The Trustees of Columbia University in the City of New York

Consolidated Financial Statements
June 30, 2009 and 2008

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
300 Madison Avenue
New York NY 10017
Telephone (646) 471-3000
pwc.com

Report of Independent Auditors

To The Trustees of Columbia University in the City of New York:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of activities and cash flows present fairly, in all material respects, the financial position of The Trustees of Columbia University in the City of New York (the "University") at June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the University's June 30, 2008 financial statements, and in our report dated October 10, 2008, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements 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 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, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 3 to the consolidated financial statements, in fiscal year 2009, the University adopted Statement of Financial Accounting Standard No. 157 "Fair Value Measurements."

PricewaterhouseCoopers LLP

October 28, 2009

The Trustees of Columbia University in the City of New York
Consolidated Balance Sheet
At June 30, 2009, with Comparative Totals at June 30, 2008
(in thousands of dollars)

	June 2009	June 2008
Assets		
Cash and cash equivalents	$261,976	$282,713
Accounts receivable, net:		
Government agencies	102,224	135,117
Patient receivables	74,563	76,905
Other	182,132	168,210
Investment income receivable, net	2,188	2,479
Receivable for securities sold	147,665	309,343
Cash and securities held in trust by others	83,677	164,683
Pledges receivable, net	290,243	258,938
Student loans receivable, net	89,268	89,556
Collateral for securities loaned	11,876	70,946
Investments, at fair value	5,741,785	7,105,929
Institutional real estate	765,282	682,070
Land, buildings, and equipment, net	2,411,136	2,108,139
Other assets	70,808	59,882
Net assets held by CPMC Fund, Inc.	75,125	127,814
Interest in perpetual trusts held by others	129,818	157,583
Total assets	**$10,439,766**	**$11,800,307**
Liabilities		
Accounts payable and accrued expenses	$498,594	$494,202
Liabilities for securities purchased	18,759	8,544
Securities loan agreement payable	11,876	70,946
Prepaid tuition and other deferred credits	58,934	46,965
Deferred revenue and unamortized bond premium	66,257	71,046
Refundable advances	101,161	88,584
Capital lease obligations	118,962	83,097
Conditional asset retirement obligations	98,791	93,881
Accrued employee benefit liabilities	220,558	164,857
Federal student loan funds	76,782	75,465
Actuarial liability for split-interest agreements	43,111	35,331
Bonds and notes payable	1,396,407	1,398,258
Total liabilities	**2,710,192**	**2,631,176**
Net assets		
Unrestricted	5,102,757	6,496,155
Temporarily restricted	711,372	854,310
Permanently restricted	1,915,445	1,818,666
Total net assets	**7,729,574**	**9,169,131**
Total liabilities and net assets	**$10,439,766**	**$11,800,307**

See accompanying notes to consolidated financial statements.

The Trustees of Columbia University in the City of New York
Consolidated Statement of Activities
For the Year Ended June 30, 2009, with Comparative Totals at June 30, 2008
(in thousands of dollars)

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 2009	June 2008
Operating activities					
Revenues and support					
Tuition and fees	$840,647			$840,647	$775,912
Less financial aid grants	(237,918)			(237,918)	(207,479)
Net tuition and fees	602,729			602,729	568,433
Government grants and contracts:					
Direct	547,902			547,902	507,035
Indirect	166,479			166,479	160,221
Private gifts, grants and contracts:					
Direct	271,689	$73,841		345,530	391,222
Indirect	7,257			7,257	10,746
Revenue from other educational and research activities	246,911			246,911	184,123
Patient care revenue	747,927			747,927	705,938
Investment income and gains utilized	424,082	3,904		427,986	379,957
Sales and services of auxiliary enterprises	111,934			111,934	109,320
State aid	3,207			3,207	3,263
Other sources	13,925			13,925	13,744
Net assets released from restrictions	65,417	(65,417)			
Total operating revenues and support	**3,209,459**	**12,328**		**3,221,787**	**3,034,002**
Expenses					
Instruction and educational administration	1,136,588			1,136,588	1,074,157
Research	432,538			432,538	398,910
Patient care expense	674,656			674,656	648,893
Library	61,098			61,098	61,020
Operation and maintenance of plant	177,375			177,375	157,636
Institutional support	204,520			204,520	208,685
Auxiliary enterprises	97,453			97,453	97,461
Depreciation expense	160,870			160,870	153,991
Interest expense	63,618			63,618	50,313
Other	52,565			52,565	43,743
Total expenses	**3,061,281**			**3,061,281**	**2,894,809**
Change in net assets from operating activities	**148,178**	**12,328**		**160,506**	**139,193**
Nonoperating activities					
Endowment gifts			$124,470	124,470	130,131
Current year realized and unrealized capital gains (losses)	(1,151,642)	(126,360)	175	(1,277,827)	19,763
Endowment appreciation utilized	(324,095)	(33,594)		(357,689)	(252,109)
Change in net assets held by CPMC Fund, Inc.	(47,735)		(4,954)	(52,689)	(2,935)
Change in funds held by others in perpetuity			(27,765)	(27,765)	9,409
Present value adjustment to split-interest agreements	(484)	4,688	(17)	4,187	(7,665)
Changes in pension and post retirement obligations	(42,148)			(42,148)	(20,099)
Other	24,528		4,870	29,398	
Change in net assets from nonoperating activities	**(1,541,576)**	**(155,266)**	**96,779**	**(1,600,063)**	**(123,505)**
Change in net assets	**(1,393,398)**	**(142,938)**	**96,779**	**(1,439,557)**	**15,688**
Net assets at beginning of year	**6,496,155**	**854,310**	**1,818,666**	**9,169,131**	**9,153,443**
Net assets at end of period	**$5,102,757**	**$711,372**	**$1,915,445**	**$7,729,574**	**$9,169,131**

See accompanying notes to consolidated financial statements.

The Trustees of Columbia University in the City of New York
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2009, with Comparative Totals at June 30, 2008
(in thousands of dollars)

	June 2009	June 2008
Cash flows from operating activities		
(Includes adjustments to reconcile change in net assets to net cash provided by operating activities):		
Change in net assets	($1,439,557)	$15,688
Depreciation expense	160,870	153,991
Interest on capital lease obligations and CARO	10,674	9,421
Institutional real estate depreciation	16,432	15,632
Realized and unrealized (gains) losses	1,277,827	(19,763)
Partnership distributions	157,083	448,496
Contributions restricted for permanent investment, plant, and split-interest agreements	(121,707)	(136,504)
Contributions other than cash	(36,000)	(96,616)
Present value adjustments to split-interest agreements	9,170	7,577
Accreted interest on bonds	2,413	2,445
Change in fair value of net assets held by CPMC Fund, Inc.	23,291	2,935
Change in fair value of interest in perpetual trusts held by others	27,765	(9,409)
Change in operating assets and liabilities:		
Accounts receivable, net	21,313	(84,751)
Investment income receivable, net	291	1,261
Pledges receivable, net	(31,305)	(20,154)
Other assets	(10,926)	6,438
Accounts payable and accrued expenses	(38,315)	85,037
Prepaid tuition and other deferred credits	11,969	(751)
Deferred revenue and unamortized bond premium	(4,789)	10,232
Refundable advances	12,577	11,441
Accrued employee benefit liabilities	55,701	14,597
Net cash provided by operating activities	104,777	417,243
Cash flows from investing activities		
Proceeds from sales of investments	7,158,080	2,399,678
Purchases of investments	(6,991,555)	(2,747,912)
Collections from student notes	8,366	9,224
Student notes issued	(8,078)	(15,906)
Investment in cash and securities held in trust by others	81,006	(126,777)
Purchases of institutional real estate	(101,543)	(44,694)
Purchases of plant and equipment	(380,026)	(327,344)
Net cash used by investing activities	(233,750)	(853,731)
Cash flows from financing activities		
Proceeds from contributions for:		
Investment in endowment	77,297	92,200
Investment in plant	15,509	28,352
Investment in split-interest agreements	28,901	15,952
Investment income on split-interest agreements	2,807	2,508
Payments on split-interest agreements	(4,197)	(3,741)
Payments on capital lease obligations	(9,134)	(8,996)
Repayment of bonds and notes payable	(393,924)	(148,143)
Proceeds from bond issuance	389,660	330,985
Net change in federal student loan funds	1,317	5,024
Net cash (used) provided by financing activities	108,236	314,141
Net change in cash and cash equivalents	(20,737)	(122,347)
Cash and cash equivalents at beginning of year	282,713	405,060
Cash and cash equivalents at end of year	$261,976	$282,713
Supplemental disclosure of cash flow information:		
Equipment and space acquired through capital leases	$35,816	$3,938
Cash paid during the year for interest	$73,483	$53,425

See accompanying notes to consolidated financial statements.

