SYRACUSE UNIVERSITY

2013 FINANCIAL REPORT

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Eric F. Spina
Interim Chancellor and President

Louis G. Marcoccia
Executive Vice President
and Chief Financial Officer

AS THE NATION'S ECONOMY CONTINUED ITS SLOW BUT STEADY progress toward recovery this past year, Syracuse University maintained a strong fiscal footing while continuing to invest strategically in initiatives that propel innovative world-class scholarship, reaffirm our core commitment to access and affordability, and enhance our presence in key geographies.

With prudent fiscal management and a strategic focus on institutional priorities, we continued to hold the line on administrative costs while aggressively building on SU's long legacy of advancing opportunity for enterprising students from across the full socioeconomic spectrum. Nearly two-thirds of SU undergraduate students received some type of institutional financial aid last year, with a total of $205 million awarded—representing a 6 percent increase over fiscal year 2012. Hand-in-hand with this expanded funding support, we continued to slow the growth rate of tuition, with last year's increase of 3.6 percent representing the smallest percentage increase in 47 years.

We also continued to build our institutional "brand" nationally as a university dedicated to innovative public scholarship that addresses critical challenges facing our communities and world. That begins with a stellar faculty. On that front we enhanced our faculty ranks with inaugural appointments of several new endowed chairs and professorships to leverage multidisciplinary excellence in areas from design and journalism innovation to aging, while continuing to invest in disciplinary excellence, as we have in physics, targeting support for SU scientists who are part of an international team headquartered in Geneva, Switzerland doing groundbreaking work in the nature of matter.

Closer to home, we are opening the Fisher Center in New York City, a new academic hub in midtown Manhattan that will facilitate a wide range of faculty engagement and student learning and immersion opportunities in the heart of the Big Apple. And just a few weeks ago on Syracuse's own South Side, we witnessed the grand opening of a neighborhood food co-op that will provide south side residents with easy access to fresh produce and other grocery supplies—an endeavor that has provided, and will continue to provide, pivotal opportunities for SU faculty and students to hone their expertise by engaging critical health issues facing urban communities everywhere. SU's distinctive commitment to public scholarship through such initiatives in Syracuse, across the nation, and around the world continues to draw national attention, most recently from The Washington Center, which granted a sought after 2013 Higher Education Civic Engagement Award.

Higher education institutions nationwide, public and private, are facing uncharted challenges as well as expansive opportunities. With sound fiscal management and continued strategic investments in programs and initiatives that advance our core values and build on our distinctive strengths, Syracuse University is well positioned not merely to weather the challenges, but to generate transformative opportunities for enterprising students and innovative faculty scholars for years to come.

Sincerely,

Eric F. Spina

Louis G. Marcoccia

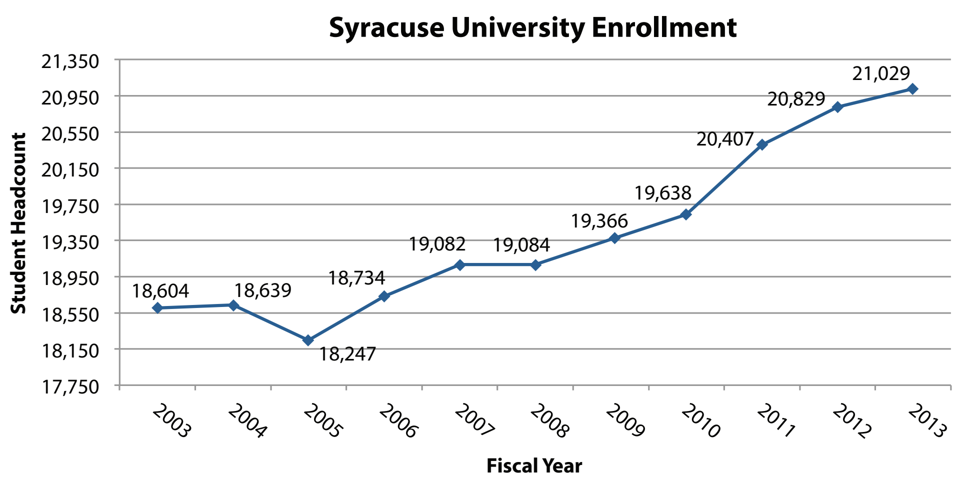
FISCAL YEAR 2013 HIGHLIGHTS

Fiscal year 2013 financial results and end of year financial position were in harmony with the University's financial plans, and reflect the forward looking, well-managed coordinated planning and oversight of revenue generation, spending, liquidity, and debt management.

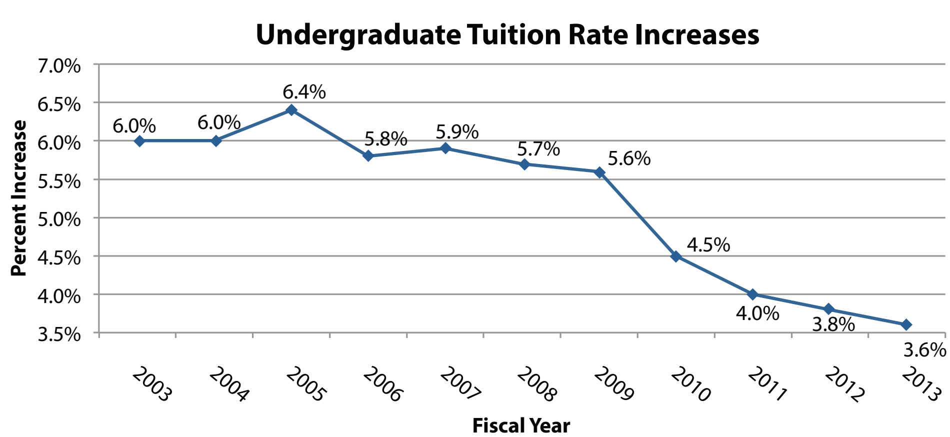
ENROLLMENT, TUITION AND FINANCIAL AID

The University's student population, which includes representation from every U.S. state and approximately 130 countries, continues to grow both in academic excellence and in diversity. Since fiscal year 2003, the total of undergraduate, graduate and law student enrollments has increased from approximately 18,600 students to approximately 21,000 students in fiscal year 2013. The 13% planned increase equates to more than 2,400 additional students in the University's schools and colleges.

The following Syracuse University Enrollment chart depicts the University's almost continual total enrollment growth from fiscal year 2003 through fiscal year 2013.

