THE ROCKEFELLER UNIVERSITY

Financial Statements

June 30, 2013
(with comparative financial information as of and
for the year ended June 30, 2012)

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
The Rockefeller University:

We have audited the accompanying financial statements of The Rockefeller University (the University), which comprise the balance sheet as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Rockefeller University as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Report on Summarized Comparative Information

We have previously audited the University's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

October 7, 2013

THE ROCKEFELLER UNIVERSITY

Balance Sheet

June 30, 2013
(with comparative financial information as of June 30, 2012)

Assets		**2013**	**2012**
Cash and cash equivalents	$	133,915,114	140,476,013
Accounts and accrued interest receivable		12,507,404	13,596,159
Contributions receivable (note 8)		187,994,193	212,956,385
Loans receivable – faculty and staff		32,559,093	31,126,171
Deposits held by bond trustees (note 13)		—	37,069,009
Other assets		34,510,596	33,263,979
Investments (notes 2 and 13)		1,845,372,833	1,711,024,809
Plant assets, net (note 6)		758,983,525	729,261,888
Total assets	$	3,005,842,758	2,908,774,413
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	49,130,485	44,036,362
Deferred revenues		5,201,427	4,348,929
Obligation under derivative instruments (notes 5 and 13)		121,271,560	180,224,602
Long-term debt (notes 5 and 13)		622,841,318	628,207,668
Conditional asset retirement obligation		7,912,805	7,464,489
Postretirement benefit obligation (note 7)		47,481,000	58,011,000
Amounts held for others (note 12)		97,265,222	90,790,439
Total liabilities		951,103,817	1,013,083,489
Commitments and contingencies (notes 2, 6 and 11)			
Net assets (note 3):			
Unrestricted		496,087,664	393,550,326
Temporarily restricted (note 9)		1,302,224,416	1,247,921,071
Permanently restricted (note 9)		256,426,861	254,219,527
Total net assets		2,054,738,941	1,895,690,924
Total liabilities and net assets	$	3,005,842,758	2,908,774,413

See accompanying notes to financial statements.

THE ROCKEFELLER UNIVERSITY

Statement of Activities

Year ended June 30, 2013
(with comparative financial information for the year
ended June 30, 2012)

	2013				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	2012 Total
Revenues:					
Government grants and contracts	$ 81,599,497	—	—	81,599,497	86,323,449
Private gifts and grants	34,791,491	39,917,628	2,770,815	77,479,934	124,877,210
Investment income (loss) (note 2)	44,726,850	149,870,406	(563,481)	194,033,775	(5,564,492)
Net appreciation (depreciation) in fair value of derivative instruments (note 5)	58,953,042	—	—	58,953,042	(90,004,001)
Sales and services of auxiliary enterprises	31,276,609	—	—	31,276,609	29,971,225
Rent, royalty, and other income	22,865,637	—	—	22,865,637	11,770,557
Net assets released from restrictions (note 9)	135,484,689	(135,484,689)	—	—	—
Total revenues	409,697,815	54,303,345	2,207,334	466,208,494	157,373,948
Expenses and other changes:					
Expenses (note 10):					
Research	210,787,021	—	—	210,787,021	209,713,672
Graduate education	14,156,652	—	—	14,156,652	13,818,741
Research support	23,589,956	—	—	23,589,956	21,875,698
Institutional support	43,563,568	—	—	43,563,568	41,905,419
Auxiliary enterprises	32,086,280	—	—	32,086,280	31,135,631
Total expenses	324,183,477	—	—	324,183,477	318,449,161
Other changes:					
Postretirement related changes other than net periodic postretirement benefit cost (note 7)	(17,023,000)	—	—	(17,023,000)	3,151,000
Write-off of fixed assets (note 6)	—	—	—	—	2,961,242
Net expenses and other changes	307,160,477	—	—	307,160,477	324,561,403
Change in net assets	102,537,338	54,303,345	2,207,334	159,048,017	(167,187,455)
Net assets at beginning of year	393,550,326	1,247,921,071	254,219,527	1,895,690,924	2,062,878,379
Net assets at end of year	$ 496,087,664	1,302,224,416	256,426,861	2,054,738,941	1,895,690,924

See accompanying notes to financial statements.

THE ROCKEFELLER UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2013
(with comparative financial information for the year
ended June 30, 2012)