1. Organization

The Trustees of Columbia University in the City of New York (the "University") is a private, nonsectarian, nonprofit institution of higher education whose activities are concentrated at two locations in New York City and extend around the globe. The University provides instruction through sixteen undergraduate, graduate, and professional schools. It operates a variety of research institutes and a library system to support its teaching, learning, and research activities. The University performs research, training, and other services under grants and contracts with agencies of the federal government and other sponsoring organizations. The University enrolls approximately 25,500 full-time and part-time students and employs approximately 14,500 full-time employees, including 5,243 full-time faculty members and research staff. Of these, 1,132 hold positions in the arts and sciences; 3,147 hold health science positions; and the remainder hold positions in the other professional schools.

The University is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code.

2. Columbia University Medical Center

Columbia University Medical Center ("CUMC"), a division of the University, located in the Washington Heights section of northern Manhattan, is one of the largest academic medical centers in the United States. It is composed of four schools: College of Physicians and Surgeons, Mailman School of Public Health, College of Dental Medicine, and School of Nursing. CUMC's activities also include extensive patient care services provided by its faculty members.

CUMC has three primary areas of focus: scientific research, education, and patient care. CUMC offers a wide variety of degrees, certifications, and continuing education in the health care field. Sponsored research, faculty patient care services, tuition, endowment income, patent royalties, and gifts provide the bulk of CUMC's revenues. Approximately 3,377 students are enrolled at CUMC, with a full-time faculty of 2,180, of whom approximately 314 are tenured. Additionally, CUMC's staff includes 3,417 part-time faculty instructors, 967 full-time researcher staff members, 1,146 part-time researchers, and 309 post doctoral research trainees. Approximately 63 percent of the full-time faculty and 48 percent of the part-time faculty hold clinical appointments and have admitting privileges at NewYork-Presbyterian Hospital ("NYPH") or other hospitals.

Patient Care Activities

Patient care activities include patient visits handled by Columbia full-time faculty through its medical faculty practice plan, as well as clinical and educational services provided to hospitals and other health care institutions through contractual agreements for services.

CUMC maintains several clinical and education affiliation agreements with other organizations. The most significant affiliation agreements are with NYPH, Harlem Hospital, and St. Luke's–Roosevelt Hospital Center. In addition, certain faculty physicians provide patient care and supervision of residents at NYPH network hospitals and other affiliates. Through interinstitutional "medical service agreements," CUMC faculty also provide patient care in specialty and subspecialty areas at hospitals in the tristate area and occasionally in other parts of the country.

In fiscal 2009, the clinical faculty handled approximately 1.9 million outpatient and emergency room visits and participated in instruction and supervision of 600 University medical students and 900 residents and fellows at NYPH. CUMC physicians generated 63,900 NYPH hospital admissions during the year.

Payments for patient-care services provided by the full-time faculty in both institutional and private office settings are derived mainly from third-party payers, including managed care companies (65 percent), Medicare (14 percent), commercial insurance (6 percent), Medicaid (2 percent), and other (2 percent). Direct patient payments comprise 11 percent of total payments.

3. Summary of Significant Accounting Policies

The significant accounting policies of the University are as follows:

Basis of Consolidation
The accompanying consolidated financial statements of the University include the accounts of all academic and administrative departments of the University. Additionally, the consolidated financial statements include the net assets and activities of the following entities, for which the University maintains managerial and financial control:

- Columbia Investment Management Company, LLC—Columbia Investment Management Company, LLC ("CIMC") is a New York limited liability company formed by the University to manage the University's investment assets under the supervision of a Board appointed by the Trustees of the University and subject to the oversight of the Committee on Finance of the Trustees.
- Columbia University Press—Columbia University Press is a not-for-profit corporation formed to promote the study of economic, historical, literary, philosophical, scientific, and other subjects and to encourage and promote the publication of literary works embodying original research in such subjects.
- Reid Hall, Inc.—Reid Hall located in Paris, France, was donated to the University in 1964. Reid Hall, Inc., a corporation organized under New York membership corporation law as an educational and charitable organization, operates Reid Hall to promote, facilitate, and aid the educational, cultural, and social interests of students studying in France.
- The University holds a number of New York limited liability companies, Delaware not-for-profit corporations, and international organizations, which are established to facilitate various program and research objectives.

The University provides investment custodial services and manages all of the assets of Columbia Presbyterian Medical Center Fund, Inc. ("CPMC Fund, Inc."), a not-for-profit corporation that exists to hold and receive gifts for the University and NYPH. The consolidated financial statements reflect the University's interest in the net assets of CPMC Fund, Inc. as well as the assets and amounts due NYPH.

The University is also the sole corporate member of two not-for-profit physician private practice entities, Columbia Ophthalmology Consultants, Inc., and Columbia University Healthcare, Inc., and, as such, consolidates these entities into the University's consolidated financial statements.

All significant intercompany accounts have been eliminated in consolidation.

Accrual Basis
The consolidated financial statements of the University have, in all material respects, been prepared on an accrual basis.

Basis of Presentation
The University maintains its accounts in accordance with the principles of fund accounting. Under this method of accounting, resources for various purposes are classified into funds that are consistent with activities or objectives specified by donors. Separate accounts are maintained for each fund.

For reporting purposes, the University prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") and, as such, with the provisions of Statement of Financial Accounting Standards No. 117 ("SFAS No. 117"), *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into three categories of net assets – unrestricted, temporarily restricted, and permanently restricted. Descriptions of the three net asset categories and the type of transactions affecting each category follow.

Unrestricted—Net assets that are not subject to donor-imposed restrictions. This category includes unrestricted gifts, certain endowment income balances, certain board-designated endowment principal balances, including capital appreciation on such balances, certain plant funds, University-designated loan funds, and other unrestricted designated and undesignated current funds.

Temporarily restricted—Net assets that are subject to legal or donor-imposed stipulations that will be satisfied either by actions of the University, the passage of time, or both. These net assets include gifts donated for a particular purpose, amounts subject to time restrictions such as funds pledged for future payment, or amounts subject to legal restrictions such as portions of otherwise unrestricted capital appreciation, which must be reported as temporarily restricted in accordance with New York State law. Once restrictions are satisfied, or have been deemed to have been satisfied, those temporarily restricted net assets are released from restrictions, except for temporarily restricted revenue earned and expended in the same fiscal year, which is recorded as unrestricted revenue.

Permanently restricted—Net assets that are subject to donor-imposed stipulations that will be invested to provide a perpetual source of income to the University. Donors of these assets require the University to maintain and invest the original contribution in perpetuity but permit the use of some or all investment earnings for operating or other purposes.

Revenues and Expenses
Revenues are reported as increases in unrestricted net assets unless the use of those assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law.

Tuition and Fees and Financial Aid
Tuition and fees are derived from degree programs as well as executive and continuing education programs. Tuition and fee revenue is recognized as operating income in the period in which it is earned. Tuition and fee receipts received in advance are recorded as deferred revenue. Net tuition and fees are computed after deducting certain scholarships and fellowships awarded to students. In order to assist students in meeting tuition and other costs of attendance, the University administers a variety of federal, state, institutional, and private programs. Financial aid packages to students may include direct grants, loans, and employment during the academic year.

Contributions
Contributions for university operations and plant, including unconditional promises to give ("pledges"), are recognized as operating revenue in the period earned. Contributions to endowment are recognized as nonoperating revenue in the period earned. Pledges that are expected to be collected within one year are recorded net of an allowance for uncollectable pledges. Amounts expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those pledges are computed using an interest rate for the year in which the promise was received and considers market and credit risk as applicable. Subsequent years' accretion of the discount is included in contribution revenue. Conditional promises to give are not recognized as revenue until such time as the conditions are substantially met.

Patient Care Revenue and Expense
Patient care activities relate to three distinct areas: medical faculty practice plans, affiliation agreements, and medical service agreements.

The University provides medical care to patients via faculty practice at CUMC, primarily under agreements with third-party payors. Agreements with third-party payors, including health maintenance organizations, provide payment for medical services at amounts different from standard rates established by the University. Medical faculty practice plan revenue is reported net of two items: (a) contractual allowances from third-party payors for services rendered and (b) estimates of uncollectible amounts.

The University maintains several clinical and education affiliation agreements with other organizations. The University provides medical, professional, and supervisory staff as well as other technical assistance. Revenues and expenses from these agreements are accounted for in patient care categories of the operating activity in the Consolidated Statement of Activities.

Grant and Contract Income
The University receives grant and contract income from governmental and private sources. The University recognizes revenue associated with the direct costs of sponsored programs as the related costs are incurred. Recovery of facilities and administrative costs of federally sponsored programs are at reimbursement rates negotiated with the University's cognizant agency, the Department of Health and Human Services. The University and the federal government are currently operating under an agreement that provides for facilities and administrative cost rates under federal grants and contracts through June 30, 2011.