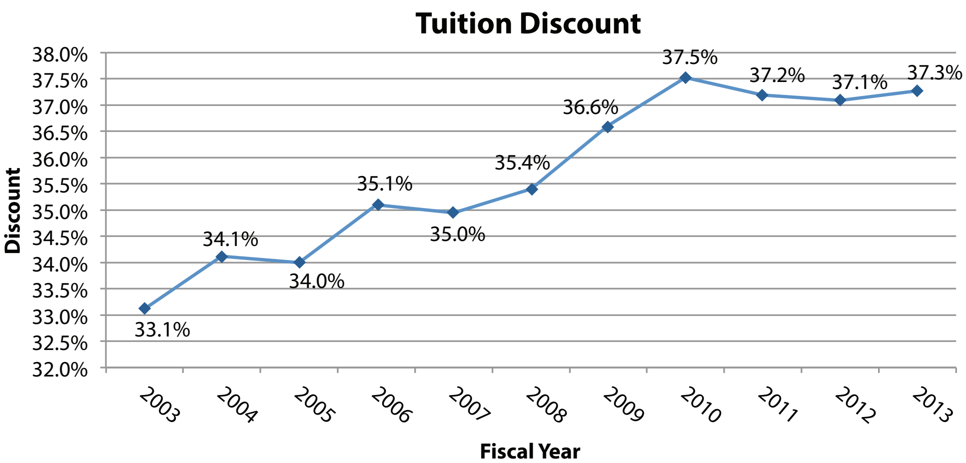


The University remains committed to affordability, and, accordingly, its undergraduate tuition rate of increase has been decreased while its financial aid commitment has been substantially increased. The following chart, Undergraduate Tuition Rate Increases, displays undergraduate tuition rate increases from fiscal year 2003 through fiscal year 2013.



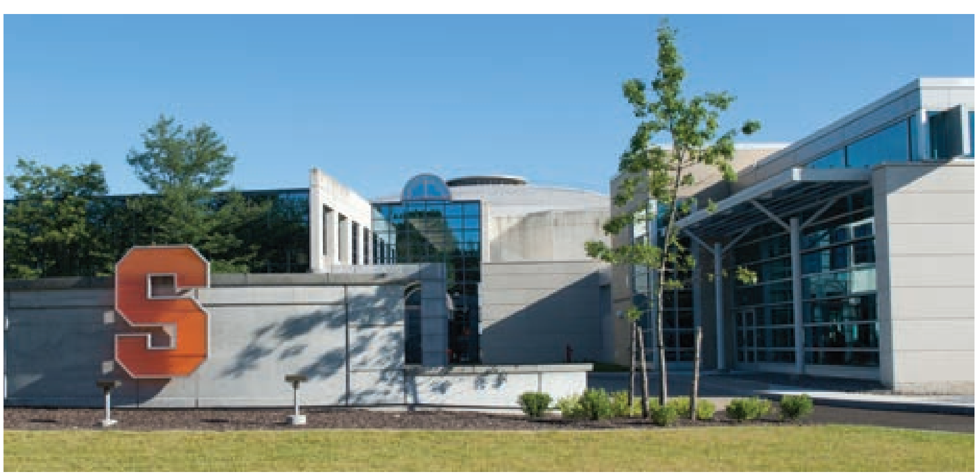
The University's enrollment management model is set to achieve full enrollment, to maintain academic quality and diversity, and to meet the University's net tuition revenue budget. Institutional scholarships funds along with government financial aid program funds are applied to provide financial assistance for students, and approximately 75% of the University's undergraduate students receive financial aid. The tuition discount has increased both in total dollars and as a percentage of the University's total tuition and fees revenues. In fiscal year 2003, the University's tuition discount was 33.1%, which equated to approximately $125.2 million; by fiscal year 2013, the University had increased its tuition discount rate to 37.3%, which equated to approximately $273.7 million – an increase of approximately 119%. Since fiscal year 2009, tuition discounts have approximated 37% of tuition and fees revenues.

The chart below, Tuition Discount, displays the tuition discount percentages from fiscal year 2003 through fiscal year 2013.

