SYRACUSE UNIVERSITY | 2015 Financial Report

Table of Contents

2 Message from the Chancellor

4 Financial Report

10 Statement of Responsibility

11 Independent Auditors' Report

12 Statements of Financial Position

13 Statements of Activities

15 Statements of Cash Flows

16 Notes to Financial Statements

32 2015-2016 Board of Trustees

Message from the Chancellor

Kent Syverud
Chancellor and President

SYRACUSE UNIVERSITY ENDED THE 2015 FISCAL YEAR STRONGLY AS A result of careful fiscal management and strategic investments that advance the quality of the student experience. This focus on strategic priorities enhances Syracuse's position at a time when the higher education landscape continues to shift. The following pages offer a detailed look at our financial picture.

Syracuse continues to be strong because it attracts bright, ambitious students looking to get a great education characterized by teaching excellence and ground-breaking research opportunities. Enrollment in 2014-15 was again very strong, with outstanding students coming from across the nation and around the world.

To build on this momentum, the University has worked hard this past year to focus our institutional goals and to invest strategically. Progress continues on Fast Forward Syracuse, a three-pronged campus-wide initiative designed to inform our strategic direction and ensure that investments align with priorities. The three interrelated components are:

- An Academic Strategic Plan, which lays out a shared vision for the University and identifies clear priorities needed to achieve it. The development phase of this initiative concluded in July, and it has now moved into the implementation phase.
- A Campus Framework, which will help guide decisions about the University's strategic infrastructure needs.
- An Operational Excellence Program, which will help ensure maximum effectiveness and will create opportunities to fund investment in the Academic Strategic Plan and Campus Framework.

Higher education today faces incredible challenges and opportunities. These interrelated initiatives build on our commitment to prudent fiscal management. They also help ensure that resources are spent to advance our academic priorities and promote positive student outcomes. As this report shows, the University is on a strong footing. I am confident that we will get even stronger in the years ahead.

Kent Syverud


one
university

Louis G. Marcoccia
Executive Vice President
and Chief Financial Officer

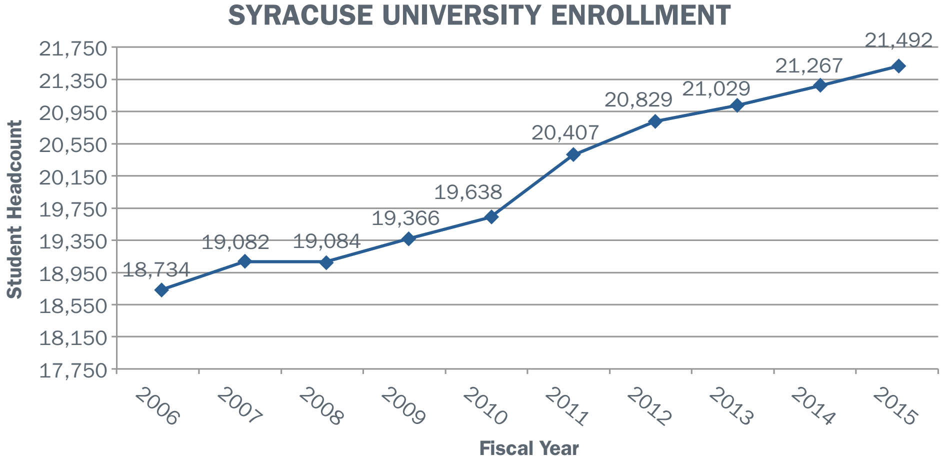
Fiscal Year 2015 Highlights

Fiscal year 2015 was a year of growth in enrollment and financial strength for the University. The outcomes of fiscal year 2015 are the result of well-planned and executed management and financial discipline across the University. The University favorably exceeded its operating budget plan, increased its net assets balance, and provided significant funding for capital improvements of its facilities. Major capital improvement projects included renovations to Carnegie Library, Graham Dining Hall, Newhouse II TV Production Studio, Sadler Residence Hall, Shaw Residence Hall, and construction of the Ensley Athletic Center.

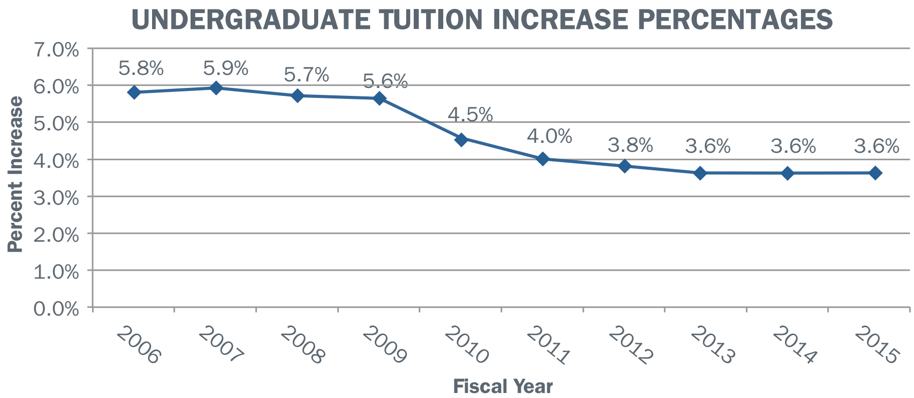
In conjunction with the University's new Academic Strategic Plan, the University developed a new University Campus Framework. The Campus Framework will be used to guide capital project decisions that will transform the campus, and contribute to enhancing academic excellence, student experiences, and a vibrant campus setting. This exciting transformation along with anticipated continued favorable operating results will position the University for greater success.

Enrollment, Tuition and Financial Aid

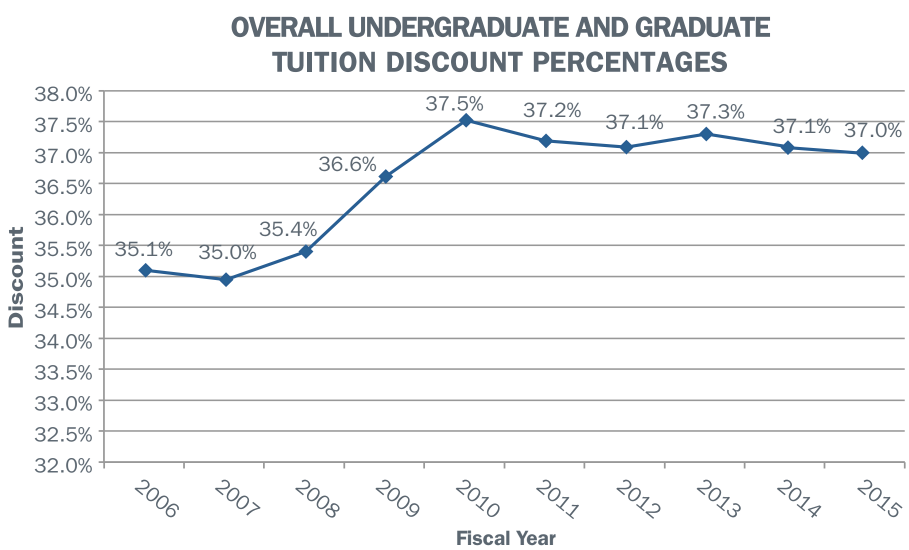
The University's student population includes representation from nearly every U.S. state and approximately 100 countries. Enrollments for undergraduate, graduate and law students have increased by 14.7% from approximately 18,700 students in fiscal year 2006 to approximately 21,500 students in fiscal year 2015. The following chart illustrates the University's continuous trend of enrollment growth from fiscal year 2006 through fiscal year 2015.



