THE CITY UNIVERSITY OF NEW YORK

Basic Financial Statements,
Supplementary Schedules, and
Management’s Discussion and Analysis

June 30, 2009 and 2008

(With Independent Auditors’ Report Thereon)
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INTRODUCTION

The intent of Management’s Discussion and Analysis (MD&A) is to provide readers with an overview of the changes in the financial position of The City University of New York (the “University” or “CUNY”) as of and for the years ended June 30, 2009 and 2008.

The MD&A is designed to focus on current activities, resulting changes, and currently known facts with respect to the University’s financial position. It should be read in conjunction with the accompanying basic financial statements and related footnotes.

For financial reporting purposes, the University’s reporting entity consists of eleven (11) senior colleges, six (6) community colleges, three (3) Graduate and Professional Schools, and a School of Professional Studies, School of Biomedical Education, and an Honors College. The University’s financial statements also include the financial activity of the following other related organizations: Research Foundation of the City University of New York (RF-CUNY), the 230 West 41st Street LLC, the City University Construction Fund (CUCF), the City University Economic Development Corporation (CUEDC), certain foundations, auxiliary enterprise corporations and boards, college associations, child care centers of the individual colleges, and other entities deemed includable in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, “The Financial Reporting Entity.”

The University also includes twenty (20) college foundations as part of its reporting entity. These fund-raising organizations follow the Financial Accounting Standards Board (FASB) standards. The financial activities of these organizations are maintained in their original FASB format and are not included in the discussion presented below. The basis for determining which University related organizations are considered to be part of the University’s reporting entity is included in note 1 of the financial statements.

FINANCIAL HIGHLIGHTS (COMPARISON OF FISCAL YEARS 2009 AND 2008)

− The University sustained $68.3 million in budget reductions from the State of New York (the State) in fiscal year 2009 but these reductions did not adversely affect programs or enrollments. The University managed its reductions by reducing senior college and central office operating budgets, transferring additional equipment purchases to the capital budget, and utilizing University reserves.

− A new General Ledger (GL) was introduced in fiscal year 2009 as part of the CUNYfirst (Fully Integrated Resources and Service Tool) ERP implementation. The University’s financial statements were produced utilizing the new GL.

− The University’s enrollment continues to be very strong; annual Full-Time Equivalent (FTE) enrollment increased by 6% between fiscal years 2008 and 2009. The increase in enrollment in 2009 resulted in an additional $30 million in revenue, net of scholarship discounts and allowances.

FINANCIAL HIGHLIGHTS (COMPARISON OF FISCAL YEARS 2008 AND 2007)

− Fiscal year 2008 represented the second year of the University’s multiyear funding strategy, the CUNY Compact. Under the Compact, funding is shared by the State and the City of New York (the City), the University (through internal efficiencies), philanthropic sources, and students, through managed enrollment growth and modest, predictable tuition increases. The Compact
had a successful first and second year implementation in that the University’s mandatory (i.e., salaries, fringes, utilities, rentals, etc.) needs were fully covered by the State and City, and the State provided additional operating aid to offset the planned tuition increases.

− The University’s enrollment continues to be very strong; annual Full-Time Equivalent (FTE) enrollment increased by 4% between fiscal years 2007 and 2008. The increase in enrollment in 2008 resulted in an additional $18 million in revenue, net of scholarship discounts and allowances.

− During fiscal year 2008, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 49 “Accounting and Financial Reporting for Pollution Remediation Obligations” (GASB 49). For background information on GASB 49, see New Accounting Standards Adopted (refer to note 2 of the financial statements). The financial reporting impact resulting from the implementation of GASB 49 was the recognition of additional liability and expense of $27.9 million at July 1, 2007; after payments for remediation during fiscal year 2008, the liability decreased to $18.5 million.

FINANCIAL POSITION

An institution’s net assets (assets minus liabilities) are one measure of financial health or financial position. Increases and decreases in the University’s net assets over time are indicators of whether its financial health is sound or not.

CUNY’s total net assets decreased by $81 million, or 14%, between fiscal years 2008 and 2009 and increased by $122 million before the effect of adoption of GASB 49 of $28 million, for a net increase of $94 million, or 20%, between fiscal years 2007 and 2008.

The 2009 variance was due to the following: (i) $72 million decrease invested in capital assets, net of related debt, primarily due to the refunding of existing bonds and increase in capital project activities; (ii) $16.7 million increase in restricted expendable net assets, which is primarily comprised of $43.8 million increase in debt service funds to pay principal and interest, offset by a decrease of $23.4 in scholarship and general education support due to a decrease in the University investment pool, which is a result of an economic downturn in the stock markets; and (iii) $25.5 million decrease in unrestricted net assets due to the recognition of additional Other Than Postemployment Benefits (OPEB) liability of $65.7 million, offset by increases in tuition and fees of approximately $30 million and other increases.

The 2008 variance was primarily due to the following: (i) $147.1 million increase invested in capital assets, net of related debt, primarily due to the capital asset additions of $141.5 million; (ii) $37.2 million decrease related to restricted expendable net assets, which is primarily comprised of a $17.8 million decrease in the University’s investment pool due to a downturn of the stock market, and a decrease of $15.9 million related to capital as a result of early redemption of bonds during fiscal year 2008; and (iii) $17.9 million decrease in unrestricted net assets due to the recognition of an additional liability of $59.8 million related to OPEB, and was partially offset by an increase in short-term investments.
Management’s Discussion and Analysis
June 30, 2009 and 2008

The major components of the University’s net assets at June 30, 2009, 2008, and 2007 follow:

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>$(142,524)</td>
<td>$(70,565)</td>
<td>$(217,627)</td>
</tr>
<tr>
<td>Restricted nonexpendable</td>
<td>38,554</td>
<td>38,510</td>
<td>36,669</td>
</tr>
<tr>
<td>Restricted expendable</td>
<td>514,039</td>
<td>497,302</td>
<td>534,526</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>80,548</td>
<td>106,000</td>
<td>123,926</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>$490,617</strong></td>
<td><strong>$571,247</strong></td>
<td><strong>$477,494</strong></td>
</tr>
</tbody>
</table>

Several nonfinancial factors are also relevant to the University’s financial health. These include changes in the number and quality of its applicants, size of the first-year class, number of full-time faculty, student retention, graduation rates, building conditions, and campus safety. For example, an increase in the size of the first-year class could result in an increase of tuition and fees revenues.
Management’s Discussion and Analysis
June 30, 2009 and 2008

ASSETS

At June 30, 2009, the University’s total assets increased by $114.0 million, or 2.2%. The variance was primarily attributable to increases in cash and cash equivalents and capital assets, offset by a decrease in investments, deposits held by trustee, and receivables.

At June 30, 2008, the University’s total assets increased by $208.3 million, or 4.0%. The variance was primarily attributable to increases in investments, receivables, and capital assets, offset by a decrease in deposits held by bond trustees.

The major components of the University’s assets at June 30, 2009, 2008, and 2007 follow:

<table>
<thead>
<tr>
<th>Assets</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands)</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>740,594</td>
<td>267,844</td>
<td>266,632</td>
</tr>
<tr>
<td>Investments</td>
<td>266,506</td>
<td>701,403</td>
<td>444,727</td>
</tr>
<tr>
<td>Deposits held by bond trustees</td>
<td>503,795</td>
<td>645,260</td>
<td>915,786</td>
</tr>
<tr>
<td>Amounts held by DASNY</td>
<td>56,780</td>
<td>62,971</td>
<td>72,251</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>334,466</td>
<td>381,631</td>
<td>284,133</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>3,440,866</td>
<td>3,160,935</td>
<td>3,019,461</td>
</tr>
<tr>
<td>Deferred financing costs</td>
<td>32,806</td>
<td>40,266</td>
<td>44,515</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>21,639</td>
<td>23,081</td>
<td>27,573</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$ 5,397,452</strong></td>
<td><strong>$ 5,283,391</strong></td>
<td><strong>$ 5,075,078</strong></td>
</tr>
</tbody>
</table>

**Cash and Cash Equivalents** increased by $472.8 million, or 177.0%, between fiscal years 2008 and 2009, and by $1.2 million, or less than 1.0%, between fiscal years 2007 and 2008. The 2009 variance was primarily due to (i) approximately $417.0 million withdrawal from the Commonfund; (ii) the timing of 2009 tuition revenue transfer to CUCF; and (iii) holding more liquid funds in cash and cash equivalents as a result of the downturn in the financial market.

The 2008 variance was due to a number of small increases and decreases in balances at colleges’ non-tax levy entities.

**Investments** decreased by $435.0 million, or 62.0%, between fiscal years 2008 and 2009, and increased by $256.7 million, or 58.0%, between fiscal years 2008 and 2007. The 2009 variance was primarily due to withdrawals from the Commonfund (see above) and holding more funds in cash and cash equivalents.

The 2008 variance was primarily due to: (i) $224.5 million increase at CUCF due to the timing of funds sent to the City of New York. In fiscal year 2007, the entire tuition and fee revenue target was sent by CUCF to the City of New York by June 30th; however, in fiscal year 2008, a portion of those funds represented by this increase was sent after June 30th; (ii) $7.9 million increase at RF-CUNY of which $3.1 million represented funds held as cash and cash equivalents at June 30, 2007 but were invested in longer term instruments in fiscal year 2008, and the remainder represents an increase of invested excess cash; and (iii) additional tuition and fees collections held by the University at June 30, 2008. These funds represent tuition collections at the senior colleges, which will be used to pay their current and future year liabilities.
Deposits Held by Bond Trustees includes bond proceeds not yet expended for construction projects and debt service and related accumulated investment income. Bond proceeds and investment income in excess of construction costs are restricted for future projects and debt service; these funds are invested in highly liquid assets, such as treasury bills. The balance decreased by $141.5 million, or 22%, between fiscal years 2008 and 2009 after decreasing by $270.5 million, or 30%, between fiscal years 2007 and 2008.

The 2009 variance was primarily due to several major projects that began construction during this period or had progressed to a point in construction where the nature and magnitude of the activities being performed resulted in a higher rate of disbursements at approximately $470.0 million, offset by issuance of two new bonds with par value of $209.6 million and premium of $3.2 million used for capital projects; contributions of $44.0 million; $8.0 million in good faith deposit and investment income on bond proceeds. The 2008 variance was primarily due to payments for construction of $278.0 million, offset by investment income on bond proceeds.

Amounts Held by DASNY represents funds remitted to the Dormitory Authority of the State of New York (DASNY) to be used for the rehabilitation of existing plant facilities and administrative costs. The balance decreased by $6.2 million, or 10%, between fiscal years 2008 and 2009 after decreasing by $9.3 million, or 13%, between fiscal years 2007 and 2008.

The 2009 variance was mainly due to payments for rehabilitation projects of $11.7 million primarily related to the rehabilitation of Fiterman Hall, offset by investment income of $1.0 million and contributions of $2.0 million. The 2008 variance was primarily due to payments for rehabilitation projects of $11.5 million, offset by investment income of $2.1 million.

Receivables, net includes amounts due to the University for grants and contracts (Federal, State, City and Private), State and City appropriations, interest, student accounts, loans, and other operating receivables, offset by the allowance for doubtful accounts and loans.

The 2009 balance decreased by $47.2 million, or 12%, primarily due to a $56.0 million collective bargaining accrual in the prior fiscal year, offset by other increases. The 2008 balance increased by $97.5 million, or 34%, due to the following: (i) $89.9 million increase in appropriations receivable of which $56.0 million related to payroll and fringe benefits accruals for the Professional Staff Congress (PSC) and District Council (DC) 37 collective bargaining contracts, which were accrued for at June 30, 2008, but were paid out in fiscal year 2009 – the remainder is due to timing of payments made for payroll, fringe benefits, and goods and services from State and City funds; (ii) $10.4 million related to increases at RF-CUNY as a result of changes in their accrual methodology and timing of receipts; (iii) $3.4 million decrease in financial aid receivables due to the timing of drawdowns and cash receipts; and (iv) $2.4 million decrease in the receivable from Macaulay (Honors College) due to the scheduled payment made in fiscal year 2008.

Capital Assets, net includes land, land improvements, building, building improvements, leasehold improvements, construction in progress, infrastructure, infrastructure improvements, artwork and historical treasures, and equipment, reduced by related depreciation. The balance increased by $280.0 million, or 9%, between fiscal years 2008 and 2009 and increased by $141.5 million, or 5%, between fiscal years 2007 and 2008. The 2009 variance was primarily due to capital construction additions of $417.0 million and equipment purchases of $53.2 million, offset by depreciation expense of $189.0 million; while the 2008 variance was mainly due to capital construction additions of $267.4 million and equipment purchases of $57.5 million, offset by depreciation expense of $181.2 million.
Deferred Financing Costs represent costs incurred for the issuance of bonds that are capitalized and amortized over the life of the related debt. The balance decreased by $7.5 million, or 18.5%, between fiscal years 2008 and 2009 due to the write-off of the deferred issuance costs of $21.8 million related to the 2009 refunding as part of the deferred amount on refunding, offset by bond issuance costs of $14.3 million and amortization expense of $2.1 million.

The balance decreased by $4.2 million, or 10%, between fiscal years 2007 to 2008. The 2008 variance is due to scheduled amortization of $2.9 million and write-off of $1.4 million as a result of early bond redemption.

Prepaid Expenses and Other Assets decreased by $1.4 million, or 6%, between fiscal years 2008 and 2009 and decreased by $4.5 million, or 16%, between fiscal years 2007 and 2008.

The majority of the 2008 variance was due to decreases at RF-CUNY which include: (i) $1.1 million decrease in other non-current assets due to the amortization of leases at 230 West 41st Street LLC and (ii) $2.4 million reduction of restricted cash.

LIABILITIES

At June 30, 2009, the University’s total liabilities increased by $194.7 million, or 4%, from the prior year. The variance was primarily due to increases in OPEB liability, long-term debt, accounts payable, compensated absence, and deferred tuition and fees revenue; this was offset by a decrease in accrued interest payable and other liabilities.

At June 30, 2008, the University’s total liabilities increased by $114.6 million, or 2%, from the prior year. The variance was primarily due to increases in accounts payable and accrued expenses and OPEB liability, offset by a decrease in long-term debt.

The following summarizes the liabilities at June 30, 2009, 2008, and 2007:

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$ 646,628</td>
<td>$ 588,883</td>
<td>$ 255,711</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>125,336</td>
<td>118,001</td>
<td>111,094</td>
</tr>
<tr>
<td>OPEB liability</td>
<td>233,561</td>
<td>167,813</td>
<td>107,989</td>
</tr>
<tr>
<td>Deferred tuition and fees revenue</td>
<td>66,124</td>
<td>61,891</td>
<td>56,764</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>69,145</td>
<td>75,169</td>
<td>80,672</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>3,586,215</td>
<td>3,484,644</td>
<td>3,793,280</td>
</tr>
<tr>
<td>Deferred grant revenue</td>
<td>58,086</td>
<td>60,555</td>
<td>56,572</td>
</tr>
<tr>
<td>Federal refundable loans</td>
<td>43,969</td>
<td>43,968</td>
<td>43,951</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>77,771</td>
<td>111,220</td>
<td>91,551</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$ 4,906,835</td>
<td>$ 4,712,144</td>
<td>$ 4,597,584</td>
</tr>
</tbody>
</table>
Management’s Discussion and Analysis
June 30, 2009 and 2008

Accounts Payable and Accrued Expenses increased by 57.7 million, or 10%, between fiscal years 2008 and 2009 and increased by $333.2 million, or 130%, between fiscal years 2007 and 2008. The 2009 variance was primarily due to the following: (i) $20 million related to the timing of tuition and fees payments to the City; (ii) $23.5 million due to NYC from capital funds as an agreement with the State division of budget to use capital funds to offset operating budget expenses that are being incurred for capital projects and (iii) $17.7 million increase in the transfer of expenditures to City University Tuition Reimbursable Account (CUTRA) in order to utilize additional revenue collection.

The 2008 variance was primarily due to the following: (i) $89.9 million increase in appropriations receivable of which $56 million related to payroll and fringe benefits accruals for the PSC and District Council (DC) 37 collective bargaining contracts, which were accrued for at June 30, 2008, and were paid out in fiscal year 2009 – the remainder is due to timing of payments made for fringe benefits and goods and services; (ii) $224.5 million increase related to the timing of payments at CUCF: at June 30, 2007, all tuition and fees had been remitted to the City of New York, whereas at June 30, 2008, $224.5 million was outstanding; (iii) $11.3 million increase at RF-CUNY due to increases in accruals, new method of recording insurance payments, and timing differences; and (iv) $12.2 million increase related to capital construction payments due to a change in the accrual methodology by the DASNY.

Compensated Absences is comprised of estimates of annual and sick leave payable to employee upon separation. The balance increased by $7.3 million, or 6%, between fiscal years 2008 and 2009 and increased by $6.9 million, or 6%, between fiscal years 2007 and 2008. The variances in both years were due to an increase in the average salaries used in the calculation as a result of recent collective bargaining contracts and an increase in the number of employees employed at the University.

OPEB Liability increased by $65.7 million, or 39%, between fiscal years 2008 and 2009 and increased $59.8 million, or 55%, between fiscal years 2007 and 2008. The 2009 balance represents the University’s portion of $183.6 million, which was comprised of annual OPEB costs of $82.8 million, less payments made during fiscal year 2009 of $27.7 million (refer to note 10 of the financial statements for further details). Additionally, $49.9 million of this liability was related to RF-CUNY.

The 2008 balance represents the University’s portion of $128.5 million, which comprised annual OPEB costs of $78.5 million, less payments made during fiscal year 2008 of $27.3 million. Additionally, $39.3 million of this liability was related to RF-CUNY.

Deferred Tuition and Fees Revenue comprises tuition and fee payments made by students prior to June 30th but which are intended for the following summer and/or fall semester. The 2009 balance increased by $4.2 million, or 7%, between fiscal years 2008 and 2009 and increased by $5.1 million, or 9%, between fiscal years 2007 and 2008. The variance in both fiscal years was due to the increase of tuition and fee collections prior to June 30th for the summer and fall semesters at several colleges and resulted from the timing of payment due dates coupled with an increase in enrollment.

Accrued Interest Payable decreased by $6 million, or 8%, between fiscal years 2008 and 2009 and by $5.5 million, or 7%, between fiscal years 2007 and 2008. The fiscal year 2009 variance was due to the scheduled retirements of $155.8 million in bonds and early redemption of $1.02 billion in bonds, while the fiscal year 2008 variance was due to the scheduled retirements and early redemption of $100.1 million in bonds.

Long-Term Debt increased by $101.6 million, or 29%, between fiscal years 2008 and 2009 whereas, it decreased by $308.6 million, or 8%, between fiscal years 2007 and 2008. The 2009 variance was primarily
due to the issuance of new bonds of $1.289 billion including original issue premiums, net of original issue discounts of $21.7 million, offset by the payment of outstanding debt of $1.188 billion.

The 2008 variance was primarily due to the payment of outstanding debt of $324.6 million, offset by amortization of bond premiums and discounts of $16.0 million.

**Deferred Grant Revenue** decreased by $2.5 million, or 4%, between fiscal years 2008 and 2009, after increasing by $4.0 million, or 7%, between fiscal years 2007 and 2008. The variance in both fiscal years was the result of changes in the timing of the receipt of payments from governmental and private sponsors to RF-CUNY.

**Other Liabilities** includes both current and non-current other liabilities, deposits held in custody for others, and collateral held for securities lending. The 2009 balance decreased by $33.4 million, or 30%, between fiscal years 2008 and 2009, after increasing by $19.7 million, or 21%, between fiscal years 2007 and 2008.

The 2009 variance was primarily due to (i) $24.8 million decrease in securities lending as a result of replacing numerous separately managed accounts with commingled funds that do not participate in a securities lending program and (ii) $16.9 million reduction in pollution remediation obligation, offset by recognition of $3.9 million in additional pollution remediation obligation.

The 2008 variance was primarily due to the implementation of GASB 49, which required the University to recognize $18.5 million in pollution obligations.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses, and Changes in Net Assets presents the operating results of the University, as well as non-operating revenues and expenses. New York State and City appropriations, while budgeted for operating activities, are presented as non-operating revenues as prescribed by GASB. The major components of revenues are presented below:

REVENUES

2009 Revenues

- Tuition and fees: $655,303 (18%)
- Gifts, grants, and contracts: $902,226 (25%)
- New York State appropriations: $1,205,534 (34%)
- New York City appropriations: $292,929 (8%)
- Capital appropriations: $480,813 (13%)
- Other revenues: $51,403 (2%)
- Investment return: $(7,597) (0%)

2008 Revenues

- Tuition and fees: $625,262 (18%)
- Gifts, grants, and contracts: $832,719 (24%)
- New York State appropriations: $1,169,297 (32%)
- New York City appropriations: $282,059 (8%)
- Capital appropriations: $512,139 (15%)
- Other revenues: $63,167 (2%)
- Investment return: $37,005 (1%)
- Other revenues: $63,167 (2%)
- Tuition and fees: $625,262 (18%)
- Gifts, grants, and contracts: $832,719 (24%)

The City University of New York
The University’s revenues for the fiscal years ended June 30, 2009, 2008, and 2007 are presented below:

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and fees, net</td>
<td>$655,303</td>
<td>$625,262</td>
<td>$607,572</td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>888,049</td>
<td>822,849</td>
<td>792,361</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>24,886</td>
<td>24,852</td>
<td>21,668</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>36,517</td>
<td>38,315</td>
<td>39,866</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>1,604,755</strong></td>
<td><strong>1,511,278</strong></td>
<td><strong>1,461,467</strong></td>
</tr>
<tr>
<td>Non-Operating and Other Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New York State appropriations</td>
<td>1,205,534</td>
<td>1,169,297</td>
<td>994,781</td>
</tr>
<tr>
<td>New York City appropriations</td>
<td>292,929</td>
<td>282,059</td>
<td>252,704</td>
</tr>
<tr>
<td>Capital appropriations</td>
<td>480,813</td>
<td>512,139</td>
<td>426,208</td>
</tr>
<tr>
<td>Investment income, net</td>
<td>20,728</td>
<td>60,482</td>
<td>75,495</td>
</tr>
<tr>
<td>Net (depreciation) appreciation in fair value of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts and grants</td>
<td>(28,325)</td>
<td>(23,477)</td>
<td>21,661</td>
</tr>
<tr>
<td><strong>Total non-operating and other revenues</strong></td>
<td><strong>1,985,856</strong></td>
<td><strong>2,010,370</strong></td>
<td><strong>1,796,640</strong></td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>$3,590,611</strong></td>
<td><strong>$3,521,648</strong></td>
<td><strong>$3,258,107</strong></td>
</tr>
</tbody>
</table>

The University’s total revenues for fiscal year 2009 were $3.59 billion, which represents an increase of $69.0 million, or 2%, over the prior year. New York State appropriations accounted for 34% of revenues generated by the University, followed by gifts, grants, and contracts at 25%, tuition and fees at 18%, capital appropriations at 13% and New York City appropriations at 8%.

The University’s total revenue for fiscal year 2008 was $3.52 billion, which represented an increase of $263.5 million, or 8%, over the prior year. New York State appropriations accounted for 32% of revenues generated by the University, followed by gifts, grants, and contracts at 24%, tuition and fees at 18%, capital appropriations at 15%, and New York City appropriations at 8%.

**Tuition and Fees**, net of scholarship discounts and allowances, increased by $30.0 million, or 5%, between fiscal years 2008 and 2009, and increased $17.7 million, or 3%, between fiscal years 2007 and 2008.