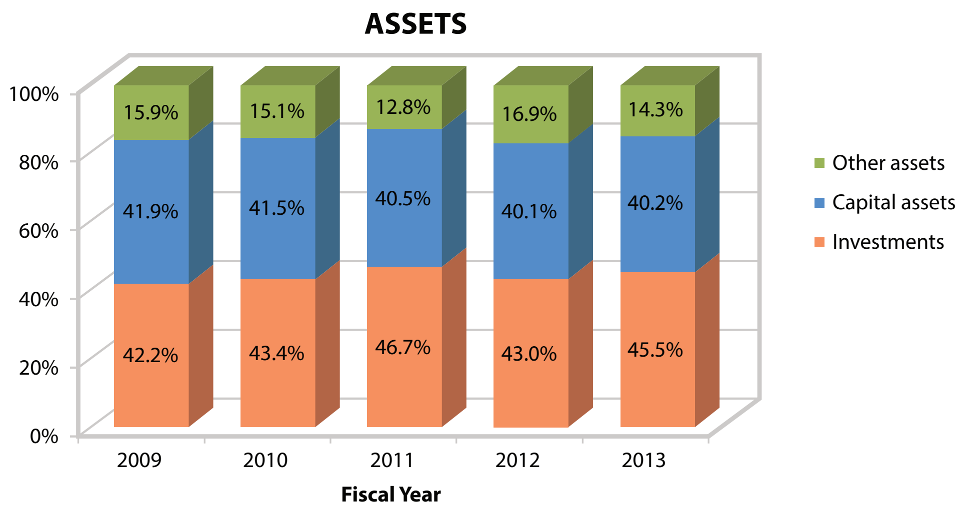


STATEMENTS OF FINANCIAL POSITION HIGHLIGHTS

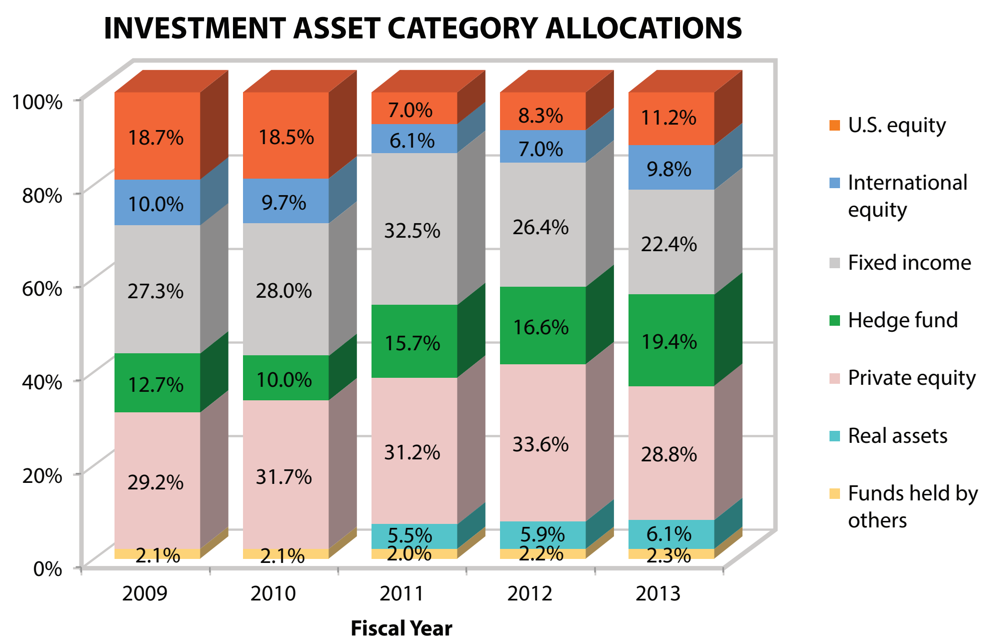
The Statements of Financial Position set forth the University's consolidated resources and obligations at the close of the fiscal year. Assets, which totaled $2.4 billion at June 30, 2013, are presented in decreasing order of liquidity, from cash to net capital assets. The majority of the University's assets are comprised of its investments and net capital assets, which represented approximately 85.7% of assets and totaled approximately $2.05 billion at June 30, 2013, an increase of 8.5% from fiscal year 2012's total of approximately $1.89 billion.



The following chart, Assets, sets forth the asset category percentages at June 30 for fiscal year 2013 and for the previous four fiscal years.

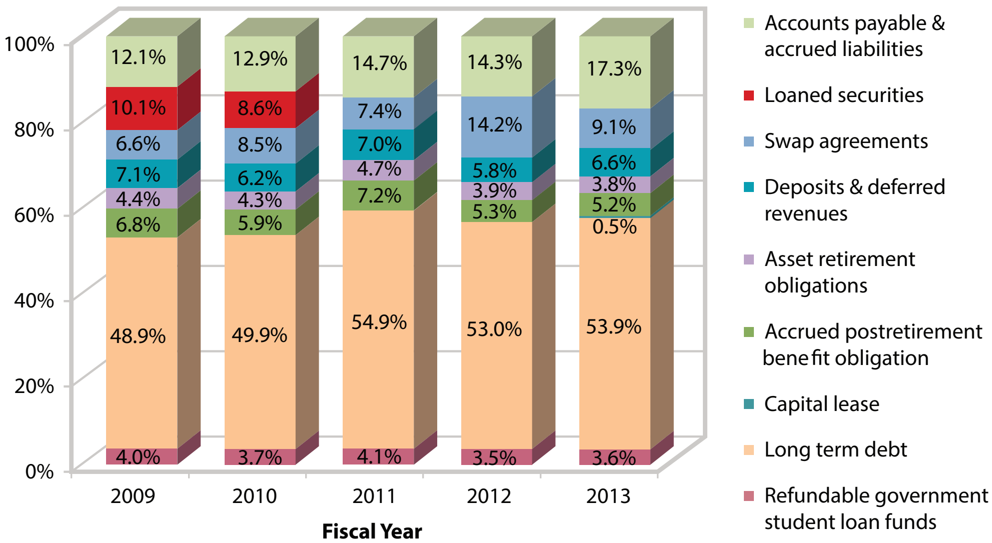


Investments totaled $1.090 billion at June 30, 2013, increasing 11.4% from the June 30, 2012 total of $978.8 million. The Investment Asset Category Allocations chart below provides a five fiscal year summary of the University's investment allocations.



Liabilities totaled $729.1 million at June 30, 2013 and are presented 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 53.9% of total liabilities.

The following chart, Liabilities, sets forth liability category percentages at June 30 for fiscal year 2013 and for the previous four fiscal years.

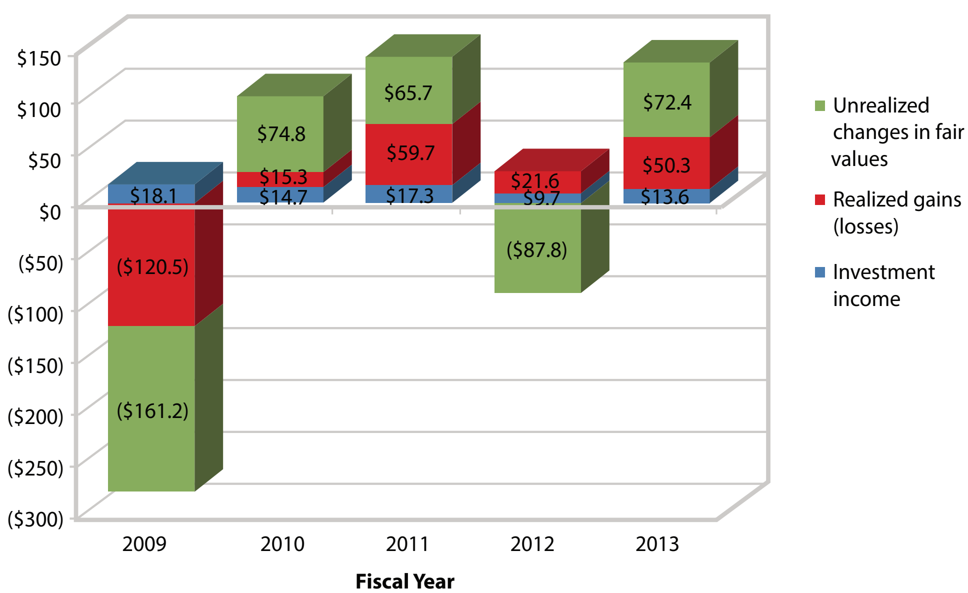


STATEMENTS OF ACTIVITIES HIGHLIGHTS

The Statements of Activities is a summary of the University's consolidated 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, 2013 increased 6.2% to $869.6 million, principally as a result of higher realized gains from investment transactions.

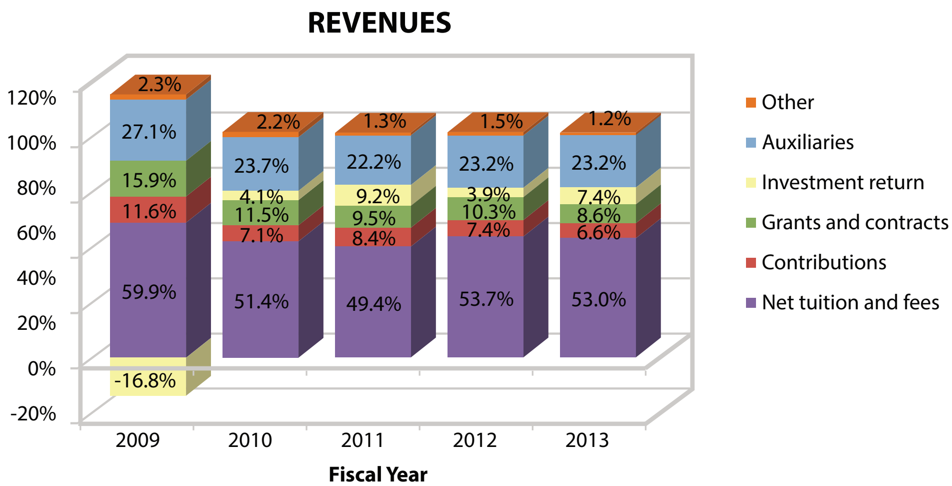
Fiscal year 2013 investment return increased from the prior fiscal year, as is graphically depicted below. In fiscal year 2013 the University's long term investment funds returned 10.4%.

The Investment Return and Unrealized Changes in Fair Value chart below provides a five fiscal year summary of the University's investment return and unrealized changes in fair value.



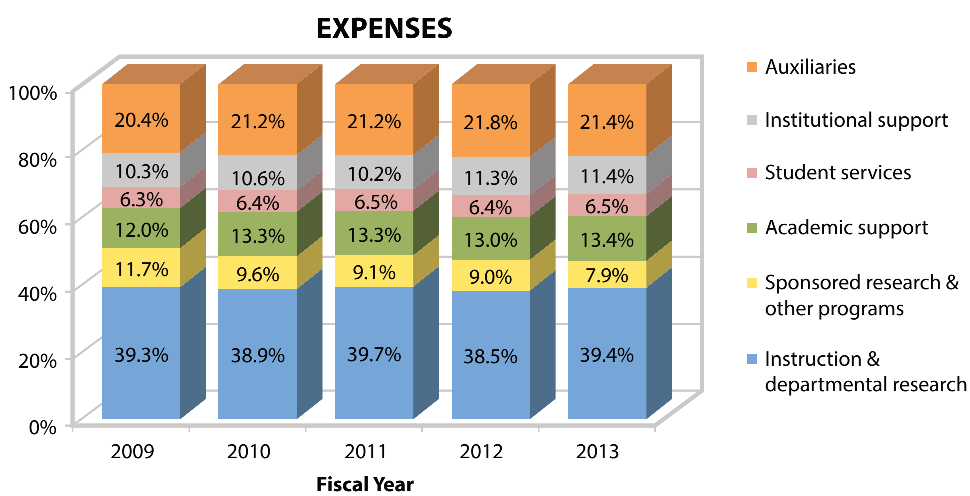
Net tuition and fees combined with auxiliaries revenues accounted for 76.1% of total revenues. Net tuition and fees totaled $460.5 million in fiscal year 2013, which represented just under 53% of total revenues, compared to $439.9 million and just under 54% of total revenues in fiscal year 2012. Auxiliaries revenues, which include revenues from room, board, intercollegiate athletics, bookstore, steam station, parking, real estate, and student health services, totaled $201.5 million in fiscal year 2013, an increase of $11.3 million from fiscal year 2012.

The following Revenues chart depicts a five fiscal year summary of the components of total revenues.



Expenses decreased .2%, from $810.1 million to $808.9 million as the University adhered to fiscally prudent spending practices while simultaneously strategically funding important academic initiatives.

The following Expenses chart summarizes the functional distribution of expenses for the most recent five fiscal years.



Other changes in net assets totaled a positive $76.1 million for the year ended June 30, 2013, and included unrealized changes in fair values of investments of $32.8 million, unrealized changes in interest rate swap agreements and foreign currency forward contracts of $39.6 million, and postretirement benefit obligation changes other than net periodic cost of $3.7 million.

The net impact of revenues, expenses, and other changes on net assets was an increase in total net assets of $136.9 million for the fiscal year ended June 30, 2013.

STATEMENTS OF CASH FLOWS

In fiscal year 2013 there was an increase in cash and cash equivalents amounts of approximately $26.1 million. The components of the change were net cash provided by operating activities of $66.0 million; net cash used in investing activities of ($81.8) million; and net cash provided by financing activities of $41.9 million.

RECOGNITION

The University's Business, Finance, and Administrative Services division continues to operate by applying sound judgment, best practices, and ethical standards. That conduct along with the collaborative efforts of the division are important factors in support of the University's vision and mission. Principal providers of financial leadership services were Comptroller Rebecca L. Foote; Associate Comptroller Jean B. Gallipeau; Budget and Planning Director Gwenn B. Judge; Treasurer Barbara L. Wells; Assistant Treasurer Scott C. Kemp; Audit and Management Advisory Services Director Stephen G. Colicci; and Executive Assistant to the Executive Vice President and Chief Financial Officer, Nancy J. Freeman.

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.

Eric F Spina
Interim Chancellor

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 financial statements of Syracuse University (the University), which comprise the statement of financial position as of June 30, 2013 and 2012, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly in all material respects, the financial position of Syracuse University as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

July 31, 2013

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND JUNE 30, 2012

(Thousands of dollars)		2013		2012
ASSETS				
Cash and cash equivalents	$	138,373	$	112,279
Swap agreements collateral		25,300		66,000
Receivables, net		91,050		108,319
Other assets		28,618		26,684
Loans to students, net		32,722		31,526
Investments		1,090,276		978,825
Funds held by bond trustee		25,261		39,710
Land, land improvements, buildings, equipment, and collections, net		962,431		913,997
TOTAL ASSETS	**$**	**2,394,031**	**$**	**2,277,340**
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable and accrued liabilities	$	126,382	$	107,756
Swap agreements		66,613		106,094
Deposits and deferred revenues		47,816		43,282
Asset retirement obligations		27,998		29,272
Accrued postretirement benefit obligation		37,625		40,052
Capital lease obligation		3,294		
Long-term debt		393,161		396,855
Refundable government student loan funds		26,188		25,977
Total liabilities		729,077		749,288
NET ASSETS:				
Unrestricted		1,105,267		993,117
Temporarily restricted		180,624		163,896
Permanently restricted		379,063		371,039
Total net assets		1,664,954		1,528,052
TOTAL LIABILITIES AND NET ASSETS	**$**	**2,394,031**	**$**	**2,277,340**

