THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Consolidated Financial Statements

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

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

Independent Auditors' Report

The Board of Trustees
The Cooper Union for the Advancement of Science and Art:

We have audited the accompanying consolidated financial statements of The Cooper Union for the Advancement of Science and Art and its affiliates, which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Cooper Union for the Advancement of Science and Art and its affiliates as of June 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

March 31, 2015

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Consolidated Balance Sheets

June 30, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 17,468,985	$ 17,130,331
Contributions receivable, net (note 4)	4,994,167	1,143,148
Other receivables	1,879,653	1,581,830
Investments (notes 2 and 3)	735,412,077	693,050,429
Prepaid expenses and other assets (notes 7 and 8)	9,852,215	9,539,565
Loans to students, net of allowance for doubtful loans of $34,238 in 2014 and 2013, respectively	480,479	489,810
Plant assets, net (note 5)	174,206,677	182,531,195
Total assets	$ 944,294,253	$ 905,466,308
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 5,155,989	$ 5,100,397
Accrued interest	856,041	856,041
Liability under charitable trusts and annuity agreements	5,857,475	5,893,636
Accrued postretirement benefit costs (note 6)	22,450,126	25,352,356
Deferred revenue (note 7)	105,052,035	104,133,298
Long-term loans (note 8)	175,000,000	175,000,000
Total liabilities	314,371,666	316,335,728
Net assets (deficit):		
Unrestricted	(109,227,614)	(93,194,879)
Temporarily restricted (note 10)	667,393,620	612,636,890
Permanently restricted (note 10)	71,756,581	69,688,569
Total net assets	629,922,587	589,130,580
Total liabilities and net assets	$ 944,294,253	$ 905,466,308

See accompanying notes to consolidated financial statements.

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Consolidated Statement of Activities

Year ended June 30, 2014

(With comparative summarized totals for the year ended June 30, 2013)

	Unrestricted	Temporarily restricted	Permanently restricted	Total 2014	Total 2013
Operations:					
Revenues and other support:					
Investment return utilized for operations (note 2)	$ 34,403,857	-	-	$ 34,403,857	$ 38,502,293
Student tuition and fees, net of tuition discount	2,964,695	-	-	2,964,695	3,421,111
Contributions	9,008,626	5,734,212	2,069,952	16,812,790	8,282,569
Government grants, contracts, and appropriations	389,985	-	-	389,985	705,640
Rental income (note 9)	2,785,737	-	-	2,785,737	2,946,243
Auxiliary enterprises	2,217,820	-	-	2,217,820	1,867,650
Other revenue	611,412	-	-	611,412	514,932
Net assets released from restrictions	1,834,534	(1,834,534)	-	-	-
Total revenues and other support	54,216,666	3,899,678	2,069,952	60,186,296	56,240,438
Expenses (note 11):					
Salaries	24,573,828	-	-	24,573,828	23,949,642
Employee benefits	10,648,012	-	-	10,648,012	9,730,723
Interest (note 8)	10,272,500	-	-	10,272,500	10,272,500
Depreciation and amortization	8,672,369	-	-	8,672,369	8,525,385
Occupancy and other related expenses	6,667,921	-	-	6,667,921	6,296,580
Supplies, services, and other office expenses	8,719,191	-	-	8,719,191	7,213,083
Other operating expenses	4,484,923	-	-	4,484,923	2,194,504
Total expenses	74,038,744	-	-	74,038,744	68,182,417
(Deficiency) excess of operating revenues over operating expenses before nonoperating activities and other changes	(19,822,078)	3,899,678	2,069,952	(13,852,448)	(11,941,979)
Nonoperating activities and other changes:					
Excess of investment return over amounts utilized in operations (note 2)	-	50,854,213	-	50,854,213	21,637,629
Net assets released from restrictions for capital and other reclassifications	(899)	2,839	(1,940)	-	-
Amounts not yet recognized as a component of net periodic cost (note 6)	3,790,242	-	-	3,790,242	4,188,290
(Decrease) increase in net assets	(16,032,735)	54,756,730	2,068,012	40,792,007	13,883,940
Net assets (deficit) at beginning of year	(93,194,879)	612,636,890	69,688,569	589,130,580	575,246,640
Net assets (deficit) at end of year	$ (109,227,614)	$ 667,393,620	$ 71,756,581	$ 629,922,587	$ 589,130,580

See accompanying notes to consolidated financial statements.

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Consolidated Statement of Activities

Year ended June 30, 2013

	Unrestricted	Temporarily restricted	Permanently restricted	Total 2013
Operations:				
Revenues and other support:				
Investment return utilized for operations (note 2)	$ 38,502,293	$ -	$ -	$ 38,502,293
Student tuition and fees, net of tuition discount	3,421,111	-	-	3,421,111
Contributions	4,044,108	1,872,080	2,366,381	8,282,569
Government grants, contracts, and appropriations	705,640	-	-	705,640
Rental income (note 9)	2,946,243	-	-	2,946,243
Auxiliary enterprises	1,867,650	-	-	1,867,650
Other revenue	514,932	-	-	514,932
Net assets released from restrictions	1,601,350	(1,601,350)	-	-
Total revenues and other support	53,603,327	270,730	2,366,381	56,240,438
Expenses (note 11):				
Salaries	23,949,642	-	-	23,949,642
Employee benefits	9,730,723	-	-	9,730,723
Interest (note 8)	10,272,500	-	-	10,272,500
Depreciation and amortization	8,525,385	-	-	8,525,385
Occupancy and other related expenses	6,296,580	-	-	6,296,580
Supplies, services, and other office expenses	7,213,083	-	-	7,213,083
Other operating expenses	2,194,504	-	-	2,194,504
Total expenses	68,182,417	-	-	68,182,417
(Deficiency) excess of operating revenues over operating expenses before nonoperating activities and other changes	(14,579,090)	270,730	2,366,381	(11,941,979)
Nonoperating activities and other changes:				
(Deficiency) excess of investment return over amounts utilized in operations (note 2)	-	21,637,629	-	21,637,629
Net assets released from restrictions for capital and other reclassifications	1,110,673	(1,103,448)	(7,225)	-
Amounts not yet recognized as a component of net periodic cost (note 6)	4,188,290	-	-	4,188,290
(Decrease) increase in net assets	(9,280,127)	20,804,911	2,359,156	13,883,940
Net assets (deficit) at beginning of year	(83,914,752)	591,831,979	67,329,413	575,246,640
Net assets (deficit) at end of year	$ (93,194,879)	$ 612,636,890	$ 69,688,569	$ 589,130,580

See accompanying notes to consolidated financial statements.

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Increase in net assets	$ 40,792,007	$ 13,883,940
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Amounts not yet recognized as a component of net periodic cost	(3,790,242)	(4,188,290)
Depreciation and amortization expense	8,672,369	8,525,385
Net unrealized and realized gains on investments	(54,726,230)	(27,984,844)
Change in value of split-interest agreements	640,354	1,724,519
Permanently restricted contributions	(2,069,952)	(2,366,381)
Contributions restricted for capital purposes	(1,000)	(25,000)
Changes in assets and liabilities:		
Contributions receivable, net of amounts classified as financing activities	(4,298,889)	7,015
Other receivables	(297,823)	(742,504)
Prepaid expenses and other assets	(312,650)	443,473
Accounts payable and accrued expenses	55,592	(837,191)
Deferred revenue	918,737	(1,231,282)
Accrued postretirement benefit costs	888,012	1,658,040
Net cash used in operating activities	(13,529,715)	(11,133,120)
Cash flows from investing activities:		
Purchases of investments	(33,204,777)	(46,851,583)
Proceeds from sales of investments	45,569,359	48,466,415
Decrease in loans to students	9,331	18,618
Purchases of plant assets	(347,851)	(578,736)
Net cash provided by investing activities	12,026,062	1,054,714
Cash flows from financing activities:		
Permanently restricted contributions	2,069,952	2,366,381
Contributions restricted for capital purposes	1,000	25,000
Decrease in contributions receivable related to financing activities	447,870	512,204
Proceeds of new charitable gift annuities	356,651	335,898
Payments to beneficiaries under charitable annuities	(1,033,166)	(1,245,721)
Net cash provided by financing activities	1,842,307	1,993,762
Net increase (decrease) in cash and cash equivalents	338,654	(8,084,644)
Cash and cash equivalents at beginning of year	17,130,331	25,214,975
Cash and cash equivalents at end of year	$ 17,468,985	$ 17,130,331
Supplemental cash flow information:		
Cash paid during the year for interest	$ 10,272,500	$ 10,272,500

See accompanying notes to consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

ORGANIZATION

The accompanying consolidated financial statements include the consolidated balance sheets, statements of activities, and cash flows of The Cooper Union for the Advancement of Science and Art (the College) and its affiliates, The C.V. Starr Research Foundation at The Cooper Union for the Advancement of Science and Art, Inc. (formerly, The Cooper Union Research Foundation, Inc.) and Astor Place Holding Corporation (Astor Place).

The College was founded in 1859 through the bequest of Peter Cooper, a noted industrialist and philanthropist. The College was incorporated under a special act of the New York State Legislature in 1859 and is subject to the jurisdiction of the Regents of the University of the State of New York. It offers degree programs in architecture, art, and engineering. The College provided full-tuition scholarships to all students through fiscal 2014. In April 2013, the board of trustees of The Cooper Union voted to reduce the baseline scholarship to a minimum of 50% for undergraduate students beginning with the class entering in fall 2014. The College designated tuition rates of $39,600 and $38,550 for full-time undergraduate students for fiscal 2014 and 2013, respectively. All students are required to apply for certain outside tuition assistance programs for which they are eligible.

The C.V. Starr Research Foundation at The Cooper Union for the Advancement of Science and Art, Inc. is an affiliated, not-for-profit corporation, which was founded in February 1976 for the purpose of enhancing the quality of education at the College by promoting, encouraging, and supporting scientific investigation and research by faculty and students.

The College is the sole stockholder of Astor Place, a corporation organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof less expenses to the College.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the College, the C.V. Starr Research Foundation at The Cooper Union for the Advancement of Science and Art, Inc., and Astor Place (collectively referred to as The Cooper Union). All significant inter organizational balances and transactions have been eliminated in consolidation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation
Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met either by actions of The Cooper Union or the passage of time. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted. Expirations of temporary restrictions on prior year net asset balances are reported as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by The Cooper Union. Generally, the donors of these assets permit The Cooper Union to use all or part of the income earned on related investments for general or specific purposes.

(b) Income Tax Status
The College and the C.V. Starr Research Foundation at The Cooper Union for the Advancement of Science and Art, Inc. are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Astor Place is exempt from federal income tax under Section 501(c)(2) of the Internal Revenue Code. The Cooper Union recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. The Cooper Union evaluates, on an annual basis, the effects of any uncertain tax positions on its consolidated financial statements. As of June 30, 2014 and 2013, The Cooper Union has not identified or provided for any such positions.

(c) Cash and Cash Equivalents
Cash equivalents consist of short-term investments with original maturities of three months or less, including treasury bills, except for those short-term investments that are managed by The Cooper Union's investment managers, which are included in investments.

