,161,621)	23,269,084	25,472,649	46,580,112
Board designated (quasi)	63,040,017	—	—	63,040,017
	$ 60,878,396	23,269,084	25,472,649	109,620,129

	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

Annually, the Institute's management assesses whether certain endowment balances comprising its permanently restricted fund, as of May 31, 2016, had market values less than their historical corpus values. Aggregate shortfalls amounted to $2,161,621 and $655,149 at May 31, 2016 and 2015, 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, 2016 and 2015 is as follows:

		2016	2015
Permanent endowment corpus	$	25,472,649	24,142,790
Permanent endowment pledge receivable		3,632,998	462,592
Permanently restricted net assets	$	29,105,647	24,605,382

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, 2016 and 2015:

		2016			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$	81,670,227	25,422,620	24,142,790	131,235,637
Investment return		(5,389,832)	(846,085)	—	(6,235,917)
Amounts appropriated for spending		(3,809,728)	(2,434,934)	—	(6,244,662)
Special Appropriation - Board Approved		(15,000,000)	—	—	(15,000,000)
Endowment reinvestment of appropriated spending and changed restrictions		3,406,322	102,535	—	3,508,857
Contributions, pledge payments and other transfers		1,407	1,024,948	1,329,859	2,356,214
Endowment net assets, end of year	$	60,878,396	23,269,084	25,472,649	109,620,129

	2015			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	78,151,062	25,489,964	23,870,886	127,511,912
Investment return	3,403,603	2,191,346	—	5,594,949
Amounts appropriated for spending	(3,511,426)	(2,293,226)	—	(5,804,652)
Endowment reinvestment of appropriated spending and changed restrictions	3,155,389	34,536	—	3,189,925
Contributions, pledge payments and other transfers	471,599	—	271,904	743,503
Endowment net assets, end of year	81,670,227	25,422,620	24,142,790	131,235,637

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, 2016 and 2015, contributions receivable estimated to be collected are as follows:

		2016	2015
Less than one year	$	10,467,690	2,233,815
One to five years		5,641,845	3,841,035
Thereafter		835,505	3,030,526
		16,945,040	9,105,376
Less present value discount (3% on May 31, 2016 and May 31, 2015)		(861,196)	(1,038,069)
Less allowance for doubtful receivables		(173,989)	(173,816)
Total	$	15,909,855	7,893,491

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

		2016	2015
Pledge revenue	$	16,363,339	6,276,661
Cash and other gift revenue		4,415,888	3,119,589
Gifts-in-kind		2,573,229	2,847,535
Gross contributions		23,352,456	12,243,785
Receivable write-offs and net change in allowance for doubtful receivables		(105,016)	(27,070)
Net change in present value adjustment		176,873	(202,408)
Net contributions	$	23,424,313	12,014,307

For the years ended May 31, 2016 and 2015, the Institute's fundraising expense amounted to $1,731,494 and $1,883,022, respectively. These amounts do not include expenses incurred for fundraising events which amounted to $639,263 and $637,762, respectively.

(6) Land, Buildings, and Equipment

Land, buildings, and equipment as of May 31, 2016 and 2015 consists of:

		2016	2015
Land	$	8,725,418	7,661,136
Buildings and building improvements		305,099,577	261,005,328
Furniture and equipment		76,405,957	70,874,825
Construction-in-progress		469,819	30,185,064
		390,700,771	369,726,353
Less accumulated depreciation		(141,526,088)	(131,877,102)
Total	$	249,174,683	237,849,251

During fiscal year 2016, the Institute completed 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 $9,648,986 and $8,526,550 for the fiscal years ended May 31, 2016 and 2015, respectively.

Interest costs incurred during construction are capitalized, net of interest earned on construction funds. Capitalized interest during fiscal years ended May 31, 2016 and 2015 was $116,776 and $1,400,923, respectively.

(7) Bonds Payable

Bonds payable are comprised of the following at May 31, 2016 and 2015:

	Interest rate	Original issue	Outstanding at May 31, 2016	Outstanding at May 31, 2015
State of New York				
Revenue bonds:				
Series 2004A (a)	2.0%-4.0%	9,760,000	$ 6,045,000	6,400,000
Series 2004B (a)	2.5%-4.0%	9,720,000	965,000	1,895,000
Series 2004C (a)	Variable	23,725,000	23,725,000	23,725,000
Revenue bonds:				
Series 2004D (b)	Variable	19,000,000	14,525,000	15,050,000
Revenue bonds:				
Series 2006 (c)	Variable	15,125,000	12,350,000	12,725,000
Revenue bonds:				
Series 2012 (e)	3.0%-5.0%	22,150,000	19,680,000	20,605,000
Revenue bonds:				
Series 2013 (f)	2.0%-5.0%	30,800,000	30,260,000	30,765,000
Revenue bonds:				
Communities Development Authority:				
Revenue bonds:				
Series 2008 (d)	Variable	18,200,000	12,845,000	13,710,000
			120,395,000	124,875,000
Add bond premium			1,980,914	2,096,755
Less bond discounts			(279,975)	(294,203)
Less bond issue costs			(3,379,005)	(3,555,771)
Bonds payable, net			$ 118,716,934	123,121,781