Research and Development
The University engages in numerous research and development projects, partially or fully sponsored by governmental and private funds. These costs are charged to operating expense as incurred. The University periodically funds and develops patents for certain technologies, then licenses the usage of these patents to companies over several years. The revenue, net of payments due to third parties, is recorded in "Revenue from other educational and research activities" in the Consolidated Statement of Activities. Costs incurred with developing and maintaining these patents are expensed as incurred.

Cash and Cash Equivalents
Cash and cash equivalents are recorded at fair value and include several depository accounts, checking accounts, institutional money market funds, and similar temporary investments with maturities of three months or less at the date of purchase.

Investments
The University's investments, consisting primarily of publicly traded fixed income and equity securities, alternative investments, and cash held for reinvestment, are stated at fair value as of June 30, 2009. Alternative investments include investments in absolute return strategy funds, private equity funds, and real asset funds. The management of the respective fund provides the fair value of the investment. The University reflects its share of the partnerships or corporations (collectively, the 'funds') in the consolidated financial statements.

The University believes that the net asset value of its alternative investments is a reasonable estimate of fair value as of June 30, 2009. Because alternative investments are not marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed. Such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying consolidated financial statements based on the University's proportionate share in the net assets of these investments.

The University records both the assets and corresponding liabilities generated by securities lending transactions as "Collateral for securities loaned" and "Securities loan agreement payable." The loaned securities are returnable on demand and are collateralized by cash and cash equivalents.

The University's presentation in the Consolidated Statement of Cash Flows for limited liability partnerships, limited liability corporations, and other similarly structured investments is consistent with the accounting for equity method investments as it represents the underlying nature of these investments in which the University has a capital account.

The University records purchases and sales of securities on a trade-date basis. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected in the Consolidated Statement of Activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

Split-Interest Agreements
The University's split-interest agreements with donors consist primarily of charitable gift annuities, pooled income funds, and irrevocable charitable remainder trusts for which the University serves as custodian and trustee. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements. In addition, the University is the beneficiary of certain agreements where the underlying asset is real property and the University has reported its interest based on an appraised value of the property.

Contribution revenues for split-interest agreements are recognized at the dates the agreements are established net of the present value of the estimated future payments to be made to the beneficiaries, if applicable, under these agreements. The discounts on those agreements are computed using an interest rate for the year in which the promise was received and considers market and credit risk as applicable. Assets related to these agreements are recorded in "Investments, at fair value," and the liability for the net of the present value of the estimated future payments to be made to the beneficiaries is recorded in "Actuarial liability for split-interest agreements." Adjustments to the fair value of these agreements are recorded in the Consolidated Statement of Activities under "Present value adjustment to split-interest agreements."

Institutional Real Estate
Institutional real estate consists primarily of properties proximate to the University's Morningside and Washington Heights campuses, the primary purpose of which is to house faculty, staff, and graduate students. The income earned on this investment is used primarily to finance operating expenditures. The properties are valued at cost and depreciated over a useful life of fifty years.

Land, Buildings, and Equipment
Land, buildings, and equipment are stated at cost net of accumulated depreciation. Depreciation is calculated on a straight-line basis over useful lives ranging from ten to forty years for buildings and improvements and five to twenty years for equipment, consistent with the method used for government cost reimbursement purposes. Capitalized software costs are amortized over seven years. Upon disposal of assets, the costs and accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in operations.

Other Assets
Prepaid expenses, bond issuance costs, and the University's equity in the Medical Center Insurance Company ("MCIC") are categorized within other assets. Bond issuance costs are amortized over the expected holding period of the specific debt issue.

Collections
Collections at the University include works of art, literary works, historical treasures, and artifacts that are maintained in the University's galleries, libraries, and buildings. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service and, therefore, are not recognized as assets on the Consolidated Balance Sheet. Costs associated with purchasing additions and maintaining these collections are recorded as operating expenses in the period in which the items are acquired.

Interest in Perpetual Trusts Held by Others
The University is the beneficiary of certain perpetual trusts administered by others. These trusts are recognized as permanently restricted contributions upon establishment and adjusted to fair value each year. The fair value of the interest in the perpetual trust is based on the University' share of the income generated by the trust ascribed, to the fair value of assets reported by the trust. Gains and losses resulting from the change in fair value of trust assets are reported as nonoperating activity in the Consolidated Statement of Activities.

Capital Lease Obligations
Capital lease obligations are recognized for equipment and space where substantially all of the risks of ownership have been transferred to the University. The obligations extend up to five years for equipment and up to fifty years for space.

Conditional Asset Retirement Obligations
Conditional asset retirement obligations, as adopted on June 30, 2006, under Financial Accounting Standards Board ("FASB") Interpretation No. 47 ("FIN 47"), *Accounting for Conditional Asset Retirement Obligations* (an interpretation of FASB Statement No. 143), are recognized for remediation or disposal of asbestos, underground storage tanks, soil, and radioactive sources and equipment as required by law. The fair value of the liability for a conditional asset retirement obligation is recognized in the period in which it occurred, provided that it can be reasonably estimated.

Use of Estimates
The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates include valuation of investments without readily determinable public markets, actuarially determined costs associated with split-interest agreements, pension, postemployment and postretirement benefits, contractual allowances for patient receivables, and allowances for doubtful accounts.

2008 Presentation
While comparative information is not required under GAAP, the University believes that this information is useful and has included summarized financial information from the consolidated financial statements for 2008. This summarized information is not intended to be a full presentation in conformity with GAAP, which would require certain additional information. Accordingly, such information should be read in conjunction with the University's audited consolidated financial statements for the year ended June 30, 2008. In addition, certain amounts in the summarized consolidated financial statements for fiscal year 2008 have been reclassified to conform to the fiscal year 2009 presentation.

In fiscal year 2009, the University changed its presentation and reflected its July 1, 2009 payment to bond holders on its DASNY tax exempt debt as a reduction in "Cash and securities held in trust by others" ($56,581), "Accounts payable and accrued expenses" ($20,111), and "Bonds and notes payable" ($36,470) at June 30, 2009. As of June 30, 2009, payments were made to the Bond Trustee and the bonds were legally defeased. The June 30, 2008 amounts were reclassified for comparability. This reclassification had no impact on net assets or cash and cash equivalents as previously reported at June 30, 2008.

New Authoritative Pronouncements
Effective for the fiscal year beginning July 1, 2008, the University adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

SFAS 157 establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under SFAS 157 utilize relevant observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for financial instruments measured at fair value on a recurring basis. A financial instrument's categorization within the valuation hierarchy is based

upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The provisions of SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159) were effective July 1, 2008. SFAS No. 159 gives entities the option, at specific election dates, to measure certain financial assets and liabilities at fair value. The election may be applied to financial assets and liabilities on an instrument by instrument basis, is irrevocable, and may only be applied to entire instruments. Unrealized gains and losses on instruments for which the fair value option has been elected are reported in earnings at each subsequent reporting date. The University did not elect fair value accounting for any assets or liabilities that are not currently required to be measured at fair value.

Effective for the year ended June 30, 2009, the University adopted FASB Staff Position FAS 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act" ("UPMIFA"), and enhanced disclosures for all endowment funds. Even though New York State has not adopted UPMIFA, this FSP requires additional disclosure of net assets associated with donor-restricted endowment funds held by organizations that are not subject to an enacted version of UPMIFA.

A number of recent pronouncements will be adopted in the future in accordance with FASB guidelines on the timing of adoption and are not reflected in the fiscal year 2009 statements. Management is currently assessing the impact of the following pronouncements:

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161"). SFAS 161 changes the disclosure requirements for derivative instruments and hedging activities and is effective for financial statements issued for fiscal years beginning after November 15, 2008.

In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles" ("SFAS 168"). The objective of this Statement is to establish the FASB Accounting Standards Codification™ as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP and is effective for financial statements issued for fiscal years ending after September 15, 2009.

4. Operating Measurement

The University divides its Consolidated Statement of Activities into operating and nonoperating activities. The operating activities of the University include all income and expenses related to carrying out its educational and research mission. Operating revenues include investment income

and endowment appreciation utilized to fund current operations, the largest portion of which is the distribution of funds budgeted in accordance with the endowment spending rule.

Nonoperating activities include current year realized and unrealized gains and losses on investments, including realized gain distributions from fund investments, less amounts withdrawn from endowment appreciation to fund operations. Nonoperating activities also include new gifts to permanently restricted endowments, changes in net assets held by CPMC Fund, Inc., changes in perpetual trusts held by others, present value adjustments to split-interest agreements, and changes in pension and postretirement obligations.