(d) Contributions
Contributions, including unconditional promises to give, are reported as revenues in the period received. Contributions receivable are discounted to reflect the present value of future cash flows at a risk-adjusted rate. In addition, an allowance for contributions receivable estimated to be uncollectible is provided.

(e) Release of Restrictions on Net Assets Held for Acquisition of Property, Plant, and Equipment

Contributions of property, plant, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net assets class. Contributions of cash or other assets to be used to acquire property, plant, and equipment with such donor stipulations are reported as revenues of the temporarily restricted net assets class; the restrictions are considered to be released at the time such long-lived assets are placed into service.

(f) Depreciation and Amortization

Buildings, building improvements, software, and equipment are depreciated on a straight-line basis over their estimated useful lives ranging from 3 to 40 years. Leasehold improvements are amortized on a straight-line basis over their estimated useful lives or the life of the lease, whichever is shorter.

(g) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Significant items subject to such estimates and assumptions include the fair value of real estate and alternative investments, the useful lives of fixed assets, accrued postretirement benefit costs, the allowance for doubtful loans and contributions receivable, liabilities under charitable trusts and annuity agreements, and liabilities for asset retirement obligations. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumptions.

(h) Fair Value Measurements

Fair value is defined 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. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability of access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

Classification in Level 2 or Level 3, for alternative investments measured at net asset value, is based on The Cooper Union's ability to redeem its interest at or near the date of the consolidated balance sheet; if the interest can be redeemed in the near term, the investment is classified in Level 2.

(i) Fair Value of Financial Instruments

The fair value of investments is determined as indicated in note 2. The carrying amount of long-term loans approximates fair value. The fair value of long-term loans is based on observable interest rates and maturity schedules that fall within Level 2 of the hierarchy of fair value inputs. The carrying amounts of all other financial instruments approximate fair value because of the short maturity of those instruments.

(j) Deferred Giving Arrangements

The Cooper Union enters into deferred giving agreements with donors to accept and administer charitable gift annuities, charitable remainder trusts, charitable lead trusts, unitrusts, and pooled income funds, the beneficiaries of which include The Cooper Union. The Cooper Union manages and invests these assets on behalf of these beneficiaries until the agreement expires and the assets are distributed.

Such split-interest agreements provide for payments to the donors or their beneficiaries based upon either the income earned on related investments or specified annuity amounts. Assets held under these arrangements are reported at fair value and included in investments in the accompanying consolidated balance sheets. Contribution revenue is recognized at the date the trust or annuity contract is established after recording liabilities for the present value of the estimated future payments expected to be made to the donors and/or other beneficiaries. The liabilities under charitable trusts and annuity agreements are adjusted annually for changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments.

(k) Nonoperating Activities

Nonoperating activities are distinguished from operating activities and include excess (deficiency) of investment return over amounts utilized in operations, net assets released from restrictions for capital, amounts not yet recognized as a component of net periodic benefit cost, and other nonrecurring items.

2. Investments

Investments in debt and equity securities with readily determinable fair values are reported at fair value based on quoted market values. Alternative investments such as hedge funds, fund of funds, and limited partnerships are reported based on amounts provided by the investment managers or general partners, at net asset value, as a practical expedient to fair value. Because alternative investments are not readily marketable, net asset value may differ significantly from the values that would have been reported had a ready market for these investments existed. Such differences could be material. The Cooper Union reviews and evaluates the values provided by the investment managers or general partners and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments.

Real estate investments (note 3) consist of land and building of the Chrysler Building, 51 Astor Place, and 22-36 Astor Place.

Also included in investments are charitable trusts and gift annuities amounting to $8,302,409 and $7,825,649 as of June 30, 2014 and 2013, respectively.

Treasury bills with original maturities of three months or less, which are included in cash and cash equivalents, are considered Level 1 in the fair value hierarchy.

The Cooper Union invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets.

The components of investment return for the years ended June 30, 2014 and 2013 were as follows:

	2014	2013
Real estate rental income, net (note 3)	$ 29,648,586	$ 31,427,497
Interest and dividends	1,279,381	1,038,285
Unrealized gains on real estate investments	40,360,000	15,160,000
Unrealized gains on other investments	2,419,239	7,448,342
Realized gains on investments	11,946,991	5,376,502
Investment expenses	(396,127)	(310,704)
Net investment return	**85,258,070**	**60,139,922**
Less amounts classified as:		
Temporarily restricted	50,854,213	21,637,629
Unrestricted amounts utilized for operations	34,403,857	38,502,293
Deficiency of investment return over amounts utilized for operations and amounts classified as temporarily restricted	**$ -**	**$ -**

The amount of unrestricted amounts utilized for operations consists of (a) all real estate rental income, net of applicable real estate taxes and (b) the amount of spending from non-real estate endowment and other investments as defined by the annual spending policy.