Both the 2009 and 2008 variances can be primarily attributed to increases in enrollment; average annual Full-Time Equivalent (FTE) enrollment increased by 6% between fiscal years 2008 and 2009 and by 4% between fiscal years 2007 and 2008.
The following depicts the University’s enrollment trends for the past five years:

**STUDENT ENROLLMENT 2004 - 2008**

**Annual Average Headcount Enrollment and Full-Time Equivalent (FTE) Student Enrollment**

<table>
<thead>
<tr>
<th></th>
<th>Headcount</th>
<th></th>
<th>FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Undergraduate</td>
<td>Graduate</td>
<td>Total</td>
</tr>
<tr>
<td>2009</td>
<td>212,614</td>
<td>30,949</td>
<td>243,563</td>
</tr>
<tr>
<td>2008</td>
<td>202,222</td>
<td>29,401</td>
<td>231,623</td>
</tr>
<tr>
<td>2007</td>
<td>195,158</td>
<td>29,008</td>
<td>224,166</td>
</tr>
<tr>
<td>2006</td>
<td>190,327</td>
<td>29,286</td>
<td>219,613</td>
</tr>
<tr>
<td>2005</td>
<td>188,121</td>
<td>29,483</td>
<td>217,604</td>
</tr>
</tbody>
</table>

Enrollment has increased in every year since 2005 and, according to preliminary Fall 2009 enrollment statistics, the increase is continuing in fiscal year 2010. Thus, the University continues to make significant progress towards fulfilling its goals, as articulated by the Chancellor, of increasing enrollment to the University. The increase in enrollment is an important component in helping the University maintain financial stability.

**Grants and Contracts** primarily consists of student financial aid and government and private funds to support the University’s research initiatives. The 2009 balance increased by $65.2 million, or 8%, from the prior year primarily due to a $52.7 million increase in the Federal Pell grant program, which raised the maximum Pell Grant from $4,310 to $4,731, and eligible expected family contribution from $4,110 to $4,241 coupled with an 11,396 increase in enrolled applicants.

The 2008 balance increased by $30.5 million, or 4.0%, from the prior year primarily due to a $30 million increase in the Federal Pell grant program. This variance is a result of approximately 4,879 additional students who received Pell during the fiscal year, coupled with a $260 increase per grant.

**Auxiliary Enterprises** revenue was constant between fiscal years 2008 and 2009, whereas it increased by $3.2 million, or 15.0%, between fiscal years 2007 and 2008. The 2008 variance is primarily due to inclusion of the activities of the performing arts operations at John Jay College and Hostos Community College during the fiscal year.

**Other Operating Revenues** decreased by $1.8 million, or 4.7%, between fiscal years 2008 and 2009 and by $1.6 million, or 4.0%, between fiscal years 2007 and 2008. The 2009 and 2008 variances were due to various increases and decreases spread across the colleges.

**New York State Appropriations** increased by $36.2 million, or 3.0%, between fiscal years 2008 and 2009 and by $174.5 million, or 18.0%, between fiscal years 2007 and 2008.

The majority of the 2009 increase involved the following appropriations to the University: increases of (i) $52.7 million for mandatory costs, including $35.9 million related to fringe benefits, $2.8 million related
Management’s Discussion and Analysis
June 30, 2009 and 2008

to building rentals and $14.0 million for other inflationary increases; (ii) $2.0 million for expansion of
nursing programs; and (iii) $56.0 million related to the PSC and DC 37 collective bargaining contracts.
These increases were offset by $17.7 million in State budget reductions implemented during the Adopted
Budget process and $50.6 million in additional cuts appropriated by the State in mid-year.

The majority of the 2008 increase involved the following appropriations to the University: (i) $44.1 million
related to the PSC and DC 37 collective bargaining contracts as described above; (ii) $67.8 million for
mandatory costs, including $40.3 million related to fringe benefits, $3 million related to utilities,
$7.5 million related to salary increases, and $17 million for other inflationary increases; (iii) $10.5 million
for college programmatic initiatives as outlined in the CUNY Compact and consistent with the University’s
Master Plan; (iv) $0.7 million for the SEEK Program; (v) $0.5 million for the Joseph S. Murphy Institute;
(vi) $1 million for legislative initiatives; (vii) $9.5 million for additional community college FTE aid;
(viii) $25 million decrease in appropriation offsets due to the timing of funds received from the Dormitory
Authority of the State of New York; and (v) $26.5 million due to the State formally recognizing the
additional tuition revenue resulting from an increased in graduate rates, which was approved by the CUNY
Board of Trustees in 2006.

New York City Appropriations increased by $10.9 million, or 4%, between fiscal years 2008 and 2009
and by $29.4 million, or 12%, between fiscal years 2007 and 2008.

The 2009 variance was due to additional appropriations for mandatory needs such as collective bargaining,
fringe benefits, building rentals, pensions and energy.

The 2008 variance was primarily due to the following increases in appropriations: (i) $18.3 million for
mandatory increases related to collective bargaining, fringe benefits, energy, and pensions; (ii) $5.5 million
for the Accelerated Studies in Associate Programs (ASAP) Initiative; (iii) $1.8 million for CUNY Prep;
(iv) $1 million to establish a Veterans Resource Center at LaGuardia Community College; (v) $0.2 million
in energy training as part of the Mayor’s Plan NYC 2030 Initiative; (vi) $1 million for the Black Male
Empowerment Initiative; and (vii) $0.2 million for the Creative Arts Team.

Capital Appropriations decreased by $31.3 million, or 6%, between fiscal years 2008 and 2009, whereas
it increased by $85.9 million, or 20%, between fiscal years 2007 and 2008.

The 2009 variance was primarily due to an additional $100.1 million capital appropriation provided for in
2008 as part of the capital debt retirement program, which was not provided for in 2009, offset by
$40.1 million in additional debt service payments and an additional $13.7 million in swap termination fees.

The 2008 variance was primarily due to the early redemption of $100.1 million in bonds.

Investment Income, net decreased by $39.8 million, or 66%, between fiscal years 2008 and 2009, and by
$15 million, or 20%, between fiscal years 2007 and 2008. The 2009 decrease follows the explanation
provided in 2008 and was due to the continued economic downturn in the capital markets.

The balance in 2008 was generated from deposits held by bond trustees, amounts held by DASNY, the
University’s investment pool, RF-CUNY, CUCF, and the University’s and colleges’ other non-tax-related
entities. Overall, the University and its affiliated entities’ investment income decreased due to a downturn
in the market. The largest decrease, $8.8 million, was experienced by amounts held by DASNY and deposits
held by bond trustees, and was due to both the downturn in the market as well as less funds available for
Net (Depreciation) Appreciation in Fair Value of Investments represents net realized and unrealized gains and losses on investments. The 2009 loss of $28.3 million, which represented a $4.8 million, or 21%, decrease between fiscal years 2008 and 2009 and a loss of $23.5 million recognized in 2008, which represented a $45.1 million, or 208%, decrease over the fiscal year 2007 net gain of $21.7 million. Both decreases reflect the continued downturn in the capital markets. The University and virtually all of its affiliated entities experienced a decrease in the fair value of their investments. The largest losses were experienced by those areas with the majority of the funds invested, which included the University’s Investment pool at $28.5 million.

Gifts and Grants include non-exchange contributions and additions to permanent endowment. The balance increased by $4.3 million, or 44%, between fiscal years 2008 and 2009, whereas it decreased by $15.9 million, or 62%, between fiscal years 2007 and 2008. The 2009 increase reflects additional grants for the Educational Opportunity Center and a gift of almost $2.0 million in endowed funds at the Macaulay Honors College Foundation.

The 2008 variance was primarily due to the following: (i) $20.0 million decrease due to a one-time large gift received from William E. Macaulay in 2007 toward the purchase of a building for the Honors College; (ii) $0.9 million of new restricted gifts deposited into the University’s investment pool; (iii) $1.6 million in new endowments related to the Macaulay donation to the Honors College; and (iv) $1 million gift to the Queens College Special projects fund by the Queens College Foundation toward the construction of the Queens College Dorm.
The University’s expenses for the fiscal years ended June 30, 2008, 2007, and 2006 are presented below:
Total expenses for fiscal 2009 exceeded $3.67 billion, which reflected an increase of $271.2 million, or 8%, over the prior year. Thirty eight percent of the University’s expenses were spent on instruction, followed by institutional support at 13%, operation and maintenance of plant at 13%, and student services at 8%.

The 2009 increases can be attributable to overall increases in payroll and related fringe benefit costs. Tax levy payroll expenses increased by $85.0 million to $1.425 billion between fiscal years 2008 and 2009 while the University’s tax levy fringe benefit expense increased by $25.0 million, from $457.0 million to $482 million in fiscal year 2009. In addition, the University spent more on operation and maintenance of plant facilities.

Total expenses for 2008 exceeded $3.4 billion, which reflected an increase of $199.0 million, or 6%, over the prior year. Thirty-seven percent of the University’s funds were spent on instruction followed by institutional support at 13%, operation and maintenance of plant at 12%, and student services at 8%.

Fiscal year 2008 – Some of the variances in expenses can be attributed to overall increases in payroll and related fringe benefit costs. Tax levy payroll expenses increased by $103.9 million to $1.34 billion between fiscal years 2007 and 2008, while the University’s tax levy fringe benefit expense increased by $44.0 million, from $413.0 million in fiscal year 2007 to $457.0 million in fiscal year 2008.

Instruction expense increased by $119.5 million, or 9%, between fiscal years 2008 and 2009 and by $64.5 million, or 5%, between fiscal years 2007 and 2008. In fiscal 2009, 281 faculty were hired at an approximate cost of $29.5 million. In addition, as per the collective bargaining agreement between the University and its faculty union – the Professional Staff Congress – all instructional staff received a 4% salary increase.
The 2008 variance was primarily due to the following increases: (i) $44.9 million in salary costs due to an increased number of faculty and salary “step” increases given to employees in accordance with collective bargaining agreements with the University’s unions; (ii) $13.6 million in additional fringe benefits costs; (iii) $6 million for science equipment acquisitions at the senior colleges; (iv) $4 million increase in Compact other than personal services (OTPS) spending; and (v) as a result of the University’s new policy that limited colleges to having reserves of no more than 2% of their operating budgets, campuses with large City University Tuition Reimbursable Account (CUTRA) and other reserves increased their OTPS purchases in the instructional area.

**Research expenses** increased by $5.2 million, or 5%, between fiscal years 2008 and 2009 and by $5.5 million, or 6%, between fiscal years 2007 and 2008. The 2008 and 2009 variances were due to the increase in research activities at RF-CUNY.

**Public Services** expense increased by $3.2 million, or 8%, between fiscal years 2008 and 2009 and by $2.8 million, or 6%, between fiscal years 2007 and 2008.

The variances were primarily related to salary and fringe benefit costs and appropriations from New York City for the “Training for Long-term Unemployment” and “Jobs to Build On” initiatives. In fiscal years 2009, 2008, and 2007, the University received $5 million, $3 million, and $6 million, respectively, for these programs, which represented a $2 million increase from fiscal years 2008 and 2009 and a $3 million decrease between fiscal years 2007 and 2008.

**Academic Support** expenses increased by $4.0 million, or 3%, between fiscal years 2008 and 2009 and by $20.5 million, or 16%, between fiscal years 2007 and 2008. The 2009 variance stems from collective bargaining salary and related fringe benefit costs, offset by decreases in staff.

The 2008 variance was primarily due to: (i) increase in library costs of $11.8 million, of which $6.9 million were for salaries, $2.6 million for fringe benefits, and $1.5 million for OTPS purchases associated with Compact initiatives; and (ii) $8.9 million increase at RF-CUNY.

**Student Services** expenditures increased by $8.7 million, or 3%, between fiscal years 2008 and 2009 and by $34.7 million, or 15%, between fiscal years 2007 and 2008. The 2009 variance can be attributable to salary and related fringe benefit cost as a result of new hires and the collective bargaining agreement. There were 58 new hires at a cost of $5.8 million, collective bargaining represented $3.4 million, and additional funds of $1.3 million were provided for a mental health counseling initiative. These increases were offset by decreases in OTPS expenditures.

The 2008 variance was primarily due to the following increases: (i) $15.3 million in salary costs, due to an increased number of employees and salary “step” increases given to employees in accordance with collective bargaining agreements with the University’s unions; (ii) $5.7 million in related fringe benefits; (iii) $6.1 million in other than personal services expenditures primarily due to Compact initiatives – the bulk of these funds were used in the areas of advising and counseling, career services, leadership development, and athletics; and (iv) $4.7 million increase at RF-CUNY.

**Institutional Support** increased by $40 million, or 9%, between fiscal years 2008 and 2009 and by $37.9 million, or 9%, between fiscal years 2007 and 2008. The 2009 variance stems from collective bargaining and fringe benefit increases, and new hires.
The majority of the 2008 increase resulted from increases in personnel and related fringe benefit costs at the colleges, as described above.

**Operation and Maintenance of Plant** expenses increased by $89.4 million, or 23%, between fiscal years 2008 and 2009 and by $59 million, or 15%, between fiscal years 2007 and 2008. The 2009 variance stems from the following: (i) 4% collective bargaining salary and fringe benefit increase; (ii) $23.2 million increase in capital expenses; (iii) $11.3 million increase in administrative salaries for senior colleges, (iv) $5.8 million in non-capitalizable expenses related to CUNY first; (v) $4.6 million capital expenses related to the pollution remediation; and (vi) $5 million increase in cost of energy.

The majority of the 2008 increase resulted from the following: (i) $17.1 million increase in personal service costs, of which approximately $7 million is due to retroactive pay provided in fiscal year 2008 to various trades titles, including carpenters, plasterers, stationary engineers, oilers, roofers, and steamfitters. These increases, most of which date back several years, were as a result of New York City Comptroller rate determinations and were paid out during fiscal year 2008; (ii) $6.4 million increase in fringe benefit costs; (iii) $4 million increase in OTPS costs, which were generated by the Compact initiative; (iv) as a result of the University’s new policy that limited colleges to having reserves of no more than 2% of their operating budgets, campuses with large CUTRA and other reserves increased their OTPS purchases in the facilities’ area; and (v) $14 million increase in expenditures for capital projects.

**Scholarship and Fellowship** expense decreased by $5.7 million or 3%, between fiscal years 2008 and 2009, after increasing by $6.9 million, or 3%, between fiscal years 2007 and 2008. The 2009 variance is mainly attributable to (i) $2.0 million fewer scholarships being disbursed because endowed funds were underwater as a result of the economy; (ii) $1.8 million decrease in scholarship expense at RF-CUNY, and (iii) decrease in loan cancellations.

The 2008 variance was primarily due to increases in the Federal Pell Grant program. During fiscal year 2008, the University’s students received $30 million in additional Pell funds compared to the prior year, of which $15.7 million was used to pay the students’ outstanding tuition liability (thus increasing the scholarship discount and allowance, an offset to scholarship and fellowship expense). This increase was offset by a decrease of $6.6 million in expenses at RF-CUNY.

**Auxiliary Enterprises** expenses increased by $1.0 million, or 5%, between fiscal years 2008 and 2009 and by $2.6 million, or 14%, between fiscal years 2007 and 2008. The 2009 change varied by college.

The 2008 variance is due to inclusion of the activities of the performing arts centers at Hostos Community College and John Jay College.

**Depreciation and Amortization** expense increased by $4 million, or 2%, between fiscal years 2008 and 2009 and by $9 million, or 5%, between fiscal years 2007 and 2008. The 2009 variance reflects more capital assets being depreciated, offset by decreases in amortization expense. The 2008 variance was due to additions related to capitalization of assets.

**OPEB Expense** increased by $5.9 million, or 7%, between fiscal years 2008 and 2009, after decreasing by $46.4 million, or 35%, between fiscal years 2007 and 2008. The 2009 variance reflects more employees and higher post employment costs; 2008 represented the second year of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, implementation. The decrease in expenses is a reflection of changes in the assumptions used by the
University’s actuaries as a result of a change in payment responsibilities. Additionally, RF-CUNY’s postemployment expense accounted for the remaining $8.9 million.

**Interest Expense** decreased by $1.5 million, or 1%, between fiscal years 2008 and 2009, whereas it increased by $10.6 million, or 6%, between fiscal years 2007 and 2008. The 2009 variance reflects refunding of existing bonds during the year offset by issuance of new bonds with a lower interest rate. Additionally, DASNY terminated some SWAP transactions during fiscal year 2009.

The 2008 variance was primarily related to a full year of bond interest expense for the bonds issue in fiscal year 2007.

**Other Non-Operating (Revenues) Expenses** increased by $2.4 million, or 157%, between fiscal years 2008 and 2009 and by $2.9 million, or 220%, between fiscal years 2007 and 2008. The 2009 variance was primarily due to $3.2 million in an insurance settlement. The 2008 variance was due to $1.8 million various increases and decreases in non-operating expenses and income at the colleges.

**CAPITAL ASSETS**

At June 30, 2009, the University had approximately $3.44 billion in capital assets, net of accumulated depreciation of $2.59 billion. Annual depreciation expense totaled $189.2 million for the year ended June 30, 2009.

At June 30, 2008, the University had approximately $3.16 billion in capital assets, net of accumulated depreciation of $2.42 billion. Annual depreciation expense totaled $181.2 million for the year ended June 30, 2008.

The University’s capital program addresses the major new construction, rehabilitation, and capital equipment needs of its colleges and is developed in accordance with the University’s established priority system as articulated in its Master Plan. Funding is based upon a five-year capital plan, which is subject to final approval by the State. A complete list of project and construction costs is included in the Master Plan. Most of CUNY’s capital program is conducted through DASNY on behalf of CUNY.
The following depicts disbursements made by DASNY for the University’s capital construction projects over the last five years:

**DASNY Capital Construction Disbursements**
*(in thousands)*

Capital construction disbursement increased by $204 million, or 76%, between fiscal years 2008 and 2009, and by $50 million, or 23%, between fiscal years 2007 and 2008. The 2009 increase reflects several major projects that began construction during this period or had progressed to a point in construction where the nature and magnitude of the activities being performed resulted in a higher rate of disbursements. For example, John Jay College Phase II Expansion Project, CUNY Science/CCNY New Science, BMCC Fiterman Hall, Medgar Evers Academic Bldg 1, Queens Remsen Hall, and CCNY Marshak Hall. In addition, CUNY managed projects had significant increases in reimbursements.

The 2008 increase reflects the availability of funds from the 2007 bonds and the funding for large capital projects including the Medgar Evers Academic Building, John Jay Phase II and costs associated with the implementation of an integrated ERP system (CUNYfirst).

Funding for capital construction and rehabilitation of educational facilities is provided principally through the issuance of bonds authorized by the CUCF and funded through DASNY. In addition, the University has entered into various agreements for the construction of other capital assets and purchase of other equipment through the issuance of Certificates of Participation. Some rehabilitation projects are also funded through City and State capital appropriations.
The following summarizes the University’s long-term debt:

Debt increased by $101.6 million, or 2.9%, between fiscal years 2008 and 2009 and by $308.6 million, or 8.1%, between fiscal years 2007 and 2008. The 2009 variance reflects both new bonds issued by the Queens College Student Residence LLC for $70.0 million and $1.22 billion new debt issued by DASNY, offset by refunding and scheduled payments of $1.19 billion in long term debt.

The 2008 variance was due to the payment of outstanding debt of $310.2 million, offset by amortization of bond premiums and discounts of $1.6 million.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The major economic factor affecting the future of The City University of New York is the performance of the economy and its impact on the City, the State, and the national government. We called attention to this in 2008 and it remains a continuing concern in 2009 and beyond.

Both the State and the City have experienced a decline in revenues and as a result have forecasted budget gaps through 2012. Based on these forecasts, CUNY has been targeted with $63 million in proposed State budget reductions in 2010 and further reductions in State support next year. The City has projected a gap of $5 billion in fiscal year 2011, but has not assigned a reduction to CUNY.

In spite of the economic news from the State and City, CUNY expects to manage its budget reductions without compromising the quality of its core instructional and student support services. The CUNY Compact, an innovative multi-year financing approach, will continue as the University’s major financing medium. In addition, enrollment at the University’s colleges remains strong. Headcount increased 5.6% and full-time equivalents (FTEs) by 5.7% between fiscal year 2008 and fiscal year 2009. In fiscal year 2010, headcount is projected to increase by 6% and FTEs by 10%. Based on these numbers, tuition and fees will be increasingly important, at least in the next several years, in meeting CUNY’s revenue requirements.
Independent Auditors’ Report

The Board of Trustees
The City University of New York:

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of The City University of New York (the University), as of and for the years ended June 30, 2009 and 2008, which collectively comprise the University’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University’s management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the University’s discretely presented foundations, component units of The City University of New York. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the University’s discretely presented foundations, is based on the reports of other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of The City University of New York, as of June 30, 2009 and 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 2 to the financial statements, the University adopted the provisions of Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, effective July 1, 2007.
The management’s discussion and analysis on pages 1 through 20 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University’s basic financial statements. The supplementary information included in schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2009 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2009 basic financial statements taken as a whole.