The University continues to be attentive to affordability by sustaining low undergraduate tuition percentage increases and strategically allocating its financial aid. Fiscal year 2015 was the fourth consecutive fiscal year of tuition percentage increases below 4.0%. The following chart displays undergraduate tuition increase percentages from fiscal year 2006 through fiscal year 2015.

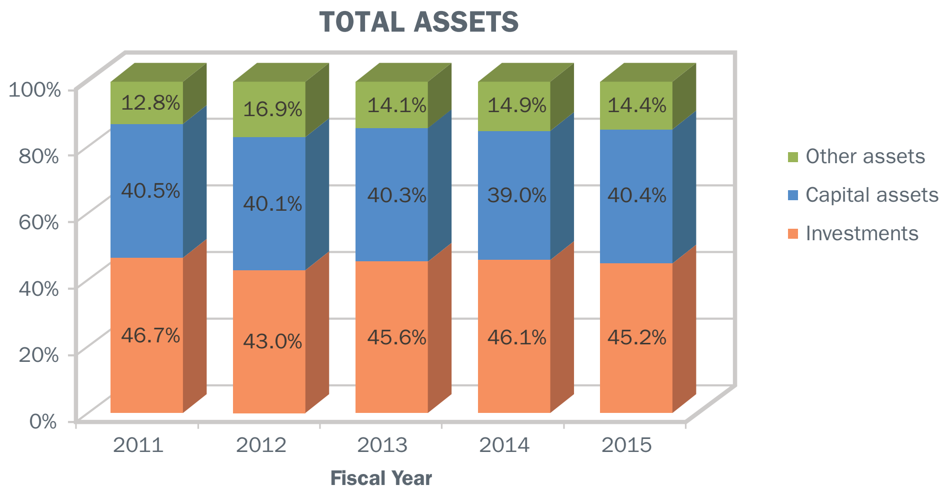


The University's enrollment management model is set to achieve full enrollment, improve academic quality, support an inclusive campus environment, and meet the net tuition revenues budget. Government financial aid program funds along with University funded scholarships are applied to provide financial assistance to students, and annually approximately 75% of undergraduate students receive financial aid. The University's tuition discount has increased in total dollars. In fiscal year 2006, the University's tuition discount percentage was 35.1%, which equated to $163.1 million, and by fiscal year 2015 the University had increased its tuition discount percentage to 37.0%, which equated to $294.3 million – an increase of 80.4%. The following chart displays the tuition discount percentages from fiscal year 2006 through fiscal year 2015.

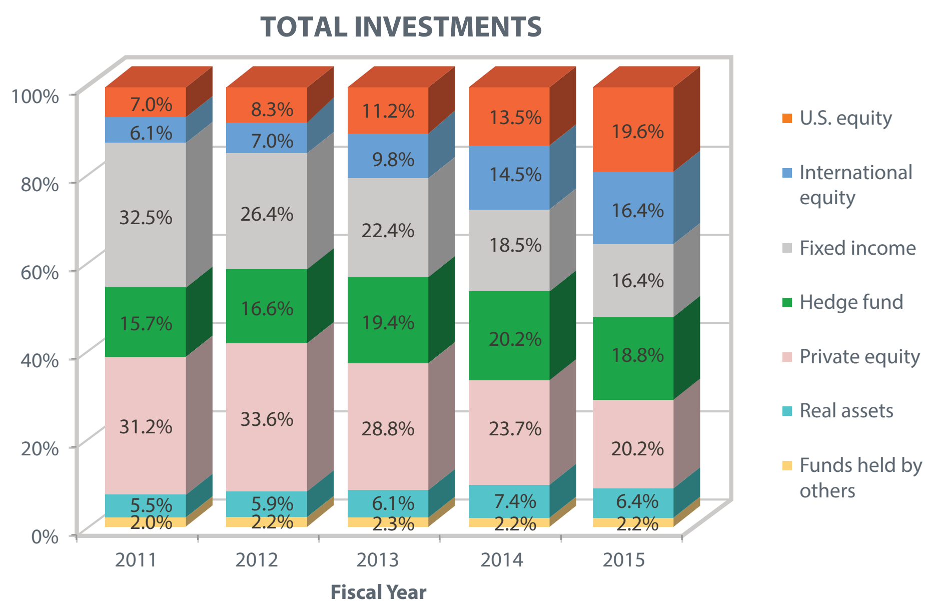


Statements of Financial Position Highlights

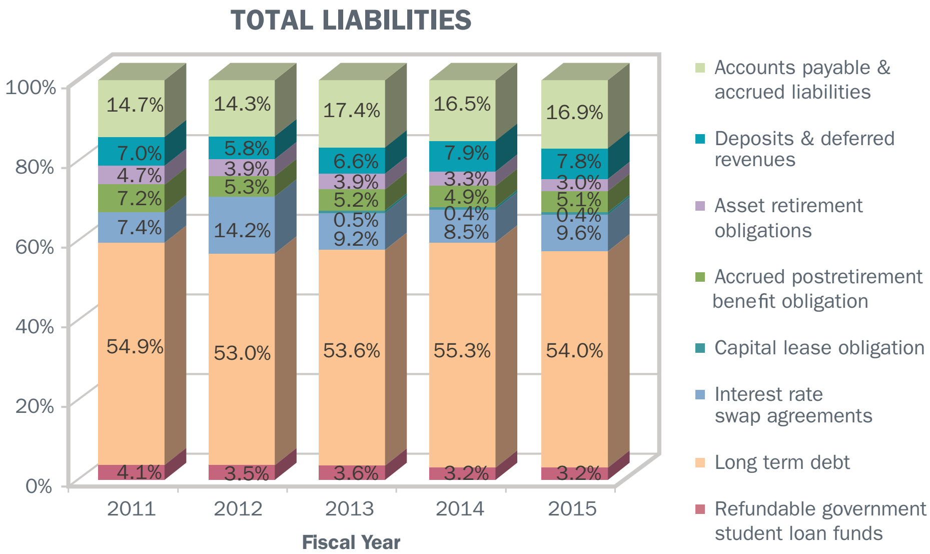
The Statement of Financial Position sets forth the University's consolidated resources and obligations at the close of the fiscal year. Assets totaled $2.7 billion at June 30, 2015. The majority of the University's assets are comprised of its investments and net capital assets, which represented 85.6% of assets and totaled $2.3 billion at June 30, 2015. Future strategically targeted improvements to net capital assets will occur as guided by the University's Campus Framework. The following chart reports assets category percentages at June 30 for fiscal year 2015 and for the previous four fiscal years.