The following tables present The Cooper Union's fair value hierarchy for investments as of June 30, 2014 and 2013:

	2014 Fair Value Measurements				Redemption or Liquidation	Days
	Fair Value	**Level 1**	**Level 2**	**Level 3**	**Frequency**	**Notice**
Cash, cash equivalents, and short-term investments held by investment managers and trustees, including receivables due from broker of $6,648,307	$ 7,640,882	$ 7,640,882	$ -	$ -	Daily	1
Corporate bonds	2,674,933	2,674,933	-	-	Daily	1
Equity securities:						
U.S. equity	21,071,320	21,071,320	-	-	Daily	1
Mutual funds	10,332,047	10,332,047	-	-	Daily	1
Hedge funds:						
Long/short equity	1,974,703	-	1,974,703	-	Quarterly	30
Absolute return	24,190,502	-	24,190,502	-	Quarterly	15–65
Fund of funds:						
Long/short equity	3,593,193	-	3,593,193	-	Quarterly	60
Absolute return	7,552,075	-	7,552,075	-	Quarterly	60–90
Limited partnerships:						
Global equity	13,709,680	-	13,709,680	-	Monthly	6
Absolute return	16,694,898	-	7,329,880	9,365,018	Quarterly, Annually	45–65
Nonmarketable assets	13,230,818	-	-	13,230,818	Illiquid	N/A
Real estate	612,130,000	-	-	612,130,000	Illiquid	N/A
Other	617,026	-	-	617,026	Illiquid	N/A
Total investments	**$ 735,412,077**	**$ 41,719,182**	**$ 58,350,033**	**$ 635,342,862**		

As of June 30, 2014, The Cooper Union had $10,026,338 of Level 3 nonmarketable assets that were subject to lockup. The remaining lockup of these assets range from 3 to 11 years. The Cooper Union's unfunded capital commitments approximated $13.2 million as of June 30, 2014.

	2013 Fair Value Measurements				Redemption or Liquidation	Days
	Fair Value	**Level 1**	**Level 2**	**Level 3**	**Frequency**	**Notice**
Cash, cash equivalents, and short-term investments held by investment managers and trustees	$ 4,973,842	$ 4,973,842	$ -	$ -	Daily	1
Corporate bonds	3,048,531	3,048,531	-	-	Daily	1
Equity securities:						
U.S. equity	17,032,327	17,032,327	-	-	Daily	1
International equity	4,146,242	4,146,242	-	-	Daily	1
Mutual funds	9,174,546	9,174,546	-	-	Daily	1
Hedge funds:						
Long/short equity	2,569,273	-	2,569,273	-	Monthly	15
Absolute return	24,745,345	-	24,745,345	-	Quarterly	15–65
Fund of funds:						
Long/short equity	3,424,108	-	3,424,108	-	Quarterly	60
Absolute return	6,901,340	-	6,901,340	-	Quarterly	30
Limited partnerships:						
Global equity	11,124,426	-	11,124,426	-	Monthly	6
Fixed Income	2,734,199	-	2,734,199	-	Monthly	30
Absolute return	19,758,195	-	7,526,796	12,231,399	Quarterly, Annually	45–65
Nonmarketable assets	11,031,029	-	-	11,031,029	Illiquid	N/A
Real estate	571,770,000	-	-	571,770,000	Illiquid	N/A
Other	617,026	-	-	617,026	Illiquid	N/A
Total investments	**$ 693,050,429**	**$ 38,375,488**	**$ 59,025,487**	**$ 595,649,454**		

The following tables present The Cooper Union's activity for the fiscal years ended June 30, 2014 and 2013 for investments measured at fair value on a recurring basis using unobservable inputs (Level 3):

2014	Balance at June 30, 2013	Transfers from Level 3 to Level 2	Transfers from Level 2 to Level 3	Net appreciation in fair value of investments	Sales/ redemptions	Purchases	Balance at June 30, 2014
Hedge funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fund of funds	-	-	-	-	-	-	-
Limited partnerships	23,262,428	-	-	1,426,160	(3,673,155)	1,580,403	22,595,836
Real estate and other	572,387,026	-	-	40,360,000	-	-	612,747,026
Total level 3 investments	**$ 595,649,454**	**$ -**	**$ -**	**$ 41,786,160**	**$ (3,673,155)**	**$ 1,580,403**	**$ 635,342,862**

2013	Balance at June 30, 2012	Transfers from Level 3 to Level 2	Transfers from Level 2 to Level 3	Net appreciation in fair value of investments	Sales/ redemptions	Purchases	Balance at June 30, 2013
Hedge funds	$ 5,267,548	$ (5,267,548)	$ -	$ -	$ -	$ -	$ -
Fund of funds	5,775,652	(5,775,652)	-	-	-	-	-
Limited partnerships	21,331,018	(5,543,211)	6,212,945	2,021,091	(3,690,161)	2,930,746	23,262,428
Real estate and other	557,567,026	-	-	15,160,000	(340,000)	-	572,387,026
Total level 3 investments	**$ 589,941,244**	**$ (16,586,411)**	**$ 6,212,945**	**$ 17,181,091**	**$ (4,030,161)**	**$ 2,930,746**	**$ 595,649,454**

The Cooper Union recognizes transfers between levels of the fair value hierarchy at the beginning of the reporting period in which the date of the event or change in circumstances that caused the transfer occurs. There were no transfers to or from Level 1 in fiscal 2014 and 2013.

3. Real Estate Investments

Real estate investments as of June 30, 2014 and 2013 were as follows:

	2014	2013
Chrysler Building	$ 610,000,000	$ 570,000,000
51-101 Astor Place	1,300,000	1,080,000
22-36 Astor Place	830,000	690,000
Real estate investments	**$ 612,130,000**	**$ 571,770,000**

Chrysler Building. The Cooper Union owns the Chrysler Building at 405 Lexington Avenue in New York City. Legal title to both the land and building rests with The Cooper Union.

The Chrysler Building asset, which is included in investments at fair value, was valued at $610,000,000 and $570,000,000 as of June 30, 2014 and 2013, respectively. The fair value of the Chrysler Building asset is determined based on the net present value of future cash flows of rent derived from the lease agreement encumbering that property.

