SYRACUSE UNIVERSITY
FINANCIAL REPORT 2011


SYRACUSE
SUOS CULTORES

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WHILE AN UNSETTLED GLOBAL ECONOMY CONTINUED TO CHALLENGE American higher education this past year, Syracuse University emerged strong, with assets achieving near record levels of growth and our longstanding commitment to access and opportunity more vigorous than ever.

Through prudent fiscal management and a strategic focus on institutional priorities, we continued to control administrative costs while working aggressively to remain affordable to students and families. We increased institutional financial aid—awarding $178 million in SU scholarships and grants to undergraduates—and limited our tuition increase to a 45-year low. We also expanded the SU "footprint" in key geographies and launched precedent-setting admissions partnerships with several community colleges. These and other recruitment initiatives build the SU "brand" in key regions of growth and among the fastest growing demographic groups, advancing our sustainable business model for enrollment. The results speak for themselves: we received a record number of applications for fall 2011 and enrolled our most diverse incoming class ever, all while maintaining our traditionally high academic standards.

Nancy Cantor
Chancellor and President

At the same time, we continued to invest strategically in our academic infrastructure, enabling us to recruit 250 stellar new faculty over the past three years who were drawn by the very nature of the expansive scholarly work being done. We assumed full stewardship of Blue Highway, a technology incubator launched three years ago in partnership with global medical technology leader Welch Allyn that we know will serve as a springboard for commercializing increasingly broad faculty innovation. We re-affirmed SU's national leadership in meeting the educational needs of veterans and their families with new multifaceted initiatives, including a Technology Education Certificate created in partnership with JPMorgan Chase through our precedent-setting Global Enterprise Technology program. And our track record of success with the Student Sandbox in cultivating student entrepreneurs helped earn SU designation by the U.S. Department of Commerce as an Economic Development Administration University Center—an extraordinary distinction that will further propel our work as innovators and agents of positive change. The key element in all of these is our exceptionally diverse portfolio of cross-sector partners who are collaborating expansively with us to make a difference in the world—from corporations and foundations to nonprofits and government agencies at all levels.

The global economic forecast may continue to be stormy, but the value of a Syracuse University education is greater than ever before. SU is more popular than ever across all fronts. Demand from prospective students, who want to be educated for the world in the world, has never been greater. And The University is about to complete its most ambitious capital campaign ever—$1 billion—backed by alumni, parents, and corporate and community partners attracted by what is happening here. Together, we are putting our scholarship into action on some of the most pressing challenges—and opportunities—of the day, positioning SU not only to weather the storms, but to thrive.

Cordially,

Nancy Cantor

Fiscal Year 2011 Highlights

Fiscal year 2011 financial results reflect the outcome of market adaptive strategic management and strengthened financial position.

During fiscal year 2011, the University continued to expand beyond its traditional borders on "the Hill" into downtown Syracuse and across the country in New York City; Washington, D.C.; Atlanta; and Los Angeles. Additionally, the University continued to expand globally through its SU Abroad programs in more than 30 countries. This initiative of continuous strategic expansion supported the goal of facilitating students' opportunities to gain a broader perspective as they prepare to become active citizens in today's global society.

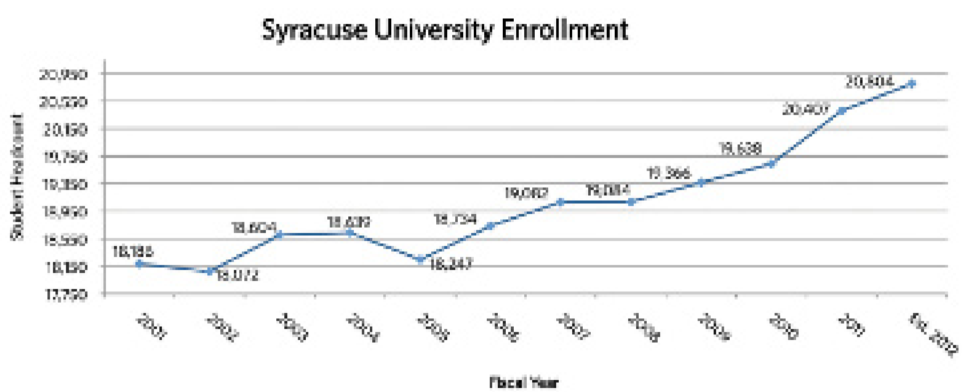
Louis G. Marcoccia
Executive Vice President
and Chief Financial Officer

A result of engagement in new geographic markets is that student enrollment at the University has continued its steady upward trend, with fiscal year 2011 being the seventh straight year that it has increased. Importantly, that growth has been accompanied by sustained quality and improved diversity. The average SAT scores for entering freshmen over the past five years have consistently been above the national averages, and increased diversity of the student body has helped make the campus community more vibrant, engaging and inclusive.

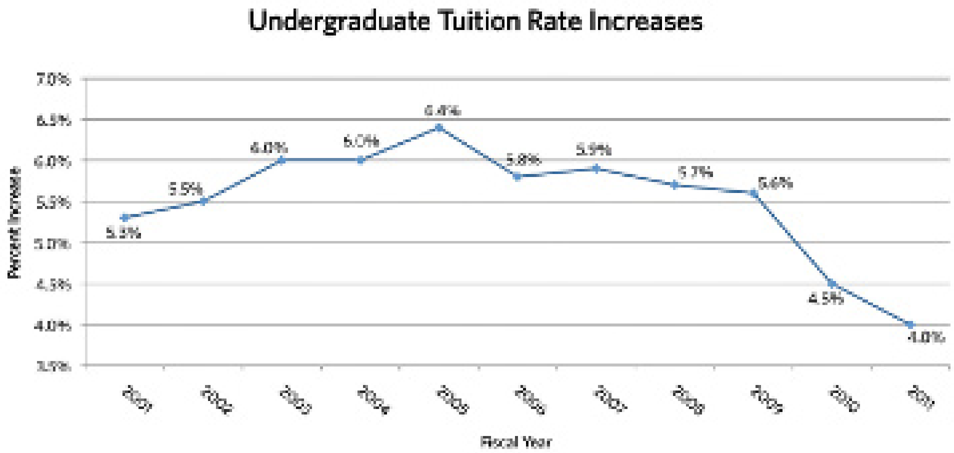
Financially, fiscal year 2011 saw the University's investments recover to once again exceed $1.0 billion, a threshold last exceeded in fiscal year 2008. Similarly, the increase in the University's net assets of $145.4 million in fiscal year 2011 was second only to the increase in fiscal year 2007. Both results are indicative of the positive financial impact of the initiatives being pursued within an adaptive, strong, nimble, and prudently managed financial framework.

Enrollment, Tuition and Financial Aid

Syracuse University's student population, which includes representation from all 50 U.S. states and from 124 countries, continues to grow both in diversity and in academic excellence. Since fiscal year 2001, the total of undergraduate, graduate, and law student enrollments has increased from approximately 18,200 students to an estimated 20,800 students in fiscal year 2012. This 14% increase equates to more than 2,600 students entering one of the University's 13 schools and colleges. The following Syracuse University Enrollment chart, graphically depicts the University's almost continual total enrollment growth from fiscal year 2001 through fiscal year 2012 (estimated).