Investments totaled $1.2 billion at June 30, 2015, a balance that remained consistent with the June 30, 2014 balance. U.S equity and international equity balances have grown to be larger components of the University's total investments portfolio. The following chart provides a five fiscal year summary of the University's investments category percentages.



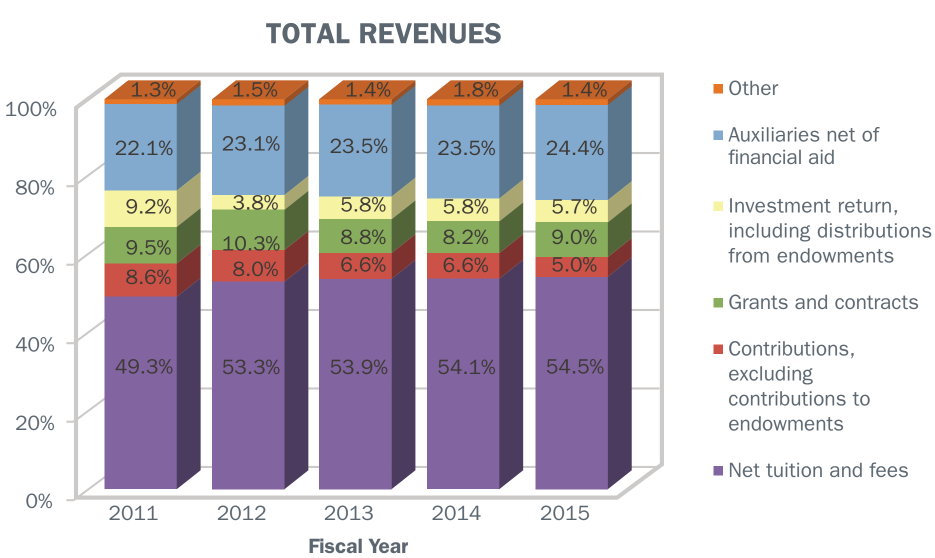
Liabilities totaled $827.0 million at June 30, 2015 and are presented below in order of their anticipated liquidation, from accounts payable and accrued liabilities to refundable government student loan funds. The University's long term debt represented 54.0% of total liabilities. Issuance of bonds to fund building improvements and new construction on campus comprised the majority of the outstanding long term debt at June 30, 2015. The following chart sets forth liabilities category percentages at June 30 for fiscal year 2015 and for the previous four fiscal years.



Statements of Activities Highlights

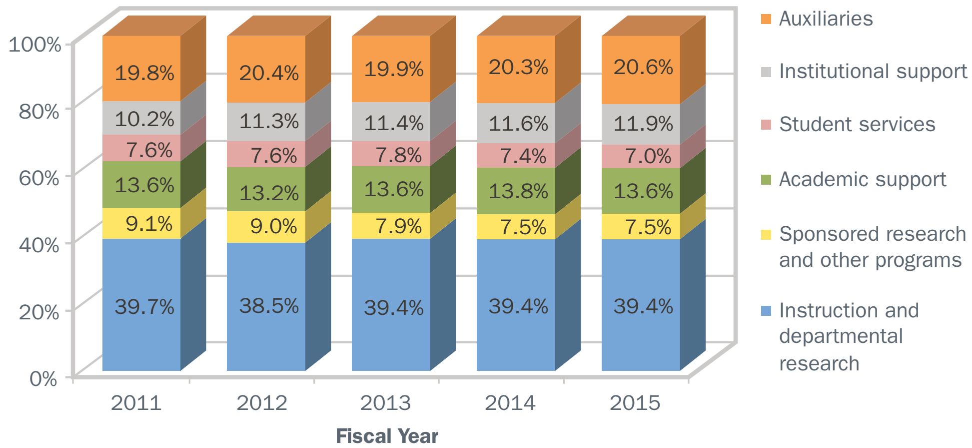
The Statement of Activities is a summary of the revenues, expenses and other items for the fiscal year, classified according to the existence or absence of donor restrictions. Certain reclassifications have been made to the 2011 through 2014 information to conform to the 2015 presentation. Total revenues for the fiscal year ended June 30, 2015 increased 3.4% to $918.5 million, principally resulting from increases in revenues from net tuition and fees and auxiliaries revenues.

Net tuition and fees combined with auxiliaries revenues accounted for 78.9% of total revenues. Net tuition and fees totaled $500.3 million in fiscal year 2015, which represented 54.5% of total revenues, compared to $480.5 million and 54.1% of total revenues in fiscal year 2014. Auxiliaries revenues, which include revenues from student housing, food service, athletics, bookstore, steam station, and real estate, totaled $223.8 million in fiscal year 2015, an increase of $14.9 million from fiscal year 2014. The following chart illustrates a five fiscal year summary of the components of total revenues.



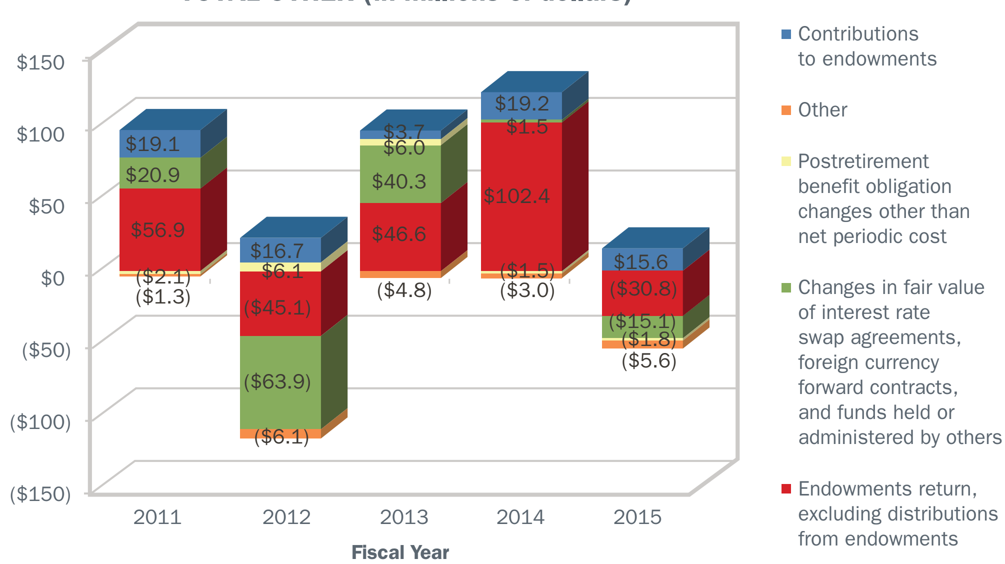
Expenses increased 4.5%, from $838.2 million to $876.3 million. The following chart summarizes the distribution of expenses for the most recent five fiscal years. Instruction and departmental research expenses continued to comprise the majority of the University expenses and have remained at 39.4%. Under the guiding principles of the University's Operational Excellence Program, new practices will continue to be put in place that will strengthen the University's financial position, including enhanced purchasing programs to generate significant savings.

