



Rensselaer

2015 ANNUAL REPORT

November 1, 2015

Rensselaer Polytechnic Institute

110 8th Street | Troy, NY 12180-3590 | Troy Bldg 5th Floor

Phone (518) 276-6119 | Fax (518) 276-8200

Rensselaer Polytechnic Institute

2015 Annual Report

Dated: November 1, 2015

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THE INSTITUTE

General Information

Introduction

This Annual Report is dated November 1, 2015, and contains information through that date. This report constitutes the official disclosure information regarding the financial condition of Rensselaer Polytechnic Institute (“Rensselaer” or the “Institute”). It includes a discussion of recent trends in the areas of enrollment and admissions, tuition and fees, financial aid, gifts and endowment, physical plant, financial operations, government contracts and grants, and outstanding indebtedness. It is also appended with Rensselaer’s audited financial statements for the fiscal years ending June 30, 2015 and 2014, along with a report of the Institute’s independent auditors.

Overview

Rensselaer Polytechnic Institute, a New York education corporation, enrolls 5,800 undergraduates and 1,100 graduate students in residential programs at its Troy, New York campus, while enrolling 130 graduate students at its Hartford, Connecticut campus. The main Troy campus is comprised of five schools: Architecture; Engineering; Humanities, Arts and Social Sciences; Lally School of Management. More than 145 degree programs in nearly 60 fields and over 1,000 courses lead to bachelors, masters, and doctoral degrees in all five schools. Rensselaer’s campus in Hartford, Connecticut focuses on graduate and continuing education, including a professional development program.

As a research university, Rensselaer attracts a faculty whose research programs range from microelectronics to computational modeling and simulation, data science, nanotechnology, biomedical engineering, information technology, advanced materials, environmental studies, lighting, electronic arts, games and simulation arts. Rensselaer focuses on inter-disciplinary research and has made research investments supported by strong industry partnerships in microelectronics, automation, and scientific computation.

Rensselaer is consistently ranked by *U.S. News & World Report* as one of the top 50 national universities in the United States. The 2015 ranking was 41st among national universities. The Institute's undergraduate engineering program was ranked 31st in the country.

History

Rensselaer was founded in 1824 in Troy, New York. It is the nation’s oldest English speaking technological research university. The Institute was created with a mission to provide educational opportunities for those “who may choose to apply themselves in the application of science to the common purposes of life.” Rensselaer’s founders believed in “learning by doing, not by telling,” and pioneered the use of the laboratory method of teaching science.

The Rensselaer Plan

On May 12, 2000, the Rensselaer Board of Trustees unanimously approved The Rensselaer Plan (the “Plan”), a strategic plan that articulated a vision for Rensselaer’s future, as well as the means to achieve it. The Plan sought to build on Rensselaer’s strengths and its distinctive, high quality education, while expanding its research enterprise and cultivating entrepreneurial growth. The overarching goal of the Plan was to enable Rensselaer to achieve greater prominence in the 21st century as a world-class technological research university with global reach and global impact. A refresh of the Rensselaer Plan, Rensselaer 2024, was approved by the Board of Trustees in December 2012. This updated plan will serve as a “strategic roadmap” for Rensselaer in the future.

In accordance with the original Plan, Rensselaer has made over \$744 million in capital investment to provide, enhance, enable, animate and secure the platforms, facilities, and Institute physical infrastructure for student, faculty and staff benefit. Over the past 10 years, Rensselaer has solidified its place among the

important technological universities of the 21st century by investing in world-class faculty, broad-based programs, state-of-the-art research platforms, and strategic partnerships. Over the course of *The Rensselaer Plan* 330 new faculty members have been hired. There have been 46 named chairs appointed, including 11 Constellation Professors, and the hiring of outstanding junior people has revitalized the faculty. Over a decade, 60 faculty members have been honored with the prestigious National Science Foundation Career Award.

In addition, over the past twelve years Rensselaer's annual research expenditures, comprised of grants, contracts, corporate support, industry memberships, and foundation support, have increased from \$37 million to \$95 million in fiscal year 2015. We have invested in five signature research thrusts – Biotechnology and the Life Sciences; Computational Science and Engineering; Media Arts, Science, and Technology; Energy, Environment, and Smart Systems; and Nanotechnology and Advanced Materials – areas which intersect decisively with existing Rensselaer research excellence. Rensselaer's newest initiative – The Jefferson Project was launched in June 2013. This initiative brings together expertise in the fields of biology, freshwater ecology, computer science, physics, engineering, cyber-physical systems and environmental advocacy to develop a model that will preserve lakes around the world and secure the global supply of fresh water.

Research platforms have been built in biotechnology (CBIS), computation (CCI), and media and the arts (EMPAC) to enable Rensselaer researchers to think broadly and be intellectual leaders. These platforms have helped to enable Rensselaer to win highly competitive center grants, such as the NSF-funded Nanoscale Science and Engineering Center and the Smart Lighting Engineering Research Center; the U.S. Army-funded Social and Cognitive Networks Academic Research Center; the NIH- and industry-funded Bioengineering Heparin Consortium; the focus on sustainable built environments through the Center for Architecture Science and Ecology; and the New York State-supported New York Center for Astrobiology, the Center for Automation Technologies and Systems, and the Center for Future Energy Systems. In October 2013 Rensselaer unveiled a new petascale supercomputing system, the Advanced Multiprocessing Optimized System, or AMOS. AMOS is the most powerful university based supercomputer in New York state, and among the most powerful in the world. Also in 2013 Rensselaer announced the launch of “IDEA: The Rensselaer Institute for Data Exploration and Applications”. This initiative will bring together Rensselaer talents and strengths in web science, high-performance computing, cognitive computing, data science and predictive analytics and link them to applications at the interface of engineering and the physical, life and social sciences.

During 2013 Rensselaer unveiled The Rensselaer Plan 2024 that will continue the transformation of the institute. The revised Plan is evergreen, prepared to grow and evolve, as the Institute grows and evolves. The Rensselaer Plan 2024 moves from transforming Rensselaer to Rensselaer being transformative in the areas of our students lives, innovative pedagogy and the global impact of our research. Part of the 2024 Plan is the concept that we are calling “The New Polytechnic”. This is a new paradigm for teaching, learning and research that will enable collaborations between talented people across disciplines, sectors and global regions, in order to address the complex problems the world faces.

In September 2015 Rensselaer announced an exciting new academic initiative – The Summer ARCH Program. This is a new plan of study that will allow rising juniors to attend a full summer semester at Rensselaer between their sophomore and junior years, followed by either a fall or spring away semester during their junior year. This will allow these students to take advantage of the numerous co-curricular and experiential activities off campus, including international experiences, internships and co-ops.

Accreditation

Rensselaer's Troy campus is accredited by the Middle States Commission on Higher Education, the National Architectural Accrediting Board, the Accreditation Board for Engineering and Technology, the American Assembly of Collegiate Schools of Business, and the Committee on Professional Training of the American Chemical Society. Its degree programs are approved by the New York State Department of Education.

Rensselaer at Hartford is accredited by the Middle States Commission on Higher Education, the Office of Financial and Academic Affairs for Higher Education of the State of Connecticut, and the Association to Advance Collegiate Schools of Business.

Governance

The President of Rensselaer is appointed by the Board of Trustees.	<u>Position:</u>
Shirley Ann Jackson, Ph.D.	President
Prabhat Hajela	Provost
Claude D. Rounds	Vice President for Administration
Virginia C. Gregg	Vice President for Finance & Chief Financial Officer
Curtis N. Powell	Vice President for Human Resources
Graig R. Eastin	Vice President for Institute Advancement
Jonathan Dordick	Vice President for Research
Frank E. Ross	Vice President for Student Life
Vacant	Vice President for Strategic Communications and External Relations
Charles F. Carletta	Secretary of the Institute and General Counsel
John Kolb	Vice President for Information Services and Technology, CIO
Jonathan D. Wexler	Vice President for Enrollment

Rensselaer is governed by its self-perpetuating Board of Trustees of no more than 35 members, including the Mayor of the City of Troy as an ex-officio member. Trustees are appointed to four year terms. Although terms are renewable, Trustees may not be re-elected to active status after reaching age 72.

Faculty and Staff

Rensselaer has a permanent faculty and staff of approximately 430 and 1,300 members, at its Troy, New York campus and Hartford, Connecticut campus, respectively. Rensselaer's faculty and staff are not represented by any organized labor groups and, therefore, there are no collective bargaining agreements for either faculty or staff.

The faculty at Rensselaer includes National Academy members, society fellows, and recipients of various other awards and distinctions. One of Rensselaer's faculty is a member of the National Academy of Science (NAS). Three of Rensselaer's faculty are members of the National Academy of Engineering (NAE), one of the highest honors accorded an engineer. Academy membership recognizes those who have made important contributions to engineering theory and practice, and those who have demonstrated unusual accomplishment in the pioneering of new and developing fields of technology.

The student to faculty ratio is currently 15 to 1.

Operating Information

Enrollment and Admissions

The following summarizes undergraduate and graduate enrollment, based on headcount:

Entering Fall	Undergraduate Students	Full-Time Graduate Students	Part-Time Graduate Students	Others*	Total
2011	5,240	1,094	457	123	6,914
2012	5,300	1,161	400	138	6,999
2013	5,379	1,138	372	106	6,995
2014	5,557	1,079	310	82	7,028
2015	5,781	1,020	218	94	7,113

* “Others” includes non-matriculated and distance learning students.

The following table shows freshmen applications received, accepted and enrolled at the Troy campus for the fall semesters of the current and past four years.

Entering Fall	Applications	Acceptances	Acceptance Rate	New Enrollment	Yield	Mean SAT
2011	14,584	5,779	39.6%	1,184	20.5%	1366
2012	15,222	6,634	43.6%	1,326	20.0%	1366
2013	16,150	6,654	41.2%	1,411	21.2%	1376
2014	18,602	6,976	37.5%	1,332	19.1%	1381
2015	17,752	7,432	41.8%	1,379	18.6%	1377

Rensselaer’s undergraduate enrollment and yield trends reflect the current focus on enhancing the quality and diversity of its student body. Rensselaer also in the last 5-6 years changed its recruiting strategy to broaden its market and to gain introduction to student/parent consideration earlier in the selection process. The results have been positive, with total applications for the incoming fall 2015 at 17,752, a 22% increase over 2011.

At Rensselaer’s Troy campus, the student body is comprised of students from 49 states, and 60 foreign countries. In the past seven years Rensselaer’s geographic concentration has shifted significantly with our reliance on New York State reducing from 48% in 2003 to 29% in 2015 while the percentage of students from “Other US” and “International” has increased from 22% to 39% of the student body. A breakdown of major geographic concentration for the Troy campus undergraduate and graduate student body is as follows:

New York	29%
New England	20%
N.J./Pennsylvania	12%
Other U.S.	22%
International	17%
Total	100%

Rensselaer fields 23 NCAA intercollegiate teams, including NCAA Division I men's and women's hockey teams. The Institute has an active ROTC program and 33 fraternities and sororities. The Rensselaer Union, the home for student government and one of the few student run unions in the Northeast, was formed in 1890. An elected student president, who appoints a twelve member executive board, oversees it. This board manages an \$5.5 million annual budget that co-funds all the athletic programs, as well as 200 athletic, arts, multi-cultural, service, media, entertainment and special interest clubs and organizations.