November 13, 2009
THE CITY UNIVERSITY OF NEW YORK
Business-type Activities – University Only
Statements of Net Assets
June 30, 2009 and 2008
(In thousands)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
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</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
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<tr>
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<tr>
<td>Cash and cash equivalents (note 3)</td>
<td>$740,594</td>
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<td>Short-term investments (note 3)</td>
<td>78,770</td>
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<tr>
<td>Deposits held by bond trustees (note 8)</td>
<td>321,000</td>
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<tr>
<td>Amounts held by the Dormitory Authority of the State of New York (note 8)</td>
<td>56,780</td>
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<td>Receivables (net of allowance for doubtful accounts of $38,536 and $30,315 in 2009 and 2008, respectively) (note 4)</td>
<td>329,693</td>
<td>377,016</td>
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<td>Prepaid expenses and other current assets</td>
<td>14,293</td>
<td>14,535</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>1,541,130</td>
<td>1,476,717</td>
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<td>Noncurrent assets:</td>
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<tr>
<td>Restricted cash</td>
<td>3,392</td>
<td>4,159</td>
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<td>Long-term investments (note 3)</td>
<td>187,736</td>
<td>205,773</td>
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<td>Deposits held by bond trustees (note 8)</td>
<td>182,795</td>
<td>386,539</td>
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<td>Student loans and accrued interest receivable (net of allowance for doubtful loans of $18,188 and $18,529 in 2009 and 2008, respectively) (note 4)</td>
<td>4,773</td>
<td>4,615</td>
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<tr>
<td>Capital assets, net (note 5)</td>
<td>3,440,866</td>
<td>3,160,935</td>
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<tr>
<td>Deferred financing costs</td>
<td>30,599</td>
<td>37,385</td>
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<tr>
<td>Other noncurrent assets</td>
<td>6,161</td>
<td>7,268</td>
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<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>3,856,322</td>
<td>3,806,674</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>5,397,452</td>
<td>5,283,391</td>
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<tr>
<th></th>
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<td><strong>Liabilities:</strong></td>
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<tr>
<td>Current liabilities:</td>
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<tr>
<td>Accounts payable and accrued expenses (note 6)</td>
<td>646,628</td>
<td>588,883</td>
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<tr>
<td>Compensated absences (note 7)</td>
<td>82,831</td>
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<tr>
<td>Deferred tuition and fees revenue</td>
<td>66,124</td>
<td>61,891</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>69,145</td>
<td>75,169</td>
</tr>
<tr>
<td>Current portion of long-term debt (note 7)</td>
<td>244,651</td>
<td>167,331</td>
</tr>
<tr>
<td>Deferred grant revenue</td>
<td>58,086</td>
<td>60,555</td>
</tr>
<tr>
<td>Collateral held for securities lending (note 3)</td>
<td>418</td>
<td>25,223</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>26,682</td>
<td>40,690</td>
</tr>
<tr>
<td>Deposits held in custody for others</td>
<td>37,384</td>
<td>29,986</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>1,231,949</td>
<td>1,123,986</td>
</tr>
<tr>
<td>Noncurrent liabilities (note 7):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensated absences</td>
<td>42,505</td>
<td>43,743</td>
</tr>
<tr>
<td>OPEB liability (note 10)</td>
<td>233,561</td>
<td>167,813</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>3,341,564</td>
<td>3,317,313</td>
</tr>
<tr>
<td>Federal refundable loans</td>
<td>43,969</td>
<td>43,968</td>
</tr>
<tr>
<td>Other noncurrent liabilities</td>
<td>13,287</td>
<td>15,321</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>3,674,886</td>
<td>3,588,158</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>4,906,835</td>
<td>4,712,144</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net (deficit) assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>(142,524)</td>
<td>(70,565)</td>
</tr>
<tr>
<td>Restricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonexpendable</td>
<td>38,554</td>
<td>38,510</td>
</tr>
<tr>
<td><strong>Expendable:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt service</td>
<td>424,215</td>
<td>380,328</td>
</tr>
<tr>
<td>Scholarships and general educational support</td>
<td>69,380</td>
<td>92,818</td>
</tr>
<tr>
<td>Loans</td>
<td>3,267</td>
<td>5,924</td>
</tr>
<tr>
<td>Other</td>
<td>17,177</td>
<td>18,232</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>80,548</td>
<td>106,000</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>$ 490,617</td>
<td>571,247</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
### Discretely Presented Component Units – College Foundations

**Combined Statements of Financial Position**

**June 30, 2009 and 2008**

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$39,053,602</td>
<td>$24,163,644</td>
</tr>
<tr>
<td>Accounts and other receivables, net</td>
<td>$2,357,039</td>
<td>$1,134,530</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>$1,871,890</td>
<td>$1,836,304</td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>$120,364,043</td>
<td>$105,978,529</td>
</tr>
<tr>
<td>Investments</td>
<td>$313,353,862</td>
<td>$377,538,664</td>
</tr>
<tr>
<td>Beneficial interest in remainder trusts</td>
<td>$7,466,760</td>
<td>$10,735,156</td>
</tr>
<tr>
<td>Remainder interest in real property</td>
<td>$264,000</td>
<td>$264,000</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>$7,484,034</td>
<td>$10,104,518</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$492,215,230</td>
<td>$531,755,345</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$3,739,033</td>
<td>$2,940,853</td>
</tr>
<tr>
<td>Annuities payable</td>
<td>$2,805,927</td>
<td>$3,792,492</td>
</tr>
<tr>
<td>Due to affiliates</td>
<td>$507,007</td>
<td>$562,000</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>$453,870</td>
<td>$187,000</td>
</tr>
<tr>
<td>Refundable matching grant</td>
<td>$500,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>$38,924</td>
<td>$38,924</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$8,044,761</td>
<td>$8,021,269</td>
</tr>
<tr>
<td><strong>Net assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$27,219,376</td>
<td>$57,120,733</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>$165,239,326</td>
<td>$203,008,462</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>$291,711,767</td>
<td>$263,604,881</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>$484,170,469</td>
<td>$523,734,076</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$492,215,230</td>
<td>$531,755,345</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## Revenues:

### Operating revenues:
- Tuition and fees (net of scholarship allowance of $389,510 and $351,593 in 2009 and 2008, respectively) $655,303, 625,262
- Grants and contracts:
  - Federal 473,682, 419,799
  - New York State 245,167, 225,311
  - New York City 88,119, 94,618
  - Private 81,081, 83,121
- Total grants and contracts 888,049, 822,849
- Sales and services of auxiliary enterprises 24,886, 24,852
- Other operating revenues 36,517, 38,315
- Total operating revenues 1,604,755, 1,511,278

### Expenses:

### Operating expenses:
- Instruction 1,387,015, 1,267,466
- Research 106,722, 101,520
- Public service 45,137, 41,980
- Academic support 154,576, 150,580
- Student services 277,060, 268,322
- Institutional support 495,470, 455,447
- Operation and maintenance of plant 485,112, 395,689
- Scholarships and fellowships 217,389, 223,135
- Auxiliary enterprises 22,080, 21,079
- Depreciation and amortization expense 190,120, 186,129
- OPEB expense (note 10) 93,324, 87,464
- Total operating expenses 3,474,005, 3,198,811

### Operating loss (1,869,250), (1,687,533)

### Nonoperating revenues (expenses):

- Government appropriations:
  - New York State 1,205,534, 1,169,297
  - New York City 292,929, 282,059
  - Gifts and grants 11,466, 7,813
  - Investment income, net 20,728, 60,482
  - Interest expense (201,231), (202,766)
  - Net depreciation in fair value of investments (28,325), (23,477)
  - Other nonoperating revenues, net 3,995, 1,556
- Net nonoperating revenues 1,305,096, 1,294,964
- Loss before other revenues (564,154), (392,569)

### Capital appropriations
- 480,813, 512,139

### Additions to permanent endowments
- 2,711, 2,057

### Total other revenues 483,524, 514,196

### (Decrease) increase in net assets
- (80,630), 121,627

## Net assets:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets at beginning of year</td>
<td>571,247</td>
<td>477,494</td>
</tr>
<tr>
<td>Effect of adoption of GASB 49 (note 2)</td>
<td>—</td>
<td>(27,874)</td>
</tr>
<tr>
<td>Net assets at beginning of year, as restated for 2008</td>
<td>571,247</td>
<td>449,620</td>
</tr>
<tr>
<td>Net assets at end of year</td>
<td>$ 490,617</td>
<td>571,247</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## THE CITY UNIVERSITY OF NEW YORK

Discretely Presented Component Units – College Foundations

Combined Statements of Activities

Years ended June 30, 2009 and 2008

### 2009

<table>
<thead>
<tr>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues, gains (losses), and other support:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts, grants, and contributions</td>
<td>$16,467,302</td>
<td>33,585,649</td>
<td>37,019,693</td>
</tr>
<tr>
<td>Special events</td>
<td>2,716,008</td>
<td>491,762</td>
<td>—</td>
</tr>
<tr>
<td>Program service revenues</td>
<td>104,809</td>
<td>15,250</td>
<td>—</td>
</tr>
<tr>
<td>Investment loss</td>
<td>(17,942,584)</td>
<td>(20,322,878)</td>
<td>(158,109)</td>
</tr>
<tr>
<td>Net realized and unrealized losses on investments</td>
<td>(14,465,250)</td>
<td>(6,366,366)</td>
<td>—</td>
</tr>
<tr>
<td>Change in value of split interest agreements/beneficial trust</td>
<td>(17,954)</td>
<td>(666,267)</td>
<td>9,430</td>
</tr>
<tr>
<td>Other income</td>
<td>330,447</td>
<td>59,721</td>
<td>—</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>45,184,164</td>
<td>(45,184,164)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total revenues, gains (losses), and other support</strong></td>
<td>32,376,942</td>
<td>(38,287,293)</td>
<td>36,871,014</td>
</tr>
</tbody>
</table>

| **Expenses:** | | | |
| Program services | 57,378,338 | — | — | 57,378,338 |
| Management and general | 6,687,821 | — | — | 6,687,821 |
| Fundraising | 6,172,640 | — | — | 6,175,988 |
| **Total expenses** | 70,238,799 | — | 3,348 | 70,242,147 |
| **Change in net assets before reclassifications and adjustments** | (37,861,857) | (38,287,293) | 36,867,666 | (39,281,484) |
| **Reclassifications and adjustments** | 7,960,500 | 518,157 | (8,760,780) | (282,123) |
| **Change in net assets** | (29,901,357) | (37,769,136) | 28,106,886 | (39,563,607) |
| **Net assets at beginning of year** | 57,120,733 | 203,008,462 | 263,604,881 | 523,734,076 |
| **Net assets at end of year** | $27,219,376 | 165,239,326 | 291,711,767 | 484,170,469 |

### 2008

<table>
<thead>
<tr>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues, gains (losses), and other support:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts, grants, and contributions</td>
<td>$21,018,152</td>
<td>56,508,105</td>
<td>34,498,974</td>
</tr>
<tr>
<td>Special events</td>
<td>4,709,830</td>
<td>169,338</td>
<td>—</td>
</tr>
<tr>
<td>Program service revenues</td>
<td>915,760</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Investment (loss) income</td>
<td>(1,088,997)</td>
<td>6,080,829</td>
<td>969,219</td>
</tr>
<tr>
<td>Net realized and unrealized losses on investments</td>
<td>(4,835,468)</td>
<td>(8,292,261)</td>
<td>(1,590,382)</td>
</tr>
<tr>
<td>Change in value of split interest agreements/beneficial trust</td>
<td>(30,504)</td>
<td>(517,657)</td>
<td>8,317</td>
</tr>
<tr>
<td>Other income</td>
<td>655,052</td>
<td>5,000</td>
<td>—</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>45,934,588</td>
<td>(45,011,243)</td>
<td>(923,345)</td>
</tr>
<tr>
<td><strong>Total revenues, gains (losses), and other support</strong></td>
<td>67,278,413</td>
<td>8,942,111</td>
<td>32,962,783</td>
</tr>
</tbody>
</table>

| **Expenses:** | | | |
| Program services | 52,330,756 | — | — | 52,330,756 |
| Management and general | 6,958,562 | 1,018,045 | — | 7,976,607 |
| Fundraising | 6,747,519 | — | — | 6,747,519 |
| **Total expenses** | 66,036,837 | 1,018,045 | — | 67,054,882 |
| **Change in net assets before reclassifications and adjustments** | 1,241,576 | 7,924,066 | 32,962,783 | 42,128,425 |
| **Reclassifications and adjustments** | (1,361,582) | 514,207 | 755,138 | (92,237) |
| **Change in net assets** | (120,006) | 8,438,273 | 33,717,921 | 42,036,188 |
| **Net assets at beginning of year** | 57,240,739 | 194,570,189 | 229,886,960 | 481,697,888 |
| **Net assets at end of year** | $57,120,733 | 203,008,462 | 263,604,881 | 523,734,076 |

See accompanying notes to financial statements.
THE CITY UNIVERSITY OF NEW YORK
Business-type Activities – University Only
Statements of Cash Flows
Years ended June 30, 2009 and 2008
(In thousands)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collection of tuition and fees</td>
<td>$659,783</td>
<td>632,327</td>
</tr>
<tr>
<td>Collection of grants and contracts</td>
<td>884,021</td>
<td>821,330</td>
</tr>
<tr>
<td>Sales and services of auxiliary enterprises</td>
<td>24,886</td>
<td>24,541</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(552,674)</td>
<td>(537,841)</td>
</tr>
<tr>
<td>Payments for utilities</td>
<td>(87,402)</td>
<td>(74,436)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(1,733,948)</td>
<td>(1,504,121)</td>
</tr>
<tr>
<td>Payments for benefits</td>
<td>(617,828)</td>
<td>(480,249)</td>
</tr>
<tr>
<td>Payments for scholarships and fellowships</td>
<td>(217,389)</td>
<td>(223,350)</td>
</tr>
<tr>
<td>Payments for OPEB</td>
<td>(27,576)</td>
<td>(16,729)</td>
</tr>
<tr>
<td>Other receipts</td>
<td>89,678</td>
<td>258,353</td>
</tr>
<tr>
<td>Net cash flows used by operating activities</td>
<td>(1,578,449)</td>
<td>(1,100,175)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from noncapital financing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State and City appropriations</td>
<td>1,541,743</td>
<td>1,361,496</td>
</tr>
<tr>
<td>Gifts and grants for other than capital purposes</td>
<td>11,466</td>
<td>7,564</td>
</tr>
<tr>
<td>Private gifts for endowment purposes</td>
<td>2,711</td>
<td>2,057</td>
</tr>
<tr>
<td>Loans issued to students</td>
<td>(9,820)</td>
<td>(9,297)</td>
</tr>
<tr>
<td>Collection of loans from students</td>
<td>5,747</td>
<td>6,312</td>
</tr>
<tr>
<td>Decrease (increase) in deposits held in custody for others</td>
<td>7,398</td>
<td>(2,451)</td>
</tr>
<tr>
<td>Other receipts</td>
<td>3,995</td>
<td>1,556</td>
</tr>
<tr>
<td>Net cash flows provided by noncapital financing activities</td>
<td>1,563,240</td>
<td>1,367,237</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from capital and related financing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from capital debt</td>
<td>1,289,388</td>
<td>—</td>
</tr>
<tr>
<td>Capital appropriations</td>
<td>480,813</td>
<td>512,139</td>
</tr>
<tr>
<td>Purchases of capital assets</td>
<td>(442,613)</td>
<td>(311,056)</td>
</tr>
<tr>
<td>Principal paid on capital debt</td>
<td>(181,411)</td>
<td>(324,654)</td>
</tr>
<tr>
<td>Principal paid on refunded bonds</td>
<td>(1,020,280)</td>
<td>—</td>
</tr>
<tr>
<td>Interest paid on capital debt</td>
<td>(188,856)</td>
<td>(193,367)</td>
</tr>
<tr>
<td>Pollution remediation obligations</td>
<td>—</td>
<td>(9,352)</td>
</tr>
<tr>
<td>Decrease in deposits held by bond trustees</td>
<td>141,465</td>
<td>270,526</td>
</tr>
<tr>
<td>Decrease in amounts held by the Dormitory Authority of the State of New York</td>
<td>6,191</td>
<td>9,280</td>
</tr>
<tr>
<td>Net cash flows provided by (used by) capital and related financing activities</td>
<td>84,697</td>
<td>(46,484)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from investing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>20,728</td>
<td>60,485</td>
</tr>
<tr>
<td>Proceeds from sales and maturities of investments</td>
<td>1,527,442</td>
<td>1,479,174</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(1,120,870)</td>
<td>(1,759,327)</td>
</tr>
<tr>
<td>Decrease in restricted cash</td>
<td>767</td>
<td>2,351</td>
</tr>
<tr>
<td>Decrease in collateral held for securities lending</td>
<td>(24,805)</td>
<td>(2,049)</td>
</tr>
<tr>
<td>Net cash flows provided by (used by) investing activities</td>
<td>403,262</td>
<td>(219,366)</td>
</tr>
<tr>
<td>Increase in cash and cash equivalents</td>
<td>472,750</td>
<td>1,212</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>267,844</td>
<td>266,632</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$740,594</td>
<td>267,844</td>
</tr>
</tbody>
</table>
Reconciliation of operating loss to net cash flows used by operating activities:

<table>
<thead>
<tr>
<th>Item</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating loss</td>
<td>$(1,869,250)</td>
<td>(1,687,287)</td>
</tr>
<tr>
<td>Adjustments to reconcile operating loss to net cash flows used by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>190,120</td>
<td>186,129</td>
</tr>
<tr>
<td>Change in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>7,959</td>
<td>(4,636)</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>867</td>
<td>2,624</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>33,050</td>
<td>321,507</td>
</tr>
<tr>
<td>Deferred tuition and fees revenue</td>
<td>4,233</td>
<td>5,127</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>7,335</td>
<td>6,907</td>
</tr>
<tr>
<td>OPEB liability</td>
<td>65,748</td>
<td>59,824</td>
</tr>
<tr>
<td>Deferred grant revenue</td>
<td>(2,469)</td>
<td>3,983</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(16,042)</td>
<td>5,647</td>
</tr>
<tr>
<td>Net cash flows used by operating activities</td>
<td>$(1,578,449)</td>
<td>$(1,100,175)</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
(1) Organization and Reporting Entity

The City University of New York (the University or CUNY) is a municipal college system located in the City of New York and is composed of the following colleges:

Senior Colleges
Bernard M. Baruch College
Brooklyn College
The City College
The College of Staten Island
Hunter College
John Jay College of Criminal Justice
Herbert H. Lehman College
Medgar Evers College
New York City College of Technology
Queens College
York College

Community Colleges
Borough of Manhattan Community College
Bronx Community College
Eugenio María de Hostos Community College
Kingsborough Community College
Fiorello H. LaGuardia Community College
Queensborough Community College

Graduate and Professional Schools
The Graduate School and University Center
City University School of Law at Queens College
The CUNY Graduate School of Journalism

Other Schools
The William E. Macaulay Honors College
The Sophie Davis School of Biomedical Education
The CUNY School of Professional Studies

In addition to the colleges and schools listed above, it was determined that other related organizations, including the Research Foundation of The City University of New York (RF-CUNY), the City University Construction Fund (CUCF), City University Economic Development Corporation (CUEDC), child care centers, auxiliary service corporations, certain foundations, and student associations should be included in the University’s financial reporting entity. The key element for inclusion in the reporting entity is based primarily on financial accountability. Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity (GASB 14), defines financial accountability in terms of a primary government (the University) that is financially accountable for the organizations that make up its legal
entity. The University is financially accountable for legally separate organizations if its officers appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the University. The University may also be financially accountable for governmental organizations that are fiscally dependent on it. Other organizations for which the nature and significance of their relationships with the University are such that exclusion from the financial reporting entity would render the reporting entity’s financial statements to be misleading or incomplete may also be included in the financial reporting entity.

Further, the State of New York presents the senior colleges as an enterprise fund (business-type activity), as defined by GASB 14, in its financial statements. Similarly, the City of New York presents CUCF as a component unit in its financial statements. In addition, the community colleges are reported as part of the primary government of the City of New York.

The accompanying basic financial statements include the operations of the following related organizations, which are blended with the accounts of the University:

**RF-CUNY**

RF-CUNY is a separate not-for-profit educational corporation and legal entity, which operates as the fiscal administrator for the majority of University-sponsored programs financed by grants and contracts. Such programs include research, training, and public service activities.

230 West 41st Street LLC (the Company) was established on May 7, 2004 as a Delaware limited liability company. The Company was organized pursuant to the Limited Liability Operating Agreement (the Agreement) dated July 14, 2004 by RF-CUNY with a 100% interest in the Company. The Company was formed to acquire, own, and operate an approximately 300,000 square foot office building located at 230 West 41st Street in New York, New York. The Company will continue indefinitely, unless terminated sooner pursuant to the Agreement.

The University has a financial benefit/burden relationship with RF-CUNY. Accordingly, financial activity related to RF-CUNY is included in the accompanying basic financial statements.

**CUCF**

CUCF is a public benefit corporation, which has the authority to design, construct, reconstruct, and rehabilitate facilities of the University pursuant to an approved master plan. The University has a financial benefit/burden relationship with CUCF, and therefore, the financial activity related to CUCF is included in the accompanying basic financial statements.
CUEDC

CUEDC is a public benefit corporation, which was incorporated to support and advance the education, research, and public service mission of CUNY. The University has a financial benefit/burden relationship with CUEDC, and therefore, the financial activity related to CUEDC is included in the accompanying basic financial statements.

Other Related Organizations

The majority of the University’s colleges maintain auxiliary services, child care centers, and certain performing arts corporations. These entities are campus-based, not-for-profit corporations, which operate, manage, and promote educationally related services for the benefit of the campus community. Although separate and independent legal entities, those corporations carry out operations, which are integrally related to the University and are included in the accompanying basic financial statements.

The colleges’ student associations carry out operations, which are integrally related to the University. Accordingly, financial activity related to these associations is included in the accompanying basic financial statements.

College Foundations

Under GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14 (GASB 39), legally separate organizations meeting certain criteria should be discretely presented as component units. The criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the University/college, its component units or its constituents (e.g., students, faculty, and staff).

2. The University/college, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.

3. The economic resources received or held by an individual organization that the University/college, or its component units, is entitled to, or has the ability to otherwise access, are significant to the University.
Each of the 20 foundations listed below met these criteria, and are, therefore, discretely presented in the University’s basic financial statements. The majority of the members of the foundations’ Board of Directors are made up of individuals who are independent from the University or college. All of the foundations listed below are June 30 year-ends, with the exception of Herbert H. Lehman College Foundation, Inc., which is a December 31 year-end. Beginning in fiscal year 2008, The City College 21st Century Foundation changed its year-end from December 31 to June 30. The fiscal year 2008 statement of activities of The City College 21st Century Foundation includes 18 months of financial activities from January 1, 2007 to June 30, 2008.

**Senior College Foundations**

The Baruch College Fund  
The Brooklyn College Foundation, Inc.  
The City College 21st Century Foundation, Inc.  
The City College Fund  
The City University School of Law at Queens College Foundation, Inc.  
The Graduate Center Foundation, Inc.  
The Hunter College Foundation, Inc.  
John Jay College Foundation, Inc.  
Herbert H. Lehman College Foundation, Inc.  
Medgar Evers Educational Foundation, Inc.  
New York City College of Technology Foundation, Inc.  
Queens College Foundation, Inc.  
The College of Staten Island Foundation, Inc.  
York College Foundation

**Community College Foundations**

Borough of Manhattan Community College Foundation, Inc.  
Bronx Community College Foundation, Inc.  
Eugenio María de Hostos Community College Foundation  
Kingsborough Community College Foundation, Inc.  
Fiorello H. LaGuardia Community College Foundation, Inc.  
Queensborough Community College Fund, Inc.

The operations of certain related but independent organizations existing at each campus, such as certain campus-related alumni associations, are not included in the accompanying basic financial statements because they do not meet the third criteria for inclusion under GASB 39; that is, the economic resources received or held by these organizations, which the University or college, or its component units, is entitled to, or has the ability to access, are not significant to the University.

Copies of the foundation audit reports can be obtained by sending an inquiry to The City University of New York, Office of the University Controller, 230 West 41st Street, 5th floor, New York, New York 10036.
(2) **Summary of Significant Accounting Policies**

In addition to GASB 14 and GASB 39, which were discussed previously, the significant accounting policies followed by the University are described below:

**Measurement Focus and Basis of Accounting**

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University’s basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as promulgated by the GASB. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized when incurred, if measurable.

GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments* (GASB 34), establishes financial reporting requirements that require the basic financial statements and required supplementary information (RSI) for general purpose governments should consist of: management’s discussion and analysis, basic financial statements, and required supplementary information.

GASB Statement No. 35, *Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34* (GASB 35), establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB 34. In accordance with this statement, the University presents statements of net assets, revenues, expenses, and changes in net assets, and cash flows on a University-wide basis. The objective of this statement is to enhance the understandability and usefulness of the external financial reports issued by public colleges and universities.

GASB Statement No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus—an amendment of GASB Statement No. 34* (GASB 37), and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, were implemented simultaneously with GASB 34.

The University’s reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB statements and interpretations issued after November 30, 1989.

**New Accounting Standards Adopted**

In fiscal year 2008, the University adopted two new accounting standards as follows:

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49) addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.
Pollution remediation obligations exclude pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care. GASB 49 identifies the obligating events, which require the University to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

The financial reporting impact and effect of adoption resulting from the implementation of GASB 49 was the recognition of an expense and liability of $27.9 million in the University’s financial statements at July 1, 2007. The pollution remediation obligation is primarily related to Borough of Manhattan Community College’s Fiterman Hall, which was severely damaged by the collapse of the World Trade Center 7. In addition to the extensive structural damage that the building sustained, Fiterman Hall was contaminated by the World Trade Center dust, and developed severe mold, rendering it uninhabitable. The source of the pollution remediation obligation stems from the fact that the University wants to deconstruct the building and construct a new building. In early 2008, the Environmental Protection Agency approved the remediation plan for Fiterman Hall. The pollution remediation obligation was obtained from contracts with third-party contractors, which includes the cost for the deconstruction and remediation, as well as anticipated additional costs above the amount included in the contract as a result of additional time required to complete the remediation, changes in regulatory requirements, and addressing previously unknown conditions. While cost estimates are subject to change, the University does not anticipate significant variance at this time. During fiscal years 2009 and 2008, the University spent $17.7 million and $9.3 million, respectively, in pollution remediation related activities. At June 30, 2009 and 2008, the University has an outstanding liability of $5.5 million and $18.5 million, respectively, related to pollution remediation obligations.