5. Patient Care Revenue

The University's affiliation agreements with tristate area hospitals generated $243,034 and $232,278 of revenue for the years ended June 30, 2009 and 2008, respectively. As of June 30, 2009 and 2008, accounts receivable includes $72,840 and $64,100, respectively, relating to these agreements.

Medical faculty practice revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Medical faculty practice revenues are $474,884 and $447,532 for the years ended June 30, 2009 and 2008, respectively. As of June 30, 2009 and 2008, patient accounts receivable amounts to $74,563 and $76,905, respectively.

Other areas of patient care, such as medical service agreements, generated $17,986 and $13,463 of revenue for the years ended June 30, 2009 and 2008, respectively.

6. Long-Term Investments and Fair Value

The following table presents assets and liabilities at fair value at June 30, 2009, by the SFAS 157 valuation hierarchy, with comparative June 30, 2008 totals.

	2009				2008
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total**
Investments:					
Cash and cash equivalents	$ 4,537	$ 271,115		$ 275,652	$ 211,102
Global equities	709,537	9,475	$ 447,771	1,166,783	1,615,712
Fixed income	433	31,007	247,778	279,218	375,299
Absolute return strategies		225,688	1,447,387	1,673,075	1,956,607
Private equity	8,109		1,419,429	1,427,538	1,892,453
Real assets			919,519	919,519	1,054,756
Investments, at fair value	722,616	537,285	4,481,884	5,741,785	7,105,929
Swaps receivable					1,260
Interest in perpetual trusts held by others			129,818	129,818	157,583
Total assets at fair value	$ 722,616	$ 537,285	$ 4,611,702	$ 5,871,603	$ 7,264,772
Liabilities					
Swaps payable		38,918		38,918	15,669
Total liabilities at fair value		$ 38,918		$ 38,918	$ 15,669

The following is a description of the University's valuation methodologies for investments measured at fair value.

Fair value for Level 1 is based upon quoted prices in active markets that the University has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. The University does not adjust the quoted price for such assets and liabilities.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.

Fair value for Level 3 is based on valuation techniques that use significant inputs that are unobservable as they are not actively traded.

Investments included in Level 3 primarily consists of the University's ownership in alternative investments (interests in absolute return strategy, private equity funds, and real asset funds) and fund investments in equity and fixed income strategies. The value of certain alternative investments represents the ownership interest in the net asset value (NAV) of the respective fund. The fair values of the investments held by funds that do not have readily determinable fair values are determined by the investment manager and are based on appraisals or other estimates that require varying degrees of judgment. If no public market exists for the investments, the fair value is determined by the investment manager taking into consideration, among other things, the cost of the investment, prices of recent significant placements of similar investments of the same issuer, and subsequent developments concerning the companies to which the investments relate. The University has performed due diligence around these investments and believes that the NAV of its alternative investments is a reasonable estimate of fair value as of June 30, 2009.

The fair value of interest in perpetual trust held by third parties is based on the Univesity's share of the income generated by the trust, ascribed to the fair value of the assets reported by the trust.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table is a rollforward of the Consolidated Balance Sheet amounts for financial instruments classified by the University within Level 3 of the fair value hierarchy defined above.

	June 30, 2008	Transfers In/Out	Purchases & Sales, net	Realized gain/loss	Unrealized gain/loss	June 30, 2009
Global equities	$ 681,011	$ 59	$ (209,533)	$ (13,773)	$ (9,993)	$ 447,771
Fixed income	325,699		(66,086)	18,939	(30,774)	247,778
Absolute return strategies	1,959,663	1,281	(295,683)	67,927	(285,801)	1,447,387
Private equity	1,761,276		22,668	24,088	(388,603)	1,419,429
Real assets	1,123,847		118,643	23,746	(346,717)	919,519
Total level 3 investments	$ 5,851,496	$ 1,340	$ (429,991)	$ 120,927	$ (1,061,888)	$ 4,481,884

	June 30, 2008	Disburse-ments	Unrealized gain/loss, net	June 30, 2009
Interest in perpetual trusts held by others	$ 157,583	$ (5,567)	$ (22,198)	$ 129,818

All net realized and unrealized gains/(losses) in the table above are reflected in the Consolidated Statement of Activities. Net unrealized gains/(losses) relate to those financial instruments held by the University at June 30, 2009.

Global Equities and Fixed Income

Global equities and fixed income consists of investments in publicly traded U.S. and foreign equities, funds that invest in equity and fixed income based strategies, and cash held in separate accounts committed to these strategies. The fair value of these investments is based on quoted market prices. Investments that are listed on an exchange are valued, in general, at the last reported sale price (or, if there is no sales price, at the last reported bid price, or, in the absence of reported bid prices, at the mean between the last reported bid and asked prices thereof). Fund investments in equity and fixed income based strategies are valued in accordance with valuations provided by the investment managers of the underlying funds. Some of these funds may not have readily ascertainable market values and may be subject to withdrawal restrictions. The fair value represents the amount the University expects to receive at June 30, 2009 and 2008, if it had liquidated its investments in the funds on these dates.

Alternative Investments

Alternative investments include interests in absolute return strategy funds, private equity funds, and real asset funds. The University values these investments in accordance with valuations provided by the investment managers of the underlying funds. As a general rule, investment managers of private equity and real asset funds value investments based upon the best information available for a given circumstance and may incorporate assumptions that are the investment management's best estimates after consideration of a variety of internal and external factors. Private equity and real asset funds may make investments in securities that are publicly traded, which are generally valued based on observable market prices, unless a restriction exists. In addition, interests in a private equity fund may be publicly traded and valued based on observable market prices. Investments for which observable market prices do not exist are reported at fair value as determined by the fund's investment manager. The University's management may consider other factors in assessing the fair value of these investments. Some of these funds may not have readily ascertainable market values and may be subject to withdrawal restrictions. The fair value of the funds represents the amount the University expects to receive at June 30, 2009 and 2008, if it had liquidated its investments in the funds on these dates.

The University invests in alternative investments that are not registered under the Investment Company Act of 1940, as amended, and invests in other financial instruments employing various investment strategies and techniques, including leverage that may involve significant market, credit, and operational risks. Alternative investments may allocate a high percentage of their assets in specific sectors of the market in order to achieve a potentially greater investment return. As a result, the investments may be susceptible to economic, political, and regulatory developments in a particular sector of the market, positive or negative, and may experience increased volatility in net asset values.

The University is obligated under certain investment fund agreements to advance additional funding up to specified levels over a period of years. These commitments have fixed expiration dates and other termination clauses. At June 30, 2009, the University had unfunded commitments of approximately $1.2 billion.

Cash Held for Reinvestment
Cash and cash equivalents included in the portfolio consist primarily of liquid short-term instruments held by the investment pool with maturities of three months or less at the date of purchase.

Off Balance Sheet Risks
Investment fund managers may invest in derivatives, and the value of these positions is reflected in the NAV of the respective funds. Separately, the University employs derivatives primarily to hedge its risks and to rebalance its market exposures. Derivatives used may include futures, swaps, options, and forward contracts and are reflected at fair value described in the level 2 description above. The equity derivatives held directly by the University within the endowment portfolio had a fair value of ($2.2) million and $1.3 million at June 30, 2009 and 2008, respectively, and are included in “Swaps receivable” and “Swaps payable” on the first table in this footnote. Outside of the endowment portfolio, the University entered a fixed payor interest rate swap as described in Footnote 16. The estimated fair value of the agreement was ($36.7) million and ($15.7) million at June 30, 2009 and 2008, respectively, and is included in “Swaps payable” on the first table in this footnote. The derivatives are reflected as a receivable or payable, as appropriate, on the Consolidated Balance Sheet.

Securities Lending
At June 30, 2009 and 2008, investment securities having a fair value of $11.4 million and $67.2 million, respectively, were loaned to various brokerage firms through a securities lending agent. The loaned securities are returnable on demand and are collateralized by cash and cash equivalents. The University recorded the value of the collateral received of $11.9 million and $70.9 million and an offsetting liability for the return of the collateral on the Consolidated Balance Sheet at June 30, 2009 and 2008, respectively.

Investment Return
Investment income and gains utilized on the Consolidated Statement of Activities contains interest and dividend income net of fees, institutional real estate revenue net of operating expenses and depreciation, other investment income, and endowment appreciation utilized to fund the spending rule. Endowment appreciation utilized was $357.7 million and $252.1 million during 2009 and 2008, respectively. The nonoperating section of the Consolidated Statement of Activities contains realized and unrealized gains reduced by endowment appreciation utilized to fund the spending rule.

7. Endowment Funds

The University's endowment consists of approximately 4,200 separate funds established over many years for a wide variety of purposes. The endowment includes permanent endowments, term endowments, and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University employs a market value unit method of accounting for pooled general investments. Each participating fund enters and withdraws from the pooled investment account based on monthly unit market values. Changes in the market value of investments are distributed proportionately to each fund that participates in the investment pool. Net investment income distributed during the year is allocated on a per unit basis to each participating fund.