Tuition and Fees

The following table shows the basic tuition and fees charged to incoming undergraduate students for the current and past four years:

	2011-12	2012-13	2013-2014	2014-2015	2015-2016
Tuition	\$41,600	\$43,350	\$45,100	\$46,700	\$48,100
Room & Board	\$11,975	\$12,450	\$12,960	\$13,620	\$14,095
Fees	\$1,104	\$1,125	\$1,169	\$1,208	\$1,241
Total	\$54,679	\$56,925	\$59,229	\$61,528	\$63,436

Financial Aid

Rensselaer administers a substantial student aid program by which approximately 95% of the undergraduate student body receives need-based or merit-based loans and/or scholarships from the Institute or outside sources. The Institute participates in various federal and state programs providing aid to individual students. The federal programs include Perkins, Stafford, Supplemental Educational Opportunity Grants, Pell Grants, College Work Study Programs and VA Programs. The state programs include the New York State Merit Award for Excellence in Academics, the Tuition Assistance Program (TAP), and grants under the Higher Education Opportunity Program. Some students residing outside the state benefit from various loan and grant programs of their states of residence.

Future state and federal aid depends upon the annual appropriations by the New York State Legislature and the United States Congress, respectively, and the ability of the state and the federal governments to pay the amounts appropriated. No assurance can be given that the various federal and state programs will be continued. The reduction or elimination of these programs could have a detrimental effect on the Institute.

The following chart provides an overview of Rensselaer's internally funded undergraduate financial aid for the past five fiscal years (in thousands):

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Unrestricted Financial Aid	\$81,960	\$82,160	\$87,211	94,258	103,384

Gifts and Bequests

Gifts and bequests (net of present value) received as both cash, in-kind and recordable pledges in the past five fiscal years are noted below (in thousands):

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Unrestricted	\$26,075	\$20,807	\$19,448	\$20,119	21,212
Temporarily Restricted	1,070	\$1,729	4,244	4,849	4,306
Permanently Restricted	<u>6,940</u>	<u>\$4,808</u>	<u>24,201</u>	<u>14,466</u>	<u>32,187</u>
Total	\$34,085	\$27,344	\$47,893	\$39,434	57,705

Endowment

The market value for endowment and funds functioning as endowment as of the end of fiscal years ending June 30, 2011 through 2015 is shown below (in millions). Approximately 54% of these funds are permanently restricted

<u>Fiscal Year</u>	<u>Market Value as of June 30</u>	<u>Spending Allocation</u>
2011	621.9	48.9
2012	583.3	39.1
2013	616.8	37.7
2014	659.0	40.4
2015	676.5	35.5

Rensselaer's endowment spending allocation is calculated at a rate of 5% of the five-year rolling average market value of the endowment. The Board has committed to endowment withdrawals, from Board – designated endowment, in excess of the Institute's spending formula, as necessary, to fund investment in Plan initiatives.

The June 30, 2015 market value of all endowment and funds functioning as endowment was invested as follows (in millions):

	Market Value	Percentage
US Equity	45,907	6.8
Non-US Equity	114,195	16.9
Private Equity	134,594	19.9
Real Assets	94,411	13.9
Marketable Alternatives	119,193	17.6
Fixed Income	63,227	9.4
Cash	41,962	6.2
Perpetual Trusts	63,057	9.3
Total	676,546	100.0

The Board of Trustees has overall responsibility regarding all decisions that affect the investment of all funds of the Institute. The Board fulfills its fiduciary obligation by delegating operating and supervisory responsibility to the Investment Committee to oversee the investments of Rensselaer.

Contracts and Grants

During the fiscal year ended June 30, 2015, the Institute received, through contracts and grants, total revenues of \$94.7 million. This accounted for approximately 23% of the Institute's total operating revenues of \$413.6 million for that fiscal year. The Institute received \$18.6 million in indirect costs in fiscal year 2015 and \$ 18.7 million in fiscal year 2014. Indirect costs on government grants and contracts represent the allocation of overhead costs (library, institutional support, departmental administration, operation and maintenance of plant, and building and equipment depreciation) to the projects funded by such grants.

Rensselaer has been awarded approximately \$87.0 million and \$92.6 million of grants and contracts which have not been advanced or expended as of June 30, 2015 and 2014, respectively, and accordingly, not recorded in the attached financial statements.

Rensselaer conducts a significant amount of research funded by outside sponsors, primarily the federal government. The Institute expects that it will continue to receive significant amounts of federal funds supporting research. However, inasmuch as federally sponsored research is obtained through both grants and contracts, it may vary from year to year, and no assurance can be given that it will continue at the levels experienced in recent years.

Revenues received from contracts and grants for fiscal years ending in 2011 through 2015 are shown below (in thousands):

	2010-11	2011-12	2012-13	2013-14	2014-15
Federal Government	\$60,728	\$65,077	\$63,095	\$58,826	\$59,493
State Government	5,256	7,525	10,831	6,619	9,055
Private	8,379	6,812	5,496	5,313	7,574
Indirect Costs	18,424	18,817	19,046	18,720	18,624
Total	\$92,787	\$98,231	\$98,468	\$89,478	\$94,746

Physical Plant

Rensselaer's 200 academic, residential, and administrative buildings are located on approximately 260 acres in Troy, New York. The Hartford campus consists of a nine story building and adjacent parking garage located on 14 acres in downtown Hartford, Connecticut. In addition, Rensselaer has a wholly owned high technology industrial park on 1,250 acres in North Greenbush, Rensselaer County, New York. At present, over 50 companies with over 1,700 employees occupy the technology park.

Rensselaer's investment in physical plant grew significantly during the execution of the Rensselaer Plan. The following tabulation shows the assets included in physical plant as of each of the previous five fiscal years ended June 30 (in thousands of dollars):

Fiscal Year	Land	Buildings	Equipment	Construction in Progress	Accumulated Depreciation	Totals
2011	30,748	893,960	230,020	4,731	(408,609)	750,850
2012	31,514	904,059	236,948	2,211	(441,743)	732,989
2013	31,628	909,525	231,797	4,062	(457,762)	719,250
2014	32,633	918,670	224,724	4,456	(471,202)	709,281
2015	33,389	925,602	228,390	4,482	(496,067)	695,796

The above amounts shown for physical plant are stated at cost or, in the case of gifts, at market value on the date the gift was received, less accumulated depreciation, computed on a straight line basis over the estimated useful life of the asset.

The Institute currently insures its buildings and contents, exclusive of land, under blanket insurance policies in the total amount of \$1.4 billion. Such insurance provides for 100% of the replacement value of the buildings and contents.

Financial Operations

As stated previously, the Rensselaer Board of Trustees unanimously approved the original Rensselaer Plan (the "Plan") on May 12, 2000, a refreshed version, Rensselaer 2024 was approved in December 2012. The Plan is long-term in its scope and approach, with the necessary flexibility to adapt to changing conditions and factors. It also guides Institute decisions and provides the framework for school and divisional "performance plans" that serve as the basis for each year's operating plan and budget.

The Institute established a new performance-based operating and comprehensive capital budgeting and reporting process that links directly to the performance plans and allows meaningful assessment of progress against the Plan. For each of the past sixteen fiscal years, the academic schools and administrative divisions have created and implemented performance plans designed to focus on the Plan's goal of establishing Rensselaer as a top-tier, world class technological research university with global reach and global impact. The Finance Committee of the Board of Trustees monitors the budget process and financial implications, with the full Board approving the annual operating and capital budgets. Rensselaer Plan 2024 will continue this transformation, not only of Rensselaer but also of its influence upon the National and International community.

Financial Update

Rensselaer's financial results for fiscal year 2015 reflect strong and continued successful fiscal management. For the sixteenth year in a row, the internal operating budget was balanced. Full time undergraduate and graduate program enrollment remain strong. Education for working professionals is focused on select engineering and science disciplines where Rensselaer has a strong reputation. Grant and contract revenue reflects diversification in funding sources, with an increase in both state and private support.

After a rough winter, the United States economy and equity markets showed modest improvement; consumers were buoyed by an increase in oil supply and an attendant decrease in costs. Global markets were affected by the potential impact of Greece's continued financial challenges, and more significantly, the concern that China's strong economy was signaling a potential slowdown. Rensselaer's endowment investments returned +5.4 percent for the 2015 fiscal year, primarily due to strong return on certain private investments. As with most institutions of higher learning, Rensselaer depends on annual endowment earnings to provide operating and financial aid support and funds for investment in strategic initiatives, such as faculty start up expenses and capital improvements.

Operating revenues increased two percent over the prior year. Student related revenues increased two percent, reflecting continued robust demand for full time undergraduate and graduate programs, tempered by a continued decline in education for working professional program enrollment on Rensselaer's Hartford campus, which is now focused on a fewer number of higher impact engineering and science master's degree programs. Grant and contract activity increased six percent from the prior year, as a result of increased State and private support.

Total operating expenses declined two percent over the prior year, reflecting Rensselaer's commitment and ability to tightly control operating spending and administrative hiring in order to mitigate tuition rate increases.

Total institutional assets stood at \$1.493 billion at June 30, 2015. Net assets increased two percent over the prior year, impacted by an increase in the legacy defined benefit pension plan liability, due to an accounting requirement to update actuarial assumptions for longer life expectancies for participants in the plan. Rensselaer's endowment stood at \$675 million, incorporating the positive return of 5.4%.

The financial statements of the Institute are prepared in accordance with the provisions of the *American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Organizations*. The financial statements as of June 30, 2015 and 2014 and for the years then ended, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing herein.