GASB Statement No. 50, Pension Disclosures—amendment to GASB Statements No. 25 and No. 27 (GASB 50), establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined pension plans. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, consequently, enhances information disclosed in notes to financial statements or presented as required supplementary information by pension plans and by employers that provide pension benefits. The reporting changes required by this statement amend applicable note disclosures and RSI requirements of GASB Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans (GASB 25), and No. 27, Accounting for Pensions by State and Local Governmental Employers (GASB 27), to conform with requirements of GASB Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (GASB 43), and No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45). GASB 50 is intended to improve the transparency and decision usefulness of reported information about pensions by state and local governments and employers.

The implementation of GASB 50 had no financial reporting impact on the University’s financial statements.
Use of 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 revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Cash Equivalents
Cash equivalents are composed of highly liquid assets with original maturities of 90 days or less, and include overnight repurchase agreements, commercial paper, and money market accounts.

Investments
In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools (GASB 31), debt and equity securities and certain other investments with readily determinable fair values are required to be reported at fair value. Accordingly, the University’s investments are reported at fair value, which is based upon values provided by the University’s custodian or current market quotations and assessed by the University for reasonableness, in the accompanying statements of net assets, and all investment income, including changes in the fair value of investments, is recognized as gain (loss) in the accompanying statements of revenues, expenses, and changes in net assets.

Noncurrent Assets
Noncurrent assets include: (1) cash and other assets or resources commonly identified as those that are expected to be realized in cash or sold or consumed beyond the normal operating cycle (12 months or more); (2) restricted assets, which should be reported when restrictions on assets change the nature or normal understanding of the availability of the asset. For example, cash and investments normally are classified as current assets, and a normal understanding of these assets presumes that restrictions do not limit the University’s ability to use the resources to pay current liabilities. But cash and investments held in a separate account that can be used to pay debt principal and interest only as required by the debt covenants and that cannot be used to pay other current liabilities should be reported as restricted assets; and (3) investments purchased with a long-term objective, which should not be reported as current assets, even though they are within one year of maturity, as the managerial intent was that the resources are not available for current uses or needs.

Cash and investments that are externally restricted to make debt service payments or long-term loans to students, or to purchase capital or other noncurrent assets, are classified as noncurrent assets in the accompanying statements of net assets.

Deferred Financing Costs
The University capitalizes costs incurred in connection with its bonds and amortizes these costs over the life of the respective obligations. These deferred costs are included as other current and noncurrent assets in the accompanying statements of net assets.
Capital Assets
Land, improvements, buildings, building improvements, infrastructure, and infrastructure improvements are stated at cost or cost based appraisal values based upon an independent appraisal performed in 2002, with subsequent additions at cost or fair value at date of acquisition or donation. Equipment and works of art and historical treasures are stated at cost or appraised value.

In accordance with the University’s capitalization policy, only those items with unit costs of more than $5,000 (excluding computer hardware, which has a threshold of $1,000) and useful lives of two years or more are capitalized. Renovations to buildings, infrastructure, and land improvements that significantly increase value or extend the useful lives of the structures are capitalized. Net interest costs on debt related to construction in progress are capitalized. University capital assets, with the exception of land, construction in progress, and works of art and historical treasures, are depreciated on a straight-line basis over their estimated useful lives, which range from 5 to 40 years.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets’ lives are not capitalized.

GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries (GASB 42), requires the University to report the effects of capital asset impairment in its financial statements and establishes accounting guidance for recording insurance recoveries.

Noncurrent Liabilities
Noncurrent liabilities include: (1) principal and interest amounts of debt obligations with contractual maturities greater than one year; (2) federal refundable loans; (3) estimated amounts of compensated absences and other liabilities that will not be paid within the next fiscal year; and (4) OPEB liability.

Other Postemployment Benefits
GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, establishes standards for the measurement, recognition, and display of other than postemployment benefits costs (OPEB) and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (e.g., life insurance) when provided separately from a pension plan.

OPEB cost is measured and disclosed using the accrual basis of accounting (see note 10). Annual OPEB cost is equal to the annual required contributions of the OPEB plan, calculated in accordance with certain parameters.

Deferred Revenue
Deferred revenue primarily consists of tuition and fees not earned during the current year and grant and contracts that have not yet been earned.
Net Assets

GASB 35 requires that resources be classified for accounting purposes into the following four net asset categories:

**Invested in capital assets, net of related debt** – This represents the University’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

**Restricted net assets – nonexpendable** – Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

**Restricted net assets – expendable** – Expendable restricted net assets include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

**Unrestricted net assets** – Unrestricted net assets represent resources derived primarily from student tuition and fees, State and City appropriations, grants and contracts, and sales and services of auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self supporting activities that provide services for students, faculty, and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University’s policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Revenue Recognition

Student tuition and fee revenues are recognized in the period earned. Included in revenues are appropriations from New York State and City, which are used for the reimbursement of operating expenses. Appropriation revenues are recognized as the related expenses are incurred.

New York State and City appropriations remain in effect provided the expense has been incurred at June 30, 2009 and a liability established at September 30, 2009. Accordingly, an appropriation receivable is recorded for accounts payable and accrued expenses to be paid from these appropriations.

Classification of Revenues

The University’s policy for defining operating activities in the accompanying statements of revenues, expenses, and changes in net assets is those that serve the University’s principal purpose and generally result from exchange transactions, such as payments received for services and payments made for the purchase of goods and services. Examples include: (1) tuition and fees, net of scholarship allowances; (2) sales and services of auxiliary enterprises; and (3) most Federal, State, local, private grants, and
contracts. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as contributions, operating, and capital appropriations from the State and the City of New York, and investment income.

**Scholarship Allowances**

Student tuition and fee revenues are reported net of scholarship allowances in the accompanying statements of revenues, expenses, and changes in net assets. Scholarship allowances are the differences between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on behalf of students. To the extent that these revenues are used to satisfy tuition and fees, the University has recorded a scholarship allowance.

**Income Tax Status**

The University is exempt from Federal income taxes under Section 115 of the Internal Revenue Code.

**Reclassifications**

Prior year balances have been reclassified to conform to the current year presentation.

**Other Significant Accounting Policies**

Other significant accounting policies are set forth in the financial statements and the following notes.

**Summary of Significant Accounting Policies Related to Component Units**

**Purchase Accounting for Acquisition of Real Estate**

The fair value of 230 West 41st Street LLC’s (the Company) acquired rental property is allocated to the acquired tangible assets, consisting of land, building, and identified intangible assets and liabilities, consisting of the value of above market and below market leases, other value of in place leases, and value of tenant relationships, based in each case on their fair values.

The fair value of the tangible assets of an acquired property (which includes land and building) is determined by valuing the property as if it were vacant, and the “as if vacant” value is then allocated to land and building based on the Company’s determination of relative fair values of these assets. Factors considered by the Company in performing these analyses include an estimate of carrying costs during the expected lease up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, the Company includes real estate taxes, insurance, and other operating expenses, and estimates of lost rental revenue during the expected lease up periods based on current market demand. The Company also estimates costs to execute similar leases, including leasing commissions.

In allocating the fair value of the identified intangible assets and liabilities of an acquired property, above market and below market in place lease values are recorded based on the difference between the current in place lease rent and the Company’s estimate of current market rents. Below market lease intangibles are recorded as part of liabilities, and amortized into rental revenues over the noncancelable period of the respective leases. Above market lease intangibles are recorded as part of assets and are amortized as a direct charge against rental revenues over the noncancelable periods of the respective leases.
The aggregate value of other acquired intangible assets, consisting of in place leases and tenant relationships, is measured by the excess of (i) the purchase price paid for the property over (ii) the estimated fair value of the property as if vacant, determined as set forth above. This aggregate value is allocated between in place lease values and tenant relationships based on management’s evaluation of the specific characteristics of each tenant’s lease. The value of in place leases is amortized to expense over the remaining noncancelable periods of the respective leases.

The weighted average amortization period for value of in place leases, above-market leases, and below-market leases is approximately five years.

(3) **Cash, Cash Equivalents, and Investments**

The University follows GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (GASB 40), which establishes disclosure requirements related to the following investment and deposit risks:

**Custodial Credit Risk**

*Deposits* – risk that, in the event of failure of a depository financial institution, the University will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

*Investments* – risk that, in the event of failure of the counterparty (the party that pledges collateral or that sells investments to or buys investments from the University) of a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of credit risk is the risk of loss attributed to the magnitude of the University’s investment in a single issuer.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the investment.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the value of the investment or deposit.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the University’s deposits may not be returned to it.

At June 30, 2009, cash and cash equivalents were held by depositories and amounted to $755,865,789 of which $31,738,804 was insured and $724,126,985 was uninsured and uncollateralized, or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the University’s name. The carrying value of such funds amounted to $740,594,000 at June 30, 2009.

At June 30, 2008, cash and cash equivalents were held by depositories and amounted to $197,500,722 of which $11,554,325 was insured and $185,946,397 was uninsured and uncollateralized, or collateralized
with securities held by the pledging financial institution or by its trust department or agent but not in the University’s name. The carrying value of such funds amounted to $267,844,000 at June 30, 2008.

The University’s investment policy does not place formal limits on cash deposits, or on uninsured investments held by counterparties.

**Investments**

At June 30, 2009 and 2008, the University had the following investments (in thousands):

<table>
<thead>
<tr>
<th>Investment type</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury bills</td>
<td>$33,605</td>
<td>255,263</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>17,668</td>
<td>14,642</td>
</tr>
<tr>
<td>Certificates of deposits</td>
<td>8,615</td>
<td>3,760</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>20,163</td>
<td>22,864</td>
</tr>
<tr>
<td>Equities</td>
<td>17,066</td>
<td>59,826</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>64,446</td>
<td>46,812</td>
</tr>
<tr>
<td>Money market fund</td>
<td>—</td>
<td>80</td>
</tr>
<tr>
<td>U.S. agency mortgage-backed securities</td>
<td>41,820</td>
<td>39,820</td>
</tr>
<tr>
<td>U.S. Treasury notes</td>
<td>1,058</td>
<td>528</td>
</tr>
<tr>
<td>U.S. government bonds</td>
<td>6,556</td>
<td>9,394</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>53,747</td>
<td>247,759</td>
</tr>
<tr>
<td>Beneficial interest in remainder trust</td>
<td>1,441</td>
<td>—</td>
</tr>
<tr>
<td>Foreign bonds</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>266,485</td>
<td>701,048</td>
</tr>
<tr>
<td><strong>Due to broker, net</strong></td>
<td>21</td>
<td>355</td>
</tr>
<tr>
<td><strong>Total investments, net</strong></td>
<td>266,506</td>
<td>701,403</td>
</tr>
<tr>
<td><strong>Less current portion of investments</strong></td>
<td>78,770</td>
<td>495,630</td>
</tr>
<tr>
<td><strong>Total noncurrent portion of investments</strong></td>
<td>$187,736</td>
<td>205,773</td>
</tr>
</tbody>
</table>

The alternative investments consist primarily of the Commonfund for Short Term Fund (the Fund). On September 29, 2008, the University was notified that Wachovia Bank, N.A., as trustee of the Fund, was resigning as trustee, had initiated the process of terminating the Fund, and had established procedures for an orderly liquidation and distribution of the assets of the Fund over a period of time. At June 30, 2009 and September 29, 2008, the University had $53,747,000 and $471,233,000, respectively, invested in the Fund. As permitted, the University has withdrawn approximately $417,000,000 from the Fund since September 29, 2008, when the Fund began liquidation. The University’s position in the Fund will not affect its financial obligation for it believes it has ample resources to meet all near and long-term obligations.

The University invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment
Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University’s $418,000 and $25,223,000 in securities lending transactions at June 30, 2009 and 2008, respectively, are held by the investment’s counterparty, not in the University’s name.

Securities Lending

The University lends certain securities to broker dealers and other entities under a contractual agreement with its custodian. In exchange for the securities loaned, the University receives collateral, which has an underlying fair value in amounts of not less than 102% of the securities loaned. The custodian may invest the cash collateral in U.S. Government securities or repurchase agreements, which are fully collateralized by U.S. Government securities, high grade corporate obligations, high grade asset backed securities, or domestic money market instruments. The custodian may not invest the collateral in any securities, which cause the dollar weighted average portfolio maturity of the cash collateral to exceed 45 days or the dollar weighted average mismatch (the relationship between the maturities of the invested collateral and the maturities of the securities loaned) to exceed 30 days.

The University is indemnified by its custodian against borrowers who fail to return securities, provide inadequate collateral to replace the securities, or fail to pay distributions by securities’ issuers while the securities are on loan. Further, the University cannot pledge or sell any of the collateral received unless the borrower defaults. At June 30, 2009 and 2008, the University had no credit risk resulting from securities lending transactions.

In accordance with GASB Statement No. 28, Accounting and Financial Reporting for Securities Lending Transactions (GASB 28), cash received as collateral from financial institutions on securities lending transactions and investments made with that cash are reported as assets, while obligations resulting from these transactions are reported as liabilities in the accompanying statements of net assets. Securities received as collateral on securities lending transactions are not required to be reported in the accompanying statements of net assets because the University does not have the ability to pledge or sell these securities received as collateral without a borrower default. The collateral received is held in the custodian’s investment portfolio.
Securities on loan with cash collateral held in the custodian’s short term investment pool at June 30, 2009 and 2008 (in thousands) are as follows:

<table>
<thead>
<tr>
<th>Investment type</th>
<th>Underlying securities</th>
<th>Collateral received</th>
<th>Collateral investment value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. agency mortgage-backed securities</td>
<td>$263</td>
<td>$268</td>
<td>$268</td>
</tr>
<tr>
<td>U.S. Treasury notes</td>
<td>$1,593</td>
<td>$1,621</td>
<td>$1,621</td>
</tr>
<tr>
<td>Total</td>
<td>$1,856</td>
<td>$1,889</td>
<td>$1,889</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment type</th>
<th>Underlying securities</th>
<th>Collateral received</th>
<th>Collateral investment value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury bills</td>
<td>$225</td>
<td>$229</td>
<td>$229</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>$2,861</td>
<td>$2,923</td>
<td>$2,923</td>
</tr>
<tr>
<td>Equities</td>
<td>$16,013</td>
<td>$16,622</td>
<td>$16,622</td>
</tr>
<tr>
<td>U.S. agency mortgage-backed securities</td>
<td>$1,930</td>
<td>$1,971</td>
<td>$1,971</td>
</tr>
<tr>
<td>U.S. Treasury notes</td>
<td>$4,145</td>
<td>$4,224</td>
<td>$4,224</td>
</tr>
<tr>
<td>U.S. government bonds</td>
<td>$1,503</td>
<td>$1,530</td>
<td>$1,530</td>
</tr>
<tr>
<td>Total</td>
<td>$26,677</td>
<td>$27,499</td>
<td>$27,499</td>
</tr>
</tbody>
</table>

The University’s investment policy does not formally address custodial credit risk.

At June 30, 2009 and 2008, investments include $418,000 and $25,223,000, respectively, of repurchase agreements that have been lent out in accordance with securities lending contracts for which cash collateral has been received. Furthermore, at June 30, 2009 and 2008, the University also received securities, having a fair value of $1,470,740 and $2,232,591, respectively, as collateral on securities lending contracts, which in accordance with GASB 28, are not included in the accompanying statements of net assets.
Credit Risk

At June 30, 2009 and 2008, the University’s investments in debt securities were rated as follows (in thousands):

<table>
<thead>
<tr>
<th>Type of debt security</th>
<th>2009</th>
<th>2008</th>
<th>S&amp;P credit rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate bonds</td>
<td>$1,069</td>
<td>690</td>
<td>AAA</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>479</td>
<td>—</td>
<td>AA+</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>485</td>
<td>548</td>
<td>AA</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>501</td>
<td>3,441</td>
<td>AA-</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>1,271</td>
<td>2,485</td>
<td>A+</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>4,135</td>
<td>2,222</td>
<td>A</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>1,477</td>
<td>3,277</td>
<td>A-</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>2,614</td>
<td>1,773</td>
<td>BBB+</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>3,948</td>
<td>1,384</td>
<td>BBB</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>1,488</td>
<td>124</td>
<td>BBB-</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>102</td>
<td>475</td>
<td>BB+</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>450</td>
<td>643</td>
<td>BB</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>250</td>
<td>673</td>
<td>BB-</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>412</td>
<td>552</td>
<td>B+</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>159</td>
<td>800</td>
<td>B</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>202</td>
<td>83</td>
<td>B-</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>1,121</td>
<td>378</td>
<td>CCC+</td>
</tr>
<tr>
<td>Total corporate bonds</td>
<td>20,163</td>
<td>22,864</td>
<td>Not Rated</td>
</tr>
<tr>
<td>U.S. agency mortgage-backed securities</td>
<td>41,820</td>
<td>39,820</td>
<td>AAA</td>
</tr>
<tr>
<td>U.S. government bonds</td>
<td>6,556</td>
<td>9,394</td>
<td>AAA</td>
</tr>
<tr>
<td>Money market fund</td>
<td>—</td>
<td>80</td>
<td>AAAm</td>
</tr>
<tr>
<td>Foreign bonds</td>
<td>300</td>
<td>300</td>
<td>A-</td>
</tr>
<tr>
<td>Total</td>
<td>$68,839</td>
<td>72,458</td>
<td></td>
</tr>
</tbody>
</table>

U.S. agency mortgage-backed securities are not rated by Standard & Poor’s; however, there is an implied AAA rating in the market.

The University’s investment policy requires that the overall average quality of each fixed income portfolio be AA or higher. Nonrated issues or issues below investment grade (below BBB) may be purchased up to a maximum of 15% of the University’s portfolio. The policy does not otherwise place formal limitations on credit risk.
Interest Rate Risk

At June 30, 2009, the University’s investments in debt securities had the following maturities (in thousands):

<table>
<thead>
<tr>
<th>Investment type</th>
<th>Fair value</th>
<th>Less than 1 year</th>
<th>1 – 5 years</th>
<th>6 – 10 years</th>
<th>More than 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury bills</td>
<td>$ 33,605</td>
<td>33,605</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Certificates of deposits</td>
<td>8,615</td>
<td>6,329</td>
<td>2,286</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>20,163</td>
<td>1,141</td>
<td>6,360</td>
<td>7,382</td>
<td>5,280</td>
</tr>
<tr>
<td>U.S. agency mortgage-backed securities</td>
<td>41,820</td>
<td>25,728</td>
<td>—</td>
<td>—</td>
<td>16,092</td>
</tr>
<tr>
<td>U.S. Treasury notes</td>
<td>1,058</td>
<td>1,011</td>
<td>37</td>
<td>10</td>
<td>—</td>
</tr>
<tr>
<td>U.S. government bonds</td>
<td>6,556</td>
<td>463</td>
<td>3,345</td>
<td>2,582</td>
<td>166</td>
</tr>
<tr>
<td>Foreign bonds</td>
<td>300</td>
<td>—</td>
<td>300</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>$ 112,117</strong></td>
<td><strong>68,277</strong></td>
<td><strong>12,328</strong></td>
<td><strong>9,974</strong></td>
<td><strong>21,538</strong></td>
<td></td>
</tr>
</tbody>
</table>

At June 30, 2008, the University’s investments in debt securities had the following maturities (in thousands):

<table>
<thead>
<tr>
<th>Investment type</th>
<th>Fair value</th>
<th>Less than 1 year</th>
<th>1 – 5 years</th>
<th>6 – 10 years</th>
<th>More than 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury bills</td>
<td>$ 255,263</td>
<td>255,263</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Certificates of deposits</td>
<td>3,760</td>
<td>2,524</td>
<td>1,044</td>
<td>192</td>
<td>—</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>22,864</td>
<td>—</td>
<td>9,006</td>
<td>4,645</td>
<td>9,213</td>
</tr>
<tr>
<td>U.S. agency mortgage-backed securities</td>
<td>39,820</td>
<td>20,846</td>
<td>—</td>
<td>—</td>
<td>18,974</td>
</tr>
<tr>
<td>U.S. Treasury notes</td>
<td>528</td>
<td>501</td>
<td>17</td>
<td>10</td>
<td>—</td>
</tr>
<tr>
<td>U.S. government bonds</td>
<td>9,394</td>
<td>—</td>
<td>3,638</td>
<td>2,827</td>
<td>2,929</td>
</tr>
<tr>
<td>Foreign bonds</td>
<td>300</td>
<td>—</td>
<td>250</td>
<td>50</td>
<td>—</td>
</tr>
<tr>
<td><strong>$ 331,929</strong></td>
<td><strong>279,134</strong></td>
<td><strong>13,955</strong></td>
<td><strong>7,724</strong></td>
<td><strong>31,116</strong></td>
<td></td>
</tr>
</tbody>
</table>

The University’s investment policy does not formally limit investment maturities as a means of managing exposure to fair market value losses arising from increasing interest rates.