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ 159,048,017	(167,187,455)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net (appreciation) depreciation in fair value of investments	(192,877,348)	9,219,989
Net (appreciation) depreciation in fair value of derivative instruments	(58,953,042)	90,004,001
Write-off of fixed assets	—	2,961,242
Depreciation and amortization	38,942,053	35,837,382
Write-off of bond issue costs	—	230,402
Write-off of unamortized bond discount	—	1,071,529
Private gifts and grants restricted for long-term investment	(2,770,815)	(2,660,969)
Changes in operating assets and liabilities:		
Accounts and accrued interest receivable	1,088,755	(1,802,017)
Contributions receivable, excluding amounts in financing activities	22,381,765	(45,992,504)
Other assets	(1,544,386)	(1,042,643)
Accounts payable and accrued expenses	3,718,377	(306,247)
Deferred revenues	852,498	31,280
Conditional asset retirement obligation	448,316	308,445
Postretirement benefit obligation	(10,530,000)	9,636,000
Amounts held for others	(4,864,521)	(2,515,959)
Net cash used in operating activities	(45,060,331)	(72,207,524)
Cash flows from investing activities:		
Proceeds from sale of investments	449,242,990	363,942,957
Purchase of investments	(379,428,804)	(274,099,010)
Additions to plant assets	(69,107,271)	(92,327,718)
Change in accounts payable for capital expenditures	1,375,746	2,165,042
Principal collections on loans receivable – faculty and staff	1,602,423	918,506
Issuance of loans – faculty and staff	(3,035,345)	(7,975,425)
Change in deposits held by bond trustees, net	37,123,451	62,472,447
Net cash provided by investing activities	37,773,190	55,096,799
Cash flows from financing activities:		
Proceeds from private gifts and grants restricted for long-term investment	5,351,242	6,402,176
Proceeds from long-term debt	—	86,460,575
Retirement of indebtedness	(4,625,000)	(88,425,000)
Bond issuance costs	—	(1,435,891)
Net cash provided by financing activities	726,242	3,001,860
Net decrease in cash and cash equivalents	(6,560,899)	(14,108,865)
Cash and cash equivalents at beginning of year	140,476,013	154,584,878
Cash and cash equivalents at end of year	$ 133,915,114	140,476,013
Supplemental disclosures:		
Interest paid	$ 29,822,794	31,059,768
Net appreciation (depreciation) in amounts held for others	11,339,304	(432,918)

See accompanying notes to financial statements.

(1) Discussion of Operations and Summary of Significant Accounting Policies

The Rockefeller University (the University) is a world-renowned center for research and graduate education in the biomedical sciences, chemistry, bioinformatics, and physics. The University's 73 laboratories conduct both clinical and basic research and study a diverse range of biological and biomedical problems with the mission of improving the understanding of life for the benefit of humanity. Laboratories are loosely clustered in 6 research areas, including biochemistry, structural biology, and chemistry; medical sciences and human genetics; molecular, cell, and developmental biology; immunology, virology, and microbiology; neuroscience; and physics and mathematical biology. The University does not charge tuition. Its revenues are derived primarily from investment income, government grants and contracts, and private gifts and grants.

The significant accounting policies followed by the University are described below:

(a) Basis of Presentation

The University prepares its financial statements on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board (FASB) for external reporting by not-for-profit organizations. Those standards require the classification of net assets and changes therein in one of three classes of net assets as follows:

> *Unrestricted net assets* are not subject to donor-imposed restrictions, but may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties.
>
> *Temporarily restricted net assets* are subject to donor-imposed restrictions that will be met by actions of the University or the passage of time and includes unexpended gains on endowment funds that have not been appropriated for expenditure.
>
> *Permanently restricted net assets* are subject to donor-imposed restrictions that they be maintained permanently by the University. Generally, the donors of these assets permit the University to use all or part of the income and gains on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. As discussed further in note 3, the University follows the provisions of Accounting Standards Codification (ASC) 958, Section 205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA*, which impacts the reporting of investment return on endowment funds. Accordingly, dividends, interest, and net gains and losses on endowment funds are reported as follows (i) as increases or decreases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund; or (ii) as increases or decreases in temporarily restricted net assets until appropriated for expenditure by the University.

Expirations of temporary restrictions on net assets, that is, the donor-imposed restricted purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions.

(b) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

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

Level 2 inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities and include alternative investments that are redeemable at or near the balance sheet date.

Level 3 inputs are unobservable inputs for the assets or liabilities, and include alternative investments that are not redeemable at or near the balance sheet date.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

(c) Cash Equivalents

All highly liquid debt instruments with an original maturity of three months or less are considered to be cash equivalents, except for such assets that are part of the University's investment portfolio managed by external investment managers for long-term purposes.

(d) Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received. Contributions to be received after one year are discounted to reflect the present value of future cash flows at a risk-adjusted rate, which is considered Level 3 in the fair value hierarchy. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

Contributions of property, plant, and equipment without donor stipulation concerning the use of such long-lived assets are reported as revenues of the unrestricted net assets class. Contributions of cash or other assets to be used to acquire property, plant, and equipment are reported as revenues of the

temporarily restricted net assets class; the restrictions are considered to be released at the time such long-lived assets are placed into service.

(e) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon values provided by the University's external investment managers or upon quoted market values. Investments in partnerships are reflected at net asset value as reported by the general partners, and may differ from the values that would have been reported had a ready market for these securities existed. The University reviews and evaluates the values provided by the general partners and agrees with the valuation methods and assumptions used in determining the fair value of the limited partnerships.

(f) Plant Assets

Plant assets are stated at cost or at fair value at date of donation in the case of gifts. Depreciation of buildings and building improvements is recorded over estimated useful lives ranging from 15 to 50 years. Equipment is depreciated over estimated useful lives ranging from 5 to 10 years. Leasehold improvements are amortized over the life of the asset or term of the lease, whichever is shorter. Library books are depreciated over estimated useful lives of 15 years.

(g) Government Grants and Contracts

Revenue from government grants and contracts is generally recognized as earned, that is, as the related costs are incurred under the grant or contract agreements. Amounts expended in excess of reimbursements are reported as accounts receivable.