RENSSELAER POLYTECHNIC INSTITUTE
Combined Statements of Financial Position at June 30, 2011 -2015
(In thousands)

<u>Assets</u>	2011	2012	2013	2014	2015
Cash and cash equivalents	\$9,014	10,224	10,359	3,311	15,670
Accounts receivable, net					
Student related and other	8,061	5,460	3,192	3,973	4,375
Research and other agreements	28,129	22,186	14,499	14,594	11,850
Contributions receivable	24,364	16,220	22,075	7,734	28,946
Contr. from external remainder trusts	8,373	8,099	8,670	14,702	14,562
Inventories	2,204	1,813	1,877	1,855	535
Prepaid expenses and other assets	12,609	13,305	9,315	10,928	11,272
Deposits with bond trustees	10				
Student loans receivable, net	29,366	27,339	26,851	27,915	28,584
Investments, at market	627,474	587,692	616,363	665,171	681,332
Land, buildings and equipment, net	750,850	732,989	719,250	709,281	695,796
Total assets	\$1,500,454	1,425,326	1,432,451	1,459,464	1,492,922
Accounts payable and accrued expenses	46,504	41,940	39,378	39,163	37,336
Split Interest Agreement obligations	9,078	7,091	6,933	6,633	6,389
Deferred revenue	21,083	20,709	24,342	21,569	23,412
Short-term portion of long-term debt	8,355	8,434	8,799	8,944	9,607
Deposits	15,831	16,968	13,179	15,062	15,970
Minimum pension liability	81,981	117,795	91,069	73,840	117,112
Accrued postretirement benefits	14,082	15,864	14,658	14,475	15,932
Refundable government loan funds	27,602	28,219	28,808	29,389	29,993
Capital Leases	19,533	19,296	19,053	20,930	20,567
Long-term debt	740,424	770,965	759,410	758,326	772,876
Total liabilities	\$984,473	1,047,280	1,005,629	988,331	1,049,194
Unrestricted	35,815	(92,936)	(77,746)	(78,026)	(135,509)
Temporarily restricted	171,274	160,021	165,503	185,516	184,091
Permanently restricted	308,892	310,961	339,065	363,643	395,146
Total net assets	515,981	378,046	426,822	471,133	443,728
Total liabilities and net assets	\$1,500,454	1,425,326	1,432,451	1,459,464	1,492,922

RENSSELAER POLYTECHNIC INSTITUTE
Condensed Statements of Activities for the year ended June 30, 2011-2015
(In thousands)

<u>Operating Revenue</u>	2011	2012	2013	2014	2015
Student related revenue, net	220,354	232,524	242,321	252,283	258,315
Gifts	26,204	22,539	23,692	24,968	25,518
Grants and contracts	92,787	98,331	98,468	89,478	94,746
Investment return	49,727	54,104	38,850	30,356	28,935
Rensselaer Technology Park	3,924	4,001	4,253	4,227	4,276
Other	7,088	3,459	547	3,111	1,846
Total operating revenue	\$400,084	414,958	408,131	404,423	413,636
<u>Operating Expenses</u>					
Instruction	131,527	134,365	135,183	139,784	139,388
Research	127,043	130,312	127,601	129,684	122,694
Student services	22,485	22,256	22,357	22,972	23,010
Institutional and academic support	87,016	89,827	94,093	78,377	76,974
Externally funded scholarships and Fellowships	13,450	11,595	11,301	13,012	12,244
Auxiliary services	38,951	39,231	40,908	41,496	42,531
Rensselaer Technology Park	7,324	6,999	6,637	6,272	6,475
Total operating expenses	\$427,796	434,585	438,080	431,597	423,316
Change in net assets from operating activities	(27,712)	(19,627)	(29,949)	(28,076)	(9,680)
<u>Non-operating</u>					
Realized and unrealized gains, (losses), net	(2,700)	(57,295)	16,525	53,076	2,254
Adjustment for minimum pension liability	14,156	(63,983)	36,038	(5,343)	(53,022)
Life income and endowment gifts	7,885	2,540	24,201	14,905	32,187
Change in value of life income contracts	2,527	826	2,190	9,330	(637)
Loss on disposal of fixed assets	(101)	(396)	(229)	(483)	1,493
Change in net assets from non-operating activities	21,767	(118,308)	78,725	71,485	(17,725)
Cumulative effect of a change in Accounting principle	(5,945)	(137,935)	48,776	44,311	(27,405)
Total change in net assets	(5,945)	(137,935)	48,776	44,311	(27,405)
Net assets at beginning of year	521,926	515,981	378,046	426,822	471,133
Net assets at end of year	\$515,981	378,046	426,822	471,133	443,728

(1) The Condensed Statement of Activities represents the aggregate total of unrestricted, temporarily restricted, and permanently restricted activity

Outstanding Indebtedness

As of June 30, 2015, Rensselaer had total outstanding indebtedness in the aggregate principal amount of \$782,483,000 net of bond discount or capitalized issuance costs of \$1.2 million, where applicable. See the attached *Combined Financial Statements For the Years Ended June 30, 2015 and 2014*– Note 8-Bonds and Notes Payable for a more detailed discussion of outstanding indebtedness as of June 30, 2015.

As additional security for certain of its borrowings, Rensselaer has granted a lien on certain real property. Additionally, Rensselaer complies with various covenants as outlined in its borrowing documents. The following summarizes Rensselaer's liens on tangible property related to existing debt as of June 30, 2015:

Borrowing

Department of Education Mortgage Loan

Security Interest

Dormitory project

The Institute estimates total combined liens on tangible property aggregate less than 5% of its total assets.

Pension Plans

Rensselaer employees who meet eligibility requirements participate in one of two plans. A Defined Benefit Plan covers employees hired prior to July 1, 1993 and who made an election effective June 30, 1993 to remain in this plan (this plan is no longer open to new participants). The Institute amended the plan effective June 30, 2014 to freeze all future benefit accruals for future service of all plan participants. All eligible employees hired after June 30, 1993 may participate in a Defined Contribution Plan, which was established as of July 1, 1993. Eligible employees of the Rensselaer Hartford Graduate Center may also participate in the Defined Contribution Plan. See the attached *Combined Financial Statements For the Years Ended June 30, 2015 and 2014*– Note 9 -Retirement Plans for detailed information about Rensselaer's retirement plans.

Litigation

There is no litigation pending, or to the knowledge of the Institute threatened, in any court, agency, or other administrative body which would have a material adverse effect on Rensselaer or its operations, properties or financial condition.

Rensselaer Polytechnic Institute
Consolidated Financial Statements

For the Years Ended
June 30, 2015 and 2014

Rensselaer Polytechnic Institute
Consolidated Financial Statements

**For the Years Ended
June 30, 2015 and 2014**

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Independent Auditor's Report

To The Board of Trustees
Rensselaer Polytechnic Institute

We have audited the accompanying consolidated financial statements of Rensselaer Polytechnic Institute and Affiliates ("Rensselaer"), which comprise the consolidated statements of financial position as of June 30, 2015 and June 30, 2014, and the related consolidated statement of activities and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 our 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, we consider internal control relevant to Rensselaer'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 Rensselaer'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 Rensselaer Polytechnic Institute as of June 30, 2015 and June 30, 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

October 12, 2015

PricewaterhouseCoopers LLP, 185 Asylum Street, Suite 2400, Hartford, CT 06103
T: (860) 241-7000, F: (860) 241-7590, www.pwc.com/us

Rensselaer Polytechnic Institute
Consolidated Statements of Financial Position
At June 30, 2015 and June 30, 2014
(in thousands of dollars)

<i>Assets</i>	6/30/2015	6/30/2014
Cash and Cash Equivalents	\$ 15,670	\$ 3,311
Accounts receivable, net		
Student related and other	4,375	3,973
Research, training, and other agreements	11,850	14,594
Contributions receivable, net	28,946	7,734
Contributions from external remainder trusts	14,562	14,702
Inventories	535	1,855
Prepaid expenses and other assets	11,272	10,928
Student loans receivable, net	28,584	27,915
Investments, at market - endowment, annuity & life income funds	681,332	665,171
Land, buildings and equipment, net	695,796	709,281
Total Assets	\$ 1,492,922	\$ 1,459,464
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 37,336	\$ 39,163
Short-term borrowings	28,300	43,950
Split interest agreement obligations	6,389	6,633
Deferred revenue	23,412	21,569
Other liabilities	15,970	15,062
Pension liability	117,112	73,840
Accrued postretirement benefits	15,932	14,475
Refundable government loan funds	29,993	29,389
Capital leases payable	20,567	20,930
Long-term debt	754,183	723,320
Total Liabilities	1,049,194	988,331
<i>Net Assets</i>		
Unrestricted	(135,509)	(78,026)
Temporarily Restricted	184,091	185,516
Permanently Restricted	395,146	363,643
Total Net Assets	443,728	471,133
Total liabilities and Net Assets	\$ 1,492,922	\$ 1,459,464

Rensselaer Polytechnic Institute
Consolidated Statement of Activities
For The Year Ended June 30, 2015, with summarized comparative June 30, 2014
(in thousands of dollars)

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total June 30, 2015</i>	<i>Total June 30, 2014</i>
Operating Revenue:					
Student related revenue:					
Student tuition and fees, net					
Undergraduate	\$ 146,393	\$ -	\$ -	\$ 146,393	\$ 140,964
Graduate	45,858	-	-	45,858	46,666
Education for working professionals	4,160	-	-	4,160	5,377
Fees	1,849	-	-	1,849	1,702
Auxiliary services	60,055	-	-	60,055	57,574
Student related revenue	258,315	-	-	258,315	252,283
Gifts	21,212	4,306	-	25,518	24,968
Grants and contracts:					
Direct:					
Federal	59,493	-	-	59,493	58,826
State	9,055	-	-	9,055	6,619
Private	7,574	-	-	7,574	5,313
Indirect	18,624	-	-	18,624	18,720
Grants and contracts	94,746	-	-	94,746	89,478
Investment return:					
Dividends and interest	5,899	3,768	47	9,714	9,536
Realized accumulated gains used to meet spending policy	10,279	8,904	-	19,183	20,771
Interest on student loans	38	-	-	38	49
Investment return designated for operations	16,216	12,672	47	28,935	30,356
Rensselaer Technology Park	4,276	-	-	4,276	4,227
Other	1,812	34	-	1,846	3,111
Net assets released from restrictions	18,542	(18,096)	(446)	-	-
Total operating revenue	415,119	(1,084)	(399)	413,636	404,423
Operating Expense:					
Instruction	139,388	-	-	139,388	139,784
Research:					
Sponsored	105,118	-	-	105,118	106,118
Un-sponsored	17,576	-	-	17,576	23,566
Student services	23,010	-	-	23,010	22,972
Institutional and academic support	71,027	-	-	71,027	69,186
Externally funded scholarships and fellowships	12,244	-	-	12,244	13,012
Auxiliary services	42,531	-	-	42,531	41,496
Rensselaer Technology Park	6,475	-	-	6,475	6,272
Defined benefit pension and postretirement	5,947	-	-	5,947	9,191
Total operating expenses	423,316	-	-	423,316	431,597
Change in net assets from operating activities	(8,197)	(1,084)	(399)	(9,680)	(27,174)
Non-operating:					
Realized and unrealized (losses) gains, net of spending policy and initiatives	75	2,224	(45)	2,254	53,076
Adjustment for pension and postretirement benefits liability	(53,022)	-	-	(53,022)	(5,343)
Life income and endowment gifts	-	840	31,347	32,187	14,905
Change in value of life income contracts	36	(491)	(182)	(637)	9,330
Gain (Loss) on disposal of fixed assets	1,493	-	-	1,493	(483)
Other reclassifications & transfers	2,132	(2,914)	782	-	-
Change in net assets from non-operating activities	(49,286)	(341)	31,902	(17,725)	71,485
Increase (Decrease) in net assets	(57,483)	(1,425)	31,503	(27,405)	44,311
Net assets at beginning of year	(78,026)	185,516	363,643	471,133	426,822
Net assets at end of year	\$ (135,509)	\$ 184,091	\$ 395,146	\$ 443,728	\$ 471,133

Rensselaer Polytechnic Institute
Consolidated Statement of Activities
For The Year Ended June 30, 2014
(in thousands of dollars)