Investment Pool

Certain assets included with investments in the accompanying financial statements are pooled on a fair value basis, with each individual fund subscribing to or disposing of units on the basis of the fair value per unit determined quarterly. At June 30, 2009 and 2008, the investment pool consisted of 124,181,045 and 153,174,707 units with a fair value of $124,279,173 and $153,216,256, respectively. The investment pool includes certain gifts and bequests received by the University, the use of which is restricted by donor-imposed limitations. During 2009 and 2008, the University recorded approximately $(17,428,734) and $(11,400,130), respectively, of net realized and unrealized depreciation of donor-restricted expendable and nonexpendable endowments. Under provisions of New York State law, gains on investments of endowment funds may be expended subject to certain limitations.
(4) Receivables, Net

Receivables consist of the following at June 30, 2009 and 2008 (in thousands):

<table>
<thead>
<tr>
<th>Receivables, net</th>
<th>Amount</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td>2008</td>
</tr>
<tr>
<td>Appropriations receivable</td>
<td>$181,433</td>
<td>224,713</td>
</tr>
<tr>
<td>Students and financial aid receivable</td>
<td>35,432</td>
<td>35,679</td>
</tr>
<tr>
<td>Grants and contracts receivable</td>
<td>63,012</td>
<td>61,453</td>
</tr>
<tr>
<td>Student loan receivables and accrued interest receivable</td>
<td>36,779</td>
<td>32,704</td>
</tr>
<tr>
<td>Other receivables</td>
<td>17,810</td>
<td>27,082</td>
</tr>
<tr>
<td>Total receivables, net</td>
<td>$334,466</td>
<td>381,631</td>
</tr>
</tbody>
</table>

(5) Capital Assets, Net

Capital assets consist of the following at June 30, 2009 and 2008 (in thousands):

<table>
<thead>
<tr>
<th>July 1, 2007</th>
<th>Additions</th>
<th>Reductions</th>
<th>June 30, 2008</th>
<th>Additions</th>
<th>Reductions</th>
<th>June 30, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and building improvements</td>
<td>$3,935,027</td>
<td>62,671</td>
<td>3,977,698</td>
<td>198,337</td>
<td>364</td>
<td>4,195,671</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>445,720</td>
<td>250,918</td>
<td>48,386</td>
<td>648,252</td>
<td>37,933</td>
<td>835,517</td>
</tr>
<tr>
<td>Equipment</td>
<td>408,087</td>
<td>57,505</td>
<td>39,626</td>
<td>425,966</td>
<td>53,222</td>
<td>455,400</td>
</tr>
<tr>
<td>Infrastructure and infrastructure</td>
<td>112,027</td>
<td>1,938</td>
<td>—</td>
<td>113,965</td>
<td>6,868</td>
<td>120,833</td>
</tr>
<tr>
<td>improvements</td>
<td>71,903</td>
<td>197</td>
<td>72,100</td>
<td>1,770</td>
<td>891</td>
<td>72,979</td>
</tr>
<tr>
<td>Land</td>
<td>13,316</td>
<td>—</td>
<td>271</td>
<td>13,045</td>
<td>732</td>
<td>13,777</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>11,869</td>
<td>5</td>
<td>11,873</td>
<td>48</td>
<td>57</td>
<td>11,864</td>
</tr>
<tr>
<td>Works of art and historical treasures</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total capital assets</td>
<td>5,296,882</td>
<td>373,257</td>
<td>88,284</td>
<td>5,581,855</td>
<td>652,488</td>
<td>6,028,575</td>
</tr>
<tr>
<td>Less accumulated depreciation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>1,862,112</td>
<td>130,807</td>
<td>1,992,919</td>
<td>137,308</td>
<td>—</td>
<td>2,130,227</td>
</tr>
<tr>
<td>Equipment</td>
<td>339,703</td>
<td>43,360</td>
<td>37,748</td>
<td>345,315</td>
<td>42,492</td>
<td>365,890</td>
</tr>
<tr>
<td>Infrastructure and infrastructure</td>
<td>12,982</td>
<td>5,613</td>
<td>18,595</td>
<td>6,538</td>
<td>7</td>
<td>25,126</td>
</tr>
<tr>
<td>improvements</td>
<td>61,163</td>
<td>878</td>
<td>62,041</td>
<td>922</td>
<td>472</td>
<td>62,491</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>1,461</td>
<td>589</td>
<td>2,050</td>
<td>1,925</td>
<td>—</td>
<td>3,975</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>2,277,421</td>
<td>181,247</td>
<td>37,748</td>
<td>2,420,920</td>
<td>189,185</td>
<td>2,587,709</td>
</tr>
<tr>
<td>Total capital assets, net</td>
<td>$3,019,461</td>
<td>192,010</td>
<td>50,536</td>
<td>3,160,935</td>
<td>463,303</td>
<td>3,440,866</td>
</tr>
</tbody>
</table>

Added to construction in progress is net capitalized interest of $261,000 and $758,000 for the years ended June 30, 2009 and 2008, respectively. This amount represents interest expense of $268,000 and $825,000 and reduced by investment income of $7,000 and $67,000 for the years ended June 30, 2009 and 2008, respectively.
THE CITY UNIVERSITY OF NEW YORK
Notes to Financial Statements
June 30, 2009 and 2008

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at June 30, 2009 and 2008 (in thousands):

<table>
<thead>
<tr>
<th>Accounts payable and accrued expenses</th>
<th>Amount 2009</th>
<th>Amount 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel services</td>
<td>$ 58,717</td>
<td>$89,853</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>49,920</td>
<td>54,087</td>
</tr>
<tr>
<td>Capital projects</td>
<td>66,928</td>
<td>42,233</td>
</tr>
<tr>
<td>Due to City of New York</td>
<td>265,043</td>
<td>225,857</td>
</tr>
<tr>
<td>Due to State of New York</td>
<td>52,715</td>
<td>32,066</td>
</tr>
<tr>
<td>Vendors and other</td>
<td>153,305</td>
<td>144,787</td>
</tr>
<tr>
<td>Total accounts payable and accrued expenses</td>
<td>$ 646,628</td>
<td>$588,883</td>
</tr>
</tbody>
</table>

(7) Noncurrent Liabilities

Noncurrent liabilities at June 30, 2009 consist of the following (in thousands):

<table>
<thead>
<tr>
<th>Long-term debt:</th>
<th>June 30, 2008</th>
<th>Additions</th>
<th>Reductions</th>
<th>June 30, 2009</th>
<th>Current portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage loan payable</td>
<td>$ 60,726</td>
<td>—</td>
<td>759</td>
<td>59,967</td>
<td>811</td>
</tr>
<tr>
<td>Capital lease agreements with DASNY</td>
<td>3,348,219</td>
<td>1,219,525</td>
<td>1,161,166</td>
<td>3,406,578</td>
<td>217,195</td>
</tr>
<tr>
<td>Certificates of participation</td>
<td>38,188</td>
<td>—</td>
<td>18,632</td>
<td>19,556</td>
<td>19,556</td>
</tr>
<tr>
<td>Other capital lease agreements</td>
<td>5,851</td>
<td>—</td>
<td>3,687</td>
<td>2,164</td>
<td>1,041</td>
</tr>
<tr>
<td>Honors college loan</td>
<td>25,600</td>
<td>—</td>
<td>2,400</td>
<td>23,200</td>
<td>2,400</td>
</tr>
<tr>
<td>Queens Student Residences loan</td>
<td>—</td>
<td>69,865</td>
<td>—</td>
<td>69,865</td>
<td>920</td>
</tr>
<tr>
<td>Term loan</td>
<td>1,875</td>
<td>—</td>
<td>177</td>
<td>1,698</td>
<td>1,698</td>
</tr>
<tr>
<td>Oracle financing agreement</td>
<td>4,185</td>
<td>—</td>
<td>998</td>
<td>3,187</td>
<td>1,030</td>
</tr>
<tr>
<td>Total long-term debt</td>
<td>3,484,644</td>
<td>1,289,390</td>
<td>1,187,819</td>
<td>3,586,215</td>
<td>244,651</td>
</tr>
<tr>
<td>Other liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensated absences</td>
<td>118,001</td>
<td>7,351</td>
<td>16</td>
<td>125,336</td>
<td>82,831</td>
</tr>
<tr>
<td>Federal refundable loans</td>
<td>43,968</td>
<td>5,633</td>
<td>5,632</td>
<td>43,969</td>
<td>—</td>
</tr>
<tr>
<td>Other noncurrent liabilities</td>
<td>15,321</td>
<td>—</td>
<td>2,034</td>
<td>13,287</td>
<td>—</td>
</tr>
<tr>
<td>OPEB liability</td>
<td>167,813</td>
<td>101,791</td>
<td>36,043</td>
<td>233,561</td>
<td>—</td>
</tr>
<tr>
<td>Total other liabilities</td>
<td>345,103</td>
<td>114,775</td>
<td>43,725</td>
<td>416,153</td>
<td>82,831</td>
</tr>
<tr>
<td>Total noncurrent liabilities</td>
<td>$ 3,829,747</td>
<td>1,404,165</td>
<td>1,231,544</td>
<td>4,002,368</td>
<td>327,482</td>
</tr>
</tbody>
</table>
Noncurrent liabilities at June 30, 2008 consist of the following (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2007</th>
<th>Additions</th>
<th>Reductions</th>
<th>June 30, 2008</th>
<th>Current portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgage loan payable</td>
<td>$ 61,435</td>
<td>—</td>
<td>709</td>
<td>60,726</td>
<td>762</td>
</tr>
<tr>
<td>Capital lease agreements with DASNY</td>
<td>3,632,596</td>
<td>—</td>
<td>284,377</td>
<td>3,348,219</td>
<td>141,270</td>
</tr>
<tr>
<td>Certificates of participation</td>
<td>55,800</td>
<td>—</td>
<td>17,612</td>
<td>38,188</td>
<td>18,632</td>
</tr>
<tr>
<td>Other capital lease agreements</td>
<td>7,129</td>
<td>—</td>
<td>1,278</td>
<td>5,851</td>
<td>1,394</td>
</tr>
<tr>
<td>Honors college loan</td>
<td>28,000</td>
<td>—</td>
<td>2,400</td>
<td>25,600</td>
<td>2,400</td>
</tr>
<tr>
<td>Term loan</td>
<td>2,000</td>
<td>—</td>
<td>125</td>
<td>1,875</td>
<td>1,875</td>
</tr>
<tr>
<td>Oracle financing agreement</td>
<td>6,320</td>
<td>—</td>
<td>2,135</td>
<td>4,185</td>
<td>998</td>
</tr>
<tr>
<td>Total long-term debt</td>
<td>3,793,280</td>
<td>—</td>
<td>308,636</td>
<td>3,484,644</td>
<td>167,331</td>
</tr>
<tr>
<td>Other liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensated absences</td>
<td>111,094</td>
<td>7,207</td>
<td>300</td>
<td>118,001</td>
<td>74,258</td>
</tr>
<tr>
<td>Federal refundable loans</td>
<td>43,951</td>
<td>1,380</td>
<td>1,363</td>
<td>43,968</td>
<td>—</td>
</tr>
<tr>
<td>Other noncurrent liabilities</td>
<td>15,003</td>
<td>1,746</td>
<td>1,428</td>
<td>15,321</td>
<td>—</td>
</tr>
<tr>
<td>OPEB liability</td>
<td>107,989</td>
<td>95,960</td>
<td>36,136</td>
<td>167,813</td>
<td>—</td>
</tr>
<tr>
<td>Total other liabilities</td>
<td>278,037</td>
<td>106,293</td>
<td>39,227</td>
<td>345,103</td>
<td>74,258</td>
</tr>
<tr>
<td>Total noncurrent liabilities</td>
<td>$ 4,071,317</td>
<td>106,293</td>
<td>347,863</td>
<td>3,829,747</td>
<td>241,589</td>
</tr>
</tbody>
</table>

**Mortgage Loan Payable**

On July 11, 2004, the Company, a component unit of the University, entered into a mortgage loan (the Loan) with a principal amount of $62 million, which matures on August 11, 2014. The Loan bears interest at a rate of 6.19% and was payable in monthly installments of interest only through August 2006; thereafter, principal and interest payments are due in equal monthly installments of $379,328. A balloon payment is due at maturity consisting of unpaid principal of $55,184,007 and accrued and unpaid interest.

Under the terms of the Loan, the Company is required to deposit monthly payments of $24,500 to escrow accounts maintained by the Company consisting of escrow accounts for building capital expenditures and tenant improvements, leasing commissions, lease cancellation fees, and other leasing costs. The Company had balances in escrow accounts, including interest earned, of approximately $2,516,000 and $2,980,000 as of June 30, 2009 and 2008, respectively. In addition, under the terms of the mortgage, the Company is required to deposit monthly payments to escrow accounts maintained by the Company for real estate taxes and insurance.
The following is a summary of future minimum mortgage payments required under the mortgage loan payable at June 30, 2009 (in thousands):

<table>
<thead>
<tr>
<th>Fiscal years</th>
<th>Mortgage loan payable</th>
<th>Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$ 811</td>
<td>811</td>
</tr>
<tr>
<td>2011</td>
<td>864</td>
<td>864</td>
</tr>
<tr>
<td>2012</td>
<td>909</td>
<td>909</td>
</tr>
<tr>
<td>2013</td>
<td>978</td>
<td>978</td>
</tr>
<tr>
<td>2014</td>
<td>1,041</td>
<td>1,041</td>
</tr>
<tr>
<td>2015</td>
<td>55,364</td>
<td>55,364</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>$ 59,967</strong></td>
</tr>
</tbody>
</table>

The Loan is secured by the property and assignment of rents and other payments from the tenants.

The Loan is subject to certain restrictive financial covenants, including limitations on the incurrence of additional indebtedness. Management believes the Company is in compliance with all covenants at June 30, 2009 and 2008. The Loan is subject to certain prepayment penalties if it is repaid prior to its maturity date.

Also included in restricted cash are amounts to be funded for replacements and repairs, and leasing commissions as required by the loan agreement.

**Long-Term Debt**

The University has entered into capital lease agreements for much of its capital assets with the Dormitory Authority of the State of New York (DASNY). In addition, the University has entered into various agreements for construction of other capital assets and the purchase of other equipment through the issuance of certificates of participation. The University has also entered into certain leases for leasehold improvements, which have been treated as capital leases.

**Capital Lease Agreements with the Dormitory Authority of the State of New York**

Under the University’s capital lease agreements with DASNY, construction costs are initially paid with the proceeds of bonds issued by DASNY. The bonds, with a maximum 30-year life, are repaid by DASNY via appropriations received from both New York State and New York City. Annual bond payments are secured by instructional and noninstructional fees, State appropriations for University operating expenditures, per capita State aid to New York City, or New York State personal income tax receipts. Upon repayment of the bonds and the satisfaction of all other obligations under the agreements, all rights, title, and interest in the projects are conveyed to the State of New York (for senior colleges) or the City of New York (for community colleges).
The following is a schedule by year of future minimum lease payments under these capital leases, together with the net swap amount, assuming current interest rates remain the same, and the present value of the minimum lease payments at June 30, 2009 (in thousands):

<table>
<thead>
<tr>
<th>Fiscal years:</th>
<th>Capital lease agreements with DASNY</th>
<th>Principal</th>
<th>Interest</th>
<th>Swap, net</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$231,115</td>
<td>167,511</td>
<td>14,621</td>
<td></td>
<td>413,247</td>
</tr>
<tr>
<td>2011</td>
<td>156,000</td>
<td>155,636</td>
<td>14,621</td>
<td></td>
<td>326,257</td>
</tr>
<tr>
<td>2012</td>
<td>214,205</td>
<td>145,701</td>
<td>14,621</td>
<td></td>
<td>374,527</td>
</tr>
<tr>
<td>2013</td>
<td>193,735</td>
<td>135,528</td>
<td>14,621</td>
<td></td>
<td>343,884</td>
</tr>
<tr>
<td>2014</td>
<td>188,215</td>
<td>124,794</td>
<td>14,621</td>
<td></td>
<td>327,630</td>
</tr>
<tr>
<td>2015–2019</td>
<td>909,385</td>
<td>481,713</td>
<td>53,131</td>
<td></td>
<td>1,444,229</td>
</tr>
<tr>
<td>2020–2024</td>
<td>648,390</td>
<td>293,589</td>
<td>29,145</td>
<td></td>
<td>971,124</td>
</tr>
<tr>
<td>2025–2029</td>
<td>515,765</td>
<td>160,543</td>
<td>14,364</td>
<td></td>
<td>690,672</td>
</tr>
<tr>
<td>2030–2034</td>
<td>280,695</td>
<td>66,298</td>
<td>1,219</td>
<td></td>
<td>348,212</td>
</tr>
<tr>
<td>2035–2039</td>
<td>105,500</td>
<td>10,466</td>
<td>—</td>
<td></td>
<td>115,966</td>
</tr>
<tr>
<td><strong>Total minimum lease payment</strong></td>
<td><strong>$3,443,005</strong></td>
<td><strong>1,741,779</strong></td>
<td><strong>170,964</strong></td>
<td></td>
<td><strong>5,355,748</strong></td>
</tr>
</tbody>
</table>

Less amount representing interest $1,741,779
Less swap, net $170,964

Present value of net minimum lease payments $3,443,005
Less unamortized original issue discount, net $36,427

Carrying amount of obligations $3,406,578

Interest rates on DASNY obligations range from 3.0% to 7.5%.

During 2009, DASNY issued refunding bonds having a par value of $1,014,750,000 and original issued premium of $18,433,089 on behalf of the University. Bond proceeds of $1,023,910,660 were used to defease $1,020,280,000 of existing debt. Under the terms of the resolutions for the defeased bonds, bond proceeds were paid directly to the bondholders of the defeased bonds. As a result, the refunded debt is considered to be defeased. The economic gain related to the defeased bonds amounted to $99,268,674. The excess of the bond proceeds used in defeasement over the amount of debt defeased of $3,630,660 and remaining unamortized bond issue costs, underwriter discounts, unamortized premium and discount, and other related costs from the existing bond issues of $22,865,784 are deferred and amortized in a systematic and rational manner over the remaining life of the old debt or new debt, whichever is shorter.

At June 30, 2009 and 2008, $521,465,000 and $810,695,000, respectively, of bonds outstanding are considered defeased.
Subsequent Events

On July 1, 2009, DASNY issued capital project bonds with a par value of $148,361,835 and original issue premium of $3,913,002 on behalf of the University. On August 31, 2009, DASNY issued capital project bonds with a par value of $152,514,064 on behalf of the University. On October 20, 2009, DASNY issued capital project bonds with a par value of $377,635,000 and original issue premium of $10,350,724 on behalf of the University.

Interest Swaps

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, at various times, DASNY issued certain variable interest rate bonds, and concurrently entered into 46 separate pay-fixed, receive-variable interest swaps with four counterparties. During 2005, DASNY issued fixed rate bonds and concurrently entered into three separate pay-variable, receive-fixed rate swaps with three counterparties, for which swap payments commence at future dates. The swaps are undertaken as a part of the State’s overall debt management program. The notional amounts of the swaps match the principal amounts of the associated debt. The swap was entered into at the same time the bonds were issued. The swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated “bond payable” category. The terms, including the fair values and credit ratings of the outstanding swaps at June 30, 2009, were as follows (in thousands):

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Notional amount</th>
<th>Termination date</th>
<th>Swap fixed rate paid</th>
<th>Variable swap rate paid</th>
<th>Swap fair value</th>
<th>Counterparty credit rating</th>
<th>Swap insured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay-fixed, receive-variable swaps</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City University System Consolidated Revenue Bonds, Series 2003:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citibank</td>
<td>214,309</td>
<td>1/1/25 to 7/1/31</td>
<td>3.36%</td>
<td>65% of LIBOR</td>
<td>(21,782)</td>
<td>A1/A+/A+</td>
<td>Yes</td>
</tr>
<tr>
<td>Merrill Lynch</td>
<td>124,422</td>
<td>1/1/25 to 7/1/31</td>
<td>3.36%</td>
<td>65% of LIBOR</td>
<td>(12,637)</td>
<td>Aaa/AA/AAA</td>
<td>Yes</td>
</tr>
<tr>
<td>UBS</td>
<td>124,422</td>
<td>1/1/25 to 7/1/31</td>
<td>3.36%</td>
<td>65% of LIBOR</td>
<td>(12,637)</td>
<td>Aa2/A+/A+</td>
<td>Yes</td>
</tr>
<tr>
<td>Total pay-fixed swap</td>
<td>$ 463,153</td>
<td></td>
<td></td>
<td></td>
<td>$ (47,056)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Future pay-variable, receive-fixed swaps |                  |                        |                      |                         |                |                          |              |
| City University System Consolidated Revenue Bonds, Series 2005A: |                  |                        |                      |                         |                |                          |              |
| JPMorgan                          | 108,260         | 7/1/24                 | 4.44%                | SIFMA                   | 807            | A1/A+/A+                  | No           |
| PIT Education 2005B:              |                  |                        |                      |                         |                |                          |              |
| JP Morgan                         | 45,550          | 3/15/30                | 4.34%                | BMA                     | 109            | Aa1/AA-/AA-               | No           |
| UBS                               | 45,550          | 3/15/30                | 4.34%                | BMA                     | 109            | Aa2/A+/A+                 | No           |
| Total pay-variable swap           | $199,360        |                        |                      |                         | 1,025          |                          |              |
| Total                             | $662,513        |                        |                      |                         | (46,031)       |                          |              |

a London Interbank Offered Rate
b Moody’s/S&P/Fitch, respectively
c Bond Market Association Municipal Swap Index
At June 30, 2009, the swaps had a fair value of $(46,031,000). Interest rates have changed since the swaps were entered into; the pay-fixed, receive-variable swaps have a fair value of $(47,056,000) (the fixed swap payment rate is higher than current comparable fixed rates), and the pay-variable, receive-fixed swaps had a fair value of $1,025,000 (the fixed swaps receive rate is higher than current comparable fixed rates), respectively. The fair values of pay-fixed, receive-variable rate swaps generally move in the opposite direction from the fair values of pay-variable, receive-fixed rate swaps, mitigating exposure in the swap portfolio resulting from changes in interest rates. The fair values were estimated using the zero coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero coupon bonds due on the date of each future net settlement on the swaps.

Credit Risk. At June 30, 2009, the swap agreements were not exposed to credit risk on those swaps with negative fair values. However, should interest rates change and the fair values of those swaps become positive, then the swap agreements would be exposed to credit risk in the amount of the swaps’ fair value.

For those swaps with a positive fair value, the swaps fair value represented the credit exposure to the counterparties at June 30, 2009. The swap agreements entered into during 2005 contain set-off provisions and amended existing swap agreements with those four counterparties to include such set-off provisions. Under the terms of these agreements, should an agreement terminate, close-out set-off provisions permit all outstanding transactions with the related counterparty to terminate and net the transaction’s fair values so that a single sum will be owed by, or owed to, DASNY. Should the counterparties fail to perform according to the terms of the swap contracts, at June 30, 2009, the maximum possible loss equivalent to the related swaps’ net positive value, assuming set-off, is $46,031,000. The set-off provisions currently cover four out of the five counterparties.

The guidelines set forth by DASNY require that the counterparties have credit ratings from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories and ratings that are obtained from any other nationally recognized statistical rating agency for such counterparty shall also be within the three highest investment grade categories, or the payment obligations of the counterparty shall be unconditionally guaranteed by an entity with such credit ratings.

To further mitigate credit risk, all swap agreements contain varying collateral agreements with the counterparties. The swaps require collateralization of 102% of the swap termination value payable by the counterparty, at any time that the counterparty does not have at least one rating in the second highest rating category or any of the ratings assigned to the counterparty are below the three highest rating categories. Collateral on all swaps is to be held by a third-party custodian and be in the form of direct obligations or obligations the principal and interest of which are guaranteed by the United States of America, or other securities permitted by law and agreed upon in writing by DASNY and the counterparty.

Interest Rate Risk. The pay-variable, receive-fixed interest rate swaps increase the exposure to interest rate risk. The variable interest rate to the counterparties is based on the Bond Market Association Municipal Swap Index (BMA). As BMA increases, the net payment on the swaps increases.
Basis Risk. The pay-fixed, receive-variable swap agreements are exposed to basis risk. DASNY is paying a fixed rate of interest to the counterparties and the counterparties are paying a variable rate representing 65% of the one-month LIBOR rate. The amount of the variable rate swap payments received from the counterparties does not necessarily exactly equal the actual variable rate payable to the bondholders. Should the relationship between LIBOR and actual variable rate payments converge, the expected cost savings may not materialize.

Termination Risk. The swap contracts use the International Swap Dealers Association Master Agreement (Master Agreement), which includes standard termination events, such as failure to pay, default on any other debt in an aggregate amount greater than the agreed-upon thresholds, and bankruptcy. The schedule to the Master Agreement includes additional termination events, providing that the swap may be terminated if either the downgrade of the applicable state supported bonds or the debt of the counterparty falls below certain levels. DASNY or the counterparty may terminate any of the swaps if the other party fails to perform under the term of the contract. If the counterparty to the swap defaults or if the swap is terminated, the related variable rate bonds would no longer be hedged and DASNY would no longer effectively be paying a synthetic fixed rate with respect to those bonds. A termination of the swap agreement may also result in DASNY making or receiving a termination payment. If, at the time of termination, the swap has a negative fair value, DASNY would incur a loss and would be required to settle with the other party at the swap’s fair value. If the swap has a positive value at the time of termination, DASNY would realize a gain that the other party would be required to pay.

Rollover Risk. Since the terms of the individual swaps correlate to match the final maturity of the associated debt, the authority is not exposed to rollover risk.

Certificate of Participation Agreements

The University has entered into various arrangements for the acquisition/rehabilitation of capital assets through the issuance of certificates of participation. The certificates are issued through a trustee and the University is responsible for payments to the trustee in an amount equal to the interest and principal payments made by the trustee to the certificate holders. New York State holds title to the capital assets financed with certificates of participation. Title to equipment financed with certificates of participation is held by the trustee as security for the certificate holders until such time as the certificates are fully paid. Payments under these obligations are funded by New York State appropriations.
The following is a summary of future minimum payments required under these certificates of participation at June 30, 2009 (in thousands):

<table>
<thead>
<tr>
<th>Certificate of participation agreements</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal years:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>$19,510</td>
<td>488</td>
<td>19,998</td>
</tr>
<tr>
<td>Total minimum payments</td>
<td>$19,510</td>
<td>488</td>
<td>19,998</td>
</tr>
<tr>
<td>Less amount representing interest</td>
<td></td>
<td></td>
<td>(488)</td>
</tr>
<tr>
<td>Present value of net minimum payments</td>
<td></td>
<td></td>
<td>19,510</td>
</tr>
<tr>
<td>Add unamortized original issue premium, net</td>
<td></td>
<td></td>
<td>46</td>
</tr>
<tr>
<td>Carrying amount of obligations</td>
<td></td>
<td></td>
<td>$19,556</td>
</tr>
</tbody>
</table>

Interest rates on certificates of participation are 5.00%.

**Other Capital Lease Agreements**

The University has a capital lease agreement for equipment related to the Brooklyn College Central Chiller Plant. The following is a summary of future minimum lease payments required under this capital lease at June 30, 2009 (in thousands):

<table>
<thead>
<tr>
<th>Brooklyn capital lease</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal years:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>$1,041</td>
<td>102</td>
<td>1,143</td>
</tr>
<tr>
<td>2011</td>
<td>1,123</td>
<td>43</td>
<td>1,166</td>
</tr>
<tr>
<td>Total minimum lease</td>
<td>$2,164</td>
<td>145</td>
<td>2,309</td>
</tr>
<tr>
<td>payment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less amount representing interest</td>
<td></td>
<td></td>
<td>(145)</td>
</tr>
<tr>
<td>Carrying amount of obligations</td>
<td></td>
<td></td>
<td>$2,164</td>
</tr>
</tbody>
</table>
Honors College Loan

The University has entered into a mortgage loan with TD Bank for financing the purchase of the Macaulay Honors College Building.

The following is the schedule by year of future principal and interest payments to TD Bank, assuming current interest rates and the present value of the net swap amounts at June 30, 2009 remain the same (in thousands):

<table>
<thead>
<tr>
<th>Fiscal years</th>
<th>Honors College Loan</th>
<th>Principal</th>
<th>Interest</th>
<th>Swap, net</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$2,400</td>
<td>1,459</td>
<td>4</td>
<td>3,863</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>2,400</td>
<td>1,301</td>
<td>3</td>
<td>3,704</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>1,800</td>
<td>1,160</td>
<td>2</td>
<td>2,962</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>1,800</td>
<td>1,041</td>
<td>2</td>
<td>2,843</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>14,800</td>
<td>567</td>
<td>1</td>
<td>15,368</td>
<td></td>
</tr>
</tbody>
</table>

Total minimum loan payment $23,200
Less amount representing interest (5,528)
Less swap, net (12)
Carrying amount of obligations $23,200

Interest rates range between the 30-day LIBOR rate plus 1.25% (1.56%) and 6.54%.

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, CUNY obtained a commercial loan of $28,000,000 from TD Bank and concurrently entered into pay-fixed, receive-variable interest swap with the same bank, for which swap payments commence at future date. The notional amount of the swap is $13,400,000 whereas the principal amount of the associated debt is $23,200,000. The balance of the loan amount, $9,800,000, has variable interest rate of 30-day LIBOR plus 1.25%. The swap was entered into at the same time the loan was obtained. The swap agreement contains scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated receipt of gift funds from the donor, William E. Macaulay.

The terms, including the fair values and credit ratings of the outstanding swap at June 30, 2009, are as follows (in thousands):

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Notional amount</th>
<th>Termination date</th>
<th>Swap fixed rate paid</th>
<th>Variable swap rate received</th>
<th>Swap fair value</th>
<th>Counterparty credit rating</th>
<th>Swap insured</th>
</tr>
</thead>
<tbody>
<tr>
<td>TD Bank</td>
<td>$13,400</td>
<td>1/31/2014</td>
<td>6.54%</td>
<td>30-day LIBOR plus 1.25%</td>
<td>$1,188</td>
<td>AA- (S&amp;P)</td>
<td>Yes</td>
</tr>
</tbody>
</table>

(Continued)
At June 30, 2009, the swap had a fair value of $1,187,768. Interest rates have changed since the swap was entered into and the fixed swap payment rate is lower than current comparable fixed rate. The fair value for the swap was supplied by the bank.

Credit Risk. At June 30, 2009, the swap agreement was exposed to credit risk in the amount of the swap’s fair value.

Basis Risk. The pay-fixed, receive-variable swap agreements are exposed to basis risk. CUNY is paying a fixed rate of interest to the counterparty at 6.54% and receiving from the counterparty a variable rate representing 30-day LIBOR plus 1.25%. At June 30, 2009, the 30-day LIBOR rate was 3.0875%.

Termination Risk. The swap contracts use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay, default on any other debt in an aggregate amount greater than the agreed-upon thresholds, and bankruptcy. CUNY or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. A termination of the swap agreement may also result in CUNY making or receiving a termination payment. If, at the time of termination, the swap has a negative fair value, CUNY would incur a loss and would be required to settle with the other party at the swap’s fair value. If the swap has a positive value at the time of termination, CUNY would realize a gain that the other party would be required to pay.

Rollover Risk. Since the terms of the individual swaps correlate to match the final maturity of the associated debt, CUNY is not exposed to rollover risk.

Queens Student Residences Mortgage Loan

The Queens Student Residences, LLC entered into a mortgage loan with RBS Citizens Bank, NA for financing Queens College Summit, Student Housing Building. In connection with the loan, the Queens Student Residences obtained a letter of credit of $70,645,957 from RBS Citizens Bank, NA. The letter of credit expires on April 22, 2014.
The following is the schedule by year of future principal and interest payments to RBS Citizens Bank, NA, assuming current interest rate and the present value of the net swap amounts at June 30, 2009 remain the same (in thousands):

<table>
<thead>
<tr>
<th>Queens Student Residences Mortgage Loan</th>
<th>Principal</th>
<th>Interest</th>
<th>Swap, net</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal years:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>$920</td>
<td>752</td>
<td>1,363</td>
<td>3,035</td>
</tr>
<tr>
<td>2011</td>
<td>270</td>
<td>742</td>
<td>1,345</td>
<td>2,357</td>
</tr>
<tr>
<td>2012</td>
<td>605</td>
<td>739</td>
<td>1,340</td>
<td>2,684</td>
</tr>
<tr>
<td>2013</td>
<td>725</td>
<td>733</td>
<td>1,328</td>
<td>2,786</td>
</tr>
<tr>
<td>2014</td>
<td>855</td>
<td>725</td>
<td>1,314</td>
<td>2,894</td>
</tr>
<tr>
<td>2015 – 2019</td>
<td>6,300</td>
<td>3,455</td>
<td>5,061</td>
<td>14,816</td>
</tr>
<tr>
<td>2020 – 2024</td>
<td>8,245</td>
<td>3,068</td>
<td>—</td>
<td>11,313</td>
</tr>
<tr>
<td>2025 – 2029</td>
<td>10,075</td>
<td>2,587</td>
<td>—</td>
<td>12,662</td>
</tr>
<tr>
<td>2030 – 2034</td>
<td>12,330</td>
<td>1,998</td>
<td>—</td>
<td>14,328</td>
</tr>
<tr>
<td>2035 – 2039</td>
<td>15,080</td>
<td>1,278</td>
<td>—</td>
<td>16,358</td>
</tr>
<tr>
<td>2040 – 2043</td>
<td>14,460</td>
<td>397</td>
<td>—</td>
<td>14,857</td>
</tr>
<tr>
<td><strong>Total minimum loan payment</strong></td>
<td>$69,865</td>
<td>16,474</td>
<td>11,751</td>
<td>98,090</td>
</tr>
<tr>
<td>Less amount representing interest</td>
<td></td>
<td></td>
<td></td>
<td>(16,474)</td>
</tr>
<tr>
<td>Less swap, net</td>
<td></td>
<td></td>
<td></td>
<td>(11,751)</td>
</tr>
<tr>
<td><strong>Carrying amount of obligations</strong></td>
<td>$69,865</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Interest rates range between the 7 day USD-LIBOR-BBA rate times 67.00% (0.19%) and 3.0275%.

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, Queens Student Residences concurrently entered into pay-fixed, receive-variable interest swap with the same bank, for which swap payments commence at future date. The notional amount of the swap is $69,865,000 whereas the principal amount of the associated debt is $69,865,000. The swap was entered into at the same time the loan was obtained. The swap agreement contains scheduled reductions to outstanding notional amounts that continue through fiscal 2018, the swap termination date. The terms, including the fair values and credit ratings of the outstanding swap at June 30, 2009, are as follows (in thousands):

<table>
<thead>
<tr>
<th>Pay-fixed, receive-variable swaps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counterparty</td>
</tr>
<tr>
<td>RBS Citizens, NA</td>
</tr>
</tbody>
</table>
At June 30, 2009, the swap had a fair value of $(3,643,123). Interest rates have changed since the swap was entered into and the fixed swap payment rate is higher than current comparable fixed rate. The fair value for the swap was supplied by the bank.

**Credit Risk.** At June 30, 2009, the swap agreement was exposed to credit risk in the amount of the swap’s fair value.

**Basis Risk.** The pay-fixed, receive-variable swap agreement is exposed to basis risk. The Queens Student Residences is paying a fixed rate of interest to the counterparty at 3.0275% and receiving from the counterparty a variable rate representing 7-day USD-LIBOR-BBA times 67%.

**Termination Risk.** The swap contracts use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay, default on any other debt in an aggregate amount greater than the agreed-upon thresholds, and bankruptcy. The Queens Student Residences or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. A termination of the swap agreement may also result in the Queens Student Residences making or receiving a termination payment. If, at the time of termination, the swap has a negative fair value, the Queens Student Residences would incur a loss and would be required to settle with the other party at the swap’s fair value. If the swap has a positive value at the time of termination, the Queens Student Residences would realize a gain that the other party would be required to pay.

**Rollover Risk.** Since the term of the swap does not match the final maturity of the associated debt, the Queens Student Residences is exposed to rollover risk.

**Term Loan**

In March 2006, the Company received a revolving credit loan for $12 million, which converted to a 10-year term loan on September 2006. The loan was obtained to finance the construction of certain improvements for leased space at 230 West 41st Street. The term loan pays a fixed rate of interest of 6.53%. At June 30, 2009 and 2008, $1,698,000 and 1,875,000, respectively, of the term loan is outstanding.
Oracle Financing Agreement

In May 2007, the University entered into a long-term financing agreement with Oracle Credit Corporation for $56,320,385 to provide for the acquisition of Oracle software licenses and consulting services. During fiscal year 2009, CUNY paid $998,000 in principal. At June 30, 2009 and 2008, $3,187,000 and $4,185,000, respectively, of the Oracle Financing Agreement is outstanding. The following is a summary of future minimum payments required under this financing agreement at June 30, 2009 (in thousands):

<table>
<thead>
<tr>
<th>Fiscal year:</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$1,030</td>
<td>100</td>
<td>1,130</td>
</tr>
<tr>
<td>2011</td>
<td>1,062</td>
<td>68</td>
<td>1,130</td>
</tr>
<tr>
<td>2012</td>
<td>1,095</td>
<td>34</td>
<td>1,129</td>
</tr>
<tr>
<td>Total minimum payment</td>
<td>$3,187</td>
<td>202</td>
<td>3,389</td>
</tr>
</tbody>
</table>

Less amount representing interest

Carrying amount of obligations $3,187

Interest rate was 3.10%.

Compensated Absences

Employees accrue vacation leave based upon time employed, with the maximum accumulation generally ranging from 45 to 50 days. The recorded liability for accrued vacation leave, including the University’s share of fringe benefits, is approximately $79.0 million and $70.4 million at June 30, 2009 and 2008, respectively. Employees also earn sick leave credits, which are considered termination payments and may be accumulated up to a maximum of 160 days. Accumulated sick leave credits are payable up to 50% of the accumulated amount as of the date of retirement. The recorded liability for sick leave credits is approximately $46.3 million and $47.6 million at June 30, 2009 and 2008, respectively.

(8) Deposits Held by Bond Trustees and Amounts Held by the Dormitory Authority of the State of New York

Deposits held by bond trustees include bond proceeds not yet expended for construction projects and related accumulated investment income. Bond proceeds and interest income in excess of construction costs are restricted for future projects or debt service. In addition, deposits held by bond trustees include reserves required for debt service and replacement under lease agreements, together with earnings on such funds.

Amounts held by DASNY represent funds that have been remitted to DASNY to be used for rehabilitation of capital assets or held for general operating purposes.
In accordance with GASB 40, deposits held by bond trustee and amounts held by DASNY by type at June 30, 2009 are as follows (in thousands):

<table>
<thead>
<tr>
<th>Deposits held by trustee and amounts held by DASNY</th>
<th>Fair value</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 326,452</td>
<td></td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>4,063</td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury notes and bonds</td>
<td>647</td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury bills</td>
<td>172,605</td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury strips</td>
<td>955</td>
<td></td>
</tr>
<tr>
<td>U.S. agency mortgage-backed securities</td>
<td>55,853</td>
<td>AAA</td>
</tr>
<tr>
<td>Total</td>
<td>$ 560,575</td>
<td></td>
</tr>
</tbody>
</table>

In accordance with GASB 40, deposits held by bond trustee and amounts held by DASNY by type, at June 30, 2008, are as follows (in thousands):

<table>
<thead>
<tr>
<th>Deposits held by trustee and amounts held by DASNY</th>
<th>Fair value</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 236,270</td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury notes and bonds</td>
<td>2,158</td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury bills</td>
<td>415,652</td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury strips</td>
<td>2,290</td>
<td></td>
</tr>
<tr>
<td>U.S. agency mortgage-backed securities</td>
<td>51,861</td>
<td>AAA</td>
</tr>
<tr>
<td>Total</td>
<td>$ 708,231</td>
<td></td>
</tr>
</tbody>
</table>

The funds are invested in securities with maturities of less than one year.

Deposits held by bond trustee and amounts held by DASNY are subject to the following risks:

**Custodial Credit Risk**

Custodial credit risk for deposits held by bond trustee and amounts held by DASNY is the risk that in the event of a bank failure or counterparty failure, the University will not be able to recover the value of its cash and investments in the possession of an outside party. Of the $560,575,000 and $708,231,000 in deposits held by bond trustee and amounts held by DASNY at June 30, 2009 and 2008, respectively, $524,308,000 and $696,219,000 at June 30, 2009 and 2008, respectively, are held by DASNY or the bond trustee, not in the University’s name.
Credit Risk

For an investment security, credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. Under investment agreements, deposits held by bond trustee and amounts held by DASNY are invested with financial institutions at a fixed contract rate of interest. Because the security is essentially a written contract, there is no rating available for such an instrument; however, at the time the agreements are entered into, the underlying providers are generally rated in at least the second highest rating category by at least one of the nationally recognized rating organizations in accordance with established investment policy and guidelines.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the University’s investment in a single issuer. During 2009 and 2008, deposits held by bond trustee and amounts held by DASNY were not exposed to concentration of credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal investment policy for deposits held by bond trustee or amounts held by DASNY that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments primarily consist of obligations of the U.S. Government and are reported at fair value with maturities of one year or less.

Pension Plans

The University participates in three pension plans for its employees: the New York City Employees’ Retirement System (ERS); the Teachers’ Retirement System of the City of New York Qualified Pension Plan (TRS); and Teachers’ Insurance and Annuity Association – College Retirement Equities Fund (TIAA CREF). ERS and TRS are cost sharing, multiple employer defined benefit plans administered by the City of New York. TIAA CREF is a privately operated, multiemployer defined contribution retirement plan. TIAA CREF obligations of employers and employees to contribute and of employees to receive benefits are governed by the New York State Education Law and City laws.

ERS and TRS provide retirement benefits, as well as death and disability benefits. These systems function in accordance with existing State of New York statutes and New York City laws.

ERS and TRS issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to ERS at 335 Adams Street, Brooklyn, New York 11201, or TRS at 55 Water Street, New York, New York 10041.

TIAA CREF provides retirement and death benefits for or on behalf of those full-time professional employees and faculty members electing to participate in this optional retirement program.

Funding Policy

Employer contributions to ERS and TRS are determined by the City of New York based on actuarially determined rates that, expressed as a percentage of annualized covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Member contributions are established by law. Employees who
joined ERS and TRS on or after July 1, 1977 are mandated to contribute 3% of their annual wages to the plans. Effective October 1, 2000, in accordance with Chapter 126 of the Laws of 2000, these members are not required to make contributions after the 10th anniversary of their membership date or completion of 10 years of credited service, whichever is earlier.

Employer and employee contribution requirements to TIAA CREF are determined by the New York State Retirement and Social Security Law. Participating University employees contribute 1.5% for tiers one through four and 3.0% for tier five of salary on an after-tax basis. Employer contributions range from 10.5% to 13.5% for tiers one through four, depending upon the employee’s compensation, and 8.0% to 10.0% of salary for tier five, depending upon the employee’s years of service. Employee contributions for 2009 and 2008 amounted to approximately $65.1 million and $63.3 million, respectively.

The required University contributions for the current year and the two preceding years were (in thousands):

<table>
<thead>
<tr>
<th>Year</th>
<th>Pension plans</th>
<th>ERS</th>
<th>TRS</th>
<th>TIAA-CREF</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td>$38,080</td>
<td>33,754</td>
<td>87,841</td>
<td>159,675</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>34,738</td>
<td>31,648</td>
<td>74,782</td>
<td>141,168</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td>28,063</td>
<td>26,465</td>
<td>76,021</td>
<td>130,549</td>
</tr>
</tbody>
</table>

The University’s contributions made to the systems were equal to 100% of the contributions required for each year.

(10) Postemployment Benefits

*Plan Description.* CUNY retirees receive retiree healthcare benefits through the New York City Health Benefits Program (Plan), which is a single-employer defined benefit healthcare plan. The program covers former CUNY employees who were originally employed by CUNY senior colleges or by CUNY community colleges. The program covers individuals who receive pensions from one of the following three pension plans within the New York City Retirement System (NYCRS):

- New York City Employees’ Retirement System (ERS)
- New York City Teachers’ Retirement System (TRS)
- New York City Board of Education Retirement System (BERS)

In addition, the program covers individuals under alternate retirement arrangements. The most significant alternate retirement arrangement is coverage under the TIAA rather than through the NYCRS. In addition to the participants of NYCRS and TIAA, the valuation also includes 53 CUNY employees covered under the Cultural Institutions Retirement System (CIRS), who are being treated the same as employees in TIAA.

The City of New York is assumed to pay for the coverage (Basic Coverage and Welfare Fund contributions) for retirees in NYCRS and TIAA who retire from community colleges. The City of New York also pays for the costs to nonpedagogical CUNY Senior College retirees of the NYCRS. In addition, the City reimburses CUNY employees the Part B premium for Medicare-eligible retirees and covered spouses for all covered CUNY employees, whether retired under NYCRS or TIAA, and whether retired
from a senior or community college. The obligation for these coverages is considered an obligation of the City and not included in CUNY’s valuation.

CUNY currently reimburses the City for Basic Coverage and Welfare Fund coverage for NYCRS senior college retirees except for those who retired from one of the NYCRS in nonpedagogical positions. CUNY is also currently being billed for Basic Coverage and Welfare Fund coverage for all TIAA retirees, whether retired from a senior or community college.

The City issues a publicly available financial report, which is available at: Office of the Comptroller, Bureau of Accountancy – Room 808, 1 Centre Street, New York, New York 10007.

Funding Policy. OPEB includes Health Insurance and Medicare Part B Reimbursements; Welfare Benefits stem from the University’s collective bargaining agreements. The University is not required by law or contractual agreement to provide funding for postemployment benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependants. For the fiscal year ended June 30, 2009, the University paid $34.2 million, of which $27.7 was for senior colleges and $6.5 million was for community colleges, which were paid to the New York City Health Retirement Trust Fund. For the fiscal year ended June 30, 2008, the University paid $33.4 million, of which $27.3 was for senior colleges and $6.1 million was for community colleges, which were paid to the New York City Health Retirement Trust Fund.
Annual OPEB Cost and Net OPEB Obligation. The University’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount that was actuarially determined by using the Frozen Entry Age Actuarial Cost Method (one of the actuarial cost methods in accordance with the parameters of GASB 45). Under this method, the excess of the Actuarial Present Value of Projected Benefits over the sum of (i) the Actuarial Value of Assets plus (ii) the Unfunded Frozen Actuarial Accrued Liability is allocated on a level basis over the earnings of the covered active employees between the valuation date and assumed exit. This allocation is performed for the group as a whole. The Frozen Actuarial Accrued Liability is determined using the Entry Age Actuarial Cost Method. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. Under this method, actuarial gains/losses, as they occur, reduce/increase future Normal Costs. The ARC represents a level of funding that is paid on an ongoing basis, is projected to cover normal cost each year, and amortize unfunded actuarially liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the elements of the University’s annual OPEB cost for the year, the amount actually paid, and changes in the University’s net OPEB obligation to the Plan for the years ended June 30, 2009 and 2008 (in thousands):

<table>
<thead>
<tr>
<th>Element</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual required contribution*</td>
<td>$82,802</td>
<td>$78,502</td>
</tr>
<tr>
<td>Interest on net OPEB obligation</td>
<td>$5,139</td>
<td>$3,091</td>
</tr>
<tr>
<td>Adjustment to annual required contribution</td>
<td>($5,106)</td>
<td>($3,071)</td>
</tr>
<tr>
<td>Annual OPEB cost (expense)</td>
<td>$82,835</td>
<td>$78,522</td>
</tr>
<tr>
<td>Payments made</td>
<td>($27,681)</td>
<td>($27,318)</td>
</tr>
<tr>
<td>Increase in net OPEB obligation</td>
<td>$55,154</td>
<td>$51,204</td>
</tr>
<tr>
<td>Net OPEB obligation – beginning of year</td>
<td>$128,487</td>
<td>$77,283</td>
</tr>
<tr>
<td>Net OPEB obligation – end of year</td>
<td>$183,641</td>
<td>$128,487</td>
</tr>
</tbody>
</table>

* This amount reflects a 30-year amortization as a level percentage of payroll of the Unfunded Actuarial Accrued Liability.

The University’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal years ended June 30, 2009 and 2008 were as follows (in thousands):

<table>
<thead>
<tr>
<th>Fiscal year ended</th>
<th>Annual OPEB cost</th>
<th>Percentage of annual OPEB cost paid</th>
<th>Net OPEB obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2009</td>
<td>$82,835</td>
<td>33.40%</td>
<td>$183,641</td>
</tr>
<tr>
<td>June 30, 2008</td>
<td>$78,522</td>
<td>34.79%</td>
<td>$128,487</td>
</tr>
</tbody>
</table>
**Funded Status and Funding Progress.** As of June 30, 2008, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was $950.4 million (which represents the total present value $0, resulting in an unfunded actuarial accrued liability (UAAL) of $950.4 million). The covered payroll (annual payroll of active employees by the Plan) was $786.2 million, and the ratio of the UAAL to the covered payroll was 121%.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employers are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, shown below as required supplementation information, presents the results of OPEB valuations as of June 30, 2009 and 2008 and looking forward, the schedule will eventually provide multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Schedule of Funding Progress
(In thousands)

<table>
<thead>
<tr>
<th>Actuarial valuation date</th>
<th>Actuarial value of assets (a)</th>
<th>Actuarial accrued liability (AAL) entry age (b)</th>
<th>Unfunded AAL (UAAL) (b-a)</th>
<th>Funded ratio (a/b)</th>
<th>Covered payroll (c)</th>
<th>UAAL as a percentage of covered payroll (b-a)/c</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2008</td>
<td>$ —</td>
<td>950,447</td>
<td>950,447</td>
<td>—%</td>
<td>$786,245</td>
<td>121%</td>
</tr>
</tbody>
</table>

**Actuarial Cost Methods and Assumptions** – CUNY employees and retirees are eligible for the same health benefits (both in active service and in retirement, if eligible) as employees and retirees of the City of New York. The health benefits are administered by the Office of Labor Relations (OLR). The City of New York is responsible for the cost of all OPEB benefits for Community College retirees who retired under one of the NYCRS and for Medicare Part B premiums for Senior College retirees who retired under one of the NYCRS and for all CUNY TIAA retirees.