Relevant Law

In accordance with New York State law (which incorporates UMIFA), the University is required to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, so long as there is no explicit donor stipulation to the contrary, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) realized and unrealized gains and losses to the permanent endowment when stipulated by the donor gift instrument.

The composition and changes in the University's endowment net assets as of June 30, 2009 and 2008, are as follows:

	2009			
Changes in University endowment net assets	**Unrestricted Net Assets**	**Temporarily Restricted Net Assets**	**Permanently Restricted Net Assets**	**Total**
Opening balance - June 30, 2008	$ 5,035,010	$ 641,838	$ 1,668,378	$ 7,345,226
Investment return:				
Investment income	29,476	514	5,567	35,557
Net appreciation	(1,054,607)	(118,724)	(27,765)	(1,201,096)
Total investment return	(1,025,131)	(118,210)	(22,198)	(1,165,539)
New gifts	17,194	1,138	95,106	113,438
Appropriation for expenditure	(431,426)	(9,818)	(5,567)	(446,811)
Other Changes:				
Transfers to create endowments	26,233	5,361	-	31,594
Other / Reclassifications	11,013	4,456	(579)	14,890
Release from restriction	33,594	(33,594)	-	-
	70,840	(23,777)	(579)	46,484
Closing balance - June 30, 2009	$ 3,666,487	$ 491,171	$ 1,735,140	$ 5,892,798
University endowment composition				
Endowment funds	$ (34,010)		$ 1,578,158	$ 1,544,148
Funds functioning as endowment:				
Departmental funds	2,319,190	$ 491,171		2,810,361
University funds	993,261			993,261
Institutional real estate, net	340,085			340,085
CPMC Fund, Inc.	47,961	-	27,164	75,125
Interests in perpetual trusts held by others			129,818	129,818
University's endowment value	$ 3,666,487	$ 491,171	$ 1,735,140	$ 5,892,798

Note: The tables above do not include split-interest agreements, net of $93,382 and pledges receivable, net of $153,361.

Reconciliation to *Investments, at fair value*		
Investments, at fair value		$ 5,741,785
Add:		
Interests in perpetual trusts held by others	129,818	
CPMC Fund, Inc.	75,125	
Institutional real estate, net	340,085	
Investment receivables and payables	128,916	673,944
Subtract:		
Other long-term investments	(380,219)	
Split-interest agreements, net	(142,712)	(522,931)
University's endowment value		$ 5,892,798

	2008			
Changes in University endowment net assets	**Unrestricted Net Assets**	**Temporarily Restricted Net Assets**	**Permanently Restricted Net Assets**	**Total**
Opening balance - June 30, 2007	$ 5,226,150	$ 637,680	$ 1,537,579	$ 7,401,409
Investment return:				
Investment income	76,322	681	6,326	83,329
Net appreciation	12,764	27,370	(10,363)	29,771
Total investment return	89,086	28,051	(4,037)	113,100
New gifts	14,610	688	141,162	156,460
Appropriation for expenditure	(362,877)	(3,017)	(6,326)	(372,220)
Other Changes:				
Transfers to create endowments	35,187	3,067	-	38,254
Other / Reclassifications	7,709	514	-	8,223
Release from restriction	25,145	(25,145)	-	-
	68,041	(21,564)	-	46,477
Closing balance - June 30, 2008	$ 5,035,010	$ 641,838	$ 1,668,378	$ 7,345,226
University endowment composition				
Endowment funds	$ (1,418)		$ 1,478,677	$ 1,477,259
Funds functioning as endowment:				
Departmental funds	3,333,819	$ 641,838		3,975,657
University funds	1,276,915			1,276,915
Institutional real estate, net	329,998			329,998
CPMC Fund, Inc.	95,696		32,118	127,814
Interests in perpetual trusts held by others			157,583	157,583
University's endowment value	$ 5,035,010	$ 641,838	$ 1,668,378	$ 7,345,226

Note: The tables above do not include split-interest agreements, net of $86,977 and pledges receivable of $127,020.

Reconciliation to *Investments, at fair value*		
Investments, at fair value		$ 7,105,929
Add:		
Interests in perpetual trusts held by others	157,583	
CPMC Fund, Inc.	127,814	
Institutional real estate, net	329,998	
Investment receivables and payables	309,677	925,072
Subtract:		
Other long-term investments	(562,716)	
Split-interest agreements, net	(123,059)	(685,775)
University's endowment value		$ 7,345,226

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the University to retain as a fund of perpetual duration. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued appropriation for certain

programs per the University's spending policy. The difference is noted in the table above as the unrestricted component of endowment funds.

Return Objectives and Risk Parameters
Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under the University's investment policies, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce performance which exceeds that of relevant indices for each asset class while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives
The University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Rule
The endowment spending rule utilized by the University is designed to be directly responsive to both investment returns and the current level of price inflation. Its long-term objectives are:

- To protect the corpus of the endowment by spending no more than the real investment return;
- To cushion spending against market volatility; and
- To provide specific spending instructions and multiyear spending projections based on explicit future investment return assumptions.

The current endowment spending rule is based on two factors: first, the market value multiplied by a 5 percent target spending rate, which provides a response to investment market conditions; and second, the prior year's spending plus inflation, which ties spending increases to operating needs and cushions spending against market volatility. This allows the University to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Each fiscal year's distribution is calculated by adding together the following:

a. The market value of the endowment at a point twelve months prior to the beginning of the given fiscal year, multiplied by the 5 percent target spending rate, multiplied by a 40 percent weighting; and

b. Endowment spending in the year immediately preceding the given fiscal year, grown or reduced by an inflation factor, which is defined as the Higher Education Price Index ("HEPI"), multiplied by a 60 percent weighting.

The Trustees will conduct a special review in any year in which either projected endowment distributions are 0.5 percent higher or lower than the 5 percent target spending rate, or if the increase in endowment distributions over the previous year is more than 3 percentage points higher or lower than HEPI.

Two additional payout components were approved as temporary measures by the Trustees in 2008. The first is an increase in annual spending of up to 1.75 percent of the prior year beginning market

value of endowments that are designated for undergraduate financial aid support. This increase began in fiscal 2009 and will be phased out as new endowments substitute for this funding source. The amount of the incremental payout for the coming year is approved annually by the Trustees' Committee on Finance as part of the budget process. The second component is an increase in annual spending ranging from 0.30 percent to 0.70 percent of the prior year beginning market value for certain endowments in categories key to the University's current development efforts, primarily unrestricted endowment and endowments for financial aid and faculty support. This incremental payout component is authorized through 2013.

8. Accounts Receivable

Accounts receivable, net, consists of the following as of June 30:

	2009	2008
Patient receivables, net of contractual allowances	$ 138,396	$ 237,718
Government agencies	106,323	139,038
NewYork-Presbyterian Hospital	70,003	62,316
Patent and licensing	17,559	19,342
Student receivables	25,063	23,358
Other receivables, gross	78,700	71,798
	436,044	553,570
Less: Allowance for doubtful accounts	(77,125)	(173,338)
Accounts receivable, net	$ 358,919	$ 380,232

Patient receivables for medical services are net of an allowance for contractual reserves in the amount of $125.7 million and $133.5 million at June 30, 2009 and 2008, respectively.

9. Student Loans Receivable and Financial Aid

The University participates in various federal loan programs, in addition to administering institutional loan programs. Loans receivable from students as of June 30 are as follows:

	2009	2008
Government revolving loans	$ 72,517	$ 74,150
Institutional loans	20,255	19,136
Gross student loans	92,772	93,286
Less: Allowance for doubtful collections	(3,504)	(3,730)
Student loans receivable, net	$ 89,268	$ 89,556

In addition to the loans identified above, the University processes and authorizes loans to students through the Stafford Loan program and Federal Plus Loan program. These loans are not recorded in the University's consolidated financial statement since the University does not guarantee any federal loan funds related to these programs. The amount of loans issued under these programs was $234.7 million and $220.9 million for the years ended June 30, 2009 and 2008, respectively.

Government revolving loans are funded principally with federal advances to the University under the Perkins Loan Program and certain other programs. Advances under the Perkins Loan Program

totaled $63.7 million and $62.5 million as of June 30, 2009 and 2008, respectively. These advances are classified as liabilities on the Balance Sheet. Interest earned on the revolving and institutional loan programs is reinvested to support additional loans. The repayment and interest rate terms of the institutional loans vary considerably.

Loans receivable under federally guaranteed student loan programs are subject to significant restrictions. Accordingly, it is not practicable to determine the fair value of such amounts.

Undergraduate financial aid represents packages for all or part of a student's tuition, fees, room, and board. Graduate financial aid represents packages for all or part of a student's tuition and fees. Funding from external sources is obtained through government and private grants and contracts as well as private gifts and payout from certain endowment funds.

	2009			2008		
	University Sources	External Sources	Total Financial Aid	University Sources	External Sources	Total Financial Aid
Undergraduate	$ 55,233	$ 39,485	$ 94,718	$ 46,006	$ 30,297	$ 76,303
Graduate	89,324	53,876	143,200	86,144	45,032	131,176
Total financial aid grants	$ 144,557	$ 93,361	$ 237,918	$ 132,150	$ 75,329	$ 207,479

Agency activities such as tuition aid grants, federal supplemental educational opportunity grants, federal Pell, SMART, and ACG grant program are not included in the University's consolidated financial statements. Receipts from agency transactions were $10.2 million and $9.7 million, and disbursements were $10.2 million and $9.7 million in fiscal year 2009 and 2008, respectively.

10. Pledges Receivable

Unconditional promises to give appear as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after recognizing an allowance for uncollectible contributions and a discount to reflect the net present value based on projected cash flows.

The June 30 balances of unconditional promises to give are:

	2009	2008
Less than one year	$ 104,641	$ 98,429
One to five years	220,754	183,738
More than five years	12,046	28,921
Total unconditional promises	337,441	311,088
Less: Allowance for doubtful contributions	(13,784)	(15,554)
Less: Net present-value discount	(33,414)	(36,596)
Net pledges receivable	$ 290,243	$ 258,938

New pledges recorded in 2009 were discounted at an average annual rate of 3.9 percent using a rate that considers market and credit risk. New pledges recorded in 2008 were discounted at an average annual rate of 4.0 percent using a risk free rate. Credit risk is also considered in the allowance for doubtful contributions.

Pledges receivable are intended for the following purposes:

	2009	2008
Endowment for educational and general purposes	$ 153,361	$ 127,020
New construction and modernization of plant	34,798	44,587
Support of University operations	102,084	87,331
Net pledges receivable	$ 290,243	$ 258,938

The University also has other outstanding pledges of $617.4 million as of June 30, 2009. These pledges represent either conditional gifts for which the probability of meeting the conditions is uncertain, verbal pledges, or other pledges that have not met the requirements for recognition.

11. Land, Buildings, and Equipment

Investments in land, buildings, and equipment, net, consisted of the following at June 30:

	2009			2008		
	Total Assets	Accumulated Depreciation	Net Assets	Total Assets	Accumulated Depreciation	Net Assets
Land	$ 302,898		$ 302,898	$ 228,577		$ 228,577
Building and building improvements	3,348,024	$ 1,369,903	1,978,121	3,003,394	$ 1,250,597	1,752,797
Equipment	273,903	143,786	130,117	275,246	148,481	126,765
	$ 3,924,825	$ 1,513,689	$ 2,411,136	$ 3,507,217	$ 1,399,078	$ 2,108,139

The University uses componentized depreciation to calculate depreciation expense for buildings and building improvements for research facilities included in operations. The costs of research facilities are separated into the building shell, building service systems, and fixed equipment, and each component is separately depreciated.

Equipment includes physical assets owned by the University as well as capitalized software costs and moveable equipment acquired through capitalized leases.

Building and building improvements include physical assets owned by the University as well as leasehold improvements, capitalized space leases, and construction in progress. Capital space leases at June 30, 2009 and 2008, were $96 million and $67 million, respectively.

12. Accrued Employee Benefit Liabilities

Accrued employee benefit liabilities arise from employment at the University. These include liabilities for pension, postretirement benefits, postemployment benefits, unused vacation, and deferred compensation.

Postemployment benefits relating to workers' compensation, short-term disability, and continuation of medical benefits for those on long-term disability are provided to former or inactive employees after employment but before retirement. The University records the costs of such benefits on an accrual basis if the employee has provided the services from which those benefits are derived. In

2009 and 2008, the University recognized actuarially computed liabilities of $29.6 million and $30.7 million, respectively.

13. Pension and Other Postretirement Benefit Costs

Pension Plan Benefits

Retirement benefits are provided for full-time faculty and officers under a noncontributory defined contribution plan. Contributions are determined as a percentage of each covered employee's salary, factoring in the age and accrued service of each employee. Charges to expenditures under this plan amounted to $86.2 million and $82.8 million for the years ended June 30, 2009 and 2008, respectively.

The University has four noncontributory pension plans (the "pension plans") for supporting staff employees. Two of these pension plans are defined benefit plans for both past and future service. The other two pension plans provide defined benefits for service prior to January 1, 1976, in one case, and prior to July 1, 1976, in the other. For the two latter pension plans, future benefits are provided by a defined contribution plan. All four of these pension plans are subject to collective bargaining agreements. Charges to expenditures under the pension plans amounted to $4.7 million and $4.3 million for the years ended June 30, 2009 and 2008, respectively. The University also maintains a fifth pension plan for employees of the Arden Conference Center, which closed in 2005.

Postretirement Health Care and Life Insurance Benefits

The University provides postretirement health care and life insurance benefits for certain employees. The University accrues the estimated cost of these benefits over the years that employees who are eligible render service.

Obligations and Funded Status

The University adopted FAS 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, which requires the recognition on the Balance Sheet of the difference between benefit obligations and any plan assets of the University's defined benefit and other postretirement benefit plans. In addition, FAS 158 requires unrecognized amounts (e.g., net actuarial gains or losses and prior service cost or credits) to be recognized as changes to unrestricted net assets and that those amounts be adjusted as they are subsequently recognized as components of net periodic pension cost.

Amounts recognized in unrestricted net assets are as follows:

	Pension Plan Benefits		Other Postretirement Benefits	
	2009	2008	2009	2008
Net actuarial loss	$ 36,950	$ 19,078	$ 81,396	$ 37,170
Prior service cost	1,041	1,134	(8,760)	1,118
Transition obligation				10,285
Total amount recognized	$ 37,991	$ 20,212	$ 72,636	$ 48,573

The components of accrued benefit costs for pension benefits and other postretirement benefits are as follows:

	Pension Plan Benefits		Other Postretirement Benefits	
	2009	**2008**	**2009**	**2008**
Change in benefit obligation:				
Benefit obligation, beginning of year	$ 90,842	$ 88,819	$ 169,226	$ 166,701
Service cost	2,827	2,880	5,492	5,832
Interest cost	6,217	5,787	11,178	10,804
Plan participants' Contributions			3,003	
Actuarial (gain) loss	(653)	(2,917)	15,505	(2,262)
Plan amendments		962	(20,469)	
Assumption Changes	(27)			
Net disbursements and transfers	(4,663)	(4,689)	(12,128)	(11,849)
Benefit obligation, end of year	$ 94,543	$ 90,842	$ 171,807	$ 169,226
Change in plan assets:				
Fair value of assets, beginning of year	$ 82,973	$ 85,095	$ 112,160	$ 121,449
Actual return on plan assets	(12,236)	(3,433)	(24,655)	(7,885)
Employer contributions	1,770	6,000		11,128
Plan participants' contributions			4,760	
Net disbursements and transfers	(4,663)	(4,689)	(13,469)	(12,532)
Fair value of assets, end of year	$ 67,844	$ 82,973	$ 78,796	$ 112,160
Net amount recognized	$ (26,699)	$ (7,869)	$ (93,011)	$ (57,066)

	2009	**2008**
Weighted-average assumptions used to determine end of year benefit obligation		
Discount rate	6% to 6.55%	6% to 6.8%
Rate of compensation increase	3.5% to 4.25%	5% to 5.5%

The accumulated benefit obligations for the pension plans at June 30, 2009 and 2008 were $84.6 million and $78.6 million, respectively.

At the end of 2009, the projected benefit obligation and accumulated benefit obligation exceeded pension plan assets for four of the five plans. At the end of 2008, the projected benefit obligation exceeded pension plan assets for two of the five plans, and the accumulated benefit obligation exceeded pension plan assets for one of the five plans.

The projected benefit obligation for the pension plans with a benefit obligation in excess of plan assets were as follows:

	2009	**2008**
End of year		
Projected benefit obligation	$ 82,230	$ 76,662
Fair value of plan assets	55,014	63,635

The accumulated postretirement benefit obligation for the other postretirement benefit plan and the fair value of plan assets with an accumulated postretirement benefit obligation in excess of plan assets was as follows:

	2009	2008
End of year		
Accumulated postretirement benefit obligation	$ 171,807	$ 169,226
Fair value of plan assets	78,796	112,160

An 8.0 percent annual rate of increase in the per capita cost of covered health care benefits for the other postretirement benefit plan was assumed for 2010. The rate was assumed to decrease gradually to 5 percent for 2015 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effect:

	1-%-point increase	1-%-point decrease
Effect on accumulated postretirement benefit obligation	$ 13,437	$ (11,529)

The asset allocation for the two defined benefit plans for both past and future service at June 30, 2009 and 2008, and the target allocation for 2010, by asset category, follows:

	Target allocation	Percentage of plan assets at year's end	
	2010	**2009**	**2008**
Asset category			
U.S. large cap equity	20%	20%	50%
International equities	15%	15%	10%
High yield fixed income securities	15%	15%	0%
U.S. core fixed income	50%	50%	40%
	100%	100%	100%

The asset allocation for the two defined benefit plans for prior service only at June 30, 2009 and 2008, and the target allocation for 2010, by asset category, follows:

	Target allocation	Percentage of plan assets at year's end	
	2010	**2009**	**2008**
Asset category			
U.S. large cap equity	10%	10%	50%
International equities	5%	5%	10%
High yield fixed income securities	5%	5%	0%
U.S. core fixed income	80%	80%	40%
	100%	100%	100%

The retirement plan for the employees of Arden Conference Center was invested in equity securities, including mutual funds, 22 percent, and debt securities, 78 percent.

The asset allocation for the other postretirement benefit plan at June 30, 2009 and 2008, and the target allocation for 2010, by asset category, follows:

	Target allocation	Percentage of plan assets at year's end	
	2010	**2009**	**2008**
Asset category			
U.S. large cap equity	59%	59%	45%
U.S. small cap equity	0%	0%	14%
International equity	16%	16%	16%
U.S. fixed income	25%	25%	20%
Real estate	0%	0%	5%
	100%	100%	100%

Net Periodic Pension Cost

The components of net periodic benefit cost for pension benefits and other postretirement benefits are as follows:

	Pension Plan Benefits		Other Postretirement Benefits	
	2009	**2008**	**2009**	**2008**
Components of net periodic benefit cost				
Service cost	$ 2,827	$ 2,886	$ 5,492	$ 5,832
Interest cost on projected benefit obligation	6,217	5,787	11,178	10,804
Expected return on assets	(7,038)	(6,410)	(7,251)	(9,792)
Amortization of transition obligation	-	-	686	2,057
Amortization of prior service cost	93	28	(993)	661
Amortization of unrecognized net losses	503	821	3,292	1,028
Net periodic benefit cost	2,602	3,112	12,404	10,590
Other changes in plan assets and benefit obligations recognized in the Consolidated Statement of Activities				
Current year actuarial (gain)/loss	18,703	6,959	47,518	16,778
Amortization of actuarial gain/(loss)	(503)	(821)	(3,292)	(1,029)
Current year prior service (credit)/cost	-	962	(20,469)	-
Amortization of prior service credit/(cost)	(93)	(28)	993	(661)
Amortization of transition asset/(obligation)	-	-	(686)	(2,057)
Total recognized in nonoperating	18,107	7,072	24,064	13,031
Total recognized in net periodic benefit cost and nonoperating	$ 20,709	$ 10,184	$ 36,468	$ 23,621

	Pension Plan Benefits	Other Postretirement Benefits
Amounts in net unrestricted assets expected to be recognized in net periodic pension cost in fiscal 2010		
Actuarial (gain)/loss	$ 764	$ 5,890
Prior service (credit)/cost	93	(1,743)
Transition (asset)/obligation		
	$ 857	$ 4,147

	2009	2008
Weighted-average assumptions used to determine net periodic pension cost		
Discount rate	6.25% to 6.8%	6% to 6.4%
Expected return on plan assets	6.5% to 8%	6.5% to 8%
Rate of compensation increase	5% to 5.5%	5% to 5.5%

Due to a significant plan amendment of the other postretirement plan in October 2008, there was a remeasurement of plan benefit obligations and assets for this plan. The discount rate used for remeasurement of benefit obligations was 7.85 percent.

To arrive at assumptions for expected long term rates of return on asset in the pension plan and the postretirement benefit plan, the University considered historical returns and future expectations for returns in each asset class in the asset allocation for the previously described pension and postretirement benefit portfolios.

Assumed health care cost trend rates have a significant effect on the amounts reported for the other postretirement benefit plan. A one-percentage-point change in the assumed health care cost trend rates would have had the following effect:

	1-%-point increase	1-%-point decrease
Effect on total service and interest cost	$ 2,314	$ (1,354)

Expected Cash Flows
Information about the expected cash flows for the plans is as follows:

	Pension Benefits	Other Postretirement Pension Benefits
University contributions:		
2010 (expected)	$ 3,054	$ 12,404
Expected benefit payments:		
2010	5,022	9,496
2011	5,186	10,424
2012	5,352	11,447
2013	5,550	12,298
2014	5,772	13,205
2015-2019	32,416	77,070
Total	$ 59,298	$ 133,940

Total benefits expected to be paid include both the University's share of the benefit cost and the participants' share of the cost, which is funded by participant contributions to the other postretirement benefit plan. The University receives a Medicare Part D subsidy from the federal government as reimbursement for certain retiree health benefits paid to plan participants.

14. Lease Obligations

The University is the lessee of various equipment and space under noncancelable operating and capital leases. Capital lease obligations at June 30, 2009 and 2008, were $119.0 million and $83.1 million, respectively. Operating lease rental expense for the year ended June 30, 2009, was approximately $24.4 million. Space leases contained customary escalation clauses, which are included in annual aggregate minimum rentals.

Future aggregate minimum rental payments under operating and capital leases are as follows:

Future minimum rental payments:	Operating	Capital
2010	$ 20,329	$ 8,948
2011	13,894	7,813
2012	9,996	6,402
2013	5,384	5,947
2014	2,964	5,189
Thereafter	6,326	268,449
Less: Interest at 3.949 percent to 5.118 percent		(183,786)
Capital lease obligations at June 30, 2009		$ 118,962

15. Conditional Asset Retirement Obligations

Financial Accounting Standards Board Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (an interpretation of FASB Statement No. 143), was issued in March 2005. FIN 47 defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation does not defer recognition of a

liability. This interpretation requires that the fair value of a liability for a conditional asset retirement obligation be recognized in the period in which it occurred if a reasonable estimate of fair value can be made.

Conditional asset retirement obligations related to remediation or disposal of asbestos, underground storage tanks, soil, and radioactive sources and equipment were $98.8 million and $93.9 million at June 30, 2009 and 2008, respectively.

16. Bonds and Notes Payable

Bonds and notes payable outstanding at June 30, 2009 and 2008, are as follows:

	2009	2008
Dormitory Authority of the State of New York, tax exempt revenue bonds, Columbia University issues		
Series 2009 A, variable rate, 0.10% to 0.17%, maturing 2039	$ 117,000	
Series 2008 A, 4.00% to 5.00%, maturing 2038	282,715	$ 282,715
Series 2006 A, 4.75% to 5.25%, maturing 2031	214,640	219,945
Series 2006 B, 3.25% to 5.25%, maturing 2022	150,075	153,535
Series 2004 A2, 5.00%, maturing 2014	46,500	46,500
Series 2004 B, 4.75% to 5.125%, maturing 2024	83,700	87,580
Series 2004 C, 5.00%, maturing 2029	48,270	48,270
Series 2003 A, 3.20% to 5.125%, maturing 2024	69,995	73,245
Series 2003 B, variable rate, 0.10% to 6.50%, maturing 2028	30,000	30,000
Series 2002 A, 5.00% to 5.25%, maturing 2014	24,570	28,790
Series 2002 B, 4.50% to 5.25%, maturing 2024	37,400	40,725
Series 2002 C, variable rate, 0.30% to 2.05%, maturing 2027	23,300	23,300
Series 2000 A, 4.10% to 5.25%, maturing 2025	39,000	42,750
Series 1994 A, 5.75%, maturing 2010	11,300	21,825
	1,178,465	1,099,180
Dormitory Authority of the State of New York, tax-exempt commercial paper		
Series 1997, variable rate, 0.15% to 4.10%, final maturity 2015	29,820	34,850
New Jersey Economic Development Corporation		
Series 2002, variable rate, 0.30% to 1.95%, final maturity 2028	8,580	8,910
United States Department of Education Housing Program Issues:		
1991, 5.50%, maturing 2021 *	1,533	1,621
1990, 3.00%, maturing 2020 *	1,729	1,859
Medium-Term Notes, Taxable Series C 6.53% to 7.36%, maturing 2021	140,359	152,890
Empire State Development Corporation Issues:		
Interest-free, maturing 2029	8,378	8,538
Interest-free, maturing 2010	7,570	7,075
Economic Development Corporation		
Interest-free, maturing 2010	9,346	8,734
Taxable commercial paper, variable rate, 0.25% to 3.06%, due 2009		60,880
Dormitory Authority of the State of New York College and University Education Loan Revenue Bonds		
Series 1993, 5.60% to 5.65%, maturing 2013	2,839	4,638
Series 1992, 6.80%, maturing 2013	2,436	3,888
Promissory Note, 8%, maturing 2010	3,000	3,000
Promissory Note, 11%, maturing 2010	2,352	2,195
	217,942	299,078
Total bonds and notes payable	$ 1,396,407	$ 1,398,258

* *Principal fully collateralized by investments*

Estimated Principal Payments on bonds and certificates are summarized below:

Year	Principal
2010	$ 77,503
2011	64,943
2012	62,445
2013	149,124
2014	65,835
Thereafter (through 2039)	976,557
Total	$ 1,396,407

At June 30, 2009, the University's bonds and notes payable had a carrying amount of approximately $1,396.4 million, compared to an estimated fair value of $1,498.3 million. The estimated fair value of bonds and notes payable was calculated using a discounted cash flow method, where the estimated cash flows were based on contractual principal and interest payments. The discount rates used were based on the University's borrowing rate for similar obligations. Fair values represent the lower of the estimated value at call or maturity of each respective issue.

The University may offer from time to time up to $400 million aggregate principal amount of Medium-Term Notes. As of June 30, 2009, $140.4 million was outstanding. The University also has a $150 million taxable commercial paper program. As of June 30, 2009, none of the taxable commercial paper was outstanding.

The University issues most of its tax-exempt debt through the Dormitory Authority of the State of New York ("DASNY"). On May 14, 2009, the University issued $117 million of Series 2009A variable rate bonds in the weekly rate mode at par. On April 23, 2008, the University issued $282.7 million of Series 2008A fixed rate bonds. Series 2008A was issued at a premium of $10.9 million, which will be amortized over ten years. The proceeds from Series 2009A and 2008A were used to finance various construction and renovation projects. On July 2, 2007, the University reoffered $48.3 million of its DASNY Series 2004C bonds at an average yield of 4.4 percent and retired $1.7 million of the original debt.

On October 1, 2008, the University entered into a $200 million notional value forward starting, fixed payor swap agreement to protect against the risk of interest rate changes. The estimated fair value of the agreement was ($36.7) million and ($15.7) million at June 30, 2009 and 2008, respectively. The fair value of the swap is obtained by taking the present value of all future cash flows on the swap implied by the forward curve.

The University has certain financial and administrative covenants with which it was in compliance as of June 30, 2009 and 2008.

17. Insurance

In connection with managing financial risks through various third-party insurance programs, the University is self-insured in certain areas. Funded self-insurance liabilities primarily cover deductibles on general liability and property insurance claims. Self-insurance liabilities are actuarially calculated on an annual basis. The University has recorded self-insurance liabilities of approximately $111.7 million and $103.0 million as of June 30, 2009 and 2008, respectively. The University's core liability coverage is purchased through Pinnacle RRG, a Vermont-based risk retention group with fifteen other universities.

The University obtains medical malpractice insurance through MCIC and MLMIC. MCIC is a group-captive insurance company owned by the University, Johns Hopkins, Yale, Rochester, and Weill Cornell Medical School and their respective major teaching hospitals, including NYPH. MLMIC is a mutual company where policyholders are owners, with full voting rights to elect the company's Board of Directors, thereby having direct input into vital areas of operation. The governing Board is comprised primarily of practicing physicians, dentists, and hospital administrators. More than 1,000 of the University's faculty physicians and dentists are enrolled in MCIC and MLMIC.

18. Related Party Transactions

The University maintains several clinical and education affiliation agreements with other organizations. Revenues and expenses from these agreements are accounted for in the operating activities segment of the Consolidated Statement of Activities. The most significant affiliation agreement is with the NYPH.

The University has an alliance dating back to 1921 with Presbyterian Hospital, which merged with New York Hospital effective January 1, 1998, and formed the new corporate entity called NewYork-Presbyterian Hospital. The University provides NYPH with medical, professional, and supervisory staff as well as other technical assistance. These services are reimbursed by NYPH. NYPH provides funding to the clinical departments for specific purposes, including administration, supervision, and teaching of the NYPH resident staff and salary support for faculty and staff providing services to NYPH. In addition, NYPH provides funding for clinical programs that the University and NYPH would like to see developed or expanded. NYPH also provides the departments with certain facilities and services (outpatient faculty practice offices, nursing, telecommunications, etc.) for which the University is invoiced on a monthly basis. Finally, the University and NYPH collaborate and fund joint projects for which specific agreements are negotiated.

The University and NYPH negotiated a joint budget, which forms the basis for the reimbursement agreement. The final fiscal year 2009 joint budget was approximately $156 million. The payments to NYPH for goods and services were $66 million. The revenues received pursuant to this reimbursement arrangement for services rendered are reflected in the consolidated financial statements as a portion of "Patient care revenue." The expenses related to this agreement are reflected in "Patient care expense."

The University records both receivables from and payables to NYPH on the Consolidated Balance Sheet. The University has no liability for obligations and debt incurred by NYPH.

The University has financial arrangements with several for-profit physician professional corporations ("PCs"), whereby the University provides facilities and other services to these PCs for a negotiated fee. These PCs provide clinical services to patients and are owned and controlled by physicians who are also faculty members of the University. These noncontrolled PCs generated revenue of approximately $61 million and $55 million during fiscal year 2009 and 2008, respectively, which has not been consolidated into the University's consolidated financial statements. The University is also the sole corporate member of two not-for-profit physician private practice entities and, as such, consolidates these entities into the University's consolidated financial statements.

Pursuant to the consent of the Trustees of the CPMC Fund, Inc., in December 2008, the CPMC Fund, Inc. transferred five professorship endowments to the University. The value of the endowments at the time of transfer was $29.4 million, with $4.9 million being permanently restricted.

19. Contingencies and Commitments

From time to time, various claims and suits generally incident to the conduct of normal business are pending or may arise against the University.

In the opinion of counsel and management of the University, after taking into account insurance coverage, losses, if any, from the resolution of pending litigation should not have a material effect on the University's financial position or results of operations.

All funds expended in connection with government grants and contracts are subject to audit by government agencies. While the ultimate liability, if any, from audits of government grants and contracts by government agencies, claims, and suits is presently not determinable, it should not, in the opinion of counsel and management, have a material effect on the University's financial position or results of activities.

The University is subject to laws and regulations concerning environmental remediation and will, from time to time, establish reserves for potential obligations that management considers probable and for which reasonable estimates can be made. As of June 30, 2009, the University has recorded $98.8 million for conditional asset retirement obligations. These estimates may change depending upon the nature and extent of contamination, appropriate remediation technologies, and regulatory approvals. The University is not aware of any existing conditions that it currently believes are likely to have a material adverse effect on the University's financial position, changes in net assets, or cash flows.

The University has entered into contracts to purchase properties with an aggregate value of $28.0 million. As of June 30, 2009, approximately $15.2 million is still outstanding.

The University has made commitments related to its expansion in Manhattanville, certain of which are based upon events in the future which would result in cash and in-kind payments from the University.

The University has performed an evaluation of subsequent events through October 28, 2009, which is the date the consolidated financial statements were issued.

20. Expense Allocation by Program

Expenses are reported for the University's primary program activities. The consolidated financial statements also report certain categories of expenditures that support more than one major program of the University. These expenses include operation and maintenance of plant, depreciation expense, and interest expense.

These costs are allocated to the applicable program activities as indicated in the following chart:

	2009			2008		
	Expenses per Statement of Activities	Allocation	Final Allocated Expenses	Expenses per Statement of Activities	Allocation	Final Allocated Expenses
Instruction and educational administration	$ 1,136,588	$ 210,705	$ 1,347,293	$ 1,074,157	$ 192,445	$ 1,266,602
Research	432,538	93,688	526,226	398,910	74,081	472,991
Patient care expense	674,656	5,621	680,277	648,893	4,763	653,656
Library	61,098	51,354	112,452	61,020	51,411	112,431
Operation and maintenance of plant	177,375	(177,375)		157,636	(157,636)	
Institutional support	204,520	26,652	231,172	208,685	26,852	235,537
Auxiliary enterprise	97,453	13,632	111,085	97,461	12,148	109,609
Depreciation expense	160,870	(160,870)		153,991	(153,991)	
Interest expense	63,618	(63,618)		50,313	(50,313)	
Other	52,565	211	52,776	43,743	240	43,983
	$ 3,061,281		$ 3,061,281	$ 2,894,809		$ 2,894,809

The allocation of operation and maintenance of plant is based on square footage occupancy. Depreciation expense includes depreciation of buildings and building improvements and equipment. The allocation of depreciation on buildings and building improvements is based on square footage occupancy. Depreciation on equipment is allocated to the programs for which the equipment was purchased. Interest expense is allocated according to the same methodologies used for building depreciation.