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total June 30, 2014</i>
Operating Revenue:				
Student related revenue:				
Student tuition and fees, net				
Undergraduate	\$ 140,964	\$ -	\$ -	\$ 140,964
Graduate	46,666	-	-	46,666
Education for working professionals	5,377	-	-	5,377
Fees	1,702	-	-	1,702
Auxiliary services	57,574	-	-	57,574
Student related revenue	252,283	-	-	252,283
Gifts	20,119	4,849	-	24,968
Grants and contracts:				
Direct:				
State	58,826	-	-	58,826
Private	6,619	-	-	6,619
Indirect	5,313	-	-	5,313
Grants and contracts	18,720	-	-	18,720
Investment return:	89,478	-	-	89,478
Dividends and interest	6,220	3,286	30	9,536
Realized accumulated gains used to meet spending policy	11,216	9,555	-	20,771
Interest on student loans	49	-	-	49
Investment return designated for operations	17,485	12,841	30	30,356
Rensselaer Technology Park	4,227	-	-	4,227
Other	3,094	17	-	3,111
Net assets released from restrictions	24,615	(24,151)	(464)	-
Total operating revenue	411,301	(6,444)	(434)	404,423
Operating Expense:				
Instruction	139,784	-	-	139,784
Research:				
Sponsored	106,118	-	-	106,118
Un-sponsored	23,566	-	-	23,566
Student services	22,972	-	-	22,972
Institutional and academic support	69,186	-	-	69,186
Externally funded scholarships and fellowships	13,012	-	-	13,012
Auxiliary services	41,496	-	-	41,496
Rensselaer Technology Park	6,272	-	-	6,272
Defined benefit pension and postretirement	9,191	-	-	9,191
Total operating expenses	431,597	-	-	431,597
Change in net assets from operating activities	(20,296)	(6,444)	(434)	(27,174)
Non-operating:				
Realized and unrealized gains, net of spending policy and initiatives	24,587	28,247	242	53,076
Adjustment for pension and postretirement benefits liability	(5,343)	-	-	(5,343)
Life income and endowment gifts	-	439	14,466	14,905
Change in value of life income contracts	-	1,565	7,765	9,330
(Loss) on disposal of fixed assets	(483)	-	-	(483)
Other reclassifications & transfers	1,255	(3,794)	2,539	-
Change in net assets from non-operating activities	20,016	26,457	25,012	71,485
Increase (Decrease) in net assets	(280)	20,013	24,578	44,311
Net assets at beginning of year	(77,746)	165,503	339,065	426,822
Net assets at end of year	\$ (78,026)	\$ 185,516	\$ 363,643	\$ 471,133

Rensselaer Polytechnic Institute
Consolidated Statements of Cash Flows
For the years ended June 30, 2015 and 2014
(in thousands of dollars)

	June 2015	June 2014
<i>Cash flow from operating activities</i>		
Total change in net assets	\$ (27,405)	\$ 44,311
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	28,631	32,266
Accretion expense	452	450
(Gain) loss on disposal of fixed assets	(1,493)	483
Uncollectible contributions writeoff	(95)	291
Benefit (provision) for uncollectible accounts and loans	461	(350)
Realized and unrealized losses (gains) on investments	(23,077)	(75,117)
Amortization of Bond Premiums & Discounts	376	380
Contributions of equipment and other capital items	(195)	(560)
Receipt of contributed securities	(2,822)	(2,008)
Contributions restricted for long term investment	(8,218)	(21,112)
Contributions from external trusts, net of change in value	140	(12,596)
Changes in operating assets and liabilities:		
Accounts receivable	2,139	(951)
Contributions receivable	(21,212)	14,341
Inventories	1,320	22
Prepaid expense and other assets	(663)	(1,933)
Accounts payable and accrued expenses	(2,279)	(665)
Pension Liability	43,272	(17,229)
Present value of split interest agreements, net of terminations	614	503
Deferred revenue and other liabilities	2,751	(890)
Accrued postretirement benefits	1,457	(183)
Net cash provided (used) in operating activities	(5,846)	(40,547)
<i>Cash flow from investing activities</i>		
Proceeds from sale of investments	175,565	158,883
Purchase of investments	(165,828)	(126,528)
Additional student loans granted	(5,850)	(5,848)
Student loans paid	5,018	4,915
Proceeds from sale of land, building, and equipment	2,208	-
Purchase of land, building and equipment	(15,666)	(20,045)
Net cash provided (used) in investing activities	(4,553)	11,377
<i>Cash flow from financing activities</i>		
Contributions restricted for endowments	7,379	23,201
Contributions to Life Income & Annuities	840	438
Payment of annuity obligations	(858)	(803)
Proceeds from loans	179,595	147,061
Repayment of debt	(164,802)	(148,356)
Government loan funds	604	581
Net cash provided (used) by financing activities	22,758	22,122
Net increase in cash and cash equivalents	12,359	(7,048)
Cash and cash equivalents at beginning of the year	3,311	10,359
Cash and cash equivalents at end of year	\$ 15,670	\$ 3,311
<i>Non cash investing activities</i>		
Contributed Securities	\$ 2,822	\$ 2,008
Seller Financed Debt (Whiting Turner Only)	-	2,175
Gifts of Equipment and other capital items	195	560
<i>Supplemental Disclosure</i>		
Cash paid during year for interest	\$ 39,337	\$ 39,054

Rensselaer Polytechnic Institute
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2015 and June 30, 2014
(dollars in thousands)

(1) ORGANIZATION

Rensselaer Polytechnic Institute (Rensselaer or The Institute) is a nonsectarian, coeducational institution composed of five schools: Engineering; Science; Architecture; Humanities, Arts, and Social Sciences; and the Lally School of Management & Technology; as well as an interdisciplinary degree in Information Technology. Rensselaer offers more than 145 programs at the bachelor's, master's, and doctoral levels. Students are encouraged to work in interdisciplinary programs that allow them to combine scholarly work from several departments or schools. The Institute provides rigorous, engaging, interactive learning environments and campus-wide opportunities for leadership, collaboration, and creativity. Rensselaer Technology Park is a university related park for technology ventures seeking a unique environment focused on the interface between industry and education.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation and Tax Status

The financial statement are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and have been prepared to focus on the Institute as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

The accompanying financial statements include the Rensselaer Hartford Graduate Center, Inc., a branch of the Institute focused on education for working professionals, which is a separate entity consolidated in the financial statements. Rensselaer and the Center are collectively referred to herein as the Institute. All significant inter-organizational accounts have been eliminated in consolidation.

The Institute is a not-for-profit organization as described in section 501(c)(3) of the Internal Revenue Code, and is generally exempt from income taxes pursuant to the Code. In accordance with accounting standards, the Institute evaluates its income tax status each year.

b) Net Asset Classification

The Institute is incorporated in and subject to the laws of New York, which incorporate the provisions outlined in the New York Prudent Management of Institution Funds Act (NYPMIFA.) Under NYPMIFA, the assets of donor-imposed restricted funds may be appropriated by the Institute for expenditure. Net assets having similar characteristics have been classified in the following categories:

- *Permanently restricted net assets* are subject to donor-imposed stipulations that they be maintained permanently or until prudently appropriated by the Board of Trustees of the Institute in accordance with New York State law. Generally, the donors of these assets permit the Institute to use all or part of the investment return on these assets to support program activities, principally financial aid and instruction.
- *Temporarily restricted net assets* used by the Institute are subject to donor-imposed or legal stipulations that can be fulfilled by actions of the Institute pursuant to those stipulations or that expire with the passage of time. Realized and unrealized gains on permanently and temporarily restricted assets are reported as temporarily restricted net assets in accordance with New York State law.
- *Unrestricted net assets* are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Rensselaer Polytechnic Institute
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2015 and June 30, 2014
(dollars in thousands)

c) *Statement of Activities*

The Statement of Activities reports changes in net assets from operating and non-operating activities. Operating activities primarily include revenues and expense related to on-going educational and research efforts as well as gifts and net return on the Institute's endowment. Operating net assets released from restrictions include support for such program activities as financial aid and instruction. Contributions with donor-imposed restrictions are reported as temporarily restricted revenues and are reclassified to unrestricted net assets when the donor-imposed restriction is satisfied. Expenses are generally reported as decreases in unrestricted net assets.

Non-operating activities primarily include investment return net of spending, changes in life income and endowment gifts and gain or loss on the disposal of assets or liabilities. Non-operating net assets released from restrictions primarily represent amounts for facilities and equipment. Contributions restricted for the acquisition of land, buildings and equipment and specific programs are reported as temporarily restricted revenues. These contributions are reclassified to unrestricted net assets upon acquisition of the assets or being placed in service. Contributions received of a capital nature, that is, contributions to be used for facilities and equipment or to be invested by the Institute to generate a return that will support operations, are included in non-operating activities.

Revenues are derived from various sources as follows:

- *Student related revenue* includes tuition revenue from undergraduate, graduate, and working professionals, as well as, student fees and auxiliary services. The undergraduate student discount rate was 41.8% and 40.4% for the years ended June 30, 2015 and 2014, respectively.

Student tuition by segment and location is as follows:

	2015	2014
Undergraduate tuition:		
Troy Campus tuition revenue	\$ 247,158	\$ 233,047
Institutional aid	(103,384)	(94,258)
Total undergraduate academic tuition revenue	143,774	138,789
Summer tuition revenue	2,619	2,175
<i>Total Undergraduate tuition</i>	<i>\$ 146,393</i>	<i>\$ 140,964</i>
Graduate tuition:		
Troy Campus tuition revenue	\$ 46,879	\$ 48,639
Institutional aid	(1,351)	(2,079)
Total graduate academic tuition revenue	45,528	46,560
Summer tuition revenue	330	106
<i>Total Graduate tuition</i>	<i>\$ 45,858</i>	<i>\$ 46,666</i>
Education for working professionals:		
Troy Campus	\$ 1,194	\$ 1,200
Hartford Campus	2,966	4,177
<i>Total Education for working professionals tuition</i>	<i>\$ 4,160</i>	<i>\$ 5,377</i>

- *Contributions* – Contributions, including unconditional promises to give (pledges), are recognized as revenue in the appropriate net asset class in the period received. A pledge is initially recorded at present value based on an appropriate market rate. Restricted contributions are released to unrestricted net assets when an expense is incurred that satisfies the donor-imposed restriction. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Additional information can be found in Note 3b.