TOTAL EXPENSES



Total other changes in net assets were negative ($37.7) million for the year ended June 30, 2015. Contributions to endowments were $15.6 million. Endowments return, excluding distributions from endowments was negative ($30.8) million. Changes in fair values of interest rate swap agreements, foreign currency forward contracts, and funds held or administered by others were negative ($15.1) million. Postretirement benefit obligation changes other than net periodic cost were negative ($1.8) million, and other was negative ($5.6) million. The following chart illustrates a five fiscal year summary of the components and dollar amounts of other changes.

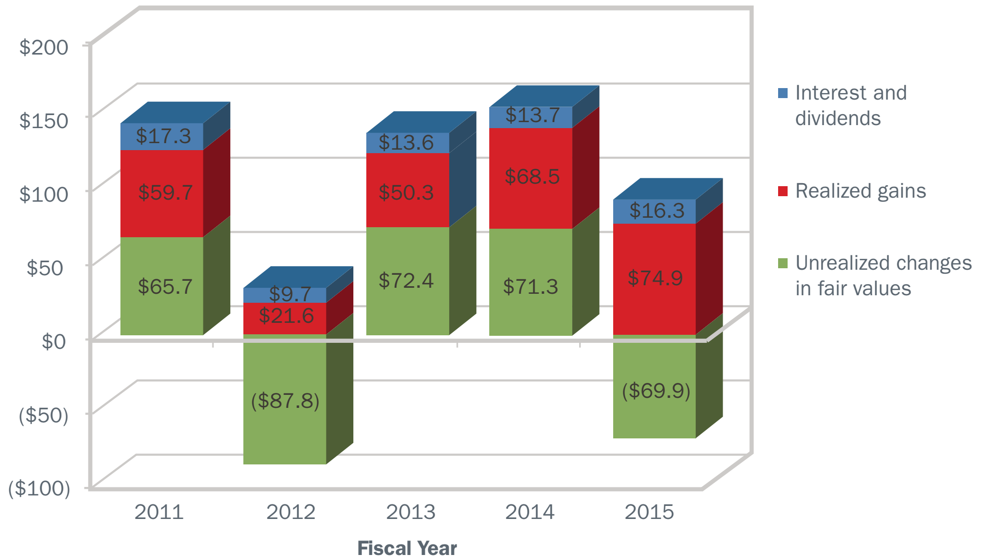
TOTAL OTHER (in millions of dollars)



Financial Report

Fiscal year 2015 total investment return, which includes both investment return, including distributions from endowments and endowments return, excluding distributions from endowments, was 1.4% in fiscal year 2015, compared to 15.4% in fiscal year 2014. The following chart provides a five fiscal year summary of the University's total investment return.

TOTAL INVESTMENT RETURN (in millions of dollars)



The net impact of revenues, expenses, and other changes to net assets was an increase in total net assets of $4.5 million for the fiscal year ended June 30, 2015 compared to $168.7 million for the fiscal year ended June 30, 2014. The University's prudent stewardship has resulted in an increase to net assets despite the volatility in the financial markets.

Statements of Cash Flows

In fiscal year 2015 there was a decrease in cash and cash equivalents amounts of approximately $1.4 million. The components of the change were net cash provided by operating activities of $60.8 million; net cash used in investing activities of $64.7 million; and net cash provided by financing activities of $2.4 million.

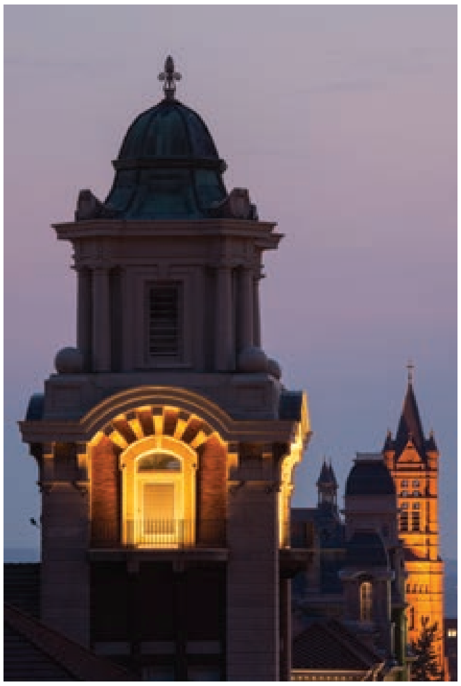
Recognition

The University's Business, Finance, and Administrative Services division continues to operate by applying sound business and financial judgment, practices, and ethical standards. That conduct, along with the collaborative support and service efforts of the division, are important factors in support of the University's vision and mission. Principal providers of financial leadership services were Comptroller Jean B. Gallipeau; Associate Comptroller Steven M. Malone; Budget and Planning Director Gwenn B. Judge; Treasurer David J. Smith; Associate Treasurer Scott C. Kemp; and Audit and Management Advisory Services Director Stephen G. Colicci.

Louis G Marcoccia

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.

Kent Syverud
Chancellor and President

Louis G. Marcoccia
Executive Vice President and Chief Financial Officer

KPMG LLP
515 Broadway
Albany, NY 12207-2974

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, 2015 and 2014, 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 auditors consider 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, 2015 and 2014, 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 29, 2015

Statements of Financial Position

JUNE 30, 2015 AND JUNE 30, 2014

(Thousands of Dollars)		2015		2014
ASSETS				
Cash and cash equivalents	$	140,750	$	$142,177
Interest rate swap agreements collateral		28,100		18,300
Receivables, net		135,670		129,647
Other assets		31,396		30,250
Investments		1,204,029		1,220,132
Funds held by bond trustee		49,281		75,670
Land, land improvements, buildings, equipment, and collections, net		1,075,920		1,033,394
Total assets	$	2,665,146	$	2,649,570
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable and accrued liabilities	$	139,922	$	134,497
Deposits and deferred revenues		64,463		64,090
Asset retirement obligations		24,848		26,743
Accrued postretirement benefit obligation		41,989		39,708
Capital lease obligation		3,151		3,232
Interest rate swap agreements		79,252		69,437
Long-term debt		446,255		451,602
Refundable government student loan funds		27,074		26,613
Total liabilities		826,954		815,922
NET ASSETS:				
Unrestricted		1,223,184		1,215,797
Temporarily restricted		202,586		217,968
Permanently restricted		412,422		399,883
Total net assets		1,838,192		1,833,648
TOTAL LIABILITIES AND NET ASSETS	$	2,665,146	$	2,649,570

See accompanying notes to financial statements.

Statements of Activities

YEAR ENDED JUNE 30, 2015
With Comparative Totals For The Year Ended June 30, 2014

(Thousands of Dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
REVENUES:					
Tuition and fees	$ 794,556			$ 794,556	$764,185
Less: financial aid	294,259			294,259	283,658
Net tuition and fees	500,297			500,297	480,527
Contributions, excluding contributions to endowments	33,771	$ 12,460		46,231	58,193
Grants and contracts	82,328			82,328	72,809
Investment return, including distributions from endowments	52,105			52,105	51,164
Auxiliaries, net of financial aid of $6.4 million in 2015 and $6.7 million in 2014	223,821			223,821	208,873
Other	13,671			13,671	16,685
Net assets released from restrictions	14,707	(14,707)			
Total revenues	920,700	(2,247)		918,453	888,251
EXPENSES:					
Instruction and departmental research	344,886			344,886	330,633
Sponsored research and other programs	66,145			66,145	62,657
Academic support	119,038			119,038	115,335
Student services	61,713			61,713	62,090
Institutional support	104,627			104,627	96,999
Auxiliaries	179,841			179,841	170,453
Total expenses	876,250			876,250	838,167
Increase (decrease) in net assets from revenues and expenses	44,450	(2,247)		42,203	50,084
OTHER:					
Contributions to endowments			$ 15,614	15,614	19,204
Endowments return, excluding distributions from endowments	(18,325)	(12,757)	291	(30,791)	102,359
Changes in fair values of interest rate swap agreements, foreign currency forward contracts, and funds held or administered by others	(14,240)	(131)	(715)	(15,086)	1,532
Postretirement benefit obligation changes other than net periodic cost	(1,815)			(1,815)	(1,463)
Other	(2,683)	(247)	(2,651)	(5,581)	(3,022)
Total other	(37,063)	(13,135)	12,539	(37,659)	118,610
Increase (decrease) in net assets	7,387	(15,382)	12,539	4,544	168,694
Net assets at beginning of year	1,215,797	217,968	399,883	1,833,648	1,664,954
NET ASSETS AT END OF YEAR	$ 1,223,184	$ 202,586	$ 412,422	$ 1,838,192	$ 1,833,648

See accompanying notes to financial statements.

Statement of Activities

YEAR ENDED JUNE 30, 2014

(Thousands of Dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total
REVENUES:				
Tuition and fees	$ 764,185			$ 764,185
Less: financial aid	283,658			283,658
Net tuition and fees	480,527			480,527
Contributions, excluding contributions to endowments	42,235	$ 15,958		58,193
Grants and contracts	72,809			72,809
Investment return, including distributions from endowments	51,164			51,164
Auxiliaries, net of financial aid of $6.7 million in 2014 and $6.2 million in 2013	208,873			208,873
Other	16,685			16,685
Net assets released from restrictions	12,962	(12,962)		
Total revenues	885,255	2,996		888,251
EXPENSES:				
Instruction and departmental research	330,633			330,633
Sponsored research and other programs	62,657			62,657
Academic support	115,335			115,335
Student services	62,090			62,090
Institutional support	96,999			96,999
Auxiliaries	170,453			170,453
Total expenses	838,167			838,167
Increase in net assets from revenues and expenses	47,088	2,996		50,084
OTHER:				
Contributions to endowments			$ 19,204	19,204
Endowments return, excluding distributions from endowments	67,446	34,109	804	102,359
Changes in fair values of interest rate swap agreements, foreign currency forward contracts, and funds held or administered by others	(672)	520	1,684	1,532
Postretirement benefit obligation changes other than net periodic cost	(1,463)			(1,463)
Other	(1,869)	(281)	(872)	(3,022)
Total other	63,442	34,348	20,820	118,610
Increase in net assets	110,530	37,344	20,820	168,694
Net assets at beginning of year	1,105,267	180,624	379,063	1,664,954
NET ASSETS AT END OF YEAR	$ 1,215,797	$ 217,968	$ 399,883	$ 1,833,648

See accompanying notes to financial statements.

Statements of Cash Flows

YEARS ENDED JUNE 30, 2015 AND JUNE 30, 2014

(Thousands of Dollars)	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 4,544	$ 168,694
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Postretirement benefit obligation changes other than net periodic cost	1,815	1,463
Depreciation and amortization	68,192	61,618
Changes in fair value of investments and financial instruments	7,966	(140,685)
Gifts of property and equipment	(1,149)	(4,019)
Contributions restricted for investment and physical facilities	(25,252)	(30,978)
Changes in operating assets and liabilities:		
Receivables, net	(4,939)	(4,472)
Other assets	(2,380)	(5,070)
Accounts payable and accrued liabilities	13,108	1,365
Deposits and deferred revenues	373	16,274
Asset retirement obligations	(1,895)	(1,255)
Accrued postretirement benefit obligation	466	620
Net cash provided by operating activities	60,849	63,555
CASH FLOWS FROM INVESTING ACTIVITIES:		
Changes in interest rate swap agreements collateral	(9,800)	7,000
Loans made to students	(6,004)	(5,895)
Loans paid by students	4,920	4,492
Purchases of investments	(355,892)	(261,901)
Sales and maturities of investments	421,317	228,141
Purchases of land, land improvements, buildings, equipment, and collections	(119,250)	(121,329)
Net cash used in investing activities	(64,709)	(149,492)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for investment and physical facilities	25,252	30,978
Proceeds from issuance of long-term debt		67,827
Payments of long-term debt	(4,600)	(3,115)
Payments of capital lease obligation	(81)	(62)
Payments of bond issuance cost		(896)
Change in funds held by bond trustee, net of purchases and sales by bond trustee	(18,599)	(5,416)
Change in refundable government student loan funds	461	425
Net cash provided by financing activities	2,433	89,741
Net (decrease) increase in cash and cash equivalents	(1,427)	3,804
Cash and cash equivalents at beginning of year	142,177	138,373
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 140,750	$ 142,177
Supplemental disclosure:		
Interest paid	$ 18,735	$ 18,275
Change in accounts payable for land, land improvements, buildings, equipment, and collections	$ (8,951)	$ 7,902

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 21,500 students, including approximately 15,100 full-time undergraduate and law students, approximately 4,300 full-time master's and doctoral students, and approximately 2,100 part-time students. Geographically, the undergraduate student body represents 49 states and 86 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 in accordance with U.S. generally accepted accounting principles, 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. Effective June 30, 2015, Blue Highway, Inc. ceased operations, and the assets and liabilities of Blue Highway, Inc. were liquidated and the net proceeds were provided to the University.

(b) Reclassifications

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

(c) 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.

(d) Contributions

Contributions, including unconditional pledges, are recognized at their fair values 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 in which those restrictions are met are reported as unrestricted investment return.

(e) 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.

(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 partnership funds. In the absence of readily determinable public market values, alternative investments are valued using current net asset values as a practical expedient to approximate fair 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 and are invested in money market vehicles and individual bond issues 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 collections 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 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 fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. 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.

Level 3 – inputs are unobservable and 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.

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.

Investments reported at net asset value (NAV) as a practical expedient to estimate fair value are not classified in the fair value hierarchy.

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, 2015 and June 30, 2014. The fair value of receivables 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 2015 and 2014 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. 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, on the University's financial statements. The University believes it has taken no significant uncertain tax positions.

(m) Recently Issued Accounting Standards

Effective June 30, 2015, the University adopted the provisions of ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the statement of financial position as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The adoption of ASU 2015-03 did not have a material impact on the University's financial position, statement of activities, or cash flows for fiscal years ended June 30, 2015 or June 30, 2014. The adoption of this ASU has been applied to the comparable prior period, including the statement of financial position and note 7.

Effective June 30, 2015, the University adopted the fair value measurement provisions of ASU No. 2015-07, *Fair Value Measurement: Disclosures for Investments in Certain Entities that Calculate NAV per Share (or its Equivalent)* (ASU 2015-07). ASU 2015-07 removes the requirements to categorize within the fair value hierarchy, investments in certain funds whose fair values are measured at NAV. The adoption of ASU 2015-07 did not have a material impact on the University's financial position, statement of activities, or cash flows for fiscal years ended June 30, 2015 or June 30, 2014. The adoption of this ASU has been applied to the comparable prior period, and is included in the fair value hierarchy tables in note 4.

(3) Receivables

The following is a summary of accounts receivable, pledges receivable, and matured bequests receivable at June 30, 2015 and June 30, 2014 (in thousands of dollars):

	2015	2014
Accounts receivable	$ 80,587	$ 68,551
Pledges receivable, net of present value discount	65,095	73,616
Matured bequests receivable	2,619	2,439
	148,301	144,606
Allowance for doubtful accounts	(12,631)	(14,959)
Total	$ 135,670	$ 129,647

Accounts receivable included student loans receivable of $35.2 million and $34.1 million, at June 30, 2015 and June 30, 2014, respectively, net of allowances for doubtful accounts of approximately $1.0 million at June 30 2015, and June 30, 2014.

Unconditional pledges and matured bequests at June 30, 2015 and June 30, 2014 are restricted by donors predominantly for scholarships, other operating, and capital expenditure purposes. They are expected to be realized in the following periods (in thousands of dollars):

	2015	2014
Less than one year	$ 28,336	$ 30,935
One year to five years	22,642	26,370
More than five years	29,073	33,055
	80,051	90,360
Allowance for doubtful accounts	(9,935)	(12,308)
Present value discount	(12,337)	(14,305)
Total	$ 57,779	$ 63,747

The discount rates used to present value the pledges range from 0.72% to 6.00% at June 30, 2015 and June 30, 2014.

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 $13.8 million and $18.8 million as of June 30, 2015 and June 30, 2014, 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.

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 partnerships, 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 partnership 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 asset funds include investments in companies whose businesses are typically related to natural resources and real estate.

Fair values for shares in registered mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year and are classified in Level 1 of the fair value hierarchy. The University's interests in alternative investment funds are generally reported at their 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, 2015 and June 30, 2014, the University had no specific plans or intentions to sell investments at amounts different than NAV.

The University's investments at June 30, 2015 are summarized in the following table by their redemption availability and fair value hierarchy classification or net asset value (in thousands of dollars):

	Redemption Availability	Level 1	Level 2	Total
Investments measured at fair value				
U.S. equity	Daily	$ 228,480	$ 4,962	$ 233,442
International equity	Daily	181,391	922	182,313
Fixed income	Daily	44,121	48,548	92,669
Real asset	Daily	77,398		77,398
Total marketable securities		531,390	54,432	585,822
Funds held or administered by others	Not applicable	1,859	23,818	25,677
Subtotal		533,249	78,250	611,499
Investments measured at net asset value				
Commingled funds:				
U.S. equity	Currently illiquid			2,944
International equity	Monthly			15,576
Fixed income	Daily to monthly			104,535
Hedge funds:				
Long /short	Monthly to currently illiquid			39,177
Global	Quarterly			12,285
Multi-strategy	Quarterly to currently illiquid			65,447
Other	Monthly to annually			109,541
Private partnerships:				
Buyout	Currently illiquid			138,213
Venture capital	Currently illiquid			68,974
Debt related	Currently illiquid			28,870
Real asset	Currently illiquid			6,968
Subtotal				592,530
Total		$ 533,249	$ 78,250	$ 1,204,029

The days' notice that is required to be given to investment managers to redeem the specific asset classes above are: 1 to 4 days for U.S. equity; 1 to 10 days for international equity; 1 to 15 days for fixed income; 1 to 4 days for real asset; and 1 to 100 days for hedge funds.

The University's investments at June 30, 2014 are summarized in the following table by their redemption availability and fair value hierarchy classification or net asset value (in thousands of dollars):

	Redemption Availability	Level 1	Level 2	Total
Investments measured at fair value				
U.S. equity	Daily	$ 159,271	$ 5,205	$ 164,476
International equity	Daily	175,526	982	176,508
Fixed income	Daily	83,208	45,987	129,195
Hedge fund - marketable	Daily	17,004		17,004
Real asset	Daily	71,150		71,150
Total marketable securities		506,159	52,174	558,333
Funds held or administered by others	Not applicable	1,900	24,932	26,832
Subtotal		508,059	77,106	585,165
Investments measured at net asset value				
Commingled funds:				
Fixed income	Daily to monthly			96,852
Real asset	Monthly			19,324
Hedge funds:				
Long /short	Monthly to currently illiquid			45,722
Global	Quarterly			19,021
Multi-strategy	Quarterly to currently illiquid			63,579
Other	Monthly to annually			100,739
Private partnerships:				
Buyout	Currently illiquid			136,318
Venture capital	Currently illiquid			105,706
Debt related	Currently illiquid			47,059
Real asset	Currently illiquid			647
Subtotal				634,967
Total		$ 508,059	$ 77,106	$ 1,220,132

The days' notice that is required to be given to investment managers to redeem the specific asset classes above are: 1 to 4 days for U.S. equity; 1 to 10 days for international equity; 1 to 15 days for fixed income; 1 to 4 days for real asset; and 1 to 100 days for hedge funds.

There were no transfers between Level 1 and Level 2 for fiscal years ended June 30, 2015 or June 30, 2014.