(h) Derivative Instruments

The University accounts for derivative instruments at fair value. The fair value of the derivatives held is based upon values provided by third-party financial institutions and is assessed by management for reasonableness. The fair values of the University's interest rate swaps were calculated as of June 30, 2013, using industry-recognized methodologies. The valuations are based on the present value of the difference between the fixed rate paid by the University and the mid-market fixed rate the University would pay on a similar transaction if it were entered into on June 30, 2013.

(i) Conditional Asset Retirement Obligation

Upon acquisition, and when reasonably estimable, the University recognizes the fair value of the liability related to the legal obligation to perform asset retirement activity on tangible long-lived assets.

(j) Income Taxes

The University is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The University follows the guidance of ASC 740-10, *Income Taxes –*

Overall, which addresses accounting for uncertainties in income taxes recognized in an enterprise's financial statements. The University utilizes a threshold of more-likely than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

(k) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of these financial statements include the valuation of investments, estimated net realizable value of receivables, the obligation under derivative instruments, and the postretirement benefit obligation. Actual results could differ from those estimates.

(l) Comparative Financial Information

The statement of activities is presented with prior year financial information in total, which does not include net asset class detail. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the University's 2012 financial statements, from which the summarized information was derived.

(m) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

(2) Investments

The fair value of the University's investments consists of the following at June 30, 2013 and 2012:

	2013	2012
Cash equivalents	$ 43,345,145	42,627,275
Fixed income	40,258,177	54,947,604
U.S. long equities	213,500,336	172,416,594
International/global equities	316,894,434	263,186,942
Alternative investments – public:		
Long/short equities	268,845,323	277,570,850
Absolute return	322,509,143	271,920,862
Real assets	87,706,132	90,046,821
Alternative investments – private:		
Buyout funds	202,436,557	203,909,993
Venture capital funds	130,695,975	135,354,387
Real estate funds	151,451,692	141,970,895
Natural resources and other	67,729,919	57,072,586
	$ 1,845,372,833	1,711,024,809

Investments include limited partnerships totaling approximately $1.639 billion and $1.472 billion at June 30, 2013 and 2012, respectively, which are presented above by the underlying investment classification.

Alternative investments – public investments include interests in limited partnerships and limited liability corporations that invest principally in public equities and corporate bonds and may employ both long and short strategies.

Alternative investments – private investments include interests in limited partnerships and limited liability corporations that invest principally in buyout funds, venture capital, real estate funds, and natural resources. These interests generally have very limited liquidity.

A description of the various categories follows:

Long/short equities represent investments in funds that invest predominantly in liquid publicly traded marketable securities, primarily equities. These funds are able to hold both long and short positions and utilize leverage. These funds attempt to generate higher returns with lower volatility than their long-only counterparts and demonstrate moderate equity market correlation.

Absolute return represents investments in funds that pursue strategies that do not demonstrate a sustained correlation to public equity markets such as distressed debt and credit strategies, market neutral strategies, macro strategies, event driven and merger arbitrage strategies, and deep value investing.

Real assets represent investments in funds whose assets attempt to retain their value in inflationary environments and include investments in real estate, commodities and natural resources, and inflation-linked bonds.

Buyout funds represent investments in funds that take negotiated, frequently controlling ownership stakes in companies in the United States and internationally.

Venture capital funds represent investments in companies that are newly formed and which require substantial initial capital.

Real estate funds represent investments in a broad range of commercial and residential real estate properties.

Natural resources and other represent investments in partnerships that develop a broad range of natural resources including oil and gas, timber, metals and mining, and power. Other generally represents private partnerships in credit, royalty, or other nonequity investments.

At June 30, 2013, the University had approximately $279.9 million for which capital calls had not been exercised pertaining to alternative investments – private. Such commitments generally have fixed expiration dates or other termination clauses. The University maintains sufficient liquidity to cover such calls. 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 securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

Investment income consists of the following as of June 30:

	2013				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	2012 Total
Interest and dividends	$ 320,211	836,216	—	1,156,427	3,655,497
Net appreciation (depreciation) in fair value of investments	44,406,639	149,034,190	(563,481)	192,877,348	(9,219,989)
Total	$ 44,726,850	149,870,406	(563,481)	194,033,775	(5,564,492)

(3) Endowment Funds

The primary role of the endowment is to advance the research mission of the University through support of the annual operating budget. The University's endowment consists of both donor-restricted endowment funds and funds designated by the University for long-term purposes and is subject to the provision of the *New York Prudent Management of Institutional Funds Act* (NYPMIFA). The University has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as is prudent for the uses, benefits, purposes, and duration for which the endowment fund

is established, subject to the intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary.

The endowment's assets are invested in marketable securities, including U.S. and global equities and fixed income securities, and partnerships, including long/short equities, absolute return, venture capital, buyout funds, and real assets. The assets are primarily invested by external investment managers through separate accounts or through commingled vehicles, including funds, trusts, and limited partnerships.

The Investment Committee of the University's Board of Trustees (the Committee) is responsible for overseeing the endowment. With the support of the Office of Investments, the Committee establishes the endowment's investment policy and asset allocation, retains and oversees external investment managers, and monitors the implementation and performance of the investment program. The Committee has established a long-term asset allocation policy, which is designed to earn superior investment returns while reducing the risk of permanent impairment of capital. The policy emphasizes (1) a substantial allocation to equity investments; (2) broad diversification of asset class, style, and manager; (3) low correlation to traditional equity market indices; (4) low volatility strategies; and (5) less efficient asset classes. The asset allocation policy is reviewed annually by the Committee. Actual asset allocation is reviewed quarterly by the Committee, which may tactically overweight or underweight a particular asset class.