The actuarial assumptions used for CUNY members of the NYCRS are the same as those used for City of New York members of the applicable retirement systems. According to the data provided by the New York City Office of the Actuary (OA), there are CUNY employees covered by NYCRS, TRS, and BERS.

Except as noted below, all other assumptions for TIAA employees and retirees (e.g., discount rate, per capita claims costs, healthcare trend rates, Medicare Part B premiums, and age-related morbidity) are the same as those used for members of TRS.
Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical patterns of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Valuation Date:** June 30, 2008, and the Actuarial Accrued Liability frozen as of the valuation date.

Actuarial Cost Method: Frozen Entry Age Actuarial Cost Method. Under this method, the excess of the Actuarial Present Value of Projected Benefits over the sum of the Actuarial Value of Assets and the Unfunded Frozen Actuarial Accrued Liability is allocated on a level basis over the future working lifetime of the group included in the valuation from the valuation date to assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations. The Frozen Actuarial Accrued Liability is determined using the Entry Age Actuarial Cost Method. The portion of the Actuarial Present Value allocated to a valuation year is called the Normal Cost. Under this method, Actuarial Gains (Losses), as they occur, reduce (increase) future Normal Costs.

**Amortization:** For purposes of these calculations, the Frozen Actuarial Accrued Liability is amortized as a level percentage of payroll over an open 30-year period.

**Discount Rate:** 4.0% per annum, compounded annually.

**Healthcare Cost Trend Rate:** Covered healthcare expenses were assumed to increase by the following percentages each year:

<table>
<thead>
<tr>
<th>Fiscal year ending:</th>
<th>Medical (Pre-Medicare)</th>
<th>Medical (Post-Medicare)</th>
<th>Welfare Fund contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8.5%</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>2011</td>
<td>8.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>2012</td>
<td>7.5</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>2013</td>
<td>7.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>2014</td>
<td>6.5</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>2015</td>
<td>6.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>2016</td>
<td>5.5</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>2017 and later</td>
<td>5.0</td>
<td>5.0</td>
<td>5.0</td>
</tr>
</tbody>
</table>

**Inflation Rate:** The assumed increase in premium rates.

<table>
<thead>
<tr>
<th>Medical</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial rate **</td>
<td>9.5%</td>
</tr>
<tr>
<td>Ultimate rate</td>
<td>5.0</td>
</tr>
<tr>
<td>Fiscal year ultimate rate reached**</td>
<td>2017</td>
</tr>
</tbody>
</table>
** 7% initial trend rate applied to post-Medicare per capitas and Welfare Fund contributions, with 5% ultimate rate reached in 2010.

**Wage Inflation:** 3.0% per annum, compounded annually.

**Miscellaneous:** The valuation was prepared on a going-plan basis. This assumption does not necessarily imply that an obligation to continue the Plan exists.

**Component Unit**

RF-CUNY provides postemployment benefits, including salary continuance, to certain employees. The cost of these benefits is accrued over the employees’ years of service. RF-CUNY also provides certain healthcare benefits to retired employees (including eligible dependents) who have a combination of age and years of service equal to 70 with a minimum age of 55 and at least 10 years of continuous service.

RF-CUNY accounts for postretirement benefits provided to retirees on an accrual basis during the period of their employment.

The following table sets forth RF-CUNY’s funded status at June 30, 2009 and 2008 (in thousands):

<table>
<thead>
<tr>
<th>Benefit obligation</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit obligation</td>
<td>$(86,032)</td>
<td>(79,134)</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>36,112</td>
<td>39,808</td>
</tr>
</tbody>
</table>

Funded status as of June 30 $ (49,920) (39,326)

(11) **Commitments**

The University has entered into contracts for the construction and improvement of various capital assets. At June 30, 2009, these outstanding contractual commitments were approximately $728.1 million.

The University is also committed under various operating leases covering real property and equipment. The following is a summary of the future minimum rental commitments under noncancellable real property and equipment operating leases with terms exceeding one year at June 30, 2009 (in thousands):

<table>
<thead>
<tr>
<th>Fiscal years:</th>
<th>Principal amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$42,626</td>
</tr>
<tr>
<td>2011</td>
<td>39,913</td>
</tr>
<tr>
<td>2012</td>
<td>36,939</td>
</tr>
<tr>
<td>2013</td>
<td>34,520</td>
</tr>
<tr>
<td>2014</td>
<td>32,435</td>
</tr>
<tr>
<td>2015 – 2019</td>
<td>74,618</td>
</tr>
<tr>
<td>2020 – 2024</td>
<td>16,061</td>
</tr>
</tbody>
</table>

$277,112
For the years ended June 30, 2009 and 2008, rent expense, including escalations of $10.3 million and $6.8 million, was approximately $49.0 million and $43.5 million, respectively.

(12) Litigation and Risk Financing

The University is involved with claims and other legal actions arising in the normal course of its activities, including several currently in litigation. Pursuant to the New York State Education Law, the State or City of New York (as applicable) shall save harmless and indemnify the University, members of its Board, and any duly appointed staff member against any claim, demand, suit, or judgment arising from such person performing his or her duties on behalf of the University. Further, any judgments rendered against such individuals will be paid from funds appropriated by the Legislature, which are separate and apart from the University’s operating funds. While the final outcome of the matters referred to above cannot be determined at this time, management is of the opinion that the ultimate liability, if any, will not have a material effect on the financial position of the University.

Liabilities for claims are accrued when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

The University is uninsured for most categories of risk of loss.

(13) Financial Dependency

Appropriations from the State of New York and the City of New York are significant sources of revenue to the University. Accordingly, the University is economically dependent on these appropriations to carry on its operations.

(14) City College Dormitory

During 2005, the University entered into a support agreement with DASNY in connection with the issuance of CUNY Student Housing Project Insured Revenue Bond, Series 2005. The bonds having a par value of $63,050,000 and premium of $5,955,235 were issued to fund a nonrecourse loan from DASNY to Educational Housing Services, Inc. to finance construction of a student residence building on the campus of City College. Under the terms of the support agreement, the University has agreed to unconditionally guarantee the loan and transfer to the trustee amounts required to replenish deficiencies related to debt service payments and debt service reserve funds. The obligations of CUNY shall terminate upon the payment or legal defeasance of all of the Series 2005 bonds.

(15) College Foundations

The University’s college foundations are made up of not-for-profit corporations, which support both academic and general needs of the colleges and their students. Their activities are funded through donor contributions, special fund raising events, and earnings on investments.

The accounting policies of the foundations conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities. The foundations’ financial statements are based on applicable FASB pronouncements.
Summary of Significant Accounting Policies

The foundations follow FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made* (FASB 116), and FASB Statement No. 117, *Financial Statement of Not for profit Organizations* (FASB 117). Under FASB 116, contributions received, including unconditional promises to give, are recognized at fair value in the period received. Under FASB 117, foundations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The classes are defined as follows:

**Permanently Restricted**

Net assets resulting from contributions whose use is limited by donor imposed restrictions.

**Temporarily Restricted Net Assets**

Net assets resulting from contributions and other inflows of assets, whose use is limited by restrictions that expire either by the passage of time or by fulfillment of the restriction. When stipulations end or are fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets are released from restrictions.

**Unrestricted Net Assets**

Net assets that are neither permanently nor temporarily restricted.

**Split Interest Agreements**

Several of the foundations have received contributions from donors in exchange for a promise by the foundations to pay a fixed amount to the donor or other individuals over a specified period of time (normally the donor’s or other beneficiary’s life) and are recognized at fair value when received. The annuity payment liability is recognized at the present value of future cash payments expected to be paid. The net of these two amounts is recorded as contribution income.

**Charitable Remainder Trusts**

Several of the foundations have received charitable remainder trusts of various types, which are received by the college during the lifetime of the grantor, and carry with them the obligation to pay the grantor an annuity during his or her lifetime. Upon the death of the grantor, the trust is terminated, and the remaining value becomes the property of the foundation.
Investments

Investments are carried at fair value with changes in their value of investments recorded in the statement of activities. Investments at June 30, 2009 and 2008 consist of:

<table>
<thead>
<tr>
<th>Investment type</th>
<th>Amount 2009</th>
<th>Amount 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$27,094,903</td>
<td>24,691,709</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>2,632,252</td>
<td>243,005</td>
</tr>
<tr>
<td>U.S. Treasury bills</td>
<td>21,632,293</td>
<td>24,615,742</td>
</tr>
<tr>
<td>U.S. government bonds</td>
<td>6,499,935</td>
<td>11,868,907</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>43,289,124</td>
<td>26,632,715</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>68,623,018</td>
<td>127,226,611</td>
</tr>
<tr>
<td>Equities</td>
<td>73,247,730</td>
<td>101,292,726</td>
</tr>
<tr>
<td>Alternative investments</td>
<td>47,321,476</td>
<td>49,838,077</td>
</tr>
<tr>
<td>CUNY investment pool</td>
<td>3,671,554</td>
<td>3,346,617</td>
</tr>
<tr>
<td>Other</td>
<td>19,341,577</td>
<td>7,782,555</td>
</tr>
<tr>
<td>Total investments</td>
<td>$313,353,862</td>
<td>377,538,664</td>
</tr>
</tbody>
</table>

Contributions Receivable

Unconditional promises to give are recorded as contributions receivable, and in most cases are discounted over the payment period using the applicable discount rate in effect at the time of the contribution. At June 30, 2009 and 2008, contributions receivable consisted of:

<table>
<thead>
<tr>
<th>Contributions receivable</th>
<th>Amount 2009</th>
<th>Amount 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions receivable</td>
<td>$146,001,538</td>
<td>136,499,209</td>
</tr>
<tr>
<td>Less allowance for doubtful accounts</td>
<td>4,903,627</td>
<td>5,410,110</td>
</tr>
<tr>
<td>Less discount to present value</td>
<td>20,733,868</td>
<td>25,110,570</td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>$120,364,043</td>
<td>105,978,529</td>
</tr>
</tbody>
</table>

Temporarily Restricted Net Assets

At June 30, 2009 and 2008, temporarily restricted net assets are available for the following purposes:

<table>
<thead>
<tr>
<th>Temporarily restricted net assets</th>
<th>Amount 2009</th>
<th>Amount 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student education and welfare</td>
<td>$163,331,818</td>
<td>200,468,441</td>
</tr>
<tr>
<td>Facility renovations</td>
<td>12,169</td>
<td>872,359</td>
</tr>
<tr>
<td>Obligations under charitable remainder trusts</td>
<td>1,084,779</td>
<td>1,119,249</td>
</tr>
<tr>
<td>Other</td>
<td>810,560</td>
<td>548,413</td>
</tr>
<tr>
<td>Total temporarily restricted net assets</td>
<td>$165,239,326</td>
<td>203,008,462</td>
</tr>
</tbody>
</table>


Permanently Restricted Net Assets

At June 30, 2009 and 2008, permanently restricted net assets consist of the following:

<table>
<thead>
<tr>
<th>Permanently restricted net assets</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
</tr>
<tr>
<td>Student education and welfare</td>
<td>$291,399,637</td>
</tr>
<tr>
<td>Other</td>
<td>$312,130</td>
</tr>
<tr>
<td><strong>Total permanently restricted net assets</strong></td>
<td><strong>$291,711,767</strong></td>
</tr>
</tbody>
</table>

The student education and welfare category includes scholarships, awards, and college programs, while the other programs category represents funds restricted for college and community programs.

The following tables include the financial information for the colleges’ foundations as of and for the years ended June 30, 2009 and 2008:
Combining schedule of financial position – College Foundations:

### 2009

<table>
<thead>
<tr>
<th></th>
<th>Baruch</th>
<th>Brooklyn</th>
<th>City College</th>
<th>City 21st Century</th>
<th>Graduate</th>
<th>Hunter</th>
<th>Queens</th>
<th>Other senior *</th>
<th>Total senior</th>
<th>Total community **</th>
<th>Grand total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,721,155</td>
<td>1,523,338</td>
<td>822,972</td>
<td>15,264,594</td>
<td>1,421,404</td>
<td>6,833,636</td>
<td>4,000,252</td>
<td>3,693,303</td>
<td>36,020,654</td>
<td>3,032,948</td>
<td>39,053,602</td>
</tr>
<tr>
<td>Accounts and other receivables, net</td>
<td>1,515</td>
<td>338,302</td>
<td>103,763</td>
<td>1,650,084</td>
<td>1,600,084</td>
<td>1,373,099</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>428,665</td>
<td>1,175,038</td>
<td>12,275,000</td>
<td>11,000,000</td>
<td>11,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>36,233,716</td>
<td>12,563,216</td>
<td>3,586,000</td>
<td>58,961,292</td>
<td>6,571,838</td>
<td>6,148,223</td>
<td>7,754,630</td>
<td>11,851,103</td>
<td>120,054,018</td>
<td>310,025</td>
<td>120,364,043</td>
</tr>
<tr>
<td>Investments</td>
<td>35,643,567</td>
<td>26,909,875</td>
<td>43,975,807</td>
<td>30,744,725</td>
<td>26,209,951</td>
<td>17,574,458</td>
<td>14,647,469</td>
<td>303,295,786</td>
<td>10,058,076</td>
<td>313,353,862</td>
<td></td>
</tr>
<tr>
<td>Beneficial interest in remainder trusts</td>
<td>6,617,260</td>
<td>849,500</td>
<td>—</td>
<td>—</td>
<td>264,000</td>
<td>—</td>
<td>—</td>
<td>2,809,742</td>
<td>54,017</td>
<td>7,419,583</td>
<td>64,451</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>1,324,848</td>
<td>3,205,320</td>
<td>25,656</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3,693,303</td>
<td>36,020,654</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$119,827,629</td>
<td>67,937,235</td>
<td>39,687,149</td>
<td>118,530,640</td>
<td>39,196,559</td>
<td>39,592,234</td>
<td>32,347,628</td>
<td>21,393,812</td>
<td>479,512,906</td>
<td>13,702,324</td>
<td>492,215,230</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$1,010,762</td>
<td>112,238</td>
<td>339,475</td>
<td>355,709</td>
<td>190,281</td>
<td>473,966</td>
<td>679,994</td>
<td>383,888</td>
<td>3,546,333</td>
<td>192,700</td>
<td>3,739,033</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>31,021,921</td>
<td>28,750,231</td>
<td>16,946,874</td>
<td>37,827,611</td>
<td>39,226,722</td>
<td>10,462,657</td>
<td>8,206,933</td>
<td>161,199,325</td>
<td>4,040,001</td>
<td>165,239,326</td>
<td></td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>9,751,647</td>
<td>983,509</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>10,735,156</td>
<td>—</td>
<td>10,735,156</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$117,514,122</td>
<td>67,172,365</td>
<td>38,707,754</td>
<td>118,136,007</td>
<td>38,980,752</td>
<td>38,477,815</td>
<td>31,667,634</td>
<td>20,868,138</td>
<td>484,170,469</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$119,827,629</td>
<td>67,937,235</td>
<td>39,687,149</td>
<td>118,530,640</td>
<td>39,196,559</td>
<td>39,592,234</td>
<td>32,347,628</td>
<td>21,393,812</td>
<td>479,512,906</td>
<td>13,702,324</td>
<td>492,215,230</td>
</tr>
</tbody>
</table>

### 2008

<table>
<thead>
<tr>
<th></th>
<th>Baruch</th>
<th>Brooklyn</th>
<th>City College</th>
<th>City 21st Century</th>
<th>Graduate</th>
<th>Hunter</th>
<th>Queens</th>
<th>Other senior *</th>
<th>Total senior</th>
<th>Total community **</th>
<th>Grand total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$691,085</td>
<td>2,818,567</td>
<td>541,564</td>
<td>6,891,044</td>
<td>2,345,806</td>
<td>1,841,312</td>
<td>1,920,591</td>
<td>4,770,360</td>
<td>21,820,329</td>
<td>2,343,315</td>
<td>24,164,635</td>
</tr>
<tr>
<td>Accounts and other receivables, net</td>
<td>8,626</td>
<td>390,310</td>
<td>107,058</td>
<td>147,000</td>
<td>147,000</td>
<td>147,000</td>
<td>147,000</td>
<td>147,000</td>
<td>147,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>72,647</td>
<td>23,748</td>
<td>43,030</td>
<td>174,400</td>
<td>1,041,082</td>
<td>1,900,286</td>
<td>1,682,178</td>
<td>1,682,178</td>
<td>1,682,178</td>
<td>1,682,178</td>
<td></td>
</tr>
<tr>
<td>Contributions receivable, net</td>
<td>26,930,530</td>
<td>13,913,363</td>
<td>4,040,000</td>
<td>34,678,966</td>
<td>8,049,655</td>
<td>7,182,154</td>
<td>8,670,910</td>
<td>1,481,852</td>
<td>104,920,410</td>
<td>1,058,119</td>
<td>105,978,259</td>
</tr>
<tr>
<td>Investments</td>
<td>104,099,157</td>
<td>58,543,900</td>
<td>37,638,638</td>
<td>60,245,550</td>
<td>35,237,022</td>
<td>33,666,862</td>
<td>21,747,787</td>
<td>15,029,118</td>
<td>377,539,664</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficial interest in remainder trusts</td>
<td>9,751,647</td>
<td>983,509</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>10,735,156</td>
<td>—</td>
<td>10,735,156</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$142,752,914</td>
<td>67,172,365</td>
<td>38,707,754</td>
<td>118,136,007</td>
<td>38,980,752</td>
<td>38,477,815</td>
<td>31,667,634</td>
<td>20,868,138</td>
<td>484,170,469</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$142,752,914</td>
<td>67,172,365</td>
<td>38,707,754</td>
<td>118,136,007</td>
<td>38,980,752</td>
<td>38,477,815</td>
<td>31,667,634</td>
<td>20,868,138</td>
<td>484,170,469</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Liabilities:

- **Accounts payable and accrued expenses**
- **Accounts payable**
- **Deferred revenue**
- **Refundable matching grant**
- **Other liabilities**
- **Total liabilities**

### Net assets:

- **Unrestricted**
- **Temporarily restricted**
- **Permanently restricted**
- **Total net assets**

### Notes:

- **Other Senior refers to CUNY Law School, College of Staten Island, Lehman College, John Jay College, Medgar Evers, New York City College of Technology and York College.**
- **See note 1 for a listing of all community college foundations.**

71 (Continued)
### The City University of New York

Notes to Financial Statements

June 30, 2009 and 2008

<table>
<thead>
<tr>
<th>Baruch</th>
<th>Brooklyn</th>
<th>CUNY</th>
</tr>
</thead>
</table>

#### Revenues, gains (losses), and other support:

**Gifts, grants, and contributions**

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,877,114</td>
<td>3,943,705</td>
<td>2,790,599</td>
</tr>
<tr>
<td>607,418</td>
<td>3,161,777</td>
<td>687,129</td>
</tr>
<tr>
<td>2,343,849</td>
<td>3,161,777</td>
<td>5,192,755</td>
</tr>
<tr>
<td>1,300,354</td>
<td>2,080,286</td>
<td>645,141</td>
</tr>
</tbody>
</table>

**Program service revenues**

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>872,764</td>
<td>872,764</td>
<td>122,829</td>
</tr>
<tr>
<td>8,620</td>
<td>—</td>
<td>131,449</td>
</tr>
</tbody>
</table>

**Net unrealized and unrealized gains (losses) on investment**

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>(340,757)</td>
<td>(15,503,979)</td>
<td>(15,844,736)</td>
</tr>
<tr>
<td>(3,992,166)</td>
<td>427,482</td>
<td>(128,680)</td>
</tr>
<tr>
<td>(8,093,364)</td>
<td>—</td>
<td>170,735</td>
</tr>
</tbody>
</table>

**Change in value of split interest agreements/beneficial trusts**

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>(487,770)</td>
<td>(487,770)</td>
<td>(21,020)</td>
</tr>
<tr>
<td>2,260</td>
<td>12,188</td>
<td>(6,572)</td>
</tr>
</tbody>
</table>

**Other income**

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>—</td>
<td>—</td>
<td>(40,581)</td>
</tr>
<tr>
<td>—</td>
<td>—</td>
<td>(30,861)</td>
</tr>
</tbody>
</table>

#### Total revenues, gains (losses), and other support

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,950,607</td>
<td>(21,589,530)</td>
<td>2,790,599</td>
</tr>
<tr>
<td>(6,846,391)</td>
<td>(1,622,584)</td>
<td>570,637</td>
</tr>
<tr>
<td>(4,107,242)</td>
<td>(2,916,335)</td>
<td>4,107,242</td>
</tr>
</tbody>
</table>

#### Expenses:

**Program services**

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>657,135</td>
<td>—</td>
<td>657,135</td>
</tr>
<tr>
<td>840,503</td>
<td>—</td>
<td>840,503</td>
</tr>
</tbody>
</table>

**Management and general**

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>840,503</td>
<td>—</td>
<td>840,503</td>
</tr>
<tr>
<td>1,285,031</td>
<td>—</td>
<td>1,285,031</td>
</tr>
</tbody>
</table>

**Fundraising**

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,416,416</td>
<td>—</td>
<td>2,416,416</td>
</tr>
<tr>
<td>2,416,416</td>
<td>—</td>
<td>2,416,416</td>
</tr>
</tbody>
</table>

#### Total expenses

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,726,765</td>
<td>—</td>
<td>12,726,765</td>
</tr>
<tr>
<td>5,314,397</td>
<td>—</td>
<td>5,314,397</td>
</tr>
</tbody>
</table>

#### Change in net assets before reclassifications and adjustments

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3,849,709)</td>
<td>(21,589,530)</td>
<td>2,790,599</td>
</tr>
<tr>
<td>(22,648,640)</td>
<td>(1,622,584)</td>
<td>570,637</td>
</tr>
<tr>
<td>(11,438,087)</td>
<td>(2,916,335)</td>
<td>4,107,242</td>
</tr>
</tbody>
</table>

#### Reclassifications and adjustments

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,671,906</td>
<td>(6,674,216)</td>
<td>5,002,310</td>
</tr>
<tr>
<td>657,624</td>
<td>(2,925,028)</td>
<td>2,267,404</td>
</tr>
</tbody>
</table>

#### Change in net assets

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,950,607</td>
<td>(21,589,530)</td>
<td>2,790,599</td>
</tr>
<tr>
<td>(6,846,391)</td>
<td>(1,622,584)</td>
<td>570,637</td>
</tr>
<tr>
<td>(4,107,242)</td>
<td>(2,916,335)</td>
<td>4,107,242</td>
</tr>
</tbody>
</table>

#### Net assets at beginning of year

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,983,982</td>
<td>59,285,667</td>
<td>71,893,133</td>
</tr>
<tr>
<td>140,162,782</td>
<td>(3,307,944)</td>
<td>117,514,142</td>
</tr>
</tbody>
</table>

#### Net assets at end of year

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,806,179</td>
<td>31,021,921</td>
<td>79,686,042</td>
</tr>
<tr>
<td>10,854,707</td>
<td>16,946,874</td>
<td>19,756,242</td>
</tr>
</tbody>
</table>

---

* Other Senior refers to CUNY Law School, College of Staten Island, Lehman College, John Jay College, Medgar Evers, New York City College of Technology and York College.