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2013
With Comparative Totals For The Year Ended June 30, 2012

(Thousands of dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total
REVENUES:					
Tuition and fees	$ 734,162			$ 734,162	$ 699,204
Less: financial aid	273,662			273,662	259,320
Net tuition and fees	460,500			460,500	439,884
Contributions	32,157	$ 19,183	$ 6,268	57,608	60,242
Grants and contracts	74,781			74,781	84,691
Investment return	54,876	7,929	1,139	63,944	31,321
Auxiliaries, less financial aid of $6.2 million in 2013 and 2012	201,489			201,489	190,247
Other	11,326			11,326	12,302
Net assets released from restrictions	17,481	(17,481)			
Total revenues	852,610	9,631	7,407	869,648	818,687
EXPENSES:					
Instruction and departmental research	318,906			318,906	311,820
Sponsored research and other programs	63,542			63,542	73,051
Academic support	108,028			108,028	105,180
Student services	52,621			52,621	52,149
Institutional support	91,904			91,904	91,490
Auxiliaries	173,870			173,870	176,401
Total expenses	808,871			808,871	810,091
OTHER CHANGES:					
Unrealized changes in fair values of:					
Investments	25,081	7,097	617	32,795	(24,206)
Interest rate swap agreements and foreign currency forward contracts	39,607			39,607	(63,623)
Postretirement benefit obligation changes other than net periodic cost	3,723			3,723	6,113
Total other changes	68,411	7,097	617	76,125	(81,716)
Increase (decrease) in net assets	112,150	16,728	8,024	136,902	(73,120)
Net assets at beginning of year	993,117	163,896	371,039	1,528,052	1,601,172
NET ASSETS AT END OF YEAR	$ 1,105,267	$ 180,624	$ 379,063	$ 1,664,954	$ 1,528,052

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

(Thousands of dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Tuition and fees	$ 699,204			$ 699,204
Less: financial aid	259,320			259,320
Net tuition and fees	439,884			439,884
Contributions	26,509	$ $17,022	$ $16,711	60,242
Grants and contracts	84,691			84,691
Investment return	36,986	(10,169)	4,504	31,321
Auxiliaries, less financial aid of $6.2 million	190,247			190,247
Other	12,302			12,302
Net assets released from restrictions	15,158	(15,158)		
Total revenues	805,777	(8,305)	21,215	818,687
EXPENSES:				
Instruction and departmental research	311,820			311,820
Sponsored research and other programs	73,051			73,051
Academic support	105,180			105,180
Student services	52,149			52,149
Institutional support	91,490			91,490
Auxiliaries	176,401			176,401
Total expenses	810,091			810,091
OTHER CHANGES:				
Unrealized changes in fair values of:				
Investments	(23,108)	(1,018)	(80)	(24,206)
Interest rate swap agreements and foreign currency forward contracts	(63,623)			(63,623)
Postretirement benefit obligation changes other than net periodic cost	6,113			6,113
Total other changes	(80,618)	(1,018)	(80)	(81,716)
(Decrease) increase in net assets	(84,932)	(9,323)	21,135	(73,120)
Net assets at beginning of year	1,078,049	173,219	349,904	1,601,172
NET ASSETS AT END OF YEAR	**$ 993,117**	**$ 163,896**	**$ 371,039**	**$ 1,528,052**

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012

(Thousands of dollars)	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 136,902	$ (73,120)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Postretirement benefit obligation changes other than net periodic cost	(3,723)	(6,113)
Depreciation and amortization	59,436	56,246
Realized and unrealized changes in fair values	(122,698)	66,208
Gifts of property and equipment	(2,205)	(5,834)
Contributions restricted for investment and physical facilities	(30,297)	(25,193)
Changes in operating assets and liabilities:		
Receivables, net	17,269	(1,108)
Other assets	(2,219)	(1,905)
Accounts payable and accrued liabilities	9,017	14,599
Deposits and deferred revenues	4,534	(970)
Asset retirement obligations	(1,274)	(785)
Accrued postretirement benefit obligation	1,296	486
Net cash provided by operating activities	66,038	22,511
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash held as collateral	42,900	(55,300)
Loans to students, net	(5,593)	(5,504)
Repayment of loans by students	4,397	4,197
Purchases of investments	(256,609)	(234,575)
Sales and maturities of investments	228,248	298,841
Purchases of land, land improvements, buildings, equipment, and collections	(95,163)	(59,617)
Net cash used in investing activities	(81,820)	(51,958)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for investment and physical facilities	30,297	25,193
Proceeds from issuance of long-term debt		50,693
Payment of long-term debt	(3,025)	(1,905)
Payment of capital lease	(56)	
Payment of bond issuance costs		(789)
Change in funds held by bond trustee	14,449	(9,810)
Change in refundable government student loan funds	211	29
Net cash provided by financing activities	41,876	63,411
Net increase in cash and cash equivalents	26,094	33,964
Cash and cash equivalents at beginning of year	112,279	78,315
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 138,373	$ 112,279
Supplemental disclosure:		
Interest paid	$ 16,274	$ 16,472
Assets acquired under capital lease	$ 3,350	

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 21,000 students, including approximately 14,800 full-time undergraduate and law students, approximately 4,000 full-time master's and doctoral students, and approximately 2,200 part-time students. Geographically, the undergraduate student body represents 49 states and 82 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, SU Istanbul Egitim Destek Ve Danisma Hizmetleri Ticaret Limited Sirketi, Blue Highway Inc., 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 doubtful 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. Similarly, purpose restricted investment returns earned during the same fiscal year those restrictions are met are reported as unrestricted investment return.

(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, 2013 and June 30, 2012.

(f) Investments

Investments are reported at estimated 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 University believes the carrying amounts of these financial instruments are reasonable estimates of fair value. The estimates, 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 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 appraised value adjusted for accessions and deaccessions. Depreciation is recognized using the straightline 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

At June 30, 2013 and 2012, the following assets and liabilities are recorded at fair value: cash and cash equivalents, swap agreements collateral, investments, funds held by bond trustee, and swap agreements.

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 the 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. In addition, investments reported at net asset value as a practical expedient that are redeemable in the near term are reported as Level 2.

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, investments reported at net asset value as a practical expedient that are not redeemable in the near term are reported as Level 3.