At June 30, 2013, the fair values of 9 endowment accounts were less than their original fair value (underwater) by a total of approximately $1.4 million. At June 30, 2012, the fair values of 19 endowment accounts were less than their original fair value (underwater) by a total of approximately $3 million.

The University operates under a spending policy for operations that applies a spending rate to the endowment's trailing three-year average fair value of investments. The applied spending rate as of June 30, 2013 and 2012 was 6% of the three-year average fair value of investments. The spending rate appropriation from the temporarily restricted portion of the endowment for the year ended June 30, 2013 was $70,022,270.

At June 30, 2013 and 2012, net assets associated with endowment funds consisted of the following:

	2013			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor restricted	$ (1,418,609)	1,052,460,804	237,604,911	1,288,647,106
Designated for long-term purposes	353,845,579	—	—	353,845,579
Total	$ 352,426,970	1,052,460,804	237,604,911	1,642,492,685

	2012			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor restricted	$ (3,024,134)	979,269,303	231,794,573	1,208,039,742
Designated for long-term purposes	331,174,490	—	—	331,174,490
Total	$ 328,150,356	979,269,303	231,794,573	1,539,214,232

Changes in net assets associated with endowment funds, exclusive of pledges and non pooled endowments, principally in trusts for the years ended June 30, 2013 and 2012 were as follows:

	2013			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Net assets at June 30, 2012	$ 328,150,356	979,269,303	231,794,573	1,539,214,232
Contributions	—	—	5,351,242	5,351,242
Interest and dividends	140,263	836,215	—	976,478
Realized gains	22,884,312	74,140,509	—	97,024,821
Unrealized gains	21,320,303	74,546,884	459,096	96,326,283
Transfers, net	108,330	(368,276)	—	(259,946)
Total before spending rate	372,603,564	1,128,424,635	237,604,911	1,738,633,110
Endowment spending rate:				
Unrestricted	(20,176,594)	(70,022,270)	—	(90,198,864)
Restricted	—	(5,941,561)	—	(5,941,561)
Total endowment spending rate	(20,176,594)	(75,963,831)	—	(96,140,425)
Net assets at June 30, 2013	$ 352,426,970	1,052,460,804	237,604,911	1,642,492,685

	2012			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Net assets at June 30, 2011	$ 333,768,602	1,060,181,398	226,450,847	1,620,400,847
Contributions	—	—	6,402,176	6,402,176
Interest and dividends	629,563	2,759,889	—	3,389,452
Realized gains	15,153,842	56,990,278	—	72,144,120
Unrealized losses	(18,310,869)	(63,807,764)	(158,450)	(82,277,083)
Distributions – spending rate	(15,783,405)	(74,110,494)	—	(89,893,899)
Transfers, net	12,692,623	(2,744,004)	(900,000)	9,048,619
Net assets at June 30, 2012	$ 328,150,356	979,269,303	231,794,573	1,539,214,232

(4) Obligation under Line of Credit

On July 1, 2011, the University entered into a revolving credit agreement with a financial institution. This agreement consists of a $100 million committed facility, expiring on October 14, 2014, to be used for general institutional purposes and a $50 million uncommitted facility, expiring on October 13, 2013, to be used for capital purposes. Under the committed facility, borrowings may occur at the London Interbank Offered Rate (LIBOR) plus 0.65%, money market rate plus 0.65%, or a Corporate Base Rate. The commitment fee on the committed facility is 0.10% of the undrawn balance. Under the uncommitted facility, borrowings may occur at LIBOR plus 0.45%, money market rate plus 0.45%, or a Corporate Base Rate. There was no outstanding balance as of June 30, 2013 or 2012.

Fees relating to the obligation under the line of credit for the years ended June 30, 2013 and 2012 were approximately $76,000 and $77,000, respectively.

(5) Long-Term Debt

The University has financed certain plant asset acquisition and construction costs through revenue obligations of the Dormitory Authority of the State of New York (the Authority). The following obligations were outstanding at June 30, 2013 and 2012:

	2013	2012
The Rockefeller University Revenue Bonds, Series 2012B, 4.00% to 5.00%, due serially to 2038	$ 51,390,000	51,390,000
The Rockefeller University Revenue Bonds, Series 2012A, 4.00% to 5.00%, due serially to 2037	26,465,000	26,465,000
The Rockefeller University Revenue Bonds, Series 2010A, 5.00%, due serially to 2041	50,000,000	50,000,000
The Rockefeller University Revenue Bonds, Series 2009C, 5.00%, due serially to 2040	100,000,000	100,000,000
The Rockefeller University Revenue Bonds, Series 2009B, variable rate, hedged by interest rate swap, due 2040 (effective rate 3.74% and 3.81% as of June 30, 2013 and 2012, respectively)	100,000,000	100,000,000
The Rockefeller University Revenue Bonds, Series 2009A, 4.50% to 5.00%, due serially to 2028	59,295,000	59,295,000
The Rockefeller University Revenue Bonds, Series 2008A, variable rate, partially hedged by interest rate swap, due 2039 (effective rate 3.73% and 3.81% as of June 30, 2013 and 2012, respectively)	103,215,000	103,215,000
The Rockefeller University Revenue Bonds, Series 2005A, variable rate, partially hedged by interest rate swap, due 2032 (effective rate 5.32% and 5.39% as of June 30, 2013 and 2012, respectively)	63,000,000	63,325,000
The Rockefeller University Revenue Bonds, Series 2002A2, variable rate, hedged by interest rate swap, due 2032 (effective rate 4.67% and 4.74% as of June 30, 2013 and 2012, respectively)	50,000,000	50,000,000
The Rockefeller University Revenue Bonds, Series 1998A, variable rate, hedged by interest rate swap fixed interest at 5.38%, due serially to 2014	4,500,000	8,800,000
	607,865,000	612,490,000
Unamortized bond premium, net of discount	14,976,318	15,717,668
	$ 622,841,318	628,207,668

On February 15, 2012, the Authority issued $26,465,000 of The Rockefeller University Revenue Bonds, Series 2012A. The proceeds from the Series 2012A bonds were used to provide payment of the Authority's The Rockefeller University Revenue Bonds, Series 1998. The Series 1998 bonds were refunded on

April 12, 2012 at a redemption price equal to 100% of the principal amount of the Series 1998 bonds, plus accrued and unpaid interest.

On March 7, 2012, the Authority issued $51,390,000 of The Rockefeller University Revenue Bonds, Series 2012B. The proceeds from the Series 2012B Bonds were used to provide payment of the Authority's The Rockefeller University Revenue Bonds, Series 2002A1. On March 7, 2012, the Series 2002A1 bonds were defeased and subsequently repaid in an amount equal to the outstanding obligation, plus accrued and unpaid interest on July 2, 2012. Since the University was legally released from its obligation under the bonds when defeased, the debt is no longer recorded in the University's financial statements.

The Series 2002A1 and Series 1998 bonds were issued net of original issue discounts, which were written off in 2012. The Series 2012A, 2012B, 2010A, 2009A, and 2009C bonds were issued at a premium, which will be amortized over the lives of the bonds.

As of June 30, 2013, the University's projected debt service payments on its long-term debt are as follows:

	Principal	Interest	Total debt service
Year ending June 30:			
2014	$ 4,850,000	27,704,150	32,554,150
2015	350,000	27,448,050	27,798,050
2016	350,000	27,434,050	27,784,050
2017	375,000	27,420,050	27,795,050
2018	400,000	27,405,050	27,805,050
Thereafter	601,540,000	488,374,325	1,089,914,325
	$ 607,865,000	625,785,675	1,233,650,675

Interest expense on long-term debt for the years ended June 30, 2013 and 2012 was approximately $29,823,000 and $31,060,000, respectively, of which, $1,400,000 and $4,600,000 was capitalized for the years ended June 30, 2013 and 2012, respectively.

The Series 1998A bonds, the Series 2002A2 bonds, the Series 2005A bonds, the Series 2008A bonds, and the Series 2009B bonds bear interest at variable rates and are subject to optional and mandatory tender. The University has entered into agreements with remarketing agents pursuant to which the remarketing agents are obligated to use their best efforts to remarket any bonds so tendered. The University is obligated to purchase any bonds that are tendered but not remarketed. In connection with the Series 2002A2, 2005A, 2008A, and 2009B bonds, the University arranged for a standby purchase agreement to be provided by a bank, pursuant to which the bank will purchase any bonds that are tendered and not remarketed. If the University is obligated to purchase any Series 1998A bonds, it expects that it would use any available funds, including the proceeds of the sale of investments held in its portfolio.

Interest Rate Swap Agreements

The University has entered into six interest rate swap agreements. The following schedule presents the notional principal amounts of the swaps and other related information as of June 30, 2013:

Effective date	Notional amount	Termination date
April 30, 1998	$ 8,800,000	2014
January 31, 2002	50,000,000	2032
May 2, 2005	50,000,000	2032
July 1, 2008	100,000,000	2039
July 1, 2009	100,000,000	2040
July 1, 2010	75,000,000	2040

The swaps are a partial hedge of the Series 1998A, 2002A2, 2005A, 2008A, and 2009B bond issues. Under the terms of the agreements, the University pays interest at predetermined fixed rates and receives variable rates. Included in obligation under derivative instruments in the balance sheet is the net cumulative loss on these derivative transactions in the amounts of $121,271,560 and $180,224,602 at June 30, 2013 and 2012, respectively. Additionally, the change in the cumulative loss is included in net appreciation (depreciation) in fair value of derivative instruments in the accompanying statement of activities, and amounted to a gain of $58,953,042 for the year ended June 30, 2013 and a loss of ($90,004,001) for the year ended June 30, 2012.

(6) Plant Assets

Plant assets at June 30, 2013 and 2012 comprise of the following:

	2013	2012
Land and land improvements	$ 17,842,744	13,829,113
Buildings and building improvements	1,073,572,885	900,022,017
Equipment	73,175,529	67,612,403
Leasehold improvements	424,726	424,726
Library books	755,237	755,237
Works of art	770,239	770,239
Total	1,166,541,360	983,413,735
Less accumulated depreciation and amortization	(414,971,840)	(373,967,833)
Construction in progress	7,414,005	119,815,986
	$ 758,983,525	729,261,888

The University has commitments in the amount of $13.5 million and $41 million as of June 30, 2013 and 2012, respectively, relating to its capital expansion project. The University wrote off $3 million in 2012,

which represents the carrying value of one of its buildings being renovated in conjunction with its capital expansion project.