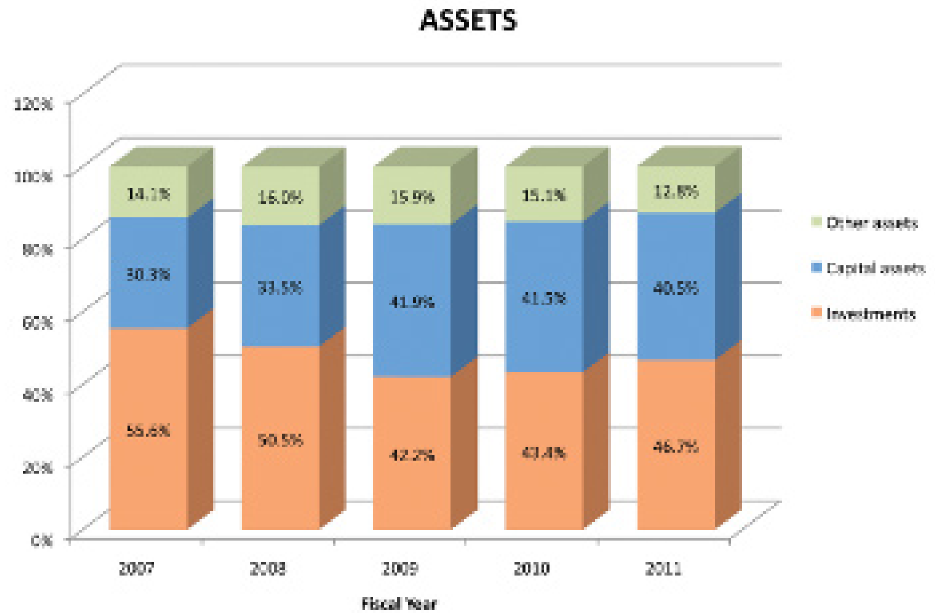
The University remains committed to ensuring its degrees are affordable, and, in support of that objective, its undergraduate tuition rate increases have been held to historic lows while financial aid has been increased. The following chart, Undergraduate Tuition Rate Increases, displays undergraduate tuition rate increases from fiscal year 2001 through fiscal year 2011.



The University's financial aid program is based on an enrollment management model that seeks to achieve full enrollment, enhance academic quality, build diversity, and maximize tuition revenue. Federal and state financial aid program funds are leveraged with institutionally funded academic scholarships and need based grants to maximize the financial assistance available to students and their families, and approximately 80% of all undergraduate students receive financial aid from the University. Financial aid, which is also referred to as tuition discount, has been steadily increasing in total dollars and as a percentage of the University's total gross tuition and fees revenues. In fiscal year 2001, Syracuse University's all-students tuition discount was 33.2%, which equated to approximately \$110.8 million and by fiscal year 2011 the University had increased its tuition discount rate to 37.2%, which equated to approximately \$245.7 million — an increase of over 121%. The chart below, titled Tuition Discount, graphically displays the tuition discount from fiscal year 2001 through fiscal year 2011.

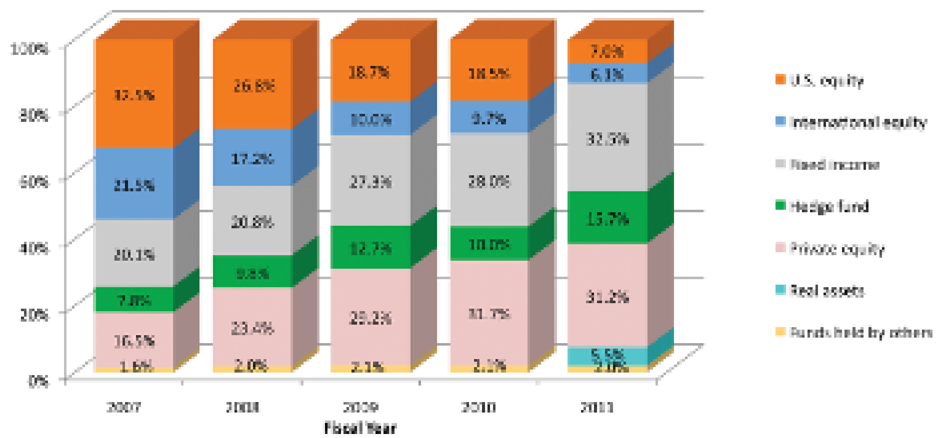
Statements of Financial Position Highlights

The Statement of Financial Position is a snapshot of the University's resources and obligations at the close of the fiscal year. Assets, which totaled $2.2 billion at June 30, 2011, are presented in decreasing order of liquidity, from cash to net capital assets, the University's least liquid assets. A majority of the University's assets are comprised of its investments and net capital assets, which represented approximately 87% of assets and totaled more than $2.0 billion at June 30, 2011, an increase of 6.5% over fiscal year 2010's total of $1.8 billion. The following chart, Assets, reports asset category percentages at June 30, 2011 and the previous four fiscal years.

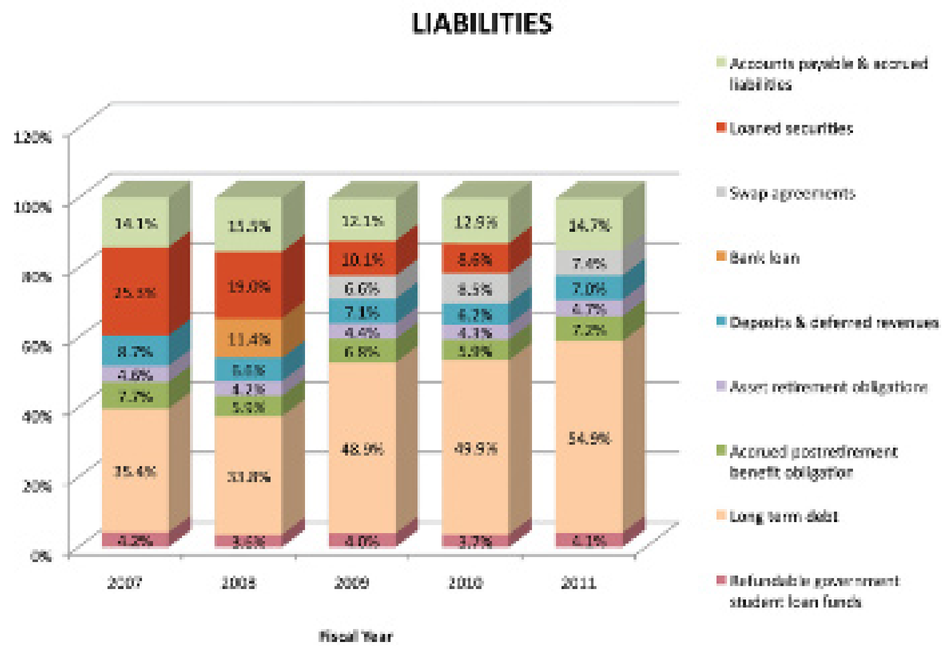


Investments have steadily been increasing as a percentage of total assets, since slipping below the 50% threshold of University assets in fiscal year 2009. Investments again hit the billion dollar threshold, totaling just over $1.0 billion at June 30, 2011, increasing 11.6% from the June 30, 2010 total of $937.3 million. During fiscal year 2011, the University engaged Mercer as an external investment consultant to assist in implementing new investment policies and strategies. In that role, Mercer has assisted the University in changing investment managers, improving asset allocations and investment return, improving cash management, and recommending investment strategies in accordance with the objective of the University's Long Term Investment Funds, which is to protect the purchasing power of investments while providing a predictable, sustainable, and increasing source of income to support various purposes in accordance with donor restrictions and the University's operating and capital budgeting requirements. The Investment Asset Category Allocations chart below provides a five fiscal year summary of the University's investment allocations.

INVESTMENT ASSET CATEGORY ALLOCATIONS



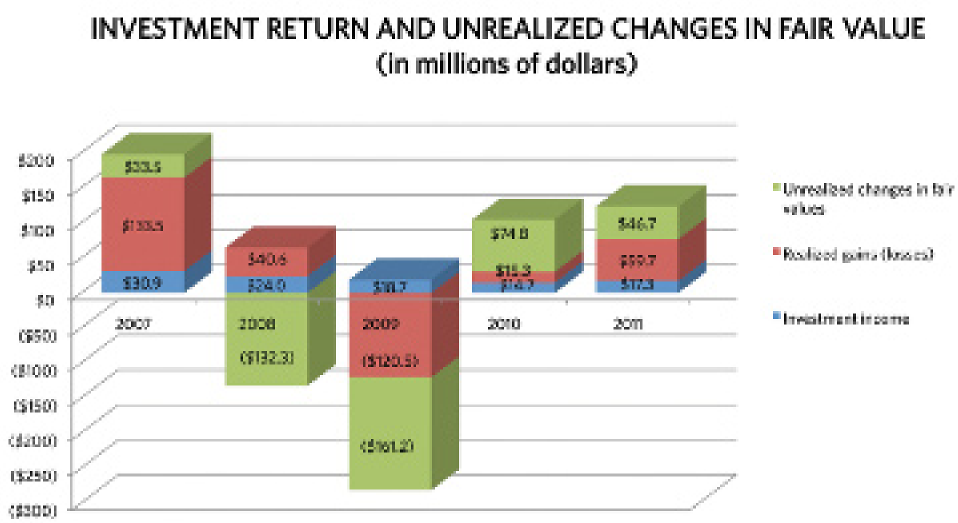
Liabilities totaled $635.6 million at June 30, 2011 and are presented below in order of their anticipated time to liquidation, from accounts payable and accrued liabilities to refundable government student loan funds. The University's liabilities are primarily comprised of long-term debt, which constituted 54.9% of total liabilities. As disclosed in the Contingencies, Commitments and Subsequent Events footnote, in July 2011 the University issued $47.7 million of fixed rate debt at a premium of $3.0 million. The $50.7 million of bond proceeds will be used to support new project construction and renovations, including funding of costs for the to-be-constructed Dineen Hall College of Law Building. The following chart, Liabilities, sets forth liability category percentages at June 30, 2011 and the previous four fiscal years.



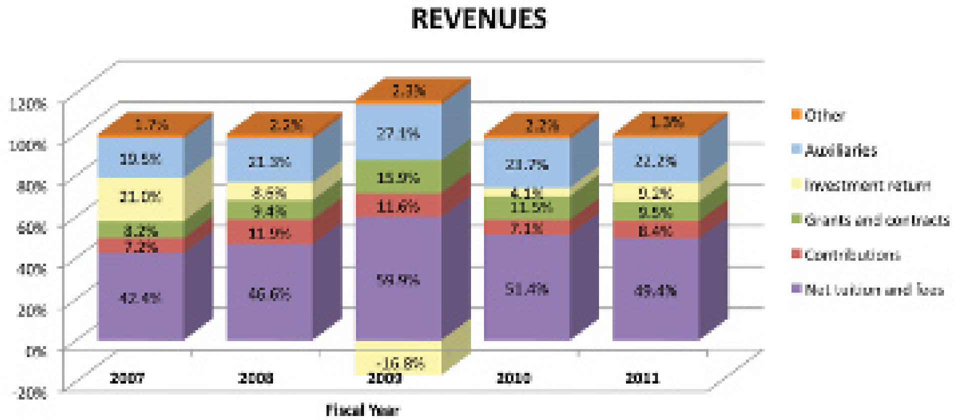
Statements of Activities Highlights

The Statement of Activities is a summary of the revenues and expenses for the year, classified according to the existence or absence of donor restrictions. Total revenues for the fiscal year ended June 30, 2011 increased 13.5% to $839.7 million, principally as a result of improved investment return.

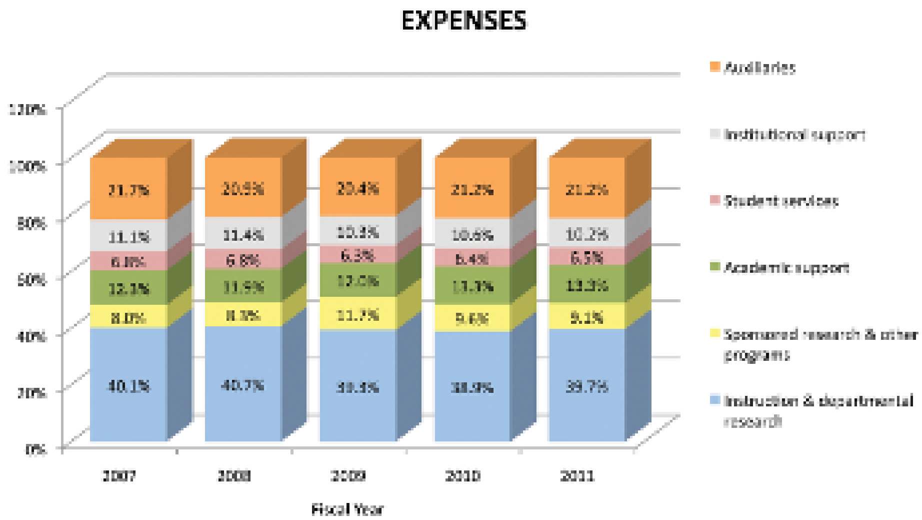
Fiscal year 2011 investment return improved from the prior fiscal year, as is graphically depicted below. In fiscal year 2011 the University's long term investment fund returned 15.6%, which exceeded the University's policy index return of 14.2%. The Investment Return and Unrealized Changes in Fair Value chart below provides a five fiscal year summary of the University's total investment return and unrealized changes in fair value.



Revenues increased approximately 13.5% in fiscal year 2011, and in the past two fiscal years, net tuition and fees combined with auxiliaries revenues accounted for almost three-quarters of the University's total revenues. Net tuition and fees totaled $414.9 million in fiscal year 2011, which represented just under fifty percent of total revenues, compared to $380.3 million and just over fifty one percent of total revenues in fiscal year 2010. Auxiliaries revenues, which include revenues from room, board, athletics, bookstore, steam station, parking and real estate, and student health services, totaled $186.0 million in fiscal year 2011, an increase of $10.7 million from fiscal year 2010. The following Revenues chart graphically depicts a five fiscal year summary of the components of total revenues.



Expenses increased only 2.0%, from $743.2 million to $757.9 million as the University remained committed to maintaining fiscally prudent spending practices while simultaneously focusing on funding strategically important academic initiatives. As a result, in fiscal year 2011 approximately 61% of total expenses were attributable to instruction and departmental research activities and to auxiliaries, at 39.7% and 21.2%, respectively. The following Expenses chart summarizes the distribution of expenses for the past five fiscal years.



Other changes in net assets declined to $63.6 million for the year ended June 30, 2011 as compared to $78.3 million for the year ended June 30, 2010. Unrealized changes in fair values of investments decreased ($49.6) million between the two fiscal years to a net unrealized gain of $46.8 million for the year ended June 30, 2011. Unrealized changes in interest rate swap agreements and foreign currency forward contracts, however, improved substantially, from a net unrealized loss of ($21.5) million to a net unrealized gain of $18.9 million for the fiscal years ended June 30, 2010 and 2011, respectively.

The fiscal year 2011 Statement of Activities also required disclosure for recognition of a net asset reclassification of endowment funds for adoption of the Financial Accounting Standards Board Accounting Standards Codification 958-205, Not for Profit Entities, which required that the portion of a donor restricted endowment fund not classified in permanently restricted net assets be classified as temporarily restricted net assets until those amounts are appropriated for spending by the University's Board of Trustees. Accordingly, the University reclassified $89.8 million from unrestricted net assets to temporarily restricted net assets.

Overall, there was an increase in total net assets of $145.4 million for the fiscal year ended June 30, 2011 compared to an increase in total net assets of $75.1 million for the fiscal year ended June 30, 2010.

Statements of Cash Flows

The Statement of Cash Flows is intended to be the bridge from the increase or decrease in net assets for the year to the change in cash balances from one year-end to the next. In fiscal years 2011 and 2010 there were increases in cash and cash equivalents amounts of approximately $32.9 million and $5.3 million, respectively. The components of those changes were net cash amounts provided by operating activities of $61.7 million and $28.2 million in fiscal years 2011 and 2010, respectively; net cash amounts used in investing activities of ($59.8) million in fiscal year 2011 as compared to ($70.0) million in fiscal year 2010; and net cash amounts provided by financing activities of $30.9 million and $47.1 million in fiscal years 2011 and 2010, respectively.

Recognition

The University's Business, Finance, and Administrative Services division continues to operate in a fiscally astute and responsible manner in accordance with best practices and highest ethical standards. Those best practice financial planning and management services continue to be important contributors in support of the University's vision and mission. Principal providers of financial leadership services were Comptroller Rebecca L. Foote; Budget and Planning Director Gwenn B. Judge; Treasurer Barbara L. Wells; and Audit and Management Advisory Services Director Stephen G. Colicci.

Louis G. Marcoccia
Executive Vice President and Chief Financial Officer

STATEMENT OF RESPONSIBILITY

MANAGEMENT IS RESPONSIBLE FOR THE PREPARATION, INTEGRITY AND objectivity of the financial statements of Syracuse University. The statements have been prepared in accordance with U.S. generally accepted accounting principles, and include certain estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Management fulfills its responsibility primarily by establishing and maintaining an internal control structure that is designed to provide reasonable assurance that the University's assets are safeguarded, transactions are executed in accordance with management's authorization, and that the University's financial records may be relied upon for the purpose of preparing financial statements and related disclosures. That system is monitored and assessed by direct management review and by the University's Audit and Management Advisory Services department. In addition, the University recognizes its responsibility for conducting its affairs according to the highest standards of personal and corporate conduct. This responsibility is characterized and reflected in key policy statements issued from time to time regarding, among other things, conduct of its business activities, a code of ethics for the University's senior financial officers, and disclosure and management of potential conflicts of interest by its trustees and employees. Accordingly, the University maintains programs to assess compliance with those policies.

The University's Board of Trustees Audit Committee appointed KPMG LLP as its independent auditors to audit the University's financial statements. Their accompanying report is based on audit procedures conducted in accordance with auditing standards generally accepted in the United States of America, which include the consideration of the University's internal controls to establish a basis for determining the nature, timing, and extent of audit tests to be applied. The independent auditors were given unrestricted access to financial records and related data, including minutes of trustees meetings.

The Audit Committee of the Board of Trustees, which consists of trustees who are neither officers nor employees of the University, is responsible for the oversight of the work performed by the independent auditors, oversight of the work performed by the Audit and Management Advisory Services department, as well as overseeing the University's internal control systems and financial reporting processes. The Audit Committee meets with financial management, the independent auditors, and the director of the Audit and Management Advisory Services department to review financial reporting, internal accounting controls, and auditing matters. Both the independent auditors and the director of the Audit and Management Advisory Services department have direct and private access to the Audit Committee.

Nancy Cantor
Chancellor and President

Louis G. Marcoccia
Executive Vice President and Chief Financial Officer

KPMG LLP
300 South State Street
Syracuse, NY 13202-2024

Independent Auditors' Report

The Board of Trustees
Syracuse University:

We have audited the accompanying statements of financial position of Syracuse University (the University) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Syracuse University as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

July 28, 2011

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND JUNE 30, 2010

(Thousands of dollars)		2011		2010
ASSETS				
Cash and cash equivalents	$	78,315	$	45,457
Loaned securities and swap agreements collateral		10,700		75,643
Receivables, net		107,211		106,189
Other assets		27,773		23,235
Loans to students, net		30,219		30,109
Investments		1,045,676		937,288
Funds held by bond trustee		29,900		44,952
Land, land improvements, buildings, equipment, and collections, net		906,972		896,686
TOTAL ASSETS	$	**2,236,766**	$	**2,159,559**
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable and accrued liabilities	$	94,004	$	90,847
Loaned securities				60,443
Swap agreements		46,924		60,085
Deposits and deferred revenues		44,252		43,549
Asset retirement obligations		30,057		30,439
Accrued postretirement benefit obligation		45,679		41,537
Long-term debt		348,730		350,950
Refundable government student loan funds		25,948		25,938
Total liabilities		635,594		703,788
NET ASSETS:				
Unrestricted		1,078,049		1,070,812
Temporarily restricted		173,219		57,830
Permanently restricted		349,904		327,129
Total net assets		1,601,172		1,455,771
TOTAL LIABILITIES AND NET ASSETS	$	**2,236,766**	$	**2,159,559**

See accompanying notes to financial statements.

YEAR ENDED JUNE 30, 2011
With Comparative Totals for Year Ended June 30, 2010

(Thousands of dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total
REVENUES:					
Tuition and fees	$ 660,579			$ 660,579	$ 608,647
Less: financial aid	245,697			245,697	228,369
Net tuition and fees	414,882			414,882	380,278
Contributions	36,416	$ 14,788	$ 19,693	70,897	52,542
Grants and contracts	80,113			80,113	85,165
Investment return	71,956	3,729	1,293	76,978	30,042
Auxiliaries, less financial aid of $7.3 million in 2011 and $6.0 million in 2010	186,015			186,015	175,335
Other	10,814			10,814	16,686
Net assets released from restrictions	8,816	(8,816)			
Total revenues	809,012	9,701	20,986	839,699	740,048
EXPENSES:					
Instruction and departmental research	301,180			301,180	289,400
Sponsored research and other programs	68,927			68,927	71,231
Academic support	100,792			100,792	98,759
Student services	48,903			48,903	47,223
Institutional support	77,518			77,518	78,894
Auxiliaries	160,537			160,537	157,707
Total expenses	757,857			757,857	743,214
OTHER CHANGES:					
Unrealized changes in fair values of:					
Investments	29,036	15,928	1,789	46,753	96,327
Interest rate swap agreements and foreign currency forward contracts	18,913			18,913	(21,547)
Postretirement benefit obligation changes other than net periodic cost	(2,107)			(2,107)	3,534
Total other changes	45,842	15,928	1,789	63,559	78,314
Change in net assets before net asset reclassification of endowment funds for adoption of ASC 958-205	96,997	25,629	22,775	145,401	75,148
Net asset reclassification of endowment funds for adoption of ASC 958-205	(89,760)	89,760			
Increase in net assets	7,237	115,389	22,775	145,401	75,148
Net assets at beginning of year	1,070,812	57,830	327,129	1,455,771	1,380,623
NET ASSETS AT END OF YEAR	**$ 1,078,049**	**$ 173,219**	**$ 349,904**	**$ 1,601,172**	**$ 1,455,771**

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

(Thousands of dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Tuition and fees	$ 608,647			$ 608,647
Less: financial aid	228,369			228,369
Net tuition and fees	380,278			380,278
Contributions	38,183	$ 5,414	$ 8,945	52,542
Grants and contracts	85,165			85,165
Investment return	28,430	78	1,534	30,042
Auxiliaries, less financial aid of $6.0 million	175,335			175,335
Other	16,686			16,686
Net assets released from restrictions	12,603	(12,603)		
Total revenues	736,680	(7,111)	10,479	740,048
EXPENSES:				
Instruction and departmental research	289,400			289,400
Sponsored research and other programs	71,231			71,231
Academic support	98,759			98,759
Student services	47,223			47,223
Institutional support	78,894			78,894
Auxiliaries	157,707			157,707
Total expenses	743,214			743,214
OTHER CHANGES:				
Unrealized changes in fair values of:				
Investments	94,723	982	622	96,327
Interest rate swap agreements and foreign currency forward contracts	(21,547)			(21,547)
Postretirement benefit obligation changes other than net periodic cost	3,534			3,534
Total other changes	76,710	982	622	78,314
Increase (decrease) in net assets	70,176	(6,129)	11,101	75,148
Net assets at beginning of year	1,000,636	63,959	316,028	1,380,623
NET ASSETS AT END OF YEAR	**$ 1,070,812**	**$ 57,830**	**$ 327,129**	**$ 1,455,771**

See accompanying notes to financial statements.

YEARS ENDED JUNE 30, 2011 AND JUNE 30, 2010

(Thousands of dollars)	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 145,401	$ 75,148
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Postretirement benefit obligation changes other than net periodic cost	2,107	(3,534)
Depreciation and amortization	54,124	56,389
Realized and unrealized changes in fair values	(125,352)	(90,138)
Gifts of property and equipment	(2,942)	(11,968)
Contributions restricted for investment and physical facilities	(17,726)	(17,306)
Changes in operating assets and liabilities:		
Receivables	(1,022)	7,362
Other assets	(1,288)	(619)
Accounts payable and accrued liabilities	6,025	15,106
Deposits and deferred revenues	703	(2,625)
Asset retirement obligations	(382)	(759)
Accrued postretirement benefit obligation	2,035	1,106
Net cash provided by operating activities	61,683	28,162
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash held as collateral	4,500	(6,900)
Loans to students	(3,933)	(3,145)
Repayment of loans by students	3,823	3,199
Purchases of investments	(1,098,969)	(391,773)
Sales and maturities of investments	1,097,020	421,845
Purchases of land, land improvements, buildings, equipment, and collections	(62,199)	(93,206)
Net cash used in investing activities	(59,758)	(69,980)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for investment and physical facilities	17,726	17,306
Proceeds from issuance of long-term debt		111,170
Payment of long-term debt	(1,855)	(1,734)
Redemption of long-term debt		(75,525)
Change in bond issuance costs		(535)
Change in funds held by bond trustee	15,052	(3,875)
Change in refundable government student loan funds	10	301
Net cash provided by financing activities	30,933	47,108
Net increase in cash and cash equivalents	32,858	5,290
Cash and cash equivalents at beginning of year	45,457	40,167
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 78,315**	**$ 45,457**
Supplemental disclosure:		
Interest paid	$ 15,570	$ 14,789

See accompanying notes to financial statements.

(1) ORGANIZATION

Syracuse University (the "University") is a private, coeducational and residential university granted a charter by the State of New York in 1870. The University operates under the direction of an independent Board of Trustees as an education corporation under the New York Not-for-Profit Corporation Law. The University has a total enrollment of approximately 20,400 students, including approximately 14,100 full-time undergraduate and law students, approximately 3,800 full-time master's and doctoral students, and approximately 2,500 part-time students. Geographically, the undergraduate student body represents all 50 states and more than 120 foreign countries. The University offers approximately 500 degree programs in the following 13 schools and colleges: the School of Architecture; the College of Arts and Sciences; the School of Education; the L.C. Smith College of Engineering and Computer Science; the Graduate School; the David B. Falk College of Sport and Human Dynamics; the School of Information Studies; the College of Law; the Martin J. Whitman School of Management; the Maxwell School of Citizenship and Public Affairs; the S.I. Newhouse School of Public Communications; the College of Visual and Performing Arts; and University College.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying financial statements have been prepared using accrual accounting, and include the accounts of Syracuse University, Syracuse University (USA) London Program, Drumlins, Inc., and Syracuse University Hotel and Conference Center LLC.

(b) Net Asset Classes

The accompanying financial statements present information regarding the University's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets are not subject to donor stipulations restricting their use, but may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets are subject to donor stipulations that expire by the passage of time or can be fulfilled by actions pursuant to the stipulations.

Permanently restricted net assets are subject to donor stipulations requiring that they be maintained permanently.

(c) Contributions

Contributions, including unconditional pledges, are recognized as revenues when donors' commitments are received. Conditional pledges become unconditional and are recognized as revenues when the 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 permanently restricted or temporarily restricted. Gifts whose restrictions are met in the same fiscal year as their receipt are reported as unrestricted contributions.

(d) Cash and Cash Equivalents

Investments acquired with an original maturity date of three months or less are reported as cash equivalents, unless they are part of long-term investment funds.

(e) Loans to Students

Loans to students are reported net of an allowance for doubtful accounts of approximately $1.0 million at June 30, 2011 and June 30, 2010.

(f) Investments

Investments are recorded at fair value, and the University believes the carrying amounts of these financial instruments are reasonable estimates of fair value. The values of publicly traded fixed income and equity securities are based on quoted market prices and exchange rates. Nonmarketable securities include alternative investments in hedge funds and private equity funds, which are valued using current estimates of fair value in the absence of readily determinable public market values. The estimates of fair values, because of the inherent uncertainty of valuations for these investments, may differ from the values that would have been used had ready markets existed.

(g) Funds Held by Bond Trustee

Unspent bond proceeds are held by the bond trustee. They are invested in money market vehicles and are classified as Level 1 in the fair value hierarchy.

(h) Land, Land Improvements, Buildings, Equipment, and Collections

Land, land improvements, buildings, equipment, and the library collection are stated at cost or fair value at date of donation, exclusive of the library's special collection, which is recorded at the University's estimate. The art collection is recorded at a capitalized appraised value adjusted for fair value accessions and deaccessions. Depreciation is recognized using the straight-line method with useful lives of twenty or forty years for buildings, five years for equipment, ten years for library collections, excluding special collections, and one hundred years for art and library special collections. Depreciation expense for buildings and land improvements is allocated to functional classifications based on square footage. Depreciation expense for equipment is allocated to functional classifications based on the functional classifications of the departments in which equipment is located, and depreciation expense for collections is allocated to the academic support functional classification.

(i) Fair Value

The three levels of the fair value hierarchy are:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities that the University has the ability to access at measurement date.

Level 2 – inputs are other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

Level 3 – inputs are derived from valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and are not based on market, exchange, dealer, or broker-traded transactions. In addition, Level 3 valuations incorporate assumptions and projections that are not observable in the market, and significant professional judgment in determining the fair value assigned to such assets or liabilities.

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.

The carrying values of the University's cash and cash equivalents, receivables, accounts payable and accrued liabilities, and long-term debt approximated their fair values at June 30, 2011 and June 30, 2010.

(j) Allocation of Certain Expenses

The statement of activities presents expenses by functional classification. Operation and maintenance of plant is allocated based on square footage, and interest expense is allocated based on the functional purpose for which the debt proceeds were used.

(k) Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of these financial statements include valuation of investments at fair value, estimated net realizable value of receivables, asset retirement obligations, and actuarially determined employee benefit and self-insurance liabilities. Actual results could differ from estimates.

(l) Income Taxes

The University is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to Section 501(a) of the Internal Revenue Code. Syracuse University Hotel and Conference Center LLC, wholly owned by the University, is reported in the University's income tax filings. Drumlins, Inc. is a taxable subsidiary of the University, filing its own tax returns. The income tax consequences, if any, from these entities are reflected in the financial statements, and do not have a material effect, individually or in the aggregate, upon the University's financial statements. The Syracuse University (USA) London Program, created for the advancement of education, is a registered charity under the laws of England. The University believes it has taken no significant uncertain tax positions.

(3) RECEIVABLES

The following is a summary of accounts receivable, pledges receivable, and matured bequests receivable at June 30, 2011 and June 30, 2010 (in thousands of dollars):

	2011	2010
Accounts receivable	$ 34,228	$ 47,182
Pledges receivable	80,063	64,247
Matured bequests receivable	5,121	6,596
	119,412	118,025
Allowance for doubtful accounts	(12,201)	(11,836)
Total	**$ 107,211**	**$ 106,189**

Unconditional pledges and matured bequests at June 30, 2011 and June 30, 2010 are restricted by donors predominantly for scholarships and other operating purposes. They are expected to be realized in the following periods (in thousands of dollars):

	2011	2010
Less than one year	$ 30,216	$ 27,725
One year to five years	34,695	24,725
More than five years	39,008	37,778
	103,919	90,228
Allowance for uncollectibility	(10,917)	(8,947)
Present value discount	(18,735)	(19,385)
Total	**$ 74,267**	**$ 61,896**

At June 30, 2011 the discount rates used to present value the pledges range from 1.7% to 6.0%.

Conditional promises, which depend on the occurrence of a specified future or uncertain event, are recognized when the conditions are substantially met. Total unrecorded conditional pledges for the University were approximately $23.0 million and $23.4 million as of June 30, 2011 and June 30, 2010, respectively.

(4) INVESTMENTS

The investment objective of the University 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 University diversifies its investments among asset classes by incorporating several strategies and managers. Major investment decisions are authorized by the University's Trustee Investment and Endowment Committee (IEC).

In addition to equity and fixed income investments, the University may also hold shares or units in institutional funds and alternative investment funds involving hedged, private equity, and real assets strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists, and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments. Private equity funds generally employ buyout, venture capital, and debt related strategies and often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Real assets include global natural resource publicly traded stocks of companies whose businesses are typically related to power generation, oil and gas, timber, mining, and infrastructure.

Fair values for shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The University's interests in alternative investment funds are generally reported at the net asset value (NAV) reported by the fund managers. NAV is used as a practical expedient to estimate the fair value of the University's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2011 and June 30, 2010, the University had no specific plans or intentions to sell investments at amounts different than NAV. With respect to those investments reported at NAV as a practical expedient, classification in Level 2 or 3 is based on the University's ability to redeem its interest at or near the date of the statement of financial position, and if the interest can be redeemed in the near term, the investment is classified in Level 2.

The University's investments at June 30, 2011 are summarized in the following table by their fair value hierarchy classification (in thousands of dollars):

	Level 1	Level 2	Level 3	Total	Redemption or liquidation	Days' notice
U.S. equity	$ 67,095	$ 5,759		$ 72,854	Daily	1 - 30
International equity	46,333	17,080		63,413	Daily	1 - 30
Fixed income	102,888	236,805	$ 83	339,776	Daily	1 - 30
Hedge fund [1,3]						
Long/short		524	17,819	18,343	Subject to lock up	14 - 90
Global		9,979		9,979	Subject to lock up	14 - 90
Multi-strategy	41,274	26,400	23,920	91,594	Subject to lock up	1 - 90
Other		5,686	38,227	43,913	Subject to lock up	14 - 90
Private equity [2,3]						
Buyout			129,287	129,287	Illiquid	Not Applicable
Venture capital			102,407	102,407	Illiquid	Not Applicable
Debt related			94,303	94,303	Illiquid	Not Applicable
Real assets	44,363	13,422		57,785	Daily	1 - 30
Funds held or administered by others	301	21,721		22,022	Not Applicable	Not Applicable
Total	**$ 302,254**	**$ 337,376**	**$ 406,046**	**$ 1,045,676**		

1 The University's Level 2 and Level 3 hedge fund investments are restricted from redemption based on rolling lock up periods.
2 The private equity funds have initial terms of 10 years with extensions of 1 to 4 years, and have an average remaining life of 3 years.
3 Carrying values have been estimated by the fund's management in the absence of readily determinable fair values.

The University's investments at June 30, 2010 are summarized in the following table by their fair value hierarchy classification (in thousands of dollars):

	Level 1	Level 2	Level 3	Total	Redemption or liquidation	Days' notice
U.S. equity	$ 161,334	$ 12,112		$ 173,446	Daily	1
International equity	85,970	4,491		90,461	Daily	1
Fixed income	24,556	236,274	$ 2,018	262,848	Daily	1
Hedge fund [1,3]						
Long/short		320	38,296	38,616	Subject to lock up	14 - 90
Global		2,432	4,108	6,540	Subject to lock up	14 - 90
Multi-strategy		24,065	10,643	34,708	Subject to lock up	14 - 90
Other		8,217	5,806	14,023	Subject to lock up	14 - 90
Private equity [2,3]						
Buyout			114,998	114,998	Illiquid	Not Applicable
Venture capital			93,903	93,903	Illiquid	Not Applicable
Debt related			88,320	88,320	Illiquid	Not Applicable
Funds held or administered by others	563	18,862		19,425	Not Applicable	Not Applicable
Total	**$ 272,423**	**$ 306,773**	**$ 358,092**	**$ 937,288**		

1 The University's hedge fund investments are restricted from redemption based on rolling lock up periods.
2 The private equity funds have initial terms of 10 years with extensions of 1 to 4 years, and have an average remaining life of 4 years.
3 Carrying values have been estimated by the fund's management in the absence of readily determinable fair values.

The following tables present the University's activity for the fiscal years ended June 30, 2011 and June 30, 2010 for investments measured at fair value on a recurring basis and classified as Level 3 (in thousands of dollars):

	Private Equity	Hedge Fund	Fixed Income and U.S. Equity	Total
Fair value at June 30, 2010	$ 297,221	$ 58,853	$ 2,018	$ 358,092
Transfers		(13,521)	3	(13,518)
Acquisitions	26,501	51,730	1,929	80,160
Dispositions	(26,835)	(20,975)	(3,915)	(51,725)
Investment return (loss)	22,411	(1,830)	(944)	19,637
Unrealized gains	6,699	5,709	992	13,400
Fair value at June 30, 2011	**$ 325,997**	**$ 79,966**	**$ 83**	**$ 406,046**

	Private Equity	Hedge Fund	Fixed Income and U.S. Equity	Total
Fair value at June 30, 2009	$ 249,890	$ 102,455	$ 1,632	$ 353,977
Transfers		(29,376)		(29,376)
Acquisitions	18,682	22,878	253	41,813
Dispositions	(21,434)	(47,374)	(253)	(69,061)
Investment return (loss)	6,042	(10,382)	3	(4,337)
Unrealized gains	44,041	20,652	383	65,076
Fair value at June 30, 2010	**$ 297,221**	**$ 58,853**	**$ 2,018**	**$ 358,092**

The unrealized gains related to investments held as of June 30, 2011 and June 30, 2010 were $10.2 million and $56.2 million, respectively.

At June 30, 2011, the University's outstanding commitments to private equity partnerships totaled $103.5 million. The projected capital call amounts are summarized in the table below (in thousands of dollars):

Fiscal Year	Amount
2012	$ 37,944
2013	30,799
2014	21,460
2015	13,328
Total	**$ 103,531**

Some hedge fund investments are subject to redemption lock up periods, and the amounts by year in which the lock ups expire are summarized in the table below (in thousands of dollars):

Fiscal Year	Amount
2012	$ 28,562
2013	20,574
Total	**$ 49,136**

Investment return reported as revenue is detailed in the table below (in thousands of dollars):

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	$ 17,292			$ 17,292
Realized gains	54,664	$ 3,729	$ 1,293	59,686
Total	**$ 71,956**	**$ 3,729**	**$ 1,293**	**$ 76,978**

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	$ 14,684			$ 14,684
Realized gains	13,746	$ 78	$ 1,534	15,358
Total	**$ 28,430**	**$ 78**	**$ 1,534**	**$ 30,042**

Netted in investment income are investment management fees of $2.8 million and $3.3 million in fiscal years 2011 and 2010, respectively.

(5) ENDOWMENT FUNDS

The University's endowment consists of 1,919 individual funds established for a variety of purposes, including both donor restricted endowment funds and funds designated by the University to function as endowments (quasi endowment). At June 30, 2011, the fair values of 371 endowment accounts were less than their original fair value of $118.5 million ("underwater") by a total of approximately $16.3 million.

The University employs asset allocation models having multi-year investment horizons, and it manages its long term investments in accordance with the total return concept and the goal of maximizing long term return within acceptable levels of risk. The University's spending policy is aligned with the asset allocation model and is designed to provide a stable level of financial support and to preserve the real value of its endowment. The University compares the performance of its investments against several benchmarks, including its asset allocation model policy indexes.

The IEC approves the annual distribution rates and spending amount for the University's investment funds. Per unit distributions are calculated by multiplying the average of the monthly unit market values during the previous three fiscal years by the percentage approved by the Committee each year. The percentage approved for fiscal years 2011 and 2010 was 3.84%. In addition, other distributions approved by the IEC of $20.0 million and $19.2 million were made in fiscal years 2011 and 2010, respectively.

In September 2010, New York State enacted the New York Uniform Prudent Management of Institutional Funds Act (NYPMIFA). The University has interpreted NYPMIFA as allowing the University to spend or accumulate the amount of an endowment fund that the University 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 University 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. Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-205, *Not for Profit Entities,* 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 University's Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the IEC 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 University and the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the University
- 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 University
- The investment policies of the University

As a result of the adoption of ASC 958-205, the University has reclassified $89.8 million from unrestricted net assets to temporarily restricted net assets.