The level in the fair value hierarchy within which a fair value 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 accounts receivable, accounts payable and accrued liabilities, and long-term debt approximated their fair values at June 30, 2013 and June 30, 2012. The fair value of accounts receivable and accounts payable and accrued liabilities involve unobservable inputs and would be considered to be Level 3 in the fair value hierarchy. The fair value of long-term debt can be determined based on significant observable inputs and would be considered to be Level 2 in the fair value hierarchy.

(j) Allocation of Certain Expenses

The fiscal year 2013 and 2012 statements of activities present 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. and Blue Highway Inc. are taxable subsidiaries of the University, filing their own tax returns. The Syracuse University (USA) London Program, created for the advancement of education, is a registered charity under the laws of England. The SU Istanbul Program (SU Istanbul Egitim Destek Ve Danisma Hizmetleri Ticaret Limited Sirketi), created to promote the University's educational activities in Turkey, is a limited liability company established in accordance with the provision of the Turkish Commercial Code. Its operations are governed by the laws of the Republic of Turkey. 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 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, 2013 and June 30, 2012 (in thousands of dollars):

		2013		2012
Accounts receivable	$	29,326	$	36,386
Pledges receivable, net of present value discount		71,589		81,886
Matured bequests receivable		4,288		2,864
		105,203		121,136
Allowance for doubtful accounts		(14,153)		(12,817)
Total	**$**	**91,050**	**$**	**108,319**

Unconditional pledges and matured bequests at June 30, 2013 and June 30, 2012 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):

		2013		2012
Less than one year	$	29,636	$	41,025
One year to five years		28,353		25,104
More than five years		34,408		35,411
		92,397		101,540
Allowance for doubtful accounts		(12,549)		(11,370)
Present value discount		(16,520)		(16,790)
Total	**$**	**63,328**	**$**	**73,380**

At June 30, 2013, the discount rates used to present value the pledges range from .72% to 6.00%.

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 $18.8 million and $24.0 million as of June 30, 2013 and June 30, 2012, 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, 2013 and June 30, 2012, 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, 2013 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	$ 116,543	$ 6,053		$ 122,596	Daily	1 - 30
International equity	106,381			106,381	Daily	1 - 30
Fixed income	98,046	146,497	$ 83	244,626	Daily	1 - 30
Hedge fund [1,3]						
Long /short		18,053	19,976	38,029	Subject to lock up	14 - 90
Global		8,500	10,035	18,535	Subject to lock up	14 - 90
Multi-strategy	50,956	25,377	29,121	105,454	Subject to lock up	1 - 90
Other		15,528	34,242	49,770	Subject to lock up	14 - 90
Private equity [2,3]						
Buyout			155,605	155,605	Illiquid	Not Applicable
Venture capital			89,493	89,493	Illiquid	Not Applicable
Debt related			69,097	69,097	Illiquid	Not Applicable
Real assets						
Marketable	49,667	16,733		66,400	Daily	1 - 40
Private			240	240	Illiquid	Not Applicable
Funds held or administered by others	1,761	22,289		24,050	Not Applicable	Not Applicable
Total	**$ 423,354**	**$ 259,030**	**$ 407,892**	**$ 1,090,276**		

1 Certain of 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 2.7 years.
3 Certain of the University's Level 2 and Level 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, 2012 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	$ 74,933	$ 6,443		$ 81,376	Daily	1 - 30
International equity	56,002	12,956		68,958	Daily	1 - 30
Fixed income	121,523	136,698	$ 83	258,304	Daily	1 - 30
Hedge fund [1,3]						
Long /short		444	36,072	36,516	Subject to lock up	14 - 90
Global		6,607	9,059	15,666	Subject to lock up	14 - 90
Multi-strategy	25,152	23,011	19,339	67,502	Subject to lock up	1 - 90
Other		2,456	40,244	42,700	Subject to lock up	14 - 90
Private equity [2,3]						
Buyout			141,437	141,437	Illiquid	Not Applicable
Venture capital			98,475	98,475	Illiquid	Not Applicable
Debt related			88,741	88,741	Illiquid	Not Applicable
Real assets						
Marketable	39,690	17,936		57,626	Daily	1 - 40
Funds held or administered by others	735	20,789		21,524	Not Applicable	Not Applicable
Total	**$ 318,035**	**$ 227,340**	**$ 433,450**	**$ 978,825**		

1 Certain of 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 2.5 years.
3 Certain of the University's Level 2 and Level 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, 2013 and June 30, 2012 for investments measured at fair value on a recurring basis and classified as Level 3 (in thousands of dollars):

	Private Equity and Real Assets	Hedge Fund	Fixed Income and U.S. Equity	Total
Fair value at June 30, 2012	$ 328,653	$ 104,714	$ 83	$ 433,450
Acquisitions	34,850	9,415		44,265
Dispositions	(87,040)	(6,560)	(12)	(93,612)
Transfers to Level 2		(31,737)		(31,737)
Investment return	42,772	450	11	43,233
Unrealized (losses) gains	(4,800)	17,092	1	12,293
Fair value at June 30, 2013	**$ 314,435**	**$ 93,374**	**$ 83**	**$ 407,892**

	Private Equity and Real Assets	Hedge Fund	Fixed Income and U.S. Equity	Total
Fair value at June 30, 2011	$ 325,997	$ 79,966	$ 83	$ 406,046
Acquisitions	41,818	40,515	100	82,433
Dispositions	(56,348)	(13,939)	(119)	(70,406)
Investment return	18,750	1,081	17	19,848
Unrealized (losses) gains	(1,564)	(2,909)	2	(4,471)
Fair value at June 30, 2012	**$ 328,653**	**$ 104,714**	**$ 83**	**$ 433,450**

The changes in unrealized losses and gains related to Level 3 investments held as of June 30, 2013 and June 30, 2012 were $55.1 million and $21.2 million, respectively.

At June 30, 2013, the University's outstanding commitments to private equity partnerships totaled $40.1 million. The projected capital call amounts are summarized in the table below (in thousands of dollars):

Fiscal Year	Amount
2014	$ 18,842
2015	13,859
2016	4,523
2017	1,726
2018	1,119
Total	**$ 40,069**

Level 3 investments include illiquid private equity funds. Those investments are illiquid because distributions from them are made upon the liquidation of underlying investments. Also, certain of the University's hedge fund investments classified as Level 3 investments are subject to restrictions impacting their liquidity. Those restrictions include contractual lock up provisions, redemption notification requirements, and other restrictions. The table below summarizes the amounts by fiscal year in which restrictions on hedge fund investments expire (in thousands of dollars):

Fiscal Year	Amount
2014	$ 81,360
2015	12,014
Total	**$ 93,374**

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

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	$ 13,649			$ 13,649
Realized gains	41,227	$ 7,929	$ 1,139	50,295
Total	**$ 54,876**	**$ 7,929**	**$ 1,139**	**$ 63,944**

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	$ 9,700			$ 9,700
Realized gains (losses)	27,286	$ (10,169)	$ 4,504	21,621
Total	**$ 36,986**	**$ (10,169)**	**$ 4,504**	**$ 31,321**

Netted in investment income were investment management fees of $2.6 million and $2.4 million in fiscal years 2013 and 2012, respectively.

(5) ENDOWMENT FUNDS

The University's endowment consists of approximately 2,000 individual funds which include both donor restricted endowment funds and funds designated by the University to function as quasi endowments. These individual funds have been established for a variety of purposes, with the majority of them established for scholarships and endowed chairs. Endowment funds are underwater when their fair value is less than their original fair value. At June 30, 2013, the fair value of 462 endowment funds were less than original fair value of $156.4 million by a total of approximately $19.7 million, including 429 endowment funds with an original fair value of $141.8 million and an underwater amount of approximately $18.7 million for which the donors permit spending when the funds are underwater.

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 trustees Investment and Endowment Committee 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 2013 and 2012 was 3.84%. In addition, other distributions approved by the IEC of $16.2 million and $18.2 million were made in fiscal years 2013 and 2012, respectively.

In September 2010, New York State enacted the New York 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. The portion of a donor restricted endowment fund that is not classified in permanently restricted net assets is required to be classified as temporarily restricted net assets until the amount is 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

At June 30, 2013 and June 30, 2012, 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):

2013		Unrestricted		Temporarily Restricted		Permanently Restricted		Total
Donor restricted	$	(19,667)	$	123,342	$	335,769	$	439,444
Quasi (Board designated)		589,057						589,057
Total	**$**	**569,390**	**$**	**123,342**	**$**	**335,769**	**$**	**1,028,501**

2012		Unrestricted		Temporarily Restricted		Permanently Restricted		Total
Donor restricted	$	(27,607)	$	108,378	$	316,169	$	396,940
Quasi (Board designated)		519,582						519,582
Total	**$**	**491,975**	**$**	**108,378**	**$**	**316,169**	**$**	**916,522**

Changes in net assets associated with endowment funds for the fiscal years ended June 30, 2013 and June 30, 2012 were (in thousands of dollars):

2013		Unrestricted		Temporarily Restricted		Permanently Restricted		Total
Net assets at June 30, 2012	$	491,975	$	108,378	$	316,169	$	916,522
Investment return		32,618		28,968		573		62,159
Unrealized gains		24,578		7,097				31,675
Contributions		100		5		17,902		18,007
Distributions		(26,260)		(20,956)				(47,216)
Board designated and donor required transfers		46,379		(150)		1,125		47,354
Net assets at June 30, 2013	**$**	**569,390**	**$**	**123,342**	**$**	**335,769**	**$**	**1,028,501**

2012		Unrestricted		Temporarily Restricted		Permanently Restricted		Total
Net assets at June 30, 2011	$	479,478	$	115,867	$	295,234	$	890,579
Investment return		15,076		18,087		9		33,172
Unrealized losses		(22,871)		(1,018)				(23,889)
Contributions		100		10		16,316		16,426
Distributions		(22,720)		(24,390)				(47,110)
Board designated and donor required transfers		42,912		(178)		4,610		47,344
Net assets at June 30, 2012	**$**	**491,975**	**$**	**108,378**	**$**	**316,169**	**$**	**916,522**

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

The following is a summary of land, land improvements, buildings, equipment, and collections at June 30, 2013 and June 30, 2012 (in thousands of dollars):

	2013	2012
Land and land improvements	$ 71,099	$ 68,119
Buildings and building equipment	1,436,150	1,346,854
Equipment	92,221	86,289
Library and art collections	208,543	203,585
	1,808,013	1,704,847
Accumulated depreciation	(845,582)	(790,850)
Total	**$ 962,431**	**$ 913,997**

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, 2013 and June 30, 2012 is set forth below (in thousands of dollars):

	Fiscal Year of Maturity	2013	2012
City of Syracuse Industrial Development Agency - Civic Facility Variable Rate Revenue Bonds:			
Series 1999A and 1999B (a)	2030	$ 44,475	$ 44,475
Series 2005A and 2005B (b)	2036	80,000	80,000
Series 2008A-1 and 2008A-2 (c)	2010 - 2038	68,400	68,825
Onondaga County Industrial Development Agency - Civic Facility Variable Rate Revenue Bonds:			
Series 2008B (c)	2010 - 2038	32,250	32,975
Onondaga County Trust for Cultural Resources - Revenue Bonds:			
Series 2010A (d)	2030	75,525	75,525
Series 2010B (e)	2011 - 2020	31,415	31,565
Series 2011 (f)	2013 - 2037	46,605	47,670
Bank Loan – Syracuse University Hotel and Conference Center LLC (g)	2028	9,350	10,010
		388,020	391,045
Unamortized Premium - Series 2010B (e)		2,693	3,076
Unamortized Premium - Series 2011 (f)		2,448	2,734
Total		**$ 393,161**	**$ 396,855**

(a) Periodic Auction Reset Securities (PARS) bonds have their interest rates set at weekly auctions. The interest rates at June 30, 2013 and June 30, 2012 were 0.15% and 0.22%, respectively, for Series 1999A, and 0.10% and 0.19%, 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 revenue bonds have their interest rates set weekly. The interest rates at June 30, 2013 and June 30, 2012 were 0.05% and 0.15%, 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 revenue bonds have their interest rates set daily and weekly for Series 2008A and Series 2008B, respectively. The interest rates at June 30, 2013 and June 30, 2012 were 0.04% and 0.16%, respectively, for Series 2008A, and 0.05% and 0.15%, 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 2008A1 and Series 2008B on July 1, 2037 and on December 1, 2037 for Series 2008A2, the maturity dates of the bonds.

(d) Variable rate revenue bonds have their interest rates set weekly. The interest rates at June 30, 2013 and June 30, 2012 were 0.03% and 0.28%, 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.

(e) Fixed rate bonds interest rates at date of issuance 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 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) Fixed rate bonds interest rates at date of issuance 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 0.53% to 4.70%. The University makes semi-annual payments of interest to the bondholders through the trustee. In addition, the University makes annual payments of principal to bondholders through the trustee on a portion of the bonds for fiscal years 2013 through 2032. The other portions of the bonds maturing in fiscal year 2037 are subject to mandatory redemption on specific sinking fund redemption dates occurring in fiscal years 2033 to 2037.