Rensselaer Polytechnic Institute
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2015 and June 30, 2014
(dollars in thousands)

- *Government grants and contracts* – The Institute has been awarded approximately \$87,020 and \$92,568 of grants and contracts which have not been advanced or expended as of June 30, 2015 and 2014, respectively, and accordingly, are not recorded in the financial statements.
- *Investment return* - Net appreciation (depreciation) in the fair value of investments, which consists of dividends and interest, realized gains and losses and the unrealized appreciation or depreciation on those investments, is recognized in the Statement of Activities.

d) Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid debt instruments with maturity of three months or less when purchased. They are carried at cost, which approximated fair value. Cash that is part of the Institute's investment portfolio is reported as investments and included in Note 5.

e) Accounts and Notes Receivable

Accounts and notes receivable include amounts arising from tuition and fees, Rensselaer Technology Park activity and amounts owed on research contracts. They are carried at net realizable value.

f) Inventories

Inventories in 2014 consist mainly of bookstore and computer store goods and maintenance supplies and are stated at the lower of cost or current market value, based upon the first-in, first-out method. The bookstore and computer inventories were eliminated in June 2015 as operations were transferred to a third party.

g) Investments

The Institute's investments are recorded in the financial statements at fair value. Investment income is recorded on an accrual basis, and purchase and sale transactions are recorded on a trade-date basis. Realized gains and losses are recognized on an average cost basis when securities are sold.

h) Land, Buildings and Equipment

Land, buildings and equipment are carried at cost or at the fair value at the date of the gift. Depreciation is computed on a straight-line basis over the estimated useful lives of buildings (30-50 years) and equipment (3-20 years). All gifts of land, buildings and equipment are recorded as unrestricted operating activity unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the donor restrictions are reported as being released when the donated or acquired long-lived assets are placed in service.

i) Use of Estimates

The preparation of financial statements 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

j) Recently adopted accounting standards

On July 1, 2014, the Institute early adopted new guidance about *Fair Value Measurement and Disclosures for Investments on Certain Entities that Calculate Net Asset Value per share (or its Equivalents)*. This guidance requires the Institute to show investments that use net asset value (NAV) as a practical expedient for valuation purposes separately from other investments categorized in the fair value hierarchy described in footnote 5. This disclosure change, which was applied retrospectively, can be seen in the investment leveling table shown in footnotes 5 and 9 for both fiscal years 2015 and 2014.

Rensselaer Polytechnic Institute
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2015 and June 30, 2014
(dollars in thousands)

k) Reclassifications

It is the Institute's policy to reclassify, where appropriate, prior year financial statements to conform to the current year presentation.

Perpetual Trust Activity Reclassification 2014

During the year, the Institute changed its reporting practice for activity related to perpetual trusts. Previously, the activity was reported in dividends and interest and realized and unrealized gains or losses and the distributions were reported as a release from restriction in the Statement of Activities. Effective for these financial statements, the distributions from perpetual trusts are reflected as dividends and interest and the investment activity is captured in the change in value of life income contracts. For fiscal year 2014, this reclassification moved \$6.6 million into change in value of life income contracts and \$0.9 million into dividends and interest. The offset of this reclassification of \$7.5 million is reflected in realized and unrealized gains and losses. The reclassification had no effect on the change in total net assets.

(3) RECEIVABLES

(a) Accounts Receivable

The Institute's receivables are comprised of student related, research, training and other agreements and are reviewed and monitored for aging and collectability on a regular basis. There is also a corresponding allowance for uncollectable accounts at June 30, 2015 and 2014. Accounts receivable from the following sources were outstanding as of June 30:

	2015	2014
Student related receivables	\$ 2,725	\$ 2,487
Research, training and other agreements	12,018	14,936
Rensselaer Technology Park	1,004	849
Other	1,163	1,211
Gross account receivable	16,910	19,483
Less: allowance for doubtful accounts	(685)	(916)
Net accounts receivable	\$ 16,225	\$ 18,567

(b) Contributions receivable

Contributions receivable are expected to be collected as follows at June 30:

	2015	2014
Less than one year	\$ 841	\$ 1,295
Between one and five years	14,494	7,266
More than five years	21,240	590
Gross contributions receivable	36,575	9,151
Less: unamortized discount	(7,184)	(906)
Less: allowance for uncollectible amounts	(445)	(511)
Net contributions receivable	\$ 28,946	\$ 7,734

Conditional pledges, which are not accrued, approximate \$1,280 at June 30, 2015 and were unrestricted as to purpose. Bequest expectancies totaling \$109,010 have been also excluded from these amounts and are not recorded in the financial statements. In compliance with donor stipulations related to a \$360,000 transformational gift, revenue is being recognized as periodic cash payments are received. Revenue of \$10,000 related to the transformational gift was recognized in 2015 and 2014, respectively.

Rensselaer Polytechnic Institute
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2015 and June 30, 2014
(dollars in thousands)

(c) Student Loans receivable

Student loan programs are funded by many sources, including institutional sources and governmental programs, including the Federal Perkins Loan Program. The amount received from the government's portion of the Perkins loan program are refundable to the federal government and reported as a liability on the Institute's statement of financial position.

The Institute regularly assesses the adequacy of the allowance for credit losses relating to these loans by performing ongoing evaluations of the student loan portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, and the level of delinquent loans.

The following provides enhanced disclosures about the student loan receivables and allowances associated with the institutional and federal loan programs.

	2015			2014		
	Receivable	Allowance	Net receivable	Receivable	Allowance	Net receivable
Institutional loans	1,125	(768)	357	1,295	(709)	586
Federal loans	29,349	(1,122)	28,227	28,347	(1,018)	27,329
Total loan receivable	30,474	(1,890)	28,584	29,642	(1,727)	27,915

	Institutional	Federal	Total allowance
Allowance at beginning of year	(709)	(1,018)	(1,727)
Current year provisions	(59)	(104)	(163)
Current year write-offs	-	-	-
Current year recoveries	-	-	-
Allowance at end of year	(768)	(1,122)	(1,890)

(4) SPLIT INTEREST AGREEMENTS

Split interest gift agreements consist primarily of irrevocable charitable remainder trusts, pooled income funds and charitable gift annuities for which the Institute is the remainder beneficiary. Assets held in these trusts are included in investments and recorded at their fair value when received. The value of split interest assets included in the investments at June 30, 2015 and 2014 were \$17,662 and \$19,013, respectively. Contribution revenues are recognized at the dates the trusts are established net of the liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the agreements for changes in the value of the assets, accretion of the discount and other changes in the estimates of future benefits. Discount rates range from 1.2% to 10.6%. The liability for the present value of deferred gifts of \$6,389 and \$6,633 at June 30, 2015 and 2014, respectively, is based upon actuarial estimates and assumptions regarding the duration of the agreements and the rates to discount the liability. Circumstances affecting these assumptions can change the estimate of this liability in future periods.

Rensselaer is also beneficiary of certain perpetual trusts held and administered by others. The fair value of these trusts at June 30, 2015 and 2014 was \$63,057 and \$63,090 respectively, and included in the investment balance. The present values of the estimated future cash receipts from the trusts are recognized as contributions from external trusts and contribution revenue at the date Rensselaer is notified of the establishment of the trust. Distributions from the trusts are recorded as investment income in the period they are received and the fair value of the institutions investment of those distributions are disclosed in Note 5. Changes in fair value of the trusts are recorded as gain or loss in permanently restricted net assets.

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(5) INVESTMENTS

The Institute's investments are overseen by the Investment Committee of the Board of Trustees. The fair value and cost of investments at June 30 is as follows:

	2015		2014	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 42,634	\$ 42,634	\$ 39,915	\$ 39,915
Fixed income	69,521	71,400	72,702	70,295
Domestic equity	54,599	49,262	44,912	39,638
Global equity	45,175	36,950	34,089	27,250
Foreign equity	69,019	53,296	57,363	39,087
Real assets	3,047	2,880	5,375	5,062
Marketable alternatives				
Fixed income	29,511	18,864	18,554	7,476
Multi strategy	70,041	43,392	81,013	54,891
Equity	19,641	15,187	17,883	16,534
Private Investments				
Fixed income	8,445	11,935	11,948	14,595
Real assets	80,492	116,848	102,647	128,107
Equity	126,150	79,122	115,680	82,827
Subtotal	618,275	541,770	602,081	525,677
Perpetual Trusts held by others	63,057	51,829	63,090	51,829
Total investments	\$ 681,332	\$ 593,599	\$ 665,171	\$ 577,506

- At June 30, 2015, Rensselaer has committed to investing approximately an additional \$14 million in private investments related to various equity and real asset partnerships.

(a) Investment classification descriptions

Fixed Income

This category contains investments in public and non-public fixed income securities, including convertible bonds, corporate bonds, foreign sovereign bonds, high yield bonds, and U.S. government and government sponsored bonds. These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are subject to a variety of liquidity restrictions that normally range from three days to three months.

Domestic Equity

This category includes investments in U.S. equities. These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are subject to a variety of liquidity restrictions that normally range from three days to three months.

Global Equity

This category contains investments in U.S. and non-U.S. developed market and emerging market equities. These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are subject to a variety of liquidity restrictions that normally range from three days to three months.

Foreign Equity

This category contains investments in non-U.S. developed market and emerging market equities. These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are subject to a variety of liquidity restrictions that normally range from three days to three months.

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Real Assets

This category contains investments in a U.S. and non-U.S. assets, including real estate, infrastructure, and commodity. These investments may be held directly by the Institute, or indirectly through outside managers that the Institute has hired for specific mandates. In addition, they are long-term in nature and liquidity is asset specific.

Marketable Alternatives

This category contains investments in a variety of partnerships and similar entities focused on primarily marketable investments in the U.S and non-U.S. markets. The individual managers utilize a variety of strategies, including distressed, event-driven, long/short, relative value, global macro, and sector specific. Most of these investments have an initial lockup and offer liquidity, thereafter, ranging from thirty days to one year.

Private Investments

This category contains investments in U.S. and non-U.S. partnerships and similar entities focused primarily on venture capital investments, buyouts, growth equity, real estate, infrastructure, commodity, and fixed income. The capital commitments made by the Institute are drawn down over time by the manager. As investments mature and/or are realized, distributions are made by the manager to the Institute during the life of the partnership, typically 10 years. The Institute does not have any redemption rights in these investments.

Perpetual Trusts

This category includes certain perpetual trusts held and administered by others for which Rensselaer is the beneficiary.

(b) Spending from Endowment Funds

Rensselaer has adopted a "total return" policy for endowment spending. This approach considers current yield (primarily interest and dividends) as well as the net appreciation in the market value of investments when determining a spending amount. Under this policy, the Board of Trustees establishes a spending rate which is then applied to the average market value of investments. Current yield is recorded as revenue and the difference between current yield and the spending rate produces the use of realized gains spent under the total return formula.

(c) Dividends, Interest and Realized and Unrealized Gains and Losses

Total dividends, interest and realized and unrealized gains (reflected as both operating and non-operating activity) are as follows:

	2015	2014
Dividends and interest available for spending	\$ 9,714	\$ 9,536
Realized gains (loss)	21,751	30,796
Unrealized gains (loss)	1,326	44,540
<i>Investment return</i>	\$ 32,791	\$ 84,872
Investment Management Fees	1,640	1,489
Net Investment Return	\$ 31,151	\$ 83,383

(d) Fair Value

The Institute is permitted under US GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US GAAP. The Institute's investments in private investments, real assets and marketable alternatives are fair valued based on the most current NAV.

The Institute performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with US GAAP. The Institute has assessed factors including, but not limited to, managers' compliance with *Fair Value Measurement* standard, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date.

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The three levels are fair value hierarchies related to Institute valued and directly managed investments are:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. Market price data is generally obtained from exchange or dealer markets.
- 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. Inputs are obtained from various sources including market participants, dealers, and brokers.
- Level 3 - Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment.