At June 30, 2011 and June 30, 2010, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions and consisted of the following (in thousands of dollars):

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ (16,335)	$ 115,867	$ 295,234	$ 394,766
Quasi (Board designated)	495,813			495,813
Total	**$ 479,478**	**$ 115,867**	**$ 295,234**	**$ 890,579**

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ 65,596	$ 6,512	$ 282,026	$ 354,134
Quasi (Board designated)	263,084			263,084
Total	**$ 328,680**	**$ 6,512**	**$ 282,026**	**$ 617,218**

Changes in net assets associated with endowment funds for the fiscal years ended June 30, 2011 and June 30, 2010 were (in thousands of dollars):

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets June 30, 2010	$ 328,680	$ 6,512	$ 282,026	$ 617,218
Investment return	40,804	30,807	550	72,161
Unrealized gains	29,174	15,928		45,102
Contributions	100	1	11,822	11,923
Distributions	(33,387)	(26,999)		(60,386)
Net asset reclassification for adoption of ASC 958-205	(89,760)	89,760		
Board designated and donor required transfers	203,867	(142)	836	204,561
Net assets June 30, 2011	**$ 479,478**	**$ 115,867**	**$ 295,234**	**$ 890,579**

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets June 30, 2009	$ 281,677	$ 5,594	$ 269,632	$ 556,903
Investment return (loss), net	19,444		(3)	19,441
Unrealized gains	83,006	982		83,988
Contributions	2	6	10,881	10,889
Distributions	(57,006)			(57,006)
Board designated and donor required transfers	1,557	(70)	1,516	3,003
Net assets June 30, 2010	**$ 328,680**	**$ 6,512**	**$ 282,026**	**$ 617,218**

(6) LAND, LAND IMPROVEMENTS, BUILDINGS, EQUIPMENT, AND COLLECTIONS

The following is a summary of land, land improvements, buildings, equipment, and collections at June 30, 2011 and June 30, 2010 (in thousands of dollars):

	2011	2010
Land and land improvements	$ 66,267	$ 65,131
Buildings and building equipment	1,308,967	1,256,792
Equipment	78,641	77,905
Library and art collections	198,828	196,722
	1,652,703	1,596,550
Accumulated depreciation	(745,731)	(699,864)
Total	**$ 906,972**	**$ 896,686**

The University has asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities at the time of disposal of certain capital assets. The liability was initially recorded at fair value, and is adjusted for accretion expense and changes in the amount or timing of cash flows. The corresponding asset retirement costs are capitalized as part of the carrying values of the related long-lived assets and depreciated over the useful lives of the assets.

(7) LONG-TERM DEBT AND INTEREST RATE SWAP AGREEMENTS

Long-term debt outstanding at June 30, 2011 and June 30, 2010 is set forth below (in thousands of dollars):

	Fiscal year of maturity	2011	2010
City of Syracuse Industrial Development			
Agency – Civic Facility Variable Rate			
Revenue Bonds:			
Series 1999A and 1999B (a) (d)	2030	$ 44,475	$ 44,475
Series 2005A and 2005B (b)	2036	80,000	80,000
Series 2008A-1 and 2008A-2 (c)	2038	69,225	69,625
Onondaga County Industrial Development			
Agency – Civic Facility Variable Rate			
Revenue Bonds:			
Series 2008B (c)	2038	33,675	34,350
Onondaga County Trust for Cultural			
Resources – Revenue Bonds:			
Series 2010A (d)	2030	75,525	75,525
Series 2010B (e)	2011 – 2020	31,710	31,830
Bank Loan – Syracuse University Hotel			
and Conference Center LLC (f)	2022	10,670	11,330
		345,280	347,135
Unamortized Premium – Series 2010B (e)		3,450	3,815
Total		**$ 348,730**	**$ 350,950**

(a) Periodic Auction Reset Securities (PARS) bonds have their interest rates set at weekly auctions. The interest rates at June 30, 2011 and June 30, 2010 were 0.09% and 0.34%, respectively, for Series 1999A, and 0.14% and 0.22%, respectively, for Series 1999B. The University makes weekly payments of the interest to the bondholders through the trustee. The University may make prepayments of principal, and is required to pay any remaining principal balance on December 1, 2029, the maturity date of the bonds.

(b) Variable rate demand bonds have their interest rates set weekly. The interest rates at June 30, 2011 and June 30, 2010 were 0.07% and 0.19%, respectively, for both Series 2005A and Series 2005B. The University makes monthly payments of interest to the bondholders through the trustee. The University may make prepayments of principal, and is required to pay any remaining principal balance on December 1, 2035, the maturity date of the bonds.

(c) Variable rate demand bonds have their interest rates set daily and weekly for Series 2008A and Series 2008B, respectively. The interest rates at June 30, 2011 and June 30, 2010 were 0.05% and 0.13%, respectively, for Series 2008A, and 0.07% and 0.19%, respectively, for Series 2008B. The University makes monthly payments of interest to the bondholders through the trustee. As of July 1, 2009, the University became subject to annual mandatory sinking fund redemptions. In addition, the University has the ability to make prepayments of principal, and is required to pay any remaining principal balance on Series 2008A-1 and Series 2008B on July 1, 2037 and on December 1, 2037 for Series 2008A-2, the maturity dates of the bonds.

(d) Variable rate demand bonds have their interest rates set weekly. The interest rates at June 30, 2011 and June 30, 2010 were 0.03% and 0.20%, respectively. The University makes monthly payments of interest to the bondholders through the trustee. The University may make prepayments of principal, and is required to pay any remaining principal balance on December 31, 2029, the maturity date of the bonds. The proceeds from this bond issue were used to redeem a portion of the Series 1999A and Series 1999B bonds in January 2010.

(e) Fixed rate bonds have interest rates ranging from 3.0% to 5.0% depending on the underlying principal maturity date. These bonds were issued at a premium that is being amortized using the effective interest method over the remaining life of each of the series of bonds resulting in an effective yield ranging from 0.75% to 3.48%. The University makes semi-annual payments of interest to the bondholders through the trustee. In addition, the University makes semi-annual payments of principal to the bondholders through the trustee on a portion of the bonds for fiscal years 2011 through 2020. As of December 1, 2010, the University became subject to annual mandatory sinking fund redemptions. The University may make prepayments of principal, and is required to pay any remaining principal balance on December 1, 2019, the maturity date of the bonds.

(f) Loan agreement with JPMorgan Chase Bank, N.A., which is guaranteed by the University. It bears interest at a rate per annum equal to the adjusted LIBOR rate for the applicable interest period plus 0.40% at June 30, 2011 and June 30, 2010. The applicable LIBOR margin per annum is adjusted based on the Moody's rating assigned to the financial strength of the University at the onset of each interest period. At June 30, 2011 and June 30, 2010, the interest rates were 0.59% and 0.76%, respectively. The maturity date of the loan is August 5, 2021.

Aggregate principal payments of long-term debt are summarized in the table below (in thousands of dollars):

Fiscal Year		Amount
2012	$	1,905
2013		1,960
2014		2,015
2015		2,070
2016		2,130
Thereafter		335,200
Total	**$**	**345,280**

For fiscal years 2011 and 2010, capitalized interest was $0.9 million and $4.7 million, respectively.

The University and the Syracuse University Hotel and Conference Center LLC have entered into interest rate swap agreements with two counterparties as a hedge against interest rate fluctuations for variable interest rate debt. As of June 30, 2011 and June 30, 2010 there were requirements to collateralize the obligations under the swap agreements in the amounts of $10.7 million and $15.2 million, respectively. The University received variable payments equal to 68% of the one-month LIBOR rate from two counterparties for six swap agreements. The Syracuse University Hotel and Conference Center LLC received variable payments equal to the one-month LIBOR rate plus 0.55% from one counterparty for one swap agreement.

As of June 30, 2011, the University paid two counterparties a weighted average fixed interest rate of 3.689% on a total notional amount of $302.9 million, which related to its variable interest rate revenue bonds. As of June 30, 2010, the University paid two counterparties a weighted average fixed interest rate of 3.690% on a total notional amount of $304.0 million, which related to its variable interest rate revenue bonds. The Syracuse University Hotel and Conference Center LLC paid one counterparty a fixed interest rate of 5.303% on notional amounts of $10.7 million and $11.3 million as of June 30, 2011 and June 30, 2010, respectively, that related to its loan with JPMorgan Chase Bank, N.A.

At June 30, 2011 and June 30, 2010, the fair values of the University's swap agreements were ($45.6) million and ($58.4) million, respectively, and the Syracuse University Hotel and Conference Center LLC swap agreement fair values were ($1.3) million and ($1.6) million, respectively. The swap agreements are classified as Level 2 in the fair value hierarchy.

The increase of $13.1 million and the decrease of $17.5 million in the fair values of the interest rate swap agreements were included in the unrealized changes in fair values of interest rate swap agreements and foreign currency forward contracts for the years ended June 30, 2011 and June 30, 2010, respectively. The net cash payments of $11.2 million made under the interest rate swap agreements were included in interest expense during fiscal years 2011 and 2010.

(8) FOREIGN CURRENCY FORWARD CONTRACTS

At June 30, 2011 and June 30, 2010, the University had commitments for foreign currency forward contracts of approximately $30.0 million and $49.9 million, respectively, to hedge foreign exchange rate exposure for its programs abroad. Fair values of foreign currency forward contract commitments of $3.5 million and ($2.3) million, respectively, were included in other assets and accounts payable and accrued liabilities, respectively. The foreign currency forward contracts are classified as Level 2 in the fair value hierarchy. For the years ended June 30, 2011 and June 30, 2010 the increase of $5.8 million and the decrease of $4.0 million, respectively, in fair values of foreign currency forward contract commitments were included in the unrealized changes in fair values of interest rate swap agreements and foreign currency forward contracts.

(9) TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2011 and June 30, 2010, temporarily and permanently restricted net assets were comprised as follows (in thousands of dollars):

	2011		2010	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Pledges and bequests receivable	$ 44,351	$ 29,916	$ 39,112	$ 22,784
Other	4,333	3,102	6,501	2,982
Funding for facilities	3,565		1,030	
Funding for student loans		3,472		3,383
Life income, annuity, and similar funds	5,103	18,180	4,675	15,954
Endowment funds	115,867	295,234	6,512	282,026
Total net assets	**$ 173,219**	**$ 349,904**	**$ 57,830**	**$ 327,129**

(10) RETIREMENT PLANS

Certain full-time and regular part-time employees of the University are eligible for the University's defined contribution plan. The amounts contributed by the University to the Teachers Insurance and Annuity Association and College Retirement Equities Fund in fiscal years 2011 and 2010 were approximately $27.4 million and $29.1 million, respectively.

The University also provides health and life insurance benefit plans for eligible employees upon retirement at the University's early or normal retirement ages. The plans are funded by the University as claims are paid. Information with respect to the plans is as follows (in thousands of dollars):

	2011	2010
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 41,537	$ 43,965
Service cost	2,984	2,319
Interest cost	2,196	2,109
Plan participants' contributions	608	550
Actuarial loss (gain)	1,411	(4,256)
Benefits paid	(3,182)	(3,286)
Medicare Part D prescription drug federal subsidy	125	136
Accrued postretirement benefit obligation	**$ 45,679**	**$ 41,537**

Other changes in the postretirement benefit obligation recognized in unrestricted net assets in the statements of activities included the following components (in thousands of dollars):

	2011	2010
Actuarial (loss) gain	$ (1,411)	$ 4,256
Amortization of:		
Actuarial losses	50	24
Prior service credits	(746)	(746)
Total recognized in unrestricted net assets	**$ (2,107)**	**$ 3,534**

Net periodic postretirement benefit cost included as expense in the statements of activities is as follows (in thousands of dollars):

	2011	2010
Service cost	$ 2,984	$ 2,319
Interest cost	2,196	2,109
Amortization of actuarial losses	50	24
Amortization of prior service credits	(746)	(746)
Net periodic postretirement benefit cost	**$ 4,484**	**$ 3,706**

For measurement purposes, annual rates of increase in the per capita cost of covered healthcare of 10% and 8% for pre-65 and post-65 retirees, respectively, were assumed as of June 30, 2011. An annual rate of increase in the per capita cost of covered prescription drug benefits of 9.5% was assumed as of June 30, 2011. The rates were assumed to decrease to 5.0% for both healthcare and prescription drug benefits by fiscal year 2019 and remain at those levels thereafter. Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. It is estimated, based on actuarial calculations, that a one percentage point change in the healthcare trend rate would have the following effects (in thousands of dollars):

		1-percentage point increase		1-percentage point (decrease)
Effect on total of service and interest cost components	$	713	$	(603)
Effect on postretirement benefit obligation	$	5,270	$	(4,460)

As of June 30, 2011 and June 30, 2010, the discount rates used in determining the benefit obligations were 5.37% and 5.45%, respectively, and the discount rates used in determining the net periodic postretirement benefit costs were 5.45% and 6.26%, respectively.

Contributions to the postretirement benefit plans, net of employee contributions and the Medicare subsidy, were $2.4 million in fiscal year 2011 and are estimated to be $2.6 million for fiscal year 2012.

The net benefits expected to be paid in each fiscal year from 2012 through 2016 range from approximately $2.6 million to $2.7 million and the net aggregate expected payments including years through fiscal year 2021 total approximately $30.4 million. The expected benefits are based on the assumptions used to measure the University's benefit obligation at June 30, 2011, and include estimated future employee service.

In addition to service and interest costs, the components of projected net periodic postretirement benefit cost for fiscal year 2012 are amortization of prior service credits of approximately $0.7 million and amortization of actuarial losses of less than $0.1 million. The unamortized prior service credits and unamortized net actuarial losses were $4.4 million and $4.3 million, respectively, at June 30, 2011.

(11) CONTINGENCIES, COMMITMENTS AND SUBSEQUENT EVENTS

The University is involved in legal actions arising in the normal course of activities and is subject to periodic audits and inquiries by regulatory agencies. Although the ultimate outcome of such matters is not determinable at this time, management, after taking into consideration advice of legal counsel, believes that the resolutions of pending matters will not have a materially adverse effect, individually or in the aggregate, upon the University's financial statements.

The University has a Guaranteed Mortgage Program, which facilitates home ownership by University faculty and staff in neighborhoods immediately east and south of the main campus and in a section of downtown Syracuse. The University will guarantee a mortgage loan to qualified faculty or staff in the amount of the purchase price for the home until such time as the loan to value ratio falls below 75%, using the value of the home at the time the loan is closed. Mortgages guaranteed by the University at June 30, 2011 and June 30, 2010 had aggregate principal amounts of approximately $8.2 million and $7.6 million, respectively. No lending institution has sought payment from the University on any mortgage guaranteed by the University. However, if the University were to pay on a guaranty, the University would receive an assignment of the note and mortgage.

The Syracuse University (USA) London Program leases a building in London, England. The lease commenced in fiscal year 2006 and has a term of 20 years. The annual rent and value added tax for fiscal 2011 totaled approximately $1.1 million, and is subject to change at specific times during the lease term. The London Program holds options to extend the lease term for two five-year periods.

The University had letters of credit aggregating $271.5 million and $272.5 million at June 30, 2011 and June 30, 2010, respectively, related to its variable interest rate long-term debt and to potential claims under the University's workers' compensation plan. There were no outstanding amounts against the letters of credit.

The University issued $47.7 million of fixed rate debt on July 7, 2011, which was issued as serial bonds maturing annually between December 2012 and December 2031, and term bonds maturing annually between December 2032 and December 2036. The proceeds included a net premium amount of $3.0 million that is being amortized using the effective interest method over the remaining life of each of the series and terms resulting in an effective interest rate ranging from 0.53% to 4.70%. Debt proceeds including premium totaled $50.7 million and will be used to fund issuance costs and project expenditures.

The University evaluated subsequent events for potential recognition or disclosure through July 28, 2011, the date on which the financial statements were issued.

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