(g) 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, 2013 and June 30, 2012. 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, 2013 and June 30, 2012, the interest rates were 0.59% and 0.64%, respectively. The maturity date of the loan is August 5, 2027.

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

Fiscal Year		Amount
2014	$	3,115
2015		3,215
2016		3,320
2017		3,420
2018		3,525
Thereafter		371,425
Total	**$**	**388,020**

For fiscal years 2013 and 2012, capitalized interest was $1.3 million and $0.7 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, 2013 and June 30, 2012, there were requirements to collateralize the obligations under the swap agreements in the amounts of $25.3 million and $66.0 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, 2013, the University paid two counterparties a weighted average fixed interest rate of 3.687% on a total notional amount of $300.7 million, which related to its variable interest rate revenue bonds. As of June 30, 2012, the University paid two counterparties a weighted average fixed interest rate of 3.688% on a total notional amount of $301.8 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 $9.4 million and $10.0 million as of June 30, 2013 and June 30, 2012, respectively, that related to its loan with JPMorgan Chase Bank, N.A.

At June 30, 2013 and June 30, 2012, the fair values of the University's swap agreements were ($65.1) million and ($103.8) million, respectively, and the Syracuse University Hotel and Conference Center LLC swap agreement fair values were ($1.5) million and ($2.3) million, respectively. The swap agreements are classified as Level 2 in the fair value hierarchy.

The changes of $39.5 million and ($59.2) 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, 2013 and June 30, 2012, respectively. The net cash payments of $11.1 million made under the interest rate swap agreements were included in interest expense during fiscal years 2013 and 2012.

(8) CAPITAL LEASE OBLIGATION

The University is leasing a building under a capitalized lease that expires in December 2027. The cost of this building is $3.4 million. Accumulated depreciation in the statement of financial position at June 30, 2013, included $.2 million relating to this lease.

Future minimum capital lease payments as of June 30, 2013 are as follows:

Fiscal Year		Amount
2014	$	477
2015		477
2016		477
2017		477
2018		484
Thereafter		4,741
Total minimum lease payments		7,133
Less amount representing interest		3,839
Present value of minimum lease payments	$	**3,294**

(9) FOREIGN CURRENCY FORWARD CONTRACTS

At June 30, 2013 and June 30, 2012, the University had commitments for foreign currency forward contracts of approximately $37.9 million and $38.8 million, respectively, to hedge foreign exchange rate exposure for its programs abroad. Fair values of foreign currency forward contract commitments of ($0.7) million and ($1.0) million, respectively, were included in accounts payable and accrued liabilities. The foreign currency forward contracts are classified as Level 2 in the fair value hierarchy. For the years ended June 30, 2013 and June 30, 2012, the respective increase of $0.1 million and the decrease of $4.4 million, 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.

(10) TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2013 and June 30, 2012, temporarily and permanently restricted net assets were comprised as follows (in thousands of dollars):

	2013		2012	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Pledges and matured bequests receivable	$ 45,862	$ 17,466	$ 43,669	$ 29,711
Other	2,567	3,817	3,001	3,554
Funding for facilities	2,258		3,904	
Funding for student loans		3,658		3,566
Life income, annuity, and similar funds	6,595	18,353	4,944	18,039
Endowment funds:				
Scholarships	60,759	170,852	54,143	166,081
Endowed chairs	32,763	74,951	29,603	69,510
Education	14,119	53,309	11,801	45,480
Other	15,701	36,657	12,831	35,098
Total net assets	**$ 180,624**	**$ 379,063**	**$ 163,896**	**$ 371,039**

(11) 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 2013 and 2012 were approximately $29.5 million and $28.2 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):

	2013	2012
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 40,052	$ 45,679
Service cost	2,617	2,186
Interest cost	1,457	1,575
Plan participants' contributions	631	590
Amendments/curtailments/special termination		(467)
Actuarial gain	(4,580)	(6,814)
Benefits paid	(2,634)	(2,789)
Medicare Part D prescription drug federal subsidy	82	92
Benefit obligation at end of year	**$ 37,625**	**$ 40,052**

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):

	2013	2012
Actuarial gain	$ 4,580	$ 6,814
Prior service credit		467
Amortization of:		
Actuarial gain	(64)	(386)
Prior service credits	(793)	(782)
Total recognized in unrestricted net assets	**$ 3,723**	**$ 6,113**

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

	2013	2012
Service cost	$ 2,617	$ 2,186
Interest cost	1,457	1,575
Amortization of actuarial gain	(64)	(386)
Amortization of prior service credits	(793)	(782)
Net periodic postretirement benefit cost	**$ 3,217**	**$ 2,593**

For measurement purposes, annual rates of increase in the per capita cost of covered healthcare of 8.0% and 6.4% for pre-65 and post-65 retirees, respectively, were assumed as of June 30, 2013. An annual rate of increase in the per capita cost of covered prescription drug benefits of 6.5% was assumed as of June 30, 2013. The rates were assumed to decrease to 5.0% for both healthcare and prescription drug benefits by fiscal year 2023 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	$ 604	$ (545)
Effect on postretirement benefit obligation	$ 4,401	$ (3,944)

As of June 30, 2013 and June 30, 2012, the discount rates used in determining the benefit obligations were 4.52% and 3.86%, respectively, and the discount rates used in determining the net periodic postretirement benefit costs were 3.86% and 5.37%, respectively.

Contributions to the postretirement benefit plans, net of employee contributions and the Medicare subsidy, were $1.9 million in fiscal year 2013 and are estimated to be $2.0 million for fiscal year 2014.

The net benefits expected to be paid in each fiscal year from 2014 through 2018 are approximately $2.0 million and the net aggregate expected payments including years through fiscal year 2023 total approximately $22.9 million. The expected benefits are based on the assumptions used to measure the University's benefit obligation at June 30, 2013, 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 2014 are amortization of prior service credits of approximately $0.8 million and amortization of actuarial gains of approximately $0.5 million. The unamortized prior service credits and unamortized net actuarial gain were $3.3 million and $6.6 million, respectively, at June 30, 2013.

(12) 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 that 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, 2013 and June 30, 2012 had aggregate principal amounts of approximately $8.4 million and $7.3 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 year 2013 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 approximately $272.0 million at June 30, 2013 and June 30, 2012 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.

At June 30, 2013, the University had approximately $67.9 million of construction commitments.

The University evaluated subsequent events for potential recognition or disclosure through July 31, 2013, the date on which the financial statements were issued.

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