(7) Retirement Benefits

The University has defined contribution retirement plans covering substantially all academic and nonacademic personnel. The plans are fully funded by the purchase of annuity contracts. Pension costs amounted to approximately $8,584,000 and $8,167,000 for the years ended June 30, 2013 and 2012, respectively.

In addition to providing pension benefits, the University provides certain healthcare and life insurance benefits for retired faculty and administrative employees who meet certain age and length-of-service requirements upon retirement. The University recognizes the funded status (i.e., the difference between the fair value of plan assets and projected benefit obligations) of its benefit plan as an asset or liability in its balance sheet and recognizes changes in that funded status in the year in which the changes occur through changes in unrestricted net assets.

The following table sets forth the postretirement benefit plan's funded status and amounts recognized in the University's financial statements as of and for the years ended June 30, 2013 and 2012:

		2013	2012
Change in benefit obligation:			
Benefit obligation at beginning of year	$	75,581,000	65,479,000
Service cost		2,835,000	2,521,000
Interest cost		3,187,000	3,381,000
Plan participants' contributions		292,000	259,000
Retiree drug subsidy receipts		377,000	33,000
Actuarial (gain) loss		(12,479,000)	5,788,000
Benefits paid		(2,333,000)	(1,880,000)
Benefit obligation at end of year		67,460,000	75,581,000
Change in plan assets:			
Fair value of plan assets at beginning of year		17,570,000	17,104,000
Actual return on plan assets		2,409,000	466,000
Employer contribution		1,664,000	1,588,000
Plan participants' contributions		292,000	259,000
Retiree drug subsidy receipts		377,000	33,000
Benefits paid		(2,333,000)	(1,880,000)
Fair value of plan assets at end of year (Level 1 inputs)		19,979,000	17,570,000
Accrued postretirement benefit obligation	$	47,481,000	58,011,000

The components of net periodic postretirement benefit cost for the years ended June 30 are as follows:

		2013	2012
Service cost	$	2,835,000	2,521,000
Interest cost		3,187,000	3,381,000
Expected return on plan assets		(1,393,000)	(1,356,000)
Amortization:			
Transition obligation		670,000	670,000
Prior service cost		2,858,000	2,858,000
Net periodic postretirement benefit cost	$	8,157,000	8,074,000

The estimated amount that will be amortized into net periodic postretirement benefit cost in 2013 is $2,858,000.

As of June 30, 2013, the postretirement benefit obligation includes unrecognized prior service costs and net actuarial gains of $9,218,000 and $2,587,000, respectively. As of June 30, 2012, the postretirement benefit obligation includes unrecognized prior service costs, transition obligation, and net actuarial losses of $12,076,000, $670,000, and $10,908,000, respectively.

Weighted average assumptions used to calculate the benefits obligation and to determine net periodic pension cost as of and for the years ended June 30 are as follows:

	2013	2012
Discount rate for benefit obligation	5.189%	4.643%
Discount rate for net periodic postretirement cost	4.643	5.55
Expected return on plan assets	7.93	7.93

For measurement purposes, an annual rate ranging from 6% to 8.5% of increase in the per capita cost of covered healthcare and prescription drug benefits was assumed as of June 30, 2013. The rates were assumed to decrease to an ultimate rate of 5% in 2018 and remain at that level thereafter. Assumed healthcare cost trends have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

		1-percentage-point increase	1-percentage-point decrease
Effect on total of service and interest cost components	$	1,375,000	(1,057,000)
Effect on year-end APBO		11,894,000	(9,491,000)

The asset allocation of the postretirement benefit plan as of June 30 was:

	2013	2012	Target
Asset category:			
Equities	74%	71%	70%
Fixed income	26	29	30
	100%	100%	100%

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 is reflected assuming that the University will continue to provide a prescription drug benefit to plan participants that is at least actuarially equivalent to Medicare Part D and that the University will receive the federal subsidy until 2015. The amounts do not reflect the effects, if any, of the Patient Protection and Affordable Care Act and Health Care and Reconciliation Act that were enacted in March 2010.

The benefits expected to be paid in each fiscal year from 2013 to 2018 and the five subsequent years thereafter are as follows:

	Expected benefits payments not reflecting Medicare subsidy	Medicare subsidy	Expected benefits reflecting Medicare subsidy
2014	$ 2,608,000	189,000	2,419,000
2015	2,771,000	199,000	2,572,000
2016	2,935,000	206,000	2,729,000
2017	3,104,000	211,000	2,893,000
2018	3,286,000	216,000	3,070,000
2019 – 2023	19,405,000	1,135,000	18,270,000

The expected benefits to be paid are based on the same assumptions used to measure the University's benefit obligation at June 30, 2013.

Employer contributions of approximately $2.4 million are expected to be made in 2014.

(8) Contributions Receivable

Contributions receivable consist of the following at June 30, 2013 and 2012:

	2013	2012
Amounts expected to be collected in:		
Less than one year	$ 31,481,401	40,028,430
One year to five years	142,717,434	156,050,501
Thereafter	27,060,000	32,720,000
	201,258,835	228,798,931
Less allowance	(2,500,000)	(2,500,000)
Less discount to present value at a 5% rate at June 30, 2013 and 2012	(10,764,642)	(13,342,546)
	$ 187,994,193	212,956,385

Included in gross contributions receivable at June 30, 2013 is approximately $138.5 million due from three donors.

(9) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30, 2013 and 2012:

	2013	2012
Restricted as to purpose:		
Research	$ 158,045,426	121,461,078
Research support	13,085,435	2,390,670
Renovation of facilities	1,050,142	1,050,142
Graduate education	1,046,477	891,215
Restricted as to time:		
For subsequent years	1,128,822,463	1,121,953,493
Annuity trust agreements	174,473	174,473
	$ 1,302,224,416	1,247,921,071

Permanently restricted net assets at June 30, 2013 and 2012 are restricted to investments in perpetuity, with investment return available to support the following activities:

	2013	2012
Research	$ 54,724,500	53,081,303
Research support	4,700,090	4,202,254
Unrestricted activities	197,002,271	196,935,970
	$ 256,426,861	254,219,527

Net assets released from restrictions as of June 30, 2013 consisted of the following:

	Unrestricted	Temporarily restricted	Total
Spending on restricted funds	$ 59,520,858	(59,520,858)	—
Spending rate appropriation:			
Restricted	5,941,561	(5,941,561)	—
Unrestricted	70,022,270	(70,022,270)	—
Total	$ 135,484,689	(135,484,689)	—

(10) Expenses

Expenses are reported in the statement of activities in categories recommended by the National Association of College and University Business Officers. The University's primary program services are research and graduate education. Expenses reported as research support and auxiliary enterprises are incurred in support of these primary program services. Accordingly, total program services expenses approximated $280,620,000 and $276,544,000 in 2013 and 2012, respectively. Institutional support includes approximately $8,000,000 and $7,205,000 of fund-raising expenses in 2013 and 2012, respectively.

(11) Contingent Liabilities

The University is a defendant in various lawsuits. Management of the University does not expect the ultimate resolution of these actions to have a significant effect on the University's financial position.

Amounts expended by the University under various government grants and contracts are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the University's financial position.

(12) The Rockefeller Archive Center

The Rockefeller Archive Center (RAC) was a division of the University. On June 20, 2006, RAC was formed as a separate legal entity with a board of trustees separate and distinct from the University's board of trustees.

The University has entered into an agreement whereby it is providing certain management and investment services to RAC. Amounts held for others represent the fair value of RAC's units in the University's endowment pool. RAC, upon written notice to the University, may submit a request to redeem all or a portion of the units held by RAC. Each redemption request shall be no less than $2 million. After receiving the redemption request, the University shall notify RAC of the portion, if any, of the redemption request that is accepted and the manner and timing of payment of the redemption amounts. Pursuant to the terms of the investment services agreement, RAC has no beneficial interest or rights with respect to the University's underlying investments.

(13) Fair Value

The University's assets and liabilities at June 30, 2013 that are reported at fair value are summarized within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Cash equivalents	$ 43,345,145	—	—	43,345,145
Fixed income	39,303,108	955,069	—	40,258,177
U.S. long equities	112,095,201	80,087,449	21,317,686	213,500,336
International/global equities	10,300,184	237,298,537	69,295,713	316,894,434
Alternative investments – public:				
Long/short equities	—	123,553,140	145,292,183	268,845,323
Absolute return	—	73,609,099	248,900,044	322,509,143
Real assets	—	87,706,132	—	87,706,132
Alternative investments – private:				
Buyout funds	—	—	202,436,557	202,436,557
Venture capital funds	—	—	130,695,975	130,695,975
Real estate funds	—	—	151,451,692	151,451,692
Natural resources and other	—	—	67,729,919	67,729,919
Total investments	$ 205,043,638	603,209,426	1,037,119,769	1,845,372,833
Liabilities:				
Interest rate swap agreements	$ —	121,271,560	—	121,271,560
Amounts held for others	—	—	97,265,222	97,265,222

Equities and alternative investments – public contain various monthly, quarterly, semi-annual, and annual redemption restrictions with required written notice ranging up to 180 days. In addition, certain of these investments are restricted by initial lock-up periods. Included in the Level 2 classification are investments subject to lock-up periods that can be redeemed quarterly subject to a penalty. As of June 30, 2013, the following table summarizes at fair value the composition of various redemption provisions and lock-up periods in the investment portfolio:

		Alternative investments			
Redemption period	**Long equities**	**Long/short equities**	**Absolute return**	**Real assets**	**Total**
Monthly	$ 82,723,646	—	—	—	82,723,646
Quarterly	183,016,930	51,783,440	73,609,099	87,706,132	396,115,601
Semiannual	—	14,438,908	—	—	14,438,908
Annual	31,646,750	43,316,722	128,464,815	—	203,428,287
In liquidation	—	71,216,449	51,323,744	—	122,540,193
Lock-up (a)	110,612,059	88,089,804	69,111,485	—	267,813,348
Total	$ 407,999,385	268,845,323	322,509,143	87,706,132	1,087,059,983

(a) The amount subject to redemption lock-up is set to expire as follows:

	Amount
Fiscal year:	
2014	$ 112,847,717
2015	86,023,063
Thereafter	68,942,568
	$ 267,813,348

Private partnerships are invested through drawdown vehicles such that capital is drawn and repaid over time. On average, private partnerships have a cash flow weighted duration that ranges from 3 to 5 years.

The summary of the University's assets and liabilities at June 30, 2012 that are reported at fair value are within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Cash equivalents	$ 42,627,275	—	—	42,627,275
Fixed income	—	54,947,604	—	54,947,604
U.S. long equities	82,646,588	63,472,955	26,297,051	172,416,594
International/global equities	58,457,236	190,194,307	14,535,399	263,186,942
Alternative investments – public:				
Long/short equities	—	182,789,500	94,781,350	277,570,850
Absolute return	—	90,842,415	181,078,447	271,920,862
Real assets	—	90,046,821	—	90,046,821
Alternative investments – private:				
Buyout funds	—	—	203,909,993	203,909,993
Venture capital funds	—	—	135,354,387	135,354,387
Real estate funds	—	—	141,970,895	141,970,895
Natural resources and other	—	—	57,072,586	57,072,586
Total investments	183,731,099	672,293,602	855,000,108	1,711,024,809
Other assets:				
Deposits held by bond trustee, primarily government-backed securities	—	37,069,009	—	37,069,009
Total assets	$ 183,731,099	709,362,611	855,000,108	1,748,093,818
Liabilities:				
Interest rate swap agreements	$ —	180,224,602	—	180,224,602
Amounts held for others	—	—	90,790,439	90,790,439

The following table presents the University's activity for the fiscal year ended June 30, 2013 and summary data for the fiscal year ended June 30, 2013 for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair value at June 30, 2012	Acquisitions	Dispositions	Realized gains	Unrealized gains (losses)	Fair value at June 30, 2013
Long equities	$ 40,832,450	48,000,000	(10,150,830)	—	11,931,779	90,613,399
Alternative investments – public:						
Long/short equities	94,781,350	46,802,835	(11,642,026)	1,642,026	13,707,998	145,292,183
Absolute return	181,078,447	50,000,000	(6,227,790)	4,958,010	19,091,377	248,900,044
Total alternative investments – public	316,692,247	144,802,835	(28,020,646)	6,600,036	44,731,154	484,805,626
Alternative investments – private:						
Buyout funds	203,909,993	18,769,925	(48,882,354)	26,230,769	2,408,224	202,436,557
Venture capital funds	135,354,387	18,174,517	(37,143,574)	25,671,136	(11,360,491)	130,695,975
Real estate funds	141,970,895	25,766,234	(31,046,952)	13,072,255	1,689,260	151,451,692
Natural resources and other	57,072,586	13,717,621	(11,487,271)	6,679,045	1,747,938	67,729,919
Total alternative investments – private	538,307,861	76,428,297	(128,560,151)	71,653,205	(5,515,069)	552,314,143
Total	$ 855,000,108	221,231,132	(156,580,797)	78,253,241	39,216,085	1,037,119,769
Amounts held for others	$ 90,790,439	1,459,880	(6,324,401)	5,613,946	5,725,358	97,265,222

The following tables present the University's activity for the fiscal year ended June 30, 2012 and summary data for the fiscal year ended June 30, 2012 for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair value at June 30, 2011	Acquisitions	Dispositions	Transfers out (a)	Realized gains	Unrealized gains (losses)	Fair value at June 30, 2012
Long equities	$ 23,517,851	17,237,434	—	—	—	77,165	40,832,450
Alternative investments – public:							
Long/short equities	65,891,162	35,000,000	(5,000,000)	—	3,498,367	(4,608,179)	94,781,350
Absolute return	185,736,668	49,000,000	(55,137,821)	—	28,722,329	(27,242,729)	181,078,447
Real assets	40,000,000	—	—	(40,000,000)	—	—	—
Total alternative investments – public	315,145,681	101,237,434	(60,137,821)	(40,000,000)	32,220,696	(31,773,743)	316,692,247
Alternative investments – private:							
Buyout funds	206,633,951	11,029,958	(13,194,589)	—	642,044	(1,201,371)	203,909,993
Venture capital funds	125,408,027	13,866,576	(20,697,329)	—	13,664,515	3,112,598	135,354,387
Real estate funds	122,167,474	22,136,677	(12,362,053)	—	7,306,912	2,721,885	141,970,895
Natural resources and other	44,060,491	20,874,849	(9,058,253)	—	3,979,839	(2,784,340)	57,072,586
Total alternative investments – private	498,269,943	67,908,060	(55,312,224)	—	25,593,310	1,848,772	538,307,861
Total	$ 813,415,624	169,145,494	(115,450,045)	(40,000,000)	57,814,006	(29,924,971)	855,000,108

(a) Transfer out of Level 3 was due to expiration of a lock up restriction.

The carrying amount of the University's short-term financial instruments approximates fair value because of their short maturity. The carrying value of contributions receivable approximates their fair value. At June 30, 2013, the fair value of long-term debt is approximately $624 million. The estimated fair value of the University's long-term debt is based on the discounted future cash payments to be made for each issue. The discount rate used approximates current market rates for loans of similar maturities and credit quality and is considered Level 2 in the fair value hierarchy.

(14) Subsequent Events

The University evaluated events subsequent to June 30, 2013 through October 7, 2013, the date on which the financial statements were issued and concluded that no additional disclosures are required.