In August 1999, The Cooper Union entered into a lease agreement, which is scheduled to expire on December 31, 2147, for the land under the Chrysler Building (together with the building erected thereon). Under the terms of the lease agreement, annual rental income, which is recognized as real estate rental income within net investment return (note 2), included:

- Basic annual rent of $7,000,000 through December 31, 2012, and $7,750,000 through December 31, 2017. (see paragraph below for thereafter)

- An amount equivalent to the real estate taxes, which would be payable on the real property were it subject to taxation. Such amount is based on New York City's assessment of the value of the land and building and the existing tax rate. In fiscal 2014 and 2013, this tax equivalency payment equaled $18,790,485 and $18,220,314, respectively.

Contemporaneous with the October 2006 execution of the MetLife loan (note 8), The Cooper Union entered into a modification of the Chrysler Building lease. In lieu of a rent reset based upon a percentage of the then fair market value of the land, the amended terms fixed the basic annual rent schedule for the period January 1, 2018 through December 31, 2047 as follows: from January 1, 2018 to December 31, 2027, $32,500,000; January 1, 2028 to December 31, 2037, $41,000,000; and January 1, 2038 to December 31, 2047, $55,000,000. As of January 1, 2048, and each 10-year anniversary thereafter, the basic rent shall be adjusted based upon the fair market value of the land considered as vacant and unimproved, and the assumption that a building of 1,194,000 square feet can be built and utilized only for the then current use of the land irrespective of whether such then current use of the land represents its "highest and best use." In no event shall the new rent be less than the basic rent per annum payable on the last day of the preceding period.

The lessee of the Chrysler Building property has the right to sell or transfer its leasehold interest without the consent of The Cooper Union.

If the lessee were to default beyond applicable periods of notice and cure on its payments to The Cooper Union or fail to repair and maintain the Chrysler Building as and to the extent required by the lease agreement, the lessee's leasehold interest in the Chrysler Building would terminate (subject to cure rights held by the lessee's leasehold mortgagee) and all surviving tenant rentals in the building would be payable to The Cooper Union.

At all times, the lessee of the Chrysler Building property shall keep the building insured against loss or damage by fire or other casualty and the proceeds of such insurance shall be held for application to the cost of restoring, repairing, replacing, or rebuilding the building.

If the property were to be destroyed, the lessee must repair or replace the building as nearly as possible to the condition, quality and class immediately prior to such casualty and the basic rent and tax equivalency payment obligations continue.

51 Astor Place. The Cooper Union owns the land at 51 Astor Place in New York City. In December 2007, The Cooper Union entered into a long-term ground lease that expires in 2109 with a developer. The developer demolished the then-existing structure and constructed a new 12-story building at that property. The ground lease was amended and restated in January 2008, and further amended in October 2009, July 2011, and January 2012. Legal title to both the land and the new building rests with The Cooper Union.

The recorded value is based on the net present value of the anticipated future value of the land after the current lease expires in 2109. Possession of the building reverts to The Cooper Union in 2109.

In connection with the 51 Astor Place lease, The Cooper Union received net proceeds resulting from a $96,970,000 financing transaction, representing the then present value of all basic annual rent payable under the lease through its expiration. The proceeds were recorded as deferred revenue (note 7). Amortization of the deferred revenue is recorded as real estate rental income over the life of the lease.

22-36 Astor Place. The Cooper Union owns the land at 22-36 Astor Place ("26 Astor Place") in New York City. In December 2002, The Cooper Union entered into two related 99-year ground lease agreements, which expire in December 2101, for the land at that location. Under the terms of both leases, the lessee financed construction of a new building, and ownership of the building is held by The Cooper Union.

The recorded value is based on the net present value of the anticipated future value of the land after the current lease expires in 2101. Possession of the building reverts to The Cooper Union in 2101.

Under the terms of the 26 Astor Place lease agreements, The Cooper Union received rent of $11,000,000, which was recorded as deferred revenue (note 7). Amortization of the deferred revenue is recorded as real estate rental income over the life of the lease.

Under the terms of the lease agreements for both 51 Astor Place and 26 Astor Place, the developers (tenants) pay to The Cooper Union an amount equivalent to the real estate taxes payable on the real property (land and building) were it subject to taxation. Based on an agreement with New York City, beginning in October 2013 The Cooper Union is required to pay the city an amount equal to 50% of those tax equivalent payments. The net amount is recognized as real estate rental income.

4. Contributions Receivable

Contributions receivable as of June 30, 2014 and 2013 were scheduled to be collected as follows:

	2014	2013
Year ended June 30:		
Less than one year	$ 5,511,363	$ 1,432,385
One year to five years	4,625	32,554
Contributions receivable, gross	**5,515,988**	**1,464,939**
Allowance for uncollectible contributions receivable	(255,122)	(40,456)
Adjustment to reflect contributions receivable at present value (0.08%–8.25%)	(266,699)	(281,335)
Contributions receivable, net	**$ 4,994,167**	**$ 1,143,148**

5. Plant Assets

Plant assets as of June 30, 2014 and 2013 were as follows:

	2014	2013
Land and land improvements	$ 150,000	$ 150,000
Buildings and building improvements	235,594,233	235,594,233
Software and equipment	32,648,705	32,395,105
Leasehold improvements	3,067,759	3,001,629
Construction in progress	80,234	52,113
Plant assets, gross	**271,540,931**	**271,193,080**
Accumulated depreciation and amortization	(97,334,254)	(88,661,885)
Plant assets, net	**$ 174,206,677**	**$ 182,531,195**

Land and land improvements consist solely of the property at the location of the Foundation Building on 7th Street in New York City, reported at original value of $150,000 at original value as of June 30, 2014 and 2013.

The land at 41 Cooper Square (41-55 Cooper Square) is leased from the City of New York and, therefore, is not included in plant assets. In 1987, the College exercised its right to renew the lease for a term that terminates on January 31, 2106.

Building and building improvements include the Foundation Building at 7 East 7th Street, the academic building at 41 Cooper Square, the President's Residence (recorded at $2,549,115 at June 30, 2014 and 2013, which is subject to a gift annuity agreement), and the residence hall built on the property leased at Third Avenue.

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6. Pension Plan and Postretirement Benefits

A noncontributory, defined contribution, and annuity pension plan is available to all eligible employees who have met stipulated length of service and age requirements. The expenses for the plan for the years ended June 30, 2014 and 2013 amounted to $1,796,225 and $1,918,308, respectively. The Cooper Union also provides medical insurance benefits for its retired employees through a defined benefit plan. The following provides information about the plan's funded status reconciled with the accrued postretirement benefit obligation reported in The Cooper Union's consolidated balance sheets as of June 30, 2014 and 2013:

	2014	2013
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 25,352,356	$ 27,882,606
Service cost	539,433	743,403
Interest cost	925,561	1,030,084
Actuarial loss	(4,540,154)	(3,713,660)
Actuarial assumptions	749,912	(48,565)
Benefits paid	(576,982)	(541,512)
Benefit obligation at end of year	**22,450,126**	**25,352,356**
Change in plan assets:		
Employer contribution	576,982	541,512
Benefits paid	(576,982)	(541,512)
Fair value of plan assets at end of year	**-**	**-**
Funded status	**$ (22,450,126)**	**$ (25,352,356)**

	2014	2013
Accrued postretirement benefits costs obligation consists of:		
Accrued benefits cost liability at beginning of year	$ 25,352,356	$ 27,882,606
Amounts not yet recognized as a component of net periodic cost	(3,790,242)	(4,188,290)
Net periodic benefit cost	1,464,994	2,199,552
Employer contribution	(576,982)	(541,512)
Net obligation recognized	**$ 22,450,126**	**$ 25,352,356**
Weighted average discount rate assumptions as of June 30	4.25%	4.50%

	2014	2013
Components of net periodic benefit cost:		
Service cost	$ 539,433	$ 743,403
Interest cost	925,561	1,030,084
Recognized actuarial loss	-	426,065
Net periodic benefit cost	**$ 1,464,994**	**$ 2,199,552**
Benefit cost weighted average discount rate assumption for the years ended June 30	4.50%	4.00%

As of June 30, 2014, the cumulative net loss not yet recognized as a component of net periodic benefit cost totaled $113,753. The projected net periodic benefit cost for fiscal 2015 includes the amortization of actuarial losses of $0.

For measurement purposes, a 7.5% and 9.0% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for fiscal 2014 and 2013, respectively. The rate was assumed to decrease by 1.5% per year to an ultimate rate of 3.0% in fiscal 2018 and remain at that level thereafter.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	One-percentage-point increase	One-percentage-point decrease
Effect on total of service and interest cost components	$ 256,412	$ (200,788)
Effect on accrued postretirement benefit obligation	2,813,196	(2,285,099)

The projected premium payments in each fiscal year from 2015 through 2024 are as follows:

	Premiums
Year ending June 30:	
2015	$ 856,427
2016	924,808
2017	998,576
2018	1,039,818
2019	1,117,187
2020 through 2024 (in aggregate)	6,116,251
Projected premium payments	**$ 11,053,067**

7. Deferred Revenue

In fiscal 2008, in connection with the 99-year lease of 51 Astor Place (note 3), The Cooper Union borrowed $96,970,000 from an affiliate of the developer at a stated annual interest rate of 5.53% and a term expiring July 15, 2031. The loan is repayable solely out of rental payments due from the developer to the College under the ground lease. The loan is wholly nonrecourse to the College, which is held harmless if the developer defaults on the debt service payments. Upon delivery of possession to the developer, which occurred on July 10, 2009, the College reclassified the debt to deferred revenue as the College is held harmless if the developer defaults on the debt service payments and the College no longer has any obligation to make debt service payments. The deferred revenue is being amortized as rental income over the life of the 99-year lease. The balance of $92,072,525 and $93,052,020 are included in deferred revenue at June 30, 2014 and 2013 respectively. The College incurred $4,488,904 in costs associated with entering into the loan. These costs have been deferred and are being amortized over the life of the debt. Total costs of $3,321,789 and $3,501,345 as of June 30, 2014 and 2013, respectively, net of accumulated amortization of $1,167,115 and $987,559 as of June 30, 2014 and 2013 respectively, are included in prepaid expenses and other assets in the accompanying consolidated balance sheets.

In fiscal 2004, under the terms of a 99-year lease of 26 Astor Place (note 3), The Cooper Union received $11,000,000, which was recognized as deferred revenue. The deferred revenue is being amortized as rental income over the life of the lease. The balance of $9,765,306 and $9,877,551 are included in deferred revenue at June 30, 2014 and 2013 respectively.

8. Long-Term Loans

In October 2006, the College entered into a $175,000,000 nonrecourse loan with Metropolitan Life Insurance Company (MetLife) to fund future operations, build a new academic building, and retire existing debt. The term of the loan is 30 years with an annual interest rate of 5.87%. The loan is secured by a first priority mortgage on the College's fee interest in the Chrysler property and an assignment of all of the College's rights to the payment of basic rent, tax equivalency payments, and other sums due under the terms of the operating lease. The College incurred $6,325,057 of costs associated with entering into the loan. These costs have been deferred and are being amortized over the life of the debt. The projected debt service for the MetLife loan for the next 6 years and thereafter follows:

	Principal	Interest	Total
Year ending June 30:			
2015	$ -	$ 10,272,500	$ 10,272,500
2016	-	10,272,500	10,272,500
2017	-	10,272,500	10,272,500
2018	-	10,272,500	10,272,500
2019	3,253,282	10,225,068	13,478,350
2020	5,842,230	9,926,014	15,768,244
2021 and thereafter (in aggregate)	165,904,488	92,957,508	258,861,996

Total debt issuance costs of $4,638,375 and $4,849,210 as of June 30, 2014 and 2013, respectively, net of amortization of $1,686,682 and $1,475,847 as of June 30, 2014 and 2013, respectively, are included in prepaid expenses and other assets in the accompanying consolidated balance sheets.

Interest expense on all long-term debt totaled $10,272,500 in both fiscal 2014 and 2013, respectively.

In June 2014, The Cooper Union signed a commitment letter with a private lender for the securitization of tax equivalency payments to be received in accordance with the lease of 51 Astor Place. The closing date for the securitization loan was August 27, 2014, and, thus, the resulting debt and cash proceeds are not reflected in the consolidated financial statements as of June 30, 2014. On the closing date, the outstanding principal totaled $58,760,000; and $4,852,899 of the proceeds were deposited in a reserve restricted for use in servicing the debt. The term of the loan is 20 years with an annual interest rate of 4.60%. The lender has full recourse to the College in the event that the tax equivalency payments are not sufficient to pay the debt service. Costs related to this financing transaction are recorded as prepaid expenses as of June 30, 2014, and will be amortized over the life of the loan.

9. Operating Lease Commitments

In 1989, The Cooper Union entered into an operating lease agreement expiring in 2038, as the lessee of property on Third Avenue in New York City where the student residence building is located. Space at the Third Avenue site is subleased to tenants under operating leases that expire at various dates through 2024. Rent and related expenses for this lease were $1,156,213 and $1,155,828 in fiscal 2014 and 2013, respectively. Sublease rental income for these leases totaled $1,179,632 and $1,108,083 in fiscal 2014 and 2013, respectively. The following is a schedule by year of future minimum rental payments and sublease rental income, including future rent escalations, for the Third Avenue site as of June 30, 2014:

	Sublease rental income	Minimum rental payments
Year ending June 30:		
2015	$ 972,726	$ 875,000
2016	1,028,552	890,000
2017	1,087,897	905,000
2018	1,150,985	920,000
2019	1,218,061	935,000
2020 and thereafter (in aggregate)	5,774,588	20,513,334

In addition, The Cooper Union leases, under an operating lease agreement, office space at 30 Cooper Square in New York City. This operating lease commenced on July 1, 1992 and expires on June 30, 2018, per a lease modification agreement in September 2013. Rent expense for this lease was $836,285 and $745,789 in fiscal 2014 and 2013, respectively. The following is a schedule by year of future minimum rental payments for the 30 Cooper Square property:

	Minimum rental payments
Year ending June 30:	
2015	$ 660,683
2016	678,851
2017	697,520
2018	716,701

The operating lease commitments are not recognized as a liability in the financial statements.

10. Net Assets

Management identified an immaterial error in the net asset classification of certain endowment related investment return in 2013, as well as the presentation of certain amounts that were released from restriction in accordance with the endowment spending policy. The error had no impact on total investment return or total net assets. In order to correct the error management corrected the fiscal 2013 financial statements. The effect of the correction on the 2013 financial statements resulted in a $2,836,156 reclassification of temporarily restricted investment return to unrestricted investment return, and a reduction of net assets released from restrictions of $573,747. In addition, certain amounts in Note 10 – Net Assets have also been corrected.

Temporarily restricted net assets as of June 30, 2014 and 2013 were available for the following purposes or periods:

	2014	2013
Purpose restrictions:		
Academic support	$ 3,141,586	$ 3,018,286
Student aid	3,648,333	1,493,252
Instruction and other	11,895,605	8,671,998
Time restrictions	3,936,965	4,344,328
Appreciation on real estate asset	610,000,000	570,000,000
Appreciation on endowment not yet appropriated	34,771,131	25,109,026
Total temporarily restricted net assets	**$ 667,393,620**	**$ 612,636,890**

Permanently restricted net assets are restricted to investments in perpetuity, the income from which was expendable to support purposes as of June 30, 2014 and 2013 as follows:

	2014	2013
Specific purposes of The Cooper Union, principally instructional and student financial aid	$56,958,702	$ 55,486,027
General activities of The Cooper Union	14,797,879	14,202,542
Total permanently restricted net assets	**$71,756,581**	**$ 69,688,569**

The Cooper Union's endowment consists of approximately 479 donor-restricted individual funds established for a variety of purposes. There are no board-designated funds. As of June 30, 2014 and 2013, the fair values of 5 and 9 endowment accounts were less than their original value (underwater) by a total of $63,214 and $136,215, respectively.

The Cooper Union manages its long-term investments in accordance with the total return concept and the goal of maximizing long-term return within acceptable levels of risk. The Cooper Union's spending policy is designed to provide a stable level of financial support and to preserve the real value of its endowment.

The Cooper Union compares the performance of its investments against several benchmarks, including its asset allocation spending model policy index. In addition to the real estate income associated with the Chrysler building, the annual 2014 and 2013 spending authorizations from the endowment funds were calculated at 5% of the average market value of the endowment over the previous five years ended June 30 unless an endowment fund's spending rate is specifically designated otherwise by a donor. Using the latest audited financial statements, the calculation is performed during the budgeting process and the withdrawal request is proposed to the board of trustees for use in support of the subsequent year's budget.

The Cooper Union's management and investment of donor restricted endowment funds has historically been subject to the provisions of the Uniform Management of Institutional Funds Act (UMIFA) and the New York State Trust Laws. In 2006, the Uniform Law Commission approved the model act, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which serves as a guideline for states to use in enacting legislation. Among UPMIFA's most significant changes was the elimination of UMIFA's important concept of historical dollar value threshold, the amount below which an organization could not spend from the fund in favor of a more robust set of guidelines about what constitutes prudent spending.

The Cooper Union follows the New York Prudent Management of Institutional Funds Act (NYPMIFA). In accordance with relevant accounting guidance and absent explicit donor stipulations to the contrary, management 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) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by The Cooper Union in a manner consistent with the standard of prudence prescribed by NYPMIFA, and in accordance with the provisions set forth by Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 958-205-45, *Classification of Donor Restricted Endowment Funds Subject to UPMIFA*.

Pursuant to the investment policy approved by the board of trustees, The Cooper Union has interpreted the law as allowing The Cooper Union to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as The Cooper Union deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument absent explicit donor stipulations to the contrary.

Donor-restricted amounts reported below include term endowments and appreciation reported as temporarily restricted net assets and the underwater amount of endowment funds reported as unrestricted net assets.

Changes in endowment net assets for the fiscal years ended June 30, 2014 and 2013 were as follows:

2014	**Unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, June 30, 2013	$ (136,215)	$ 595,560,886	$ 69,688,569	$ 665,113,240
Net investment return	30,212,342	50,373,847	-	80,586,189
Contributions, net	-	-	2,068,012	2,068,012
Distributions	(30,139,341)	-	-	(30,139,341)
Endowment net assets, June 30, 2014	**$ (63,214)**	**$ 645,934,733**	**$ 71,756,581**	**$ 717,628,100**

2013	**Unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, June 30, 2012	$ (1,306,313)	$ 574,512,444	$ 67,329,413	$ 640,535,544
Net investment return	31,295,351	21,048,442	-	52,343,793
Contributions, net	-	-	2,359,156	2,359,156
Distributions	(30,125,253)	-	-	(30,125,253)
Endowment net assets, June 30, 2013	**$ (136,215)**	**$ 595,560,886**	**$ 69,688,569**	**$ 665,113,240**

11. Functional Expenses

The cost of providing programs by The Cooper Union has been summarized on a functional basis in the tables below. Accordingly, expenses have been charged to program and supporting services based on direct expenses and other specific allocation methods.

2014	Allocated Interest Expense	Allocated Depreciation and Amortization Expense	Direct Expenses	Total
Program services:				
Instruction	$ 3,008,750	$ 4,587,869	$ 16,167,227	$ 23,763,846
Academic support	2,556,469	2,797,553	14,069,333	19,423,355
Public service	441,752	175,879	2,255,606	2,873,237
Research	113,647	-	671,818	785,465
Student services	850,112	271,209	5,025,387	6,146,708
Student aid	137,884	-	815,094	952,978
Auxiliary enterprises	587,893	564,822	928,616	2,081,331
Program services expenses	**7,696,507**	**8,397,332**	**39,933,081**	**56,026,920**
Supporting services:				
Management and general	1,885,925	222,518	11,088,201	13,196,644
Fundraising	690,068	52,519	4,072,593	4,815,180
Supporting services expenses	**2,575,993**	**275,037**	**15,160,794**	**18,011,824**
Total expenses	**$ 10,272,500**	**$ 8,672,369**	**$ 55,093,875**	**$ 74,038,744**

2013	Allocated Interest Expense	Allocated Depreciation and Amortization Expense	Direct Expenses	Total
Program services:				
Instruction	$ 3,264,262	$ 4,503,750	$ 15,939,021	$ 23,707,033
Academic support	2,656,089	2,747,432	13,226,194	18,629,715
Public service	527,194	179,765	2,485,849	3,192,808
Research	169,506	-	906,433	1,075,939
Student services	521,994	267,408	2,791,357	3,580,759
Student aid	145,900	-	780,198	926,098
Auxiliary enterprises	659,428	557,919	956,681	2,174,028
Program services expenses	**7,944,373**	**8,256,274**	**37,085,733**	**53,286,380**
Supporting services:				
Management and general	1,628,423	214,490	8,563,424	10,406,337
Fundraising	699,704	54,621	3,735,375	4,489,700
Supporting services expenses	**2,328,127**	**269,111**	**12,298,799**	**14,896,037**
Total expenses	**$ 10,272,500**	**$ 8,525,385**	**$ 49,384,532**	**$ 68,182,417**

12. Contingencies

In The Cooper Union is a defendant in various lawsuits arising from the normal conduct of its affairs. Management believes that the settlement, if any, of the litigation is either subject to insurance coverage or not expected to have a material adverse effect on the financial position of The Cooper Union.

As discussed in note 1, The Cooper Union historically provided 100% tuition scholarships to undergraduate students. Starting with the class enrolling in September 2014, the institution began providing 50% tuition scholarships to all undergraduate students and additional aid to those students with financial need. It continues to provide 100% tuition scholarships to Pell-eligible students. Based on an interpretation of the institution's charter that it requires free tuition, a lawsuit has been filed against Cooper Union seeking to force the institution to return to 100% tuition scholarships for all undergraduate students. Management believes that the charter allows for the charging of tuition and is actively challenging the lawsuit. Management is unable to predict the outcome of the lawsuit at this time.

13. Subsequent Events

In connection with the preparation of the consolidated financial statements, The Cooper Union evaluated events subsequent to June 30, 2014, and through March 31, 2015, which was the date the consolidated financial statements were available for issuance, and concluded that no additional disclosures are required.