** See note 1 for a listing of all community college foundations.
### Combining schedule of activities – College Foundations:

#### 2009

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues, gains (losses), and other support:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts, grants, and contributions</td>
<td>$701,279</td>
<td>5,034,502</td>
<td>28,858,842</td>
<td>34,594,623</td>
</tr>
<tr>
<td>Special events</td>
<td>410,149</td>
<td></td>
<td></td>
<td>410,149</td>
</tr>
<tr>
<td>Program service revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income (loss)</td>
<td>(8,050,003)</td>
<td>(2,666,148)</td>
<td>(10,766,151)</td>
<td></td>
</tr>
<tr>
<td>Net realized and unrealized gains (losses) on investment</td>
<td></td>
<td>(347,048)</td>
<td>599,343</td>
<td>(5,323,891)</td>
</tr>
<tr>
<td>Change in value of split interest agreements/beneficial trusts</td>
<td></td>
<td></td>
<td></td>
<td>(6,781,110)</td>
</tr>
<tr>
<td>Other income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net assets released from restrictions</strong></td>
<td>185,907</td>
<td>1,409</td>
<td></td>
<td>(46,771)</td>
</tr>
<tr>
<td><strong>Total revenues, gains (losses), and other support</strong></td>
<td>1,832,442</td>
<td>(6,216,766)</td>
<td>28,858,842</td>
<td>(24,415,327)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>10,132,458</td>
<td></td>
<td></td>
<td>10,132,458</td>
</tr>
<tr>
<td>Management and general</td>
<td>296,299</td>
<td></td>
<td></td>
<td>296,299</td>
</tr>
<tr>
<td>Fundraising</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>10,428,757</td>
<td></td>
<td></td>
<td>10,428,757</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets before reclassifications and adjustments</td>
<td>(8,776,315)</td>
<td>(6,216,766)</td>
<td>28,858,842</td>
<td>(17,758,695)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reclassifications and adjustments</td>
<td>789,405</td>
<td></td>
<td></td>
<td>789,405</td>
</tr>
<tr>
<td><strong>Net assets at beginning of year</strong></td>
<td>9,604,731</td>
<td>43,294,876</td>
<td>51,150,629</td>
<td>66,060,436</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets at end of year</td>
<td>$1,088,416</td>
<td>37,827,611</td>
<td>79,219,980</td>
<td>89,935,907</td>
</tr>
</tbody>
</table>

#### 2008

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues, gains (losses), and other support:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts, grants, and contributions</td>
<td>$280,234</td>
<td>23,843,739</td>
<td>10,513,326</td>
<td>34,637,299</td>
</tr>
<tr>
<td>Special events</td>
<td>1,275,439</td>
<td></td>
<td></td>
<td>1,275,439</td>
</tr>
<tr>
<td>Program service revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income (loss)</td>
<td>(879,204)</td>
<td>(1,855,688)</td>
<td>(2,740,922)</td>
<td></td>
</tr>
<tr>
<td>Net realized and unrealized gains (losses) on investment</td>
<td>(296,355)</td>
<td>(4,999,350)</td>
<td>(5,295,705)</td>
<td>(5,295,705)</td>
</tr>
<tr>
<td>Change in value of split interest agreements/beneficial trusts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net assets released from restrictions</strong></td>
<td>342,463</td>
<td></td>
<td></td>
<td>342,463</td>
</tr>
<tr>
<td><strong>Total revenues, gains (losses), and other support</strong></td>
<td>17,313,760</td>
<td>8,154,798</td>
<td>10,513,326</td>
<td>36,081,884</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>10,136,072</td>
<td></td>
<td></td>
<td>10,136,072</td>
</tr>
<tr>
<td>Management and general</td>
<td>914,771</td>
<td></td>
<td></td>
<td>914,771</td>
</tr>
<tr>
<td>Fundraising</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>11,050,843</td>
<td></td>
<td></td>
<td>11,050,843</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets before reclassifications and adjustments</td>
<td>15,922,629</td>
<td>(15,922,629)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reclassifications and adjustments</td>
<td>342,463</td>
<td></td>
<td></td>
<td>342,463</td>
</tr>
<tr>
<td><strong>Net assets at beginning of year</strong></td>
<td>9,584,731</td>
<td>43,294,876</td>
<td>51,150,629</td>
<td>66,030,026</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets at end of year</td>
<td>$1,088,416</td>
<td>37,827,611</td>
<td>79,219,980</td>
<td>89,935,907</td>
</tr>
</tbody>
</table>

* Other Senior refers to CUNY Law School, College of Staten Island, Lehman College, John Jay College, Medger Evers, New York City College of Technology and York College.

** See note 1 for a listing of all community college foundations.
Combining schedule of activities – College Foundations:

### Queen

<table>
<thead>
<tr>
<th>Year</th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Permanently restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily restricted</td>
<td>Permanently restricted</td>
<td>Total</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Revenues, gains (losses), and other support:**

- Gifts, grants, and contributions: $3,612,379
- Program service revenue: $568,062
- Investment income (loss): $(5,508,602)
- Change in value of split interest agreements/beneficial trusts: $112,315
- Other income: $4,161,488

**Expenses:**

- Program services: $5,146,333
- Management and general: $374,307
- Fundraising: $263,665

**Total revenues, gains (losses), and other support:** $2,945,642

**Total expenses:** $5,784,305

**Change in net assets before reclassifications and adjustments:** $391,058

**Reclassifications and adjustments:** $28,447

**Net assets at end of year:** $4,824,062

---

*Other Senior refers to CUNY Law School, College of Staten Island, Lehman College, John Jay College, Medgar Evers, New York City College of Technology and York College.*

**See note 1 for a listing of all community college foundations.*
### Combining schedule of activities – College Foundations:

#### Revenues, gains (losses), and other support:

<table>
<thead>
<tr>
<th></th>
<th>Total community **</th>
<th>2009</th>
<th>Grand total **</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily restricted</td>
<td>Permanently restricted</td>
</tr>
<tr>
<td>Gifts, grants, and contributions</td>
<td>$ 1,893,103</td>
<td>2,794,470</td>
<td>54,156</td>
</tr>
<tr>
<td>Special events</td>
<td>631,613</td>
<td>71,150</td>
<td>—</td>
</tr>
<tr>
<td>Program service revenues</td>
<td>104,809</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Investment income (loss)</td>
<td>128,009</td>
<td>42,839</td>
<td>1,200</td>
</tr>
<tr>
<td>Change in value of split interest agreements/beneficial trusts</td>
<td>(1,350,110)</td>
<td>(833,288)</td>
<td>—</td>
</tr>
<tr>
<td>Other income</td>
<td>2,289</td>
<td>1,789</td>
<td>—</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>2,620,581</td>
<td>(2,620,581)</td>
<td>—</td>
</tr>
<tr>
<td>Total revenues, gains (losses), and other support</td>
<td>$ 3,925,485</td>
<td>(543,621)</td>
<td>55,356</td>
</tr>
</tbody>
</table>

#### Expenses:

<table>
<thead>
<tr>
<th></th>
<th>Total community **</th>
<th>2009</th>
<th>Grand total **</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily restricted</td>
<td>Permanently restricted</td>
</tr>
<tr>
<td>Program services</td>
<td>3,671,405</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Management and general</td>
<td>1,177,382</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Fundraising</td>
<td>127,906</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total expenses</td>
<td>4,936,693</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

#### Change in net assets before reclassifications and adjustments:

<table>
<thead>
<tr>
<th></th>
<th>Total community **</th>
<th>2009</th>
<th>Grand total **</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily restricted</td>
<td>Permanently restricted</td>
</tr>
<tr>
<td>Revenues, gains (losses), and other support</td>
<td>$ 5,422,360</td>
<td>4,040,001</td>
<td>3,183,501</td>
</tr>
</tbody>
</table>

#### Notes:

- Other Senior refers to CUNY Law School, College of Staten Island, Lehman College, John Jay College, Medger Evers, New York City College of Technology and York College.
- See note 1 for a listing of all community college foundations.
### Schedule of Net Assets – Senior and Community Colleges

**June 30, 2009**

(In thousands)

<table>
<thead>
<tr>
<th></th>
<th>Senior colleges</th>
<th>Community colleges</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$603,597</td>
<td>136,997</td>
<td>740,594</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>75,033</td>
<td>3,737</td>
<td>78,770</td>
</tr>
<tr>
<td>Deposits held by bond trustees</td>
<td>274,707</td>
<td>46,293</td>
<td>321,000</td>
</tr>
<tr>
<td>Amounts held by the Dormitory Authority of the State of New York</td>
<td>21,180</td>
<td>35,600</td>
<td>56,780</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>278,377</td>
<td>51,316</td>
<td>329,693</td>
</tr>
<tr>
<td>Prepaid expense and other current assets</td>
<td>12,996</td>
<td>1,297</td>
<td>14,293</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$1,265,890</td>
<td>275,240</td>
<td>1,541,130</td>
</tr>
<tr>
<td>Noncurrent assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted cash</td>
<td>3,392</td>
<td>—</td>
<td>3,392</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>178,859</td>
<td>8,877</td>
<td>187,736</td>
</tr>
<tr>
<td>Deposits held by bond trustees, net</td>
<td>102,637</td>
<td>80,158</td>
<td>182,795</td>
</tr>
<tr>
<td>Student loans and accrued interest receivable, net</td>
<td>4,038</td>
<td>735</td>
<td>4,773</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>2,970,001</td>
<td>470,865</td>
<td>3,440,866</td>
</tr>
<tr>
<td>Deferred financing costs</td>
<td>27,160</td>
<td>3,439</td>
<td>30,599</td>
</tr>
<tr>
<td>Other noncurrent assets</td>
<td>6,104</td>
<td>57</td>
<td>6,161</td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td>$3,292,191</td>
<td>564,131</td>
<td>3,856,322</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$4,558,081</td>
<td>839,371</td>
<td>5,397,452</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>516,430</td>
<td>130,198</td>
<td>646,628</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>64,113</td>
<td>18,718</td>
<td>82,831</td>
</tr>
<tr>
<td>Deferred tuition and fees revenue</td>
<td>56,855</td>
<td>9,269</td>
<td>66,124</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>57,845</td>
<td>11,300</td>
<td>69,145</td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>200,628</td>
<td>44,023</td>
<td>244,651</td>
</tr>
<tr>
<td>Deferred grant revenue</td>
<td>58,005</td>
<td>81</td>
<td>58,086</td>
</tr>
<tr>
<td>Collateral held for securities lending</td>
<td>399</td>
<td>19</td>
<td>418</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>18,305</td>
<td>8,377</td>
<td>26,682</td>
</tr>
<tr>
<td>Deposits held in custody for others</td>
<td>23,599</td>
<td>13,785</td>
<td>37,384</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>$996,179</td>
<td>235,770</td>
<td>1,231,949</td>
</tr>
<tr>
<td>Noncurrent liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensated absences</td>
<td>32,886</td>
<td>9,619</td>
<td>42,505</td>
</tr>
<tr>
<td>OPEB liability</td>
<td>233,561</td>
<td>—</td>
<td>233,561</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>2,883,652</td>
<td>457,912</td>
<td>3,341,564</td>
</tr>
<tr>
<td>Federal refundable loans</td>
<td>39,604</td>
<td>4,365</td>
<td>43,969</td>
</tr>
<tr>
<td>Other noncurrent liabilities</td>
<td>9,662</td>
<td>3,625</td>
<td>13,287</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>$3,199,365</td>
<td>475,521</td>
<td>3,674,886</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$4,195,544</td>
<td>711,291</td>
<td>4,906,835</td>
</tr>
<tr>
<td><strong>Net (deficit) assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net of related debt</td>
<td>(138,346)</td>
<td>(4,178)</td>
<td>(142,524)</td>
</tr>
<tr>
<td>Restricted:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonexpendable</td>
<td>38,383</td>
<td>171</td>
<td>38,554</td>
</tr>
<tr>
<td>Expendable:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt service</td>
<td>319,582</td>
<td>104,633</td>
<td>424,215</td>
</tr>
<tr>
<td>Scholarships and general educational support</td>
<td>68,057</td>
<td>1,323</td>
<td>69,380</td>
</tr>
<tr>
<td>Loans</td>
<td>1,768</td>
<td>1,499</td>
<td>3,267</td>
</tr>
<tr>
<td>Other</td>
<td>15,420</td>
<td>1,757</td>
<td>17,177</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>57,673</td>
<td>22,875</td>
<td>80,548</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>$362,537</td>
<td>128,080</td>
<td>490,617</td>
</tr>
</tbody>
</table>

See accompanying independent auditors’ report.
## Schedule 2

THE CITY UNIVERSITY OF NEW YORK
Schedule of Revenues, Expenses, and Changes in Net Assets – Senior and Community Colleges
Year ended June 30, 2009
(In thousands)

<table>
<thead>
<tr>
<th></th>
<th>Senior colleges</th>
<th>Community colleges</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenues:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and fees, net</td>
<td>$ 521,525</td>
<td>133,778</td>
<td>655,303</td>
</tr>
<tr>
<td>Grants and contracts:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>331,640</td>
<td>142,042</td>
<td>473,682</td>
</tr>
<tr>
<td>New York State</td>
<td>196,259</td>
<td>48,908</td>
<td>245,167</td>
</tr>
<tr>
<td>New York City</td>
<td>84,559</td>
<td>3,560</td>
<td>88,119</td>
</tr>
<tr>
<td>Private</td>
<td>80,772</td>
<td>309</td>
<td>81,081</td>
</tr>
<tr>
<td>Total grants and contracts</td>
<td>693,230</td>
<td>194,819</td>
<td>888,049</td>
</tr>
<tr>
<td>Sales and services of auxiliary enterprises</td>
<td>18,603</td>
<td>6,283</td>
<td>24,886</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>29,757</td>
<td>6,760</td>
<td>36,517</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>1,263,115</td>
<td>341,640</td>
<td>1,604,755</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Senior colleges</th>
<th>Community colleges</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>1,019,520</td>
<td>367,495</td>
<td>1,387,015</td>
</tr>
<tr>
<td>Research</td>
<td>106,572</td>
<td>150</td>
<td>106,722</td>
</tr>
<tr>
<td>Public service</td>
<td>20,339</td>
<td>24,798</td>
<td>45,137</td>
</tr>
<tr>
<td>Academic support</td>
<td>135,645</td>
<td>18,931</td>
<td>154,576</td>
</tr>
<tr>
<td>Student services</td>
<td>205,494</td>
<td>71,566</td>
<td>277,060</td>
</tr>
<tr>
<td>Institutional support</td>
<td>368,307</td>
<td>127,163</td>
<td>495,470</td>
</tr>
<tr>
<td>Operation and maintenance of plant</td>
<td>327,094</td>
<td>158,018</td>
<td>485,112</td>
</tr>
<tr>
<td>Scholarships and fellowships</td>
<td>153,967</td>
<td>63,422</td>
<td>217,389</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>15,843</td>
<td>6,237</td>
<td>22,080</td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>156,514</td>
<td>33,606</td>
<td>190,120</td>
</tr>
<tr>
<td>OPEB expense</td>
<td>93,324</td>
<td></td>
<td>93,324</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>2,602,619</td>
<td>871,386</td>
<td>3,474,005</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Senior colleges</th>
<th>Community colleges</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonoperating revenues (expenses):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government appropriations:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New York State</td>
<td>1,027,032</td>
<td>178,502</td>
<td>1,205,534</td>
</tr>
<tr>
<td>New York City</td>
<td>33,578</td>
<td>259,351</td>
<td>292,929</td>
</tr>
<tr>
<td>Gifts and grants</td>
<td>10,220</td>
<td>1,246</td>
<td>11,466</td>
</tr>
<tr>
<td>Interest expense</td>
<td>18,343</td>
<td>2,385</td>
<td>20,728</td>
</tr>
<tr>
<td>Net depreciation in fair value of investments</td>
<td>(26,696)</td>
<td>(1,629)</td>
<td>(28,325)</td>
</tr>
<tr>
<td>Transfers</td>
<td>(32,394)</td>
<td>32,394</td>
<td></td>
</tr>
<tr>
<td>Other nonoperating (expense) revenues, net</td>
<td>(10,493)</td>
<td>14,488</td>
<td>3,995</td>
</tr>
<tr>
<td><strong>Net nonoperating revenues</strong></td>
<td>845,104</td>
<td>459,992</td>
<td>1,305,096</td>
</tr>
<tr>
<td>Loss before other revenues</td>
<td>(494,400)</td>
<td>(69,754)</td>
<td>(564,154)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Senior colleges</th>
<th>Community colleges</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital appropriations</td>
<td>382,741</td>
<td>98,072</td>
<td>480,813</td>
</tr>
<tr>
<td>Additions to permanent endowments</td>
<td>2,711</td>
<td>—</td>
<td>2,711</td>
</tr>
<tr>
<td><strong>Total other revenues</strong></td>
<td>385,452</td>
<td>98,072</td>
<td>483,524</td>
</tr>
<tr>
<td>(Decrease) increase in net assets</td>
<td>(108,948)</td>
<td>28,318</td>
<td>(80,630)</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>471,485</td>
<td>99,762</td>
<td>571,247</td>
</tr>
<tr>
<td><strong>Net assets at end of year</strong></td>
<td>$ 362,537</td>
<td>128,080</td>
<td>490,617</td>
</tr>
</tbody>
</table>

See accompanying independent auditors’ report.
Schedule of Cash Flows – Senior and Community Colleges

Year ended June 30, 2009
(In thousands)

<table>
<thead>
<tr>
<th></th>
<th>Senior colleges</th>
<th>Community colleges</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collection of tuition and fees</td>
<td>$527,529</td>
<td>132,254</td>
<td>659,783</td>
</tr>
<tr>
<td>Collection of grants and contracts</td>
<td>689,358</td>
<td>194,663</td>
<td>884,021</td>
</tr>
<tr>
<td>Sales and services of auxiliary enterprises</td>
<td>18,603</td>
<td>6,283</td>
<td>24,886</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(322,585)</td>
<td>(230,089)</td>
<td>(552,674)</td>
</tr>
<tr>
<td>Payments for utilities</td>
<td>(63,873)</td>
<td>(23,529)</td>
<td>(87,402)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(1,319,701)</td>
<td>(414,247)</td>
<td>(1,733,948)</td>
</tr>
<tr>
<td>Payments for benefits</td>
<td>(483,809)</td>
<td>(134,019)</td>
<td>(617,828)</td>
</tr>
<tr>
<td>Payments for scholarships and fellowships</td>
<td>(153,967)</td>
<td>(63,422)</td>
<td>(217,389)</td>
</tr>
<tr>
<td>Payment for OPEB</td>
<td>(27,576)</td>
<td>—</td>
<td>(27,576)</td>
</tr>
<tr>
<td>Other receipts</td>
<td>74,764</td>
<td>14,914</td>
<td>89,678</td>
</tr>
<tr>
<td><strong>Net cash flows used by operating activities</strong></td>
<td>(1,061,257)</td>
<td>(517,192)</td>
<td>(1,578,449)</td>
</tr>
<tr>
<td><strong>Cash flows from noncapital financing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State and City appropriations</td>
<td>1,092,577</td>
<td>449,166</td>
<td>1,541,743</td>
</tr>
<tr>
<td>Gifts and grants for other than capital purposes</td>
<td>10,220</td>
<td>1,246</td>
<td>11,466</td>
</tr>
<tr>
<td>Private gifts for endowment purposes</td>
<td>2,711</td>
<td>—</td>
<td>2,711</td>
</tr>
<tr>
<td>Loans issued to students</td>
<td>(8,719)</td>
<td>(1,101)</td>
<td>(9,820)</td>
</tr>
<tr>
<td>Collection of loans from students</td>
<td>5,087</td>
<td>660</td>
<td>5,747</td>
</tr>
<tr>
<td>Other receipts</td>
<td>3,364</td>
<td>4,034</td>
<td>7,398</td>
</tr>
<tr>
<td>Transfers</td>
<td>(32,394)</td>
<td>32,394</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net cash flows provided by noncapital financing activities</strong></td>
<td>1,062,353</td>
<td>500,887</td>
<td>1,563,240</td>
</tr>
<tr>
<td><strong>Cash flows from capital and related financing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from capital debt</td>
<td>1,119,948</td>
<td>169,440</td>
<td>1,289,388</td>
</tr>
<tr>
<td>Capital appropriations</td>
<td>382,741</td>
<td>98,072</td>
<td>480,813</td>
</tr>
<tr>
<td>Purchases of capital assets</td>
<td>(407,895)</td>
<td>(34,718)</td>
<td>(442,613)</td>
</tr>
<tr>
<td>Principal paid on capital debt</td>
<td>(145,416)</td>
<td>(35,995)</td>
<td>(181,411)</td>
</tr>
<tr>
<td>Principal paid on refunded bonds</td>
<td>(894,425)</td>
<td>(125,855)</td>
<td>(1,020,280)</td>
</tr>
<tr>
<td>Interest paid on capital debt</td>
<td>(165,493)</td>
<td>(23,363)</td>
<td>(188,856)</td>
</tr>
<tr>
<td>Decrease (increase) in deposits held by bond trustees</td>
<td>152,926</td>
<td>(11,461)</td>
<td>141,465</td>
</tr>
<tr>
<td><strong>Net cash flows provided by capital and related financing activities</strong></td>
<td>39,294</td>
<td>45,403</td>
<td>84,697</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sales and maturities of investments</td>
<td>1,432,492</td>
<td>94,950</td>
<td>1,527,442</td>
</tr>
<tr>
<td>Principal paid on capital debt</td>
<td>(1,015,013)</td>
<td>(15,857)</td>
<td>(1,130,870)</td>
</tr>
<tr>
<td>Decrease in restricted cash</td>
<td>767</td>
<td>—</td>
<td>767</td>
</tr>
<tr>
<td>Decrease in collateral held for securities lending</td>
<td>(23,698)</td>
<td>(1,107)</td>
<td>(24,805)</td>
</tr>
<tr>
<td><strong>Net cash flows used by investing activities</strong></td>
<td>322,891</td>
<td>80,371</td>
<td>403,262</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>363,281</td>
<td>109,469</td>
<td>472,750</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at beginning of year</strong></td>
<td>240,316</td>
<td>27,528</td>
<td>267,844</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>$603,597</td>
<td>136,997</td>
<td>740,594</td>
</tr>
</tbody>
</table>

(Continued)
THE CITY UNIVERSITY OF NEW YORK
Schedule of Cash Flows – Senior and Community Colleges
Year ended June 30, 2009
(In thousands)

<table>
<thead>
<tr>
<th></th>
<th>Senior colleges</th>
<th>Community colleges</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reconciliation of operating loss to net cash flows used by operating activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating loss</td>
<td>(1,339,504)</td>
<td>(529,746)</td>
<td>(1,869,250)</td>
</tr>
<tr>
<td>Adjustments to reconcile operating loss to net cash flows used by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>156,514</td>
<td>33,606</td>
<td>190,120</td>
</tr>
<tr>
<td>Change in operating assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>7,482</td>
<td>477</td>
<td>7,959</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>903</td>
<td>(36)</td>
<td>867</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>41,382</td>
<td>(8,332)</td>
<td>33,050</td>
</tr>
<tr>
<td>Deferred tuition and fees revenue</td>
<td>3,745</td>
<td>488</td>
<td>4,233</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>6,151</td>
<td>1,184</td>
<td>7,335</td>
</tr>
<tr>
<td>OPEB liability</td>
<td>65,748</td>
<td>—</td>
<td>65,748</td>
</tr>
<tr>
<td>Deferred grant revenue</td>
<td>(2,378)</td>
<td>(91)</td>
<td>(2,469)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(1,300)</td>
<td>(14,742)</td>
<td>(16,042)</td>
</tr>
<tr>
<td><strong>Net cash flows used by operating activities</strong></td>
<td>(1,061,257)</td>
<td>(517,192)</td>
<td>(1,578,449)</td>
</tr>
</tbody>
</table>

See accompanying independent auditors’ report.