The private partnerships have initial terms of 10 years with extensions of one to four years and have an average remaining expected life of 2.5 years and 2.6 years as of June 30, 2015 and June 30, 2014, respectively. At June 30, 2015, the University's outstanding commitments to private partnerships totaled $78.8 million. The projected capital call amounts are summarized in the table below (in thousands of dollars):

Fiscal Year		Amount
2016	$	42,911
2017		18,194
2018		9,113
2019		4,375
2020		4,202
Total	$	78,795

Private partnerships are considered to be currently illiquid because distributions are made upon the liquidation of underlying investments.

Certain of the University's hedge fund investments are currently illiquid as a result of 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
2016	$	1,400
2017		843
Total	$	2,243

The following table summarizes the components of investment return in the statements of activities for the years ended June 30, 2015 and June 30, 2014 (in thousands of dollars):

		2015		2014
Interest and dividends	$	16,263	$	13,741
Realized gains		74,945		68,455
Unrealized (losses) gains		(69,894)		71,327
Total investment return	$	21,314	$	153,523

Netted in investment return were investment management fees of $2.8 million in fiscal years 2015 and 2014, 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, 2015, the fair value of 363 endowment funds were less than historical gift amounts of $119.6 million by a total of approximately $11.7 million, including 353 endowment funds with original fair values of $117.3 million and an underwater amount of approximately $11.6 million for which the donors permit spending when the funds are underwater. At June 30, 2014, the fair value of 276 endowment funds were less than historical gift amounts of $96.0 million by a total of approximately $8.4 million, including 268 endowment funds with original fair values of $95.3 million and an underwater amount of approximately $8.4 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 trustee Investment and Endowment Committee (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 2015 and 2014 was 3.84%. In addition, other distributions approved by the IEC of $14.5 million and $14.0 million were made in fiscal years 2015 and 2014, respectively.

The University adheres to the New York State 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 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, 2015 and June 30, 2014, 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):

	2015			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor restricted	$ (11,655)	$ 144,563	$ 372,015	$ 504,923
Quasi (Board designated)	635,317			635,317
Total	$ 623,662	$ 144,563	$ 372,015	$ 1,140,240

	2014			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	$ (8,446)	$ 157,386	$ 357,631	$ 506,571
Quasi (Board designated)	649,464			649,464
Total	$ 641,018	$ 157,386	$ 357,631	$ 1,156,035

Changes in net assets associated with endowment funds for the fiscal years ended June 30, 2015 and June 30, 2014 were (in thousands of dollars):

	2015			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets at June 30, 2014	$ 641,018	$ 157,386	$ 357,631	$ 1,156,035
Investment return	8,125	11,818	291	20,234
Contributions		2	13,568	13,570
Distributions	(26,450)	(24,575)		(51,025)
Board designated and donor required transfers	969	(68)	525	1,426
Net assets at June 30, 2015	$ 623,662	$ 144,563	$ 372,015	$ 1,140,240

	2014			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets at June 30, 2013	$ 569,390	$ 123,342	$ 335,769	$ 1,028,501
Investment return	94,450	55,710	804	150,964
Contributions		2	20,787	20,789
Distributions	(27,004)	(21,601)		(48,605)
Board designated and donor required transfers	4,182	(67)	271	4,386
Net assets at June 30, 2014	$ 641,018	$ 157,386	$ 357,631	$ 1,156,035

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

The following is a summary of land, land improvements, buildings, equipment, and collections at June 30, 2015 and June 30, 2014 (in thousands of dollars):

	2015	2014
Land and land improvements	$ 78,767	$ 73,933
Buildings and buildings equipment	1,639,838	1,549,983
Equipment	103,799	97,681
Library and art collections	218,475	213,446
	2,040,879	1,935,043
Accumulated depreciation	(964,959)	(901,649)
Total	$ 1,075,920	$ 1,033,394

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, 2015 and June 30, 2014 is set forth below (in thousands of dollars):

	Fiscal years of maturity	2015	2014
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	67,525	67,975
Onondaga County Industrial Development Agency - Civic Facility Variable Rate Revenue Bonds:			
Series 2008B (c)	2010 - 2038	30,675	31,475
Onondaga County Trust for Cultural Resources - Revenue Bonds:			
Series 2010A (d)	2030	75,525	75,525
Series 2010B (e)	2011 - 2020	31,100	31,260
Series 2011 (f)	2013 - 2037	44,360	45,505
Series 2013 (g)	2015 - 2039	63,075	64,460
Bank Loan – Syracuse University Hotel and Conference Center LLC (h)	2028	8,030	8,690
Total Principal debt		444,765	449,365
Unamortized Premium - Series 2010B (e)		1,899	2,300
Unamortized Premium - Series 2011 (f)		1,937	2,179
Unamortized Premium - Series 2013 (g)		2,614	3,030
		451,215	456,874
Less: Bond Issuance Costs			
Issuance Costs - Series 1999A and 1999B (a)		440	471
Issuance Costs - Series 2005A and 2005B (b)		300	315
Issuance Costs - Series 2008A-1 and 2008A-2 (c)		1,182	1,236
Issuance Costs - Series 2008B (c)		601	628
Issuance Costs - Series 2010A (d)		745	798
Issuance Costs - Series 2010B (e)		222	278
Issuance Costs - Series 2011 (f)		663	694
Issuance Costs - Series 2013 (g)		807	852
Total Long-term debt		$ 446,255	$ 451,602

(a) Periodic Auction Reset Securities (PARS) bonds have their interest rates set at weekly auctions. The interest rates at June 30, 2015 and June 30, 2014 were 0.14% and 0.15%, respectively, for Series 1999A, and 0.14% and 0.10%, 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, 2015 and June 30, 2014 were 0.04% for both Series 2005A and Series 2005B for each period. 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, 2015 and June 30, 2014 were 0.02% and 0.03%, respectively, for Series 2008A, and 0.05% and 0.04%, 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 revenue bonds have their interest rates set weekly. The interest rates at June 30, 2015 and June 30, 2014 were 0.06% and 0.04%, 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 have 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 terms of the 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. 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 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 terms of the 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) Fixed rate bonds have interest rates ranging from 2.0% 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 terms of the bonds, resulting in an effective yield ranging from 0.31% to 4.97%. 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 2015 through 2034. The other portions of the bonds maturing in fiscal year 2039 are subject to mandatory redemption on specific sinking fund redemption dates occurring in fiscal years 2035 to 2039.

(h) 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, 2015 and June 30, 2014. 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, 2015 and June 30, 2014, the interest rates were 0.58% and 0.55%, respectively. The Syracuse University Hotel and Conference Center LLC makes monthly payments of principal and interest. 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
2016	$	4,740
2017		4,890
2018		5,065
2019		5,290
2020		35,660
Thereafter		389,120
Total	$	444,765

For fiscal years 2015 and 2014, capitalized interest was $2.3 million and $2.7 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, 2015 and June 30, 2014, there were requirements to collateralize the obligations under the interest rate swap agreements in the amounts of $28.1 million and $18.3 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 interest rate swap agreement.

As of June 30, 2015, the University paid two counterparties a weighted average fixed interest rate of 3.685% on a total notional amount of $298.2 million, which related to its variable interest rate revenue bonds. As of June 30, 2014, the University paid two counterparties a weighted average fixed interest rate of 3.686% on a total notional amount of $299.5 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 $8.0 million and $8.7 million as of June 30, 2015 and June 30, 2014, respectively, that related to its loan with JPMorgan Chase Bank, N.A.

At June 30, 2015 and June 30, 2014, the fair values of the University's interest rate swap agreements were ($78.0) million and ($68.0) million, respectively, and the Syracuse University Hotel and Conference Center LLC interest rate swap agreement fair values were ($1.3) million and ($1.4) million, respectively. The interest rate swap agreements are classified as Level 2 in the fair value hierarchy.

The changes of ($9.9) million and ($2.8) million in the fair values of the interest rate swap agreements were included in the changes in fair values of interest rate swap agreements, foreign currency forward contracts, and funds held or administered by others for the years ended June 30, 2015 and June 30, 2014, respectively. The net cash payments of $11.1 million and $11.2 million made under the interest rate swap agreements were included in interest expense during fiscal years 2015 and 2014, respectively.

(8) Capital Lease Obligation

The University leases a building under a capitalized lease that expires in December 2027. The gross leased asset was $3.4 million at both June 30, 2015 and June 30, 2014. At June 30, 2015 and June 30, 2014, accumulated depreciation in the statements of financial position was $0.7 million and $0.4 million, respectively, relating to this lease.

Future minimum capital lease payments as of June 30, 2015 are as follows (in thousands of dollars):

Fiscal Year		Amount
2016	$	477
2017		477
2018		484
2019		491
2020		491
Thereafter		3,767
Total minimum lease payments		6,187
Less amount representing interest		3,036
Present value of minimum lease payments	$	3,151

(9) Foreign Currency Forward Contracts

At June 30, 2015 and June 30, 2014, the University had commitments for foreign currency forward contracts with notional values of $10.5 million and $17.8 million, respectively, to hedge foreign exchange rate exposure for its programs abroad. Fair values of foreign currency forward contract commitments of $0.1 million and $1.3 million, were included in other assets at June 30, 2015 and June 30, 2014, respectively. The foreign currency forward contracts are classified as Level 2 in the fair value hierarchy. For the years ended June 30, 2015 and June 30, 2014, the decrease of $1.2 million and increase of $2.0 million, respectively, in fair values of foreign currency forward contract commitments were included in the changes in fair values of interest rate swap agreements, foreign currency forward contracts, and funds held or administered by others.

(10) Temporarily and Permanently Restricted Net Assets

At June 30, 2015 and June 30, 2014, temporarily and permanently restricted net assets were comprised as follows (in thousands of dollars):

	2015		2014	
	Temporarily restricted	Permanently restricted	Temporarily restricted	Permanently restricted
Pledges and matured bequests receivable	$ 45,057	$ 12,722	$ 48,974	$ 14,773
Other	2,319	5,348	1,901	3,978
Funding for facilities	2,618		1,919	
Funding for student loans		3,894		3,800
Life income, annuity, and similar funds	8,029	18,443	7,788	19,701
Endowment funds:				
Scholarships	70,587	180,746	76,354	175,194
Endowed chairs	38,835	85,212	42,226	81,404
Other	35,141	106,057	38,806	101,033
Total net assets	$ 202,586	$ 412,422	$ 217,968	$ 399,883

(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 2015 and 2014 were approximately $31.6 million and $30.4 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):

	2015	2014
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 39,708	$ 37,625
Service cost	2,137	2,197
Interest cost	1,415	1,579
Plan participants' contributions	643	682
Amendments		(504)
Actuarial loss	294	591
Benefits paid	(2,255)	(2,524)
Medicare Part D prescription drug federal subsidy	47	62
Benefit obligation at end of year	$ 41,989	$ 39,708

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):

		2015		2014
Actuarial loss	$	(294)	$	(591)
Prior service credit				504
Amortization of:				
Actuarial gain		(681)		(547)
Prior service credits		(840)		(829)
Total recognized in unrestricted net assets	$	(1,815)	$	(1,463)

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

		2015		2014
Service cost	$	2,137	$	2,197
Interest cost		1,415		1,579
Amortization of actuarial gain		(681)		(547)
Amortization of prior service credits		(840)		(829)
Net periodic postretirement benefit cost	$	2,031	$	2,400

For measurement purposes, annual rates of increase in the per capita cost of covered healthcare of 7.75% and 6.75% for pre-65 and post-65 retirees, respectively, were assumed as of June 30, 2015. An annual rate of increase in the per capita cost of covered prescription drug benefits of 8.50% was assumed as of June 30, 2015. The rates were assumed to decrease to 3.87% 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	$	641	$	(524)
Effect on postretirement benefit obligation	$	6,257	$	(5,146)

As of June 30, 2015 and June 30, 2014, the discount rates used in determining the benefit obligations were 4.31% and 4.11%, respectively, and the discount rates used in determining the net periodic postretirement benefit costs were 4.11% and 4.52%, respectively.

Contributions to the postretirement benefit plans, net of employee contributions and the Medicare subsidy, were $1.6 million in fiscal year 2015 and are estimated to be $1.5 million for fiscal year 2016.

The net benefits expected to be paid in each fiscal year from 2016 through 2020 are approximately $2.0 million and the net aggregate expected payments including years through fiscal year 2025 total approximately $20.9 million. The expected benefits are based on the assumptions used to measure the University's benefit obligation at June 30, 2015, and include estimated future employees' service.

In addition to service and interest costs, the components of projected net periodic postretirement benefit cost for fiscal year 2016 are amortization of prior service credits of approximately $0.8 million and amortization of actuarial gains of approximately $0.1 million. The unamortized prior service credits and unamortized net actuarial gain were $2.1 million and $4.5 million, respectively, at June 30, 2015.

(12) Contingencies and Commitments

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 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 with options to extend the lease term for two five-year periods. The annual rent and value added tax for fiscal year 2015 totaled approximately $1.3 million, and is subject to change at specific times during the lease term.

The University had letters of credit and a surety bond aggregating approximately $269.7 million at June 30, 2015 and $270.9 million at June 30, 2014 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 or surety bond.

At June 30, 2015, the University had approximately $29.3 million of construction commitments and $25.6 million of energy purchase commitments.

(13) Subsequent Events

The University evaluated subsequent events for potential recognition or disclosure through July 29, 2015, the date on which the financial statements were available to be issued.

2015-2016 Board of Trustees

SYRACUSE UNIVERSITY