(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 a liability of $4,578,532 and $4,229,591 at May 31, 2016 and 2015, respectively.

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 a liability of $3,227,639 and $2,979,853 at May 31, 2016 and 2015, respectively.

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 a liability of $3,225,302 and $2,948,186 at May 31, 2016 and 2015, respectively.

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.

(Continued)

(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 a liability of $823,261 and $866,012 at May 31, 2016 and 2015, respectively.

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, 2016.

(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:		
2017	$	4,635,000
2018		4,855,000
2019		5,045,000
2020		5,210,000
2021		5,440,000
Thereafter through 2043		95,210,000
Bond principal maturities		120,395,000
Add bond premium		1,980,914
Less bond discounts		(279,975)
Less bond issue costs		(3,379,005)
Bonds payable, net	$	118,716,934

Total interest expense for the years ended May 31, 2016 and 2015, was $4,812,518 and $3,586,177, 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 $5,073,538 and $4,040,000 with the counterparties at May 31, 2016 and 2015, respectively.

Credit Facility

The Institute has unsecured lines of credit totaling $9.0 million in 2016 and 2015. At May 31, 2016, there were no outstanding borrowings under these lines. 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, 2016 and 2015, was $75,167 and $80,652 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	$	918,801	2,722,343	—	3,641,144
Series 2004D		503,355	1,164,310	—	1,667,665
Series 2006		367,378	881,971	—	1,249,349
Series 2008		—	—	23,733	23,733
Series 2012		1,340,767	1,536,879	—	2,877,646
Series 2013		1,165,202	—	—	1,165,202
2016 Total	$	4,295,503	6,305,503	23,733	10,624,739
2015 Total	$	4,601,207	6,387,889	2,424,615	13,413,711

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

At May 31, 2016, the Institute is required to maintain debt service reserve funds of an aggregate minimum in the amount of $6,311,742 which are available to cover any deficits in the debt service fund. The Institutes' aggregate minimum is covered by funding in the Debt Service Reserve and Project funds.

(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 (TIAA). Under this plan, the Institute makes annual contributions which are immediately vested for the benefit of the participants. For the years ended May 31, 2016 and 2015, the expense amounted to $3,489,732 and $3,416,070, respectively.

The Institute also has a Supplemental Tax Deferred Annuity Plan with TIAA 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:

		2016	2015
Gifts for operations	$	1,767,602	570,325
Gifts for scholarships		1,815,597	1,555,838
Gifts for campaign for excellence		5,502,405	6,344,954
Gifts for plant and endowment		5,955,159	400,226
Term endowment corpus		20,637,797	19,612,849
Accumulated endowment return		2,631,287	5,809,771
Total	$	38,309,847	34,293,963

Temporarily restricted net assets included contributions receivable of $12,276,857 and $7,430,899 at May 31, 2016 and 2015, 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:

		2016	2015
Student scholarships	$	14,856,317	10,356,344
Library support		10,112,550	10,112,258
Building maintenance		2,460,380	2,460,380
Operating support		1,676,400	1,676,400
Total	$	29,105,647	24,605,382

(11) Subsequent Events

On August 30, 2016, the Institute issued tax-exempt bonds (California Statewide Communities Development Authority Revenue Bonds, Series 2016B) in the amount of $12.75 million. The proceeds will be utilized to finance various capital projects at the Greystone and Copia campuses. In addition, on September 14, 2016, the Institute issued taxable and tax-exempt bonds (Dutchess County Local Development Corporation Revenue Bonds, Series 2016A) in the amount of $3.775 million and $33.265 million, respectively. A portion of the proceeds were utilized to refund in full the Series 2004 A and C bonds, and to terminate a derivative interest rate swap agreement. The remaining proceeds in the amount of $11.0 million will be utilized to finance various capital projects at the Institute's Hyde Park campus.

The Institute evaluated subsequent events for potential recognition or disclosure though September 27, 2016, the date on which the consolidated financial statements were available to be issued.