Directly managed corporate investments which can be redeemed a net asset value (NAV) by the Institute on the measurement date or in the near future are classified as level 2. Directly managed investments which cannot be redeemed on the measurement date or in the near term are classified as Level 3.

Investments managed by third party investment managers are presented at the estimated fair value determined using the practical expedient. As these investments are not directly managed by the Institute, they are excluded from leveling hierarchy in accordance with accounting standard guidance released May 2015.

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The following table presents the financial instruments carried at fair value as of June 30, 2015 and 2014, by caption on the consolidated statement of financial position, based on the valuation hierarchy defined above:

2015						
	Quoted prices in active markets Level 1	Significant other observable Level 2	Significant unobservable Level 3	Other Investments valued by Practical Expedient	Total Fair Value	
Cash and cash equivalents	\$ 42,001	\$ 633	\$ -	\$ -	\$	42,634
Fixed income	15,648	14,604	-	39,269		69,521
Domestic equity	54,544	-	35	20		54,599
Global equity	15,114	-	-	30,061		45,175
Foreign equity	36,329	-	-	32,690		69,019
Real assets	-	-	3,047	-		3,047
Marketable alternatives						
Fixed income	-	-	-	29,511		29,511
Multi strategy	-	-	-	70,041		70,041
Domestic equity	-	-	-	19,641		19,641
Private investments						
Fixed Income	-	-	890	7,555		8,445
Real assets	-	-	-	80,492		80,492
Equity	-	-	-	126,150		126,150
<i>Subtotal</i>	163,636	15,237	3,972	435,430		618,275
Perpetual Trusts held by others	-	-	63,057	-		63,057
<i>Total investments</i>	\$ 163,636	\$ 15,237	\$ 67,029	\$ 435,430	\$	681,332

2014						
	Quoted prices in active markets Level 1	Significant other observable Level 2	Significant unobservable Level 3	Other Investments valued by Practical Expedient	Total Fair Value	
Cash and cash equivalents	\$ 39,318	\$ 597	\$ -	\$ -	\$	39,915
Fixed income	30,384	-	-	42,318		72,702
Domestic equity	44,857	-	35	20		44,912
Global equity	11,054	-	-	23,035		34,089
Foreign equity	37,069	-	-	20,294		57,363
Real assets	-	-	5,375	-		5,375
Marketable alternatives						
Fixed income	-	-	-	18,554		18,554
Multi strategy	-	-	-	81,013		81,013
Domestic equity	-	-	-	17,883		17,883
Private investments						
Fixed Income	-	-	790	11,158		11,948
Real assets	-	-	-	102,647		102,647
Equity	-	-	-	115,680		115,680
<i>Subtotal</i>	162,682	597	6,200	432,602		602,081
Perpetual Trusts held by others	-	-	63,090	-		63,090
<i>Total investments</i>	\$ 162,682	\$ 597	\$ 69,290	\$ 432,602	\$	665,171

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Investments valued using the practical expedient primarily include Rensselaer's ownership in alternative investments (principally limited partnership interests in marketable alternatives, private investments, real estate, and other similar funds). The value of certain alternative investments represents the ownership interest in the NAV of the respective partnership and consists of securities that do not have readily determinable fair values. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The Institute regularly reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of these investments.

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 Institute 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 roll-forward of the consolidated statement of financial position amounts at June 30, 2015 and 2014 for financial instruments classified by Rensselaer within Level 3 of the fair value hierarchy defined above:

2015						
Level 3 Investments	Domestic equity	Real assets	Private Investments	Perpetual Trusts	Total	
Fair value, beginning of year	\$ 35	\$ 5,375	\$ 790	\$ 63,090	\$ 69,290	
Realized gains (loss)	-	951	-	-	951	
Unrealized gains (loss)	-	302	-	-	302	
Purchases	-	-	100	-	100	
Sales	-	(3,581)	-	-	(3,581)	
Change in value	-	-	-	(33)	(33)	
Fair value, end of year	\$ 35	\$ 3,047	\$ 890	\$ 63,057	\$ 67,029	

2014						
Level 3 Investments	Domestic equity	Real assets	Private Investments	Perpetual Trusts	Total	
Fair Value beginning	\$ 35	\$ 3,008	\$ 790	\$ 55,867	\$ 59,700	
Unrealized gains (loss)	-	267	-	-	267	
Purchases	-	-	-	659	659	
Transfers in/out	-	2,100	-	-	2,100	
Change in value	-	-	-	6,564	6,564	
Fair value, end of year	\$ 35	\$ 5,375	\$ 790	\$ 63,090	\$ 69,290	

Contributions from external remainder trusts, reported separately from investments at market, are also considered Level 3 of the fair value hierarchy defined above. The following table rolls forward the values, as of June 30:

	2015	2014
Level 3 Contributions from external remainder trusts		
Fair value, beginning of year	\$ 14,702	\$ 8,670
Unrealized gains (loss)	23	705
Purchases / gifts	131	7,564
Sales / settlements	(294)	(2,237)
Fair value, end of year	\$ 14,562	\$ 14,702

In accordance with currently effective standards updates for estimating fair value of investments, the Institution conducted a review of valuation changes between hierarchies Level 1 and Level 2 occurring during fiscal year 2015 and noted no material valuation changes.

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(6) ENDOWMENT

Rensselaer's endowment consists of approximately 700 individual donor restricted endowment funds and 84 board-designated endowment funds for a variety of purposes plus assets that have been designated for endowment: pledges receivables, split interest agreements, and other net assets. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

Endowment and similar funds are invested under direction of the Board of Trustees to achieve maximum long-term total return with prudent concern for the preservation of investment capital. All investments of endowment and similar funds are recorded in the statement of financial position as long-term investments, including cash balances held by external investment managers. The fair value of endowment investments (separately invested and pooled) was \$661,611 and \$641,474 as of June 30, 2015 and June 30, 2014, respectively.

Endowment net assets consist of the following at June 30:

2015					
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
True Endowment funds	\$ 75,283	\$ 126,660	\$ 377,102	\$	579,045
Board-designated endowment funds	111,053	-	-		111,053
<i>Total endowment net assets</i>	<i>\$ 186,336</i>	<i>\$ 126,660</i>	<i>\$ 377,102</i>	<i>\$</i>	<i>690,098</i>

2014					
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
True Endowment funds	\$ 76,541	\$ 125,422	\$ 345,511	\$	547,474
Board-designated endowment funds	114,948	-	-		114,948
<i>Total endowment net assets</i>	<i>\$ 191,489</i>	<i>\$ 125,422</i>	<i>\$ 345,511</i>	<i>\$</i>	<i>662,422</i>

The unrestricted portion of true endowment funds represent amounts that have been appropriated by the Board of Trustees but not yet drawn from the endowment, net of the effect of underwater endowments.

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Changes in endowment net assets as of June 30:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 191,489	\$ 125,422	\$ 345,511	\$ 662,422
Net gifts	2,000	117	31,102	33,219
Yield (dividends and interest)	5,899	3,718	47	9,664
Investment gains(losses), realized and unrealized	10,354	11,815	(35)	22,134
Reclassification of underwater endowments	(3,847)	3,847	-	-
Reclassifications and other changes	3,619	(3,607)	477	489
Endowment Additions	18,025	15,890	31,591	65,506
Amounts appropriated for expenditure	23,178	12,622	-	35,800
Investment management fees and other expenditures	-	2,030	-	2,030
Endowment Deductions	23,178	14,652	-	37,830
Endowment net assets, end of year	\$ 186,336	\$ 126,660	\$ 377,102	\$ 690,098

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 182,389	\$ 103,407	\$ 329,080	\$ 614,876
Net gifts	-	-	6,903	6,903
Yield (dividends and interest)	6,220	3,277	30	9,527
Investment gains(losses), realized and unrealized	35,805	38,567	34	74,406
Reclassification of underwater endowments	6,451	(6,451)	-	-
Reclassifications and other changes	(1,440)	1,415	9,464	9,439
Endowment Additions	47,036	36,808	16,431	100,275
Amounts appropriated for expenditure	37,936	12,832	-	50,768
Investment management fees and other expenditures	-	1,961	-	1,961
Endowment Deductions	37,936	14,793	-	52,729
Endowment net assets, end of year	\$ 191,489	\$ 125,422	\$ 345,511	\$ 662,422

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Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets at June 30: (Endowments Only)

Restricted for	2015	
	Temporarily Restricted	Permanently Restricted
Scholarship support	\$ 40,849	\$ 89,892
Fellowship support	9,627	14,718
Faculty support	45,470	73,662
Program support	28,381	82,938
Awards and prizes	2,317	3,696
Institutional support	16	112,196
<i>Permanent and Temporary net asset purpose</i>	<i>\$ 126,660</i>	<i>\$ 377,102</i>

Restricted for	2014	
	Temporarily Restricted	Permanently Restricted
Scholarship support	\$ 40,173	\$ 79,712
Fellowship support	9,341	14,180
Faculty support	45,620	64,901
Program support	27,936	78,921
Awards and prizes	2,352	3,509
Institutional support	-	104,288
<i>Permanent and Temporary net asset purpose</i>	<i>\$ 125,422</i>	<i>\$ 345,511</i>

(a) Interpretation of Relevant Law

The New York Prudent Management of Institutional Funds Act ("NYPMIFA") became effective on September 17, 2010 and governs the management and investment of funds held by not-for-profit corporations and other institutions. Absent donor stipulations to the contrary, the statutory guidelines contained in NYPMIFA relate to the prudent management, investment and expenditure of donor-restricted endowment funds without regard to the original value of the gifts. However, NYPMIFA contains specific factors that must be considered prior to making investment decisions or appropriating funds for expenditure.

The Board of Trustees' interpretation of its fiduciary responsibilities for donor-restricted endowment funds under New York State's Not-for-Profit Corporation Law, including NYPMIFA, is to preserve intergenerational equity to the extent possible by prudently managing, investing, and spending from the endowment funds. This principle holds that future endowment beneficiaries should receive at least the same level of economic support that the current generation receives. As a result of this interpretation, the Institute classifies as permanently restricted net assets the un-appropriated portion of (a) the original value of gifts donated to a true endowment fund, (b) the original value of subsequent gifts to a true endowment fund, and (c) accumulations to a true endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unspent appropriations related to donor-restricted endowment funds are classified as temporarily restricted net assets until the amounts are expended by the Institute in a manner consistent with the donor's intent. The remaining portion of donor-restricted endowment funds that are not classified as permanently or temporarily restricted net assets are classified as unrestricted net assets.

The Board of Trustees determines the appropriate amount to withdraw from endowment and similar funds on an annual basis to provide support for operations with prudent concern for the long-term growth in the underlying assets as well as

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the specific factors detailed in NYPMIFA. The Board-approved spending policy is designed to insulate endowment support for programming from short-term fluctuations in capital markets.

(b) Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were \$12,710 and \$8,740 as of June 30, 2015 and 2014, respectively. These deficits resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments, and authorized appropriation that was deemed prudent.

(c) Return Objectives and Risk Parameters

Rensselaer has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. Rensselaer expects its endowment funds over time, to provide an average rate of return of approximately 7.1 percent annually. Actual returns in any given year may vary from this amount.

(d) Strategies Employed for Achieving Investment Objectives

To achieve its long-term rate of return objectives, Rensselaer relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). Rensselaer targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

(e) Endowment Spending Policy

The Board of Trustees of Rensselaer determines the method to be used to appropriate endowment funds for expenditure. Calculations are performed for individual endowment funds at a rate of 5.0 percent of the rolling 20 quarter average market value on a unitized basis one year subsequent to the calculation. The corresponding calculated spending allocations are distributed in equal quarterly installments on the first day of each quarter from the current net total or accumulated net total investment returns for individual endowment funds. In establishing this policy, the Board considered the expected long term rate of return on its endowment.

(7) LAND, BUILDING, AND EQUIPMENT

Land, buildings, and equipment consist of the following at June 30:

	2015	2014
Land and land improvements	\$ 33,389	\$ 32,633
Buildings	925,602	918,670
Equipment	228,390	224,724
Construction in Progress	4,482	4,456
Gross land, building and equipment	1,191,863	1,180,483
Less: accumulated depreciation	(496,067)	(471,202)
Net land, building and equipment	\$ 695,796	\$ 709,281

As of June 30, 2015, Rensselaer had \$1,908 of open commitments to contractors for construction on work being performed.

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(8) BONDS AND NOTES PAYABLE

The Institute has entered into various debt obligations, all of which are repaid from the general operations of the Institute, as appropriate. Outstanding bonds and notes payable are as follows:

	Year of final maturity	Average annual interest rate	Outstanding	
			2015	2014
U.S. Department of Education Dormitory Bonds and 1988 Mortgage Loan	2018	3.00%	612	776
Rensselaer County IDA - Industrial Development Facility Issue:				
Series 1997A (note a) - VRD	2022	4.34%	6,139	6,590
Series 1999A and B (note b) - Fixed	2030	5.17%	24,384	24,361
Series 2006 (note d) - Fixed	2036	4.89%	56,179	57,730
Troy Industrial Development Authority Civic Facility Issue:				
Series 2002A (note c) - Fixed	2015	5.50%	2,989	4,344
Series 2002E (note c) - Fixed	2037	4.99%	25,000	25,000
Series 2010 Rensselaer Taxable Bonds (note g) - Fixed	2021	5.60%	204,818	204,787
City of Troy Capital Resource Corporate Series 2010A&B (note f) Fixed	2040	5.08%	352,062	354,732
Senior Notes:				
Series 2011A (note h) - Fixed	2026	4.35%	40,000	40,000
Series 2014A (note i) fixed	2029	3.99%	40,000	-
2009 Whiting Turner Agreement (note e) - Fixed	2015	5.25%	2,000	5,000
Total bonds and notes payable			754,183	723,320

Debt principal outstanding is reflected net of bond discount where applicable in the amount of \$1,239 and \$1,296 at June 30, 2015 and 2014, respectively. Such costs are being amortized on the straight-line method over the term of the related indebtedness.

Long-term debt is collateralized by certain physical properties with a carrying value of \$514 and \$495 at June 30, 2015 and 2014, respectively. At June 30, 2015 and 2014, Rensselaer did not have assets held by trustees for construction, debt service and other project-related expenses.

Notes to Debt Outstanding

- (a) On March 12, 1997, Rensselaer entered into an agreement with the Rensselaer County Industrial Development Agency, providing for the issuance of \$13.24 million in variable rate demand (VRD) revenue bonds for the purpose of financing the renovation of three of Rensselaer's buildings and the acquisition of a new student record system. The bonds are subject to a remarketing agreement and bear a variable interest rate that resets weekly, but in no event may exceed 12% per annum. In the event that Rensselaer receives notice of any option tender on its variable-rate-bonds, or if the bonds become subject to mandatory tender, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, Rensselaer will have a general obligation to purchase the bonds tendered pending reissuance under its multimodal provisions.
- (b) On June 30, 1999, Rensselaer entered into an agreement with the Rensselaer County Industrial Development Agency, which provided for the issuance of \$41.11 million in revenue bonds. Proceeds from the issue in the amount of \$24.20

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million were used for the construction and/or renovation of three buildings, issuance costs, and to legally defease Dormitory Authority Series 1991 Bonds. Interest rates on the bonds range from 4.13% to 5.00%.

- (c) On May 1, 2002, Rensselaer entered into an agreement with the Troy Industrial Development Authority, which provided for the issuance of \$218.88 million in Series 2002 A-E revenue bonds, including \$202.98 million in variable rate mode. The transaction also generated a \$1.13 million premium on the Series 2002A bonds. Proceeds from the issue in the amount of \$203.15 million were utilized for the construction costs of two buildings, related campus-wide infrastructure improvements, issuance costs and to legally defease Dormitory Authority Series 1993 Bonds. On April 20, 2010 Series 2002 B, C and D bonds totaling \$177.98 million were refinanced with Series 2010 A Tax Exempt bonds. On September 1, 2011 Rensselaer remarketed its Series 2002E bonds for \$25 million to convert them from variable rate to fixed rate bonds. Maturities on the bonds range from 2026 to 2037 with a final maturity on April 1, 2037. Interest rates on the bond range from 4.63% to 5.20% and payments are due March 1 and September 1, commencing on March 1, 2012.
- (d) On June 15, 2006, Rensselaer entered into an agreement with the Rensselaer County Industrial Development Agency, which provided for the issuance of \$62.38 million in Series 2006 fixed rate revenue bonds. The weighted average interest rate on the bonds is 4.89%. The transaction generated a \$1.6 million premium. Proceeds from the issue in the amount of \$64 million were utilized for the construction costs of one building, related campus-wide infrastructure improvements, and issuance costs.
- (e) On April 24, 2009 Rensselaer entered into an agreement with The Whiting-Turner Contracting Company for a loan not to exceed \$15 million, amortization of which commences January 1, 2011 with a final maturity of December 31, 2015. The note bears interest at Prime plus 2.00% adjusted monthly until April 1, 2011, after which the interest rate became fixed at current Prime plus 2.00% rate until the note matures. The loan is an unsecured obligation of the Institute.
- (f) On April 20, 2010, Rensselaer entered into an agreement with the City of Troy Capital Resource Corporation which provided for the issuance of \$358.81 million in fixed rate revenue bonds, Series 2010A for \$311.63 million and Series 2010B for \$47.18 million. Proceeds from the issuance were used to refinance Series 2002 B, C and D, Series 2007 and Series 2008 A and B bonds as well as paying 2010 termination expenses on several interest rate swap agreements. Interest rates on the bonds range from 5.00% to 5.13%. Maturities on the bonds range from 2012 to 2030 with a final maturity of September 1, 2040. Interest payments are due March 1 and September 1, commencing on September 1, 2010.
- (g) On April 20, 2010, Rensselaer issued Series 2010 Taxable bonds for \$205 million. Proceeds from this issuance were used to pay off various term loans and to pay termination expenses on several interest rate swap agreements. The interest rate on the bonds is 5.60%. Maturity date on the bonds is September 1, 2020. The bonds are an unsecured general obligation of the institute. Interest payments are due March 1 and September 1, commencing on September 1, 2010.
- (h) On September 27, 2011, Rensselaer issued Series 2011 – A Senior Notes pursuant to a note purchase agreement. Proceeds from this \$40 million issuance were applied to the defined benefit pension obligation. The interest on the notes is 4.35%. Final maturity date on the notes is September 1, 2026. Interest payments are due March 1 and September 1, commencing on March 1, 2012. The note is an unsecured obligation of the Institute.
- (i) On December 15, 2014, Rensselaer issued Series 2014 – A Senior Notes pursuant to a note purchase agreement. Proceeds from this \$40 million issuance were applied to the defined benefit pension obligation. The interest on the notes is 3.99%. Final maturity date on the notes is December 14, 2029. Interest payments are due June 15 and December 15, commencing on June 15, 2015. The note is an unsecured obligation of the Institute.

(j) *Lines of Credit*

As of June 30, 2015, Rensselaer had a standby letter of credit with Bank of America totaling \$592 for workers compensation insurance security purposes. In addition, Rensselaer had standby letters of credit with Bank of America totaling \$1,440 and \$250 for general liability insurance and professional liability insurance security purposes, respectively, related to current construction projects on the Troy, New York campus. There were no draws against these letters of credit during the fiscal year. Rensselaer also has a mortgage loan guarantee in place for one loan made by HSBC Bank USA in 1996 to

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finance construction and renovation costs for an on-campus fraternity residential facility. The balance of the mortgage loan, which totaled \$600 at inception, was \$29 and \$75 on June 30, 2015 and 2014, respectively.

The Institute has an unsecured line of credit with Bank of America valued at \$30 million, with interest calculated on the outstanding balance at a daily rate of term LIBOR plus 1.05% or at Prime Rate minus 0.50%. There was an outstanding balance of \$18.30 million and \$23.95 million on the line of credit at June 30, 2015 and 2014, respectively. The Institute has an unsecured line of credit with First Niagara Bank valued at \$20 million, with interest calculated on the outstanding balance at a daily rate of term LIBOR plus 1.60%. There was an outstanding balance of \$10 million and \$20 million on the line of credit at June 30, 2015 and 2014, respectively. The Bank of America line has a renewal date of January 29, 2016 and First Niagara line has a renewal date of December 31, 2015.

On August 5, 2014 a Letter of Credit in the amount of \$19.7 million was issued for the Institute by the Bank of America with the Department of Education (DOE) as beneficiary. It was established to satisfy certain DOE financial reporting requirements and has an expiration of October 31, 2015. The issuance of the letter of credit did not affect the availability under the Institute's existing lines of credit.

Principal payments due on all long-term debt as of June 30, 2015 for each of the next five fiscal years are:

Year	Amount
2016	9,607
2017	9,089
2018	9,539
2019	9,997
2020	10,475
Principal payments thereafter	706,715
Total bonds and notes principal payable	755,422
Net discounts	(1,239)
<i>Bonds and notes payable</i>	<u><u>\$754,183</u></u>

The fair value of Rensselaer's long-term debt is estimated based upon the amount of future cash flows, discounted using Rensselaer's current borrowing rates for similar debt instruments of comparable maturities. The fair value of long-term debt was approximately \$754,464 and \$723,336 at June 30, 2015 and 2014, respectively.

(9) RETIREMENT PLANS

Defined Benefit Plans

The following table sets forth Rensselaer's defined benefit and postretirement plans' change in projected benefit obligation, change in plan assets, funded status (the postretirement plans are unfunded) and amounts recognized in Rensselaer's balance sheet at June 30, 2015 and 2014. The defined benefit plan calculations were based upon data as of or projected to June 30, 2015 and 2014. Postretirement benefit plan calculations were based upon data as of July 1, 2014 and 2013. Rensselaer's funding policy is based upon and is in compliance with ERISA requirements.

In fiscal 2014 the Institute changed the amortization period used for actuarial gains and losses. The change in amortization period reflects the fact that greater than 90% of the pension plan participants are now inactive. As a result, the amortization period for gains and losses was changed from the average future service period of active participants to the expected future lifetime of the inactive participants in the plan. The effect of the change will be to reduce the net periodic benefit cost with the offset reflected in non-operating income (expense). There is no impact on the unfunded liability reported on the Statement of Financial Position.

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Additionally, the Institute amended its pension plan effective June 30, 2014 to freeze all future benefit accruals for future service of all plan participants. This was treated as a curtailment and has been reflected as such within the footnote disclosures.

In fiscal 2015, the Institute updated the actuarial assumption related to participant mortality from the RP-2000 with generational improvements table to the white-collar mortality table with generational improvements using scale MP-2014.

Change in benefit obligation:	<i>Defined Benefit</i>		<i>Post-retirement</i>	
	2015	2014	2015	2014
Benefit obligation, beginning of year	\$ (353,960)	\$ (335,385)	\$ (14,475)	\$ (14,658)
Service cost	(2,369)	(4,013)	(652)	(545)
Interest cost	(13,722)	(14,658)	(523)	(553)
Plan participant' contributions	(9)	(156)	(1,015)	(857)
Amendments/Curtailments/Special	-	2,113	96	20
Actuarial gain (loss)	(42,907)	(24,365)	(904)	526
Benefits paid	21,308	20,135	1,541	1,592
Administrative expense paid	1,935	2,369	-	-
<i>Benefit obligation, end of year</i>	\$ (389,724)	\$ (353,960)	\$ (15,932)	\$ (14,475)

The accumulated benefit obligation for the defined benefit pension plan was \$389,724 and \$353,960 as of June 30, 2015 and 2014, respectively.

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	<i>Defined Benefit</i>		<i>Post-retirement</i>	
	2015	2014	2015	2014
Change in plan assets:				
Fair value plan assets, beginning of year	\$ 280,121	\$ 244,316	\$ -	\$ -
Actual return on plan assets	5,225	30,153	-	-
Employer contribution	10,500	28,000	526	735
Plan participant' contributions	9	156	1,015	857
Benefits paid	(21,308)	(20,135)	(1,541)	(1,592)
Administrative expense paid	(1,935)	(2,369)	-	-
<i>Fair value plan assets, end of year</i>	\$ 272,612	\$ 280,121	\$ -	\$ -

Funded status and amount recognized in the statement of financial position:

<i>Liability</i>	\$ (117,112)	\$ (73,840)	\$ (15,932)	\$ (14,475)
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Amounts recognized in unrestricted net assets:

Net prior service cost (credit)	\$ -	\$ -	\$ (713)	\$ (872)
Net actuarial (gain) loss	(215,600)	(163,686)	(1,164)	(2,113)
<i>Unrestricted net assets</i>	\$ (215,600)	\$ (163,686)	\$ (1,877)	\$ (2,985)

Other changes in plan assets and benefit obligations recognized in unrestricted net assets:

(Gain) loss from curtailment	\$ -	\$ (2,113)	\$ (96)	\$ -
New net actuarial (gain) loss	58,833	13,966	904	(526)
Amortization of:				
Prior service (cost) credit	-	-	144	146
Actuarial gain (loss)	(6,919)	(6,285)	45	155
Curtailment Credit (Cost)			111	
<i>Total recognized in non-operating (income) expense</i>	\$ 51,914	\$ 5,568	\$ 1,108	\$ (225)

Net periodic benefit cost is included in the following components:

Service cost	\$ 2,369	\$ 4,013	\$ 652	\$ 545
Interest cost	13,722	14,658	523	553
Expected return on plan assets	(21,151)	(19,754)	-	-
Amortization of:				
Prior service cost (credit)	-	-	(144)	(146)
Actuarial (gain) loss	6,919	6,285	(45)	(155)
Curtailment Credit (Cost)			(111)	
<i>Net periodic benefit cost (income)</i>	\$ 1,859	\$ 5,202	\$ 875	\$ 797

The amounts of net losses in unrestricted net assets expected to be recognized as components of the net periodic benefit cost in fiscal year ending June 30, 2016 are \$7,814 and \$192 for the defined pension plan and postretirement plan, respectively.

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The following are expected future benefit payments:

Fiscal year ending:	Defined Benefit	Post-retirement
2016	22,358	953
2017	22,848	959
2018	23,039	1,071
2019	23,220	1,171
2020	23,410	1,202
2021-2022	115,554	7,218

The weighted average rates forming the basis of net periodic benefit cost and amounts recognized in Rensselaer's statement of financial position at June 30 were:

	<i>Defined Benefit</i>		<i>Post-retirement</i>	
<i>Benefit obligations:</i>	2015	2014	2015	2014
Discount Rate	4.00%	4.00%	3.84%	3.66%
Expected return on plan assets	7.75%	7.75%	-	-
Rate of compensation increase	0.00%	4.00%	-	-
<i>Net periodic benefit cost:</i>				
Discount Rate	4.00%	4.50%	3.66%	4.23%
Expected return on plan assets	7.75%	7.75%	-	-
Rate of compensation increase	0.00%	4.00%	-	-

For measurement purposes, a 7.75 percent annual rate of increase in the per capita cost of covered pre-65 medical, post-65 medical benefits and a 8.5 percent annual rate of increase in prescription drug benefits, respectively, was assumed for fiscal year 2016. These rates were assumed to decrease gradually to 5 percent for fiscal year 2023 and remain at that level thereafter. A plan amendment established a maximum of \$85 per month for retired employees who retire after normal retirement age. Once Rensselaer's share of medical premiums for Medicare eligible retirees reaches the \$85 per month maximum, the health care cost trend rate will no longer have any effect except for grandfathered participants not subject to the cap and pre-65 coverage.

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

	1-Percentage point increase	1-Percentage point decrease
Effect on total of service and interest cost components	86	(76)
Effect on postretirement benefit obligation	812	(726)

Defined Benefit Plan

In the aggregate, Rensselaer's Defined Benefit Plan will be invested to ensure solvency of the plan over its remaining life and to meet pension obligations as required. A secondary goal is to earn the highest net rate of return within prudent risk limits to ensure the achievement of the primary goal.

Defined Contribution Plan

Rensselaer and the Center also have non-contributory Defined Contribution Plans open to full-time employees who have met minimum service requirements. Contributions to these plans (8% of employee salary) were \$8,937 and \$8,510 in fiscal 2015 and 2014, respectively.

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Plan Investments

The Plan investments have been accounted for in accordance with the fair value measurement standard as described in Note 5. Full disclosures surrounding the descriptions of major investment categories and fair value requirements can also be found in Note 5.

The fair values of Rensselaer's pension plan assets at June 30 by asset category are as follows:

2015				
	Quoted prices in active markets Level 1	Significant other observable Level 2	Other investments valued by Practical Expedient	Total Fair Value
Cash and cash equivalents	\$ 11,802	\$ -	\$ -	\$ 11,802
Fixed income	2,310	74,207	7,808	84,325
Domestic equity	54,087	-	224	54,311
Foreign equity	16,609	-	10,106	26,715
Insurance contracts	-	3,245	-	3,245
Marketable alternatives				
Fixed income	-	-	20,863	20,863
Other strategies	-	-	18,133	18,133
Private investments				
Fixed income	-	-	10,999	10,999
Real assets	-	-	28,794	28,794
Equity	-	-	13,425	13,425
<i>Total pension investments</i>	<i>\$ 84,808</i>	<i>\$ 77,452</i>	<i>\$ 110,352</i>	<i>\$ 272,612</i>

2014				
	Quoted prices in active markets Level 1	Significant other observable Level 2	Other investments valued by Practical Expedient	Total Fair Value
Cash and cash equivalents	\$ 9,993	\$ -	\$ -	\$ 9,993
Fixed income	22,544	48,879	9,235	80,658
Domestic equity	52,014	-	71	52,085
Foreign equity	16,944	-	10,100	27,044
Insurance contracts	-	3,168	-	3,168
Marketable alternatives				
Fixed income	-	-	20,620	20,620
Other strategies	-	-	16,875	16,875
Equity	-	-	2,828	2,828
Private investments				
Fixed income	-	-	16,839	16,839
Real assets	-	-	34,953	34,953
Equity	-	-	15,058	15,058
<i>Total pension investments</i>	<i>\$ 101,495</i>	<i>\$ 52,047</i>	<i>\$ 126,579</i>	<i>\$ 280,121</i>

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The Plan contains features that allow participants to have a percentage of their benefits fluctuate based on the return of an S&P 500 index account. Rensselaer maintains assets in that index fund to hedge those liabilities that are not part of the above asset allocation.

Rensselaer's expected contributions for fiscal year ending June 30, 2016 are \$7,300 and \$953 to the defined benefit pension plan and postretirement plan, respectively.

(10) NATURAL EXPENSE CLASSIFICATION

The following table compares expenses by type for the years ended June 30, 2014 and 2013, respectively:

	2015	2014
Salaries and wages	\$ 162,464	\$ 164,700
Employee benefits excluding retirement	27,749	27,713
Retirement plan expense	11,671	14,510
Employee benefits total	39,420	42,223
Total compensation	201,884	206,923
Supplies and services	70,981	71,507
Utilities	11,222	10,813
Employee travel	6,841	6,789
Taxes and insurance	6,290	6,477
Telecommunications	178	189
Library materials	2,521	2,330
Interest on debt	39,682	39,406
Depreciation and amortization	28,632	32,265
Student aid and fellowships	49,842	49,442
Operating lease agreements	5,168	5,322
Provision for uncollectible accounts	75	134
Total non-salary	221,432	224,674
<i>Total expenses by functional category</i>	<i>\$ 423,316</i>	<i>\$ 431,597</i>

(11) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Institute has been named a defendant in various claims. Although there can be no assurance as to the eventual outcome of litigation in which Rensselaer has been named, in the opinion of management such litigation will not, in the aggregate, have a material adverse effect on Rensselaer's financial position.

Guarantee

During 2012, the Institute entered into a guarantee agreement with an apartment complex, adjacent to campus, for 100% of the lease revenue for the ten year period ending June 2022. The guarantee was provided in consideration for exclusive RPI student leasing rights. The gross rental value for the remaining seven years at June 30, 2015 is \$6,840.

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Leases

At June 30, 2015, the minimum annual commitments under capital and operating leases for real property and equipment are as follows:

	Operating leases	Capital leases
2016	2,362	1,584
2017	1,920	1,605
2018	1,850	1,605
2019	1,625	1,613
2020	1,388	1,615
Thereafter	16,429	29,857
Total leases	\$ 25,574	37,879
Less: amount representing interest		(17,312)
<i>Present value of minimum lease payments</i>		\$ 20,567

(12) ASSET RETIREMENT OBLIGATIONS

The following is a summary of the asset retirement obligation which is included in accounts payable and accrued expenses:

<i>Change in asset retirement obligation:</i>	2015	2014
Asset retirement obligation, beginning of year	\$ 9,718	\$ 9,304
Accretion expense	452	450
Less: disposals and remediations	-	(36)
<i>Asset retirement obligation, end of year</i>	\$ 10,170	\$ 9,718

(13) SUBSEQUENT EVENTS

There were no subsequent events through October 12, 2015, the date on which the consolidated financial statements were available for issuance.