



**INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND
MRS. FELIX FULD FOUNDATION**

Financial Statements

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

**INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND
MRS. FELIX FULD FOUNDATION**

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KPMG LLP
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Independent Auditors' Report

The Board of Trustees
Institute for Advanced Study – Louis Bamberger and
Mrs. Felix Fuld Foundation:

We have audited the accompanying financial statements of Institute for Advanced Study – Louis Bamberger and Mrs. Felix Fuld Foundation (the Institute), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Institute for Advanced Study – Louis Bamberger and Mrs. Felix Fuld Foundation as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 30, 2017

**INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND
MRS. FELIX FULD FOUNDATION**

Statements of Financial Position

June 30, 2017 and 2016

Assets	2017	2016
Cash and cash equivalents	\$ 1,005,909	7,602,998
Accounts receivable and other assets	3,074,199	2,935,387
Grants receivable	1,980,650	1,838,300
Contributions receivable, net	11,677,987	19,905,402
Mortgages receivable	6,284,894	6,888,348
Funds held by bond trustee	2,457,470	2,426,873
Beneficial interest in remainder trust	1,061,403	2,613,469
Land, buildings and improvements, equipment, and rare book collection, net	102,551,004	90,673,753
Investments	777,519,685	765,169,015
Total assets	\$ 907,613,201	900,053,545
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 11,406,056	8,832,768
Deferred revenue	9,617,054	10,845,676
Liabilities under split-interest agreements	1,900,266	1,913,138
Postretirement benefit obligation	17,832,643	18,473,368
Asset retirement obligation	1,116,114	1,082,777
Bond swap liability	3,447,319	5,127,858
Note payable	—	74,665
Long-term debt, net	70,387,750	73,221,984
Total liabilities	115,707,202	119,572,234
Net assets:		
Unrestricted	360,890,589	357,099,237
Temporarily restricted	177,061,931	170,493,442
Permanently restricted	253,953,479	252,888,632
Total net assets	791,905,999	780,481,311
Total liabilities and net assets	\$ 907,613,201	900,053,545

See accompanying notes to financial statements.

**INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND
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Statement of Activities

Year ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Private contributions and grants	\$ 132,207	9,744,027	1,064,847	10,941,081
Government grants	—	6,922,152	—	6,922,152
Investment return	23,379,515	26,930,175	—	50,309,690
Change in fair value of bond swap liability	1,680,539	—	—	1,680,539
Loss on sale of plant assets	(11,834)	—	—	(11,834)
Auxiliary activity	5,372,411	—	—	5,372,411
Net assets released from restrictions – satisfaction of program restrictions	37,027,865	(37,027,865)	—	—
Total revenues, gains, and other support	<u>67,580,703</u>	<u>6,568,489</u>	<u>1,064,847</u>	<u>75,214,039</u>
Expenses:				
School of Mathematics	10,930,788	—	—	10,930,788
School of Natural Sciences	11,364,271	—	—	11,364,271
School of Historical Studies	7,579,365	—	—	7,579,365
School of Social Science	3,627,565	—	—	3,627,565
Libraries and other academic	6,491,183	—	—	6,491,183
Administration and general	15,196,630	—	—	15,196,630
Auxiliary activity	8,599,549	—	—	8,599,549
Total expenses	<u>63,789,351</u>	<u>—</u>	<u>—</u>	<u>63,789,351</u>
Changes in net assets	3,791,352	6,568,489	1,064,847	11,424,688
Net assets – beginning of year	<u>357,099,237</u>	<u>170,493,442</u>	<u>252,888,632</u>	<u>780,481,311</u>
Net assets – end of year	<u>\$ 360,890,589</u>	<u>177,061,931</u>	<u>253,953,479</u>	<u>791,905,999</u>

See accompanying notes to financial statements.

**INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND
MRS. FELIX FULD FOUNDATION**

Statement of Activities

Year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues, gains, and other support:				
Private contributions and grants	\$ 62,702	21,119,654	20,195,659	41,378,015
Government grants	—	7,043,263	—	7,043,263
Investment return	(4,032,362)	(4,646,157)	—	(8,678,519)
Change in fair value of bond swap liability	(996,198)	—	—	(996,198)
Loss on sale of plant assets	(532)	—	—	(532)
Auxiliary activity	7,042,436	—	—	7,042,436
Net assets released from restrictions – satisfaction of program restrictions	35,726,709	(35,726,709)	—	—
	<u>37,802,755</u>	<u>(12,209,949)</u>	<u>20,195,659</u>	<u>45,788,465</u>
Total revenues, gains, and other support				
Expenses:				
School of Mathematics	11,558,556	—	—	11,558,556
School of Natural Sciences	11,870,919	—	—	11,870,919
School of Historical Studies	8,690,016	—	—	8,690,016
School of Social Science	3,309,893	—	—	3,309,893
Libraries and other academic	7,926,242	—	—	7,926,242
Administration and general	16,068,543	—	—	16,068,543
Auxiliary activity	8,312,231	—	—	8,312,231
	<u>67,736,400</u>	<u>—</u>	<u>—</u>	<u>67,736,400</u>
Total expenses				
Changes in net assets	(29,933,645)	(12,209,949)	20,195,659	(21,947,935)
Net assets – beginning of year	387,032,882	182,703,391	232,692,973	802,429,246
Net assets – end of year	<u>\$ 357,099,237</u>	<u>170,493,442</u>	<u>252,888,632</u>	<u>780,481,311</u>

See accompanying notes to financial statements.

**INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND
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Statements of Cash Flows

Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 11,424,688	(21,947,935)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	4,942,462	4,849,131
Contributions restricted for endowment and plant	(8,489,319)	(28,645,990)
Net (appreciation) depreciation on investments	(53,600,807)	5,742,935
Change in fair value of bond swap liability	(1,680,539)	996,198
Loss on sale of plant assets	11,834	532
Amortization of debt issuance costs	58,409	49,325
Amortization of bond discount	22,357	19,260
Changes in assets/liabilities:		
Receivables and other assets	322,292	(2,465,977)
Contributions receivable	8,227,415	8,601,358
Beneficial interest in remainder trust	1,552,066	16,354
Accounts payable and accrued expenses	2,573,288	918,419
Deferred revenue	(1,228,622)	5,535,119
Postretirement benefit obligation	(640,725)	3,210,505
Asset retirement obligation	33,337	22,301
Net cash used in operating activities	<u>(36,471,864)</u>	<u>(23,098,465)</u>
Cash flows from investing activities:		
Proceeds from sale of plant assets	1,201,172	—
Purchase of plant assets	(18,032,719)	(12,431,137)
Proceeds from sale of investments	317,226,232	224,230,743
Purchase of investments	<u>(275,976,095)</u>	<u>(227,863,006)</u>
Net cash provided by (used in) investing activities	<u>24,418,590</u>	<u>(16,063,400)</u>
Cash flows from financing activities:		
Contributions restricted for endowment and plant	8,489,319	28,645,990
Decrease in liabilities under split-interest agreements	(12,872)	(223,390)
Debt issuance costs on long-term debt	—	(211,118)
Proceeds from issuance of long-term debt	—	15,220,481
Principal payments on long-term debt	(2,915,000)	(2,575,000)
Principal payments on note payable	(74,665)	(73,196)
Decrease in funds held by bond trustee	<u>(30,597)</u>	<u>(127,224)</u>
Net cash provided by financing activities	<u>5,456,185</u>	<u>40,656,543</u>
Net (decrease) increase in cash and cash equivalents	<u>(6,597,089)</u>	<u>1,494,678</u>
Cash and cash equivalents – beginning of year	<u>7,602,998</u>	<u>6,108,320</u>
Cash and cash equivalents – end of year	<u>\$ 1,005,909</u>	<u>7,602,998</u>
Supplemental data:		
Interest paid	\$ 2,747,631	2,209,025

See accompanying notes to financial statements.

**INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND
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Notes to Financial Statements

June 30, 2017 and 2016

(1) Organization and Summary of Significant Accounting Policies

Organization

The Institute for Advanced Study – Louis Bamberger and Mrs. Felix Fuld Foundation (the Institute), an independent, private institution devoted to the encouragement, support, and patronage of learning, was founded in 1930 as a community of scholars where intellectual inquiry could be carried out in the most favorable circumstances.

Focused on mathematics and classical studies at the outset, the Institute today consists of the School of Historical Studies, the School of Mathematics, the School of Natural Sciences, and the School of Social Science. Each school has a small permanent faculty, and some 190 fellowships are awarded annually to members visiting the Institute from other research institutions and universities throughout the world.

The Founders' original letter to the first Trustees described the objectives of the Institute as follows: "The primary purpose is the pursuit of advanced learning and exploration in fields of pure science and high scholarship to the utmost degree that the facilities of the institution and the ability of the faculty and students will permit."

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Institute as a whole and to present net assets and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Institute. Generally, the donors of these assets permit the Institute to use all or part of the income earned on related investments for general or specific purposes.
- Temporarily restricted net assets – net assets subject to donor-imposed stipulations that will be met by actions of the Institute and/or by the passage of time.
- Unrestricted net assets – net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expiration of donor-imposed stipulations that simultaneously increase unrestricted net assets and decrease temporarily restricted net assets are reported as net assets released from restrictions.

**INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND
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Notes to Financial Statements

June 30, 2017 and 2016

(a) Contributions and Grants

Contributions and grants, including unconditional promises to give, are recognized initially at fair value as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Pledges of contributions to be received after one year are discounted at a risk-adjusted discount rate. The discount rates range from 0.28% to 1.89%. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. The inputs to the fair value estimate are considered Level 3 in the fair value hierarchy.

Contributions of long-lived assets are reported as unrestricted revenue. Contributions restricted for the acquisition of grounds, buildings, and equipment are reported as temporarily restricted revenues. These contributions are reclassified to unrestricted net assets upon acquisition of the assets.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments with an original maturity of three months or less, except for those managed as a component of the Institute's investment portfolio.

(c) Mortgages receivable

The Institute regularly offers first mortgages on primary residences to full-time faculty and senior administrative employees who have met certain requirements stipulated by the Board of Trustees.

(d) Investments

Investments in marketable securities are reported in the financial statements at fair value based on published market quotations. Investments in limited partnerships and hedge funds are reported in the financial statements at estimated fair value using net asset value (NAV) or its equivalent as a practical expedient, based upon values provided by external investment managers or general partners, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. The Institute reviews and evaluates the values provided by external investment managers and general partners and agrees with the valuation methods and assumptions used in determining the fair value of funds. These estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed. As of June 30, 2017 and 2016, the Institute had no plans or intentions to sell investments at amounts different from NAV.

The statements of activities recognize unrealized gains and losses on investments as increases and decreases, respectively, in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or law. Gains and losses on the sale of investment securities are calculated using the specific identification method.

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Notes to Financial Statements

June 30, 2017 and 2016

(e) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of inputs used to measure fair value are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices 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 full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset and does not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

Net Asset Value (NAV) is used as a practical expedient for certain commingled funds, privately held investments, and securities held in partnership format for which a readily determinable fair value is not available, unless the Institute believes such NAV calculation is not measured in accordance with fair value. These values may differ significantly from values that would have been used had a readily available market existed for such investments, and that difference could be material to the change in net assets of the Institute.

(f) Plant Assets and Depreciation

Proceeds from the sale of plant assets, if unrestricted, are transferred to operating funds, or, if restricted, to amounts temporarily restricted for plant acquisitions. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis (buildings and capital improvements 20-40 years, equipment 3-6 years).

(g) Deferred Revenue

Amounts received on conditional grants are recorded initially as deferred revenue and are reported as revenues when expended in accordance with the terms of the condition.

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Notes to Financial Statements

June 30, 2017 and 2016

(h) *Split-Interest Agreements*

The Institute is the beneficiary of various unitrusts, a pooled income fund, and a gift annuity fund. The Institute's interest in these split-interest agreements is reported as a contribution in the year received and is calculated as the difference between the fair value of the assets contributed to the Institute and the estimated liability to the beneficiary. This liability is computed using actuarially determined rates and is adjusted annually to reflect changes in the life expectancy of the donor or annuitant, amortization of the discount, and other changes in the estimates of future payments. The assets held by the Institute under these arrangements are recorded at fair value as determined by quoted market prices and are included as a component of investments.

(i) *Unamortized Debt Issuance Costs*

Debt issuance costs represent costs incurred in connection with debt financing. Amortization of these costs is provided on the effective interest method extending over the remaining term of the applicable indebtedness. Debt issuance costs at June 30, 2017 and 2016 were net of accumulated amortization of \$621,928 and \$680,337, respectively.

In fiscal year 2017, the Institute adopted the provisions of Accounting Standards Update (ASU) No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to the recognized debt liability be presented as a direct reduction from the debt liability on the statement of financial position. As a result of the adoption, the Institute reclassified the amount reported as unamortized debt issuance costs, net of \$680,337 to long-term debt, net in the statement of financial position for the year ended June 30, 2016.

(j) *Asset Retirement Obligation*

The Institute recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred, if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the Institute capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. The liability is accreted to its present value each period and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statements of activities.

(k) *Fund Raising Expenses*

Fund raising expenses incurred by the Institute amounted to \$1,660,098 and \$1,974,810 for the years ended June 30, 2017 and 2016, respectively. This amount is included in administration and general expenses in the accompanying statements of activities.

(l) *Functional Allocation of Expenses*

The costs of providing program services and support services of the Institute have been summarized on a functional basis in the statements of activities. Accordingly, certain operating costs have been allocated among the functional categories.

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Notes to Financial Statements

June 30, 2017 and 2016

(m) Tax Status

The Institute is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code (the Code) and is listed in the Internal Revenue Service Publication 78. The Institute has been classified as a public charity under Section 509(a) of the Code.

There are certain transactions that could be deemed unrelated business income and would result in a tax liability. Management reviews transactions to estimate potential tax liabilities using a threshold of more likely than not. It is management's estimation that there are no material tax liabilities that need to be recorded.

(n) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

(o) Reclassification

Certain prior year amounts have been reclassified to confirm with the current year's presentation.

(2) Contributions Receivable

Unconditional promises to give at June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Unconditional promises to give:		
Less than one year	\$ 3,859,280	8,116,086
One to five years	<u>8,670,212</u>	<u>12,611,800</u>
	12,529,492	20,727,886
Discount on promises to give	<u>(851,505)</u>	<u>(822,484)</u>
Total	<u>\$ 11,677,987</u>	<u>19,905,402</u>

At June 30, 2017 and 2016, 92% and 92% of gross contributions receivable and 10% and 34% of contributions revenue are from four donors, respectively.

During fiscal 2011, the Institute received two conditional pledges totaling \$100 million to enhance the Institute's endowment fund. The pledges were conditioned on the Institute raising an additional \$100 million in cash or pledges from third-party donors in the period January 1, 2011 through June 30, 2015, which have been met. The conditional pledge payments began in June 2011 and will continue through June 30, 2022. As of June 30, 2017 and 2016, the Institute has recorded revenue totaling approximately \$93.8 million and \$90.4 million, respectively, relating to these conditional pledges.

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Notes to Financial Statements

June 30, 2017 and 2016

(3) Investments, Funds Held by Bond Trustee, and Beneficial Interest in Remainder Trust

(a) Overall Investment Objective

The overall investment objective of the Institute is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and capital preservation. The Institute diversifies its investments among various managers and investment opportunities. Substantially all of the investments are pooled with each individual fund subscribing to or disposing of units on the basis of the market value per unit, determined on a quarterly basis. Major investment decisions are authorized by the Board's Investment Committee, which oversees the Institute's investment program in accordance with established guidelines.

(b) Allocation of Investment Strategies

In addition to traditional stocks and fixed-income securities, the Institute may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving hedged strategies, private equity, and real asset strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly. Private equity funds employ buyout and venture capital strategies and focus on investments in turn-around situations. Real asset funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Private equity and real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

**INSTITUTE FOR ADVANCED STUDY – LOUIS BAMBERGER AND
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Notes to Financial Statements

June 30, 2017 and 2016

The following tables summarize the Institute's investments and other assets at fair value by major category in the fair value hierarchy as of June 30, 2017 and 2016, as well as related strategy, liquidity, and funding commitments:

		June 30, 2017				Investments
		Total	Level 1	Level 2	Level 3	at NAV
Investments:						
Long-term investment strategies:						
Hedge funds – onshore:						
Emerging markets	\$	675,262	—	—	—	675,262
Multiple strategies		56,904,046	—	—	—	56,904,046
Total		57,579,308	—	—	—	57,579,308
Hedge funds – offshore:						
Structured credit		14,265,782	—	—	—	14,265,782
Distressed/high-yield		2,744,308	—	—	—	2,744,308
Emerging markets		49,585	—	—	—	49,585
Equities – long bias		17,878,487	—	—	—	17,878,487
Equities – long/short		63,799,196	—	—	—	63,799,196
Fixed income arbitrage		21,832,494	—	—	—	21,832,494
Multiple strategies		211,369,357	—	—	—	211,369,357
Quantitative/CTA		84,026,742	—	—	—	84,026,742
Quantitative equity long						
short		10,731,857	—	—	—	10,731,857
Insurance		25,191,951	—	—	—	25,191,951
Bio tech/health care		13,170,260	—	—	—	13,170,260
Discretionary macro		17,592,713	—	—	—	17,592,713
Energy trading		11,005,872	—	—	—	11,005,872
Total		493,658,604	—	—	—	493,658,604
Limited partnerships		161,527,481	—	—	—	161,527,481
Cash and cash equivalents		60,839,644	60,839,644	—	—	—
Other investments:						
Assets held under split-interest agreements:						
Cash and cash equivalents		165,773	165,773	—	—	—
Fixed income securities		3,748,875	—	—	3,748,875	—
Total investments	\$	777,519,685	61,005,417	—	3,748,875	712,765,393
Other assets:						
Beneficial interest in remainder trust	\$	1,061,403	—	—	1,061,403	—
Funds held by bond trustee:						
U.S. government obligations		2,457,470	—	2,457,470	—	—
Total other assets	\$	3,518,873	—	2,457,470	1,061,403	—

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Notes to Financial Statements

June 30, 2017 and 2016

June 30, 2016					
	Total	Level 1	Level 2	Level 3	Investments at NAV
Investments:					
Long-term investment strategies:					
Hedge funds – onshore:					
Emerging markets	\$ 1,504,761	—	—	—	1,504,761
Equities – long/short	5,579,633	—	—	—	5,579,633
Multiple strategies	62,415,272	—	—	—	62,415,272
Total	69,499,666	—	—	—	69,499,666
Hedge funds – offshore:					
Structured credit	\$ 11,990,576	—	—	—	11,990,576
Distressed/high-yield	5,021,666	—	—	—	5,021,666
Emerging markets	39,227	—	—	—	39,227
Equities – long bias	14,627,017	—	—	—	14,627,017
Equities – long/short	84,284,222	—	—	—	84,284,222
Event driven strategies	20,541,876	—	—	—	20,541,876
Multiple strategies	209,508,982	—	—	—	209,508,982
Quantitative/CTA	55,898,287	—	—	—	55,898,287
Quantitative equity long short	10,675,606	—	—	—	10,675,606
Insurance	21,716,573	—	—	—	21,716,573
Bio tech/health care	11,836,093	—	—	—	11,836,093
Discretionary macro	13,334,616	—	—	—	13,334,616
Energy trading	15,000,000	—	—	—	15,000,000
Total	474,474,741	—	—	—	474,474,741
Limited partnerships	157,237,113	—	—	—	157,237,113
Cash and cash equivalents	60,158,644	60,158,644	—	—	—
Other investments:					
Assets held under split- interest agreements:					
Cash and cash equivalents	69,755	69,755	—	—	—
Fixed income securities	3,729,096	—	—	3,729,096	—
Total investments	\$ 765,169,015	60,228,399	—	3,729,096	701,211,520
Other assets:					
Beneficial interest in remainder trust	\$ 2,613,469	—	—	2,613,469	—
Funds held by bond trustee:					
U.S. government obligations	2,426,873	—	2,426,873	—	—
Total other assets	\$ 5,040,342	—	2,426,873	2,613,469	—

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The following tables present the Institute's activities for the years ended June 30, 2017 and 2016 for investments classified in Level 3:

2017			
Level 3 roll forward	Assets held under split-interest agreement	Beneficial interest in remainder trust	Total
	Fixed income securities		
Fair value at June 30, 2016	\$ 3,729,096	2,613,469	6,342,565
Acquisitions	—	—	—
Dispositions	(265,346)	(1,750,000)	(2,015,346)
Transfers in/out of Level 3	—	—	—
Net realized and unrealized gains	285,125	197,934	483,059
Fair value at June 30, 2017	<u>\$ 3,748,875</u>	<u>1,061,403</u>	<u>4,810,278</u>

2016			
Level 3 roll forward	Assets held under split-interest agreement	Beneficial interest in remainder trust	Total
	Fixed income securities		
Fair value at June 30, 2015	\$ 4,033,210	2,629,823	6,663,033
Acquisitions	8,068	—	8,068
Dispositions	(279,083)	—	(279,083)
Transfers in/out of Level 3	—	—	—
Net realized and unrealized gains	(33,099)	(16,354)	(49,453)
Fair value at June 30, 2016	<u>\$ 3,729,096</u>	<u>2,613,469</u>	<u>6,342,565</u>

The Institute's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers between investments classified as Level 1 and Level 2 for the years ended June 30, 2017 or 2016. There were no transfers in or out of investments classified as Level 3 for the years ended June 30, 2017 or 2016.

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Private equity and venture capital investments are generally made through limited partnerships. Under the terms of such agreements, the Institute may be required to provide additional funding when capital or liquidity calls are made by fund managers. These partnerships have a limited existence, and they may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, or other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The Institute cannot anticipate such changes because they generally arise from unforeseeable events, but should they occur they could reduce liquidity or originally anticipated investment returns. Accordingly, the timing and amount of future capital or liquidity calls in any particular future year are uncertain. As of June 30, 2017, the Institute is obligated under certain limited partnership agreements to advance additional funding in the amount of \$94,121,839, which is anticipated to be called over the next 10 years.

Investment liquidity as of June 30, 2017 is aggregated below based on redemption or sale period:

	<u>Investment fair values</u>
Investment redemption or sale period:	
Daily	\$ 60,839,644
Monthly	115,500,307
Quarterly	126,345,231
Semi-annually	100,328,449
Annually	58,419,189
Subject to rolling lock ups or other restrictions	143,899,368
Illiquid	<u>172,187,497</u>
Total as of June 30, 2017	\$ <u><u>777,519,685</u></u>

(c) Funds Held by Bond Trustee

Funds held by bond trustee represent funds held for debt service payments to be made for the various bond indentures. These funds are being held in trust by The Bank of New York.

(d) Redemption Restrictions – Hedge Funds

At June 30, 2017, the Institute had hedge fund investments of approximately \$551,237,900, of which approximately \$57,769,100 was restricted from redemption for lock-up periods. At June 30, 2016, the Institute had hedge fund investments of approximately \$543,974,400, of which approximately \$43,631,900 was restricted from redemption for lock-up periods. Some of the investments with redemption restrictions allow early redemption for specified fees. The terms and conditions upon which an investor may redeem an investment vary, usually with the majority requiring 30 to 180 days' notice after the initial lock-up period.

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The expirations of redemption lock-up periods are summarized in the table below:

	<u>Amount</u>
Fiscal year:	
2018	\$ 43,981,100
2019	8,019,400
2020 and thereafter	<u>5,768,600</u>
Total	<u>\$ 57,769,100</u>

(e) Redemption Restrictions – Limited Partnerships

At June 30, 2017 and 2016, the Institute had limited partnership investments of approximately \$161,527,500 and \$157,237,100, respectively, which were restricted from redemption for lock-up periods. Some of the investments with redemption restrictions allow early redemption for specified fees. The terms and conditions upon which an investor may redeem an investment vary, usually with the majority requiring 30 to 180 days' notice after the initial lock-up period.

The expirations of redemption lock-up periods are summarized in the table below:

	<u>Amount</u>
Fiscal year:	
2018	\$ 30,558,700
2019	9,771,200
2020	3,437,200
2021	3,813,900
2022	41,638,700
2023 and thereafter	<u>72,307,800</u>
Total	<u>\$ 161,527,500</u>

(4) Investment Return and Endowment Spending Policy

Investment return consists of interest, dividends, and realized and unrealized gains and losses on investments. Each year, the Institute includes a portion of its endowment return in its operating budget, with the amount of such planned support determined using its spending policy. The policy of the Institute is to distribute for current spending a percentage of the fair value of pooled investments which is determined by the Board of Trustees annually. The spending rate for operating and capital purposes was 6.06% and 6.11% for 2017 and 2016, respectively.

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The following tables summarize the investment return and its classification in the statements of activities for the years ended June 30, 2017 and 2016:

	2017		
	Unrestricted	Temporarily restricted	Total
Dividends and interest, net of investment expenses	\$ (1,342,054)	(1,949,063)	(3,291,117)
Net appreciation on investments	24,721,569	28,879,238	53,600,807
Total investment return	\$ 23,379,515	26,930,175	50,309,690

	2016		
	Unrestricted	Temporarily restricted	Total
Dividends and interest, net of investment expenses	\$ (1,271,514)	(1,664,070)	(2,935,584)
Net depreciation on investments	(2,760,848)	(2,982,087)	(5,742,935)
Total investment return	\$ (4,032,362)	(4,646,157)	(8,678,519)

Total investment management and advisory fees were \$3,359,045 and \$3,185,474 for the years ended June 30, 2017 and 2016, respectively.

(5) Endowment

The Institute's endowment consists of approximately 120 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowments, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

The Institute has interpreted the New Jersey-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Institute to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as the Institute determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in a donor-restricted endowment fund are donor-restricted assets until appropriated for expenditure by

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the Board of Trustees of the Institute. As a result of applicable accounting guidance, the Institute classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the original corpus the fund included in permanently restricted net assets due to unfavorable market fluctuations subsequent to the investment of the gift. Deficiencies of this nature, which are reported in unrestricted net assets, totaled approximately \$2,012,000 and \$2,212,000, at June 30, 2017 and 2016, respectively. Subsequent gains that restore the fair value of the assets of the donor-restricted endowment fund are classified as an increase in unrestricted net assets.

Endowment net assets consisted of the following at June 30, 2017 and 2016:

2017				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	\$ (2,012,026)	166,280,649	253,953,479	418,222,102
Board designated	<u>347,628,313</u>	<u>—</u>	<u>—</u>	<u>347,628,313</u>
	<u>\$ 345,616,287</u>	<u>166,280,649</u>	<u>253,953,479</u>	<u>765,850,415</u>
2016				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	\$ (2,212,010)	159,961,990	252,888,632	410,638,612
Board designated	<u>343,959,621</u>	<u>—</u>	<u>—</u>	<u>343,959,621</u>
	<u>\$ 341,747,611</u>	<u>159,961,990</u>	<u>252,888,632</u>	<u>754,598,233</u>

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Changes in endowment net assets for the fiscal years ended June 30, 2017 and 2016 were as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Net assets, June 30, 2015	\$ 371,650,375	182,062,449	232,692,973	786,405,797
Dividends and interest income, net	(1,271,514)	(1,665,225)	—	(2,936,739)
Net depreciation on investments	(2,760,848)	(2,891,611)	—	(5,652,459)
Contributions	115,750	303,476	20,195,659	20,614,885
Appropriation for expenditure – operations	(20,986,932)	(17,867,268)	—	(38,854,200)
Appropriation for expenditure – capital and other	(4,999,220)	—	—	(4,999,220)
Additions to temporarily restricted funds	<u>—</u>	<u>20,169</u>	<u>—</u>	<u>20,169</u>
Net assets, June 30, 2016	341,747,611	159,961,990	252,888,632	754,598,233
Dividends and interest income, net	(1,564,907)	(1,741,293)	—	(3,306,200)
Net appreciation on investments	24,721,569	28,344,865	—	53,066,434
Contributions	137,595	17,788	1,064,847	1,220,230
Appropriation for expenditure – operations	<u>(19,425,581)</u>	<u>(20,302,701)</u>	<u>—</u>	<u>(39,728,282)</u>
Net assets, June 30, 2017	\$ <u><u>345,616,287</u></u>	<u><u>166,280,649</u></u>	<u><u>253,953,479</u></u>	<u><u>765,850,415</u></u>

(b) Return Objectives and Risk Parameters

The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

(c) Strategies Employed for Achieving Objectives

The Institute manages its investments in accordance with a total return concept and the goal of maximizing returns within acceptable levels of risk. The Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (dividends and interest). The Institute's spending policy is designed to provide a stable level of financial support and to preserve the real value of its endowment.

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(6) Physical Plant

Physical plant and equipment are stated at cost at date of acquisition, less accumulated depreciation.

A summary of plant assets at June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Land	\$ 377,470	377,470
Land improvements	2,652,268	2,503,680
Buildings and improvements	152,314,153	136,904,499
Equipment	35,964,619	34,575,593
Rare book collection	203,508	203,508
Joint ownership property	<u>4,728,370</u>	<u>5,176,376</u>
	196,240,388	179,741,126
Accumulated depreciation	<u>(93,689,384)</u>	<u>(89,067,373)</u>
Net book value	<u>\$ 102,551,004</u>	<u>90,673,753</u>

(7) Long-Term Debt

A summary of long-term debt at June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
2006 Series B – NJEFA	\$ 22,300,000	23,400,000
2006 Series C – NJEFA	15,500,000	16,000,000
2008 Series C – NJEFA	2,730,000	3,335,000
2012 Taxable	15,730,000	16,130,000
2015 Taxable	<u>14,990,000</u>	<u>15,300,000</u>
Long-term debt	71,250,000	74,165,000
Less:		
Unamortized bond discount	(240,322)	(262,679)
Unamortized debt issuance costs	<u>(621,928)</u>	<u>(680,337)</u>
Total long-term debt	<u>\$ 70,387,750</u>	<u>73,221,984</u>

Interest expense on long-term debt for the years ended June 30, 2017 and 2016 was \$2,702,522 and \$2,150,287, respectively.

(a) 2006 Series B

In July 2006, the Institute received proceeds of the Authority offering of \$29,600,000 Revenue Bonds, 2006 Series B of the Institute for Advanced Study Issue. The 2006 Series B Bonds were issued to finance the advance refunding of the outstanding 1997 Series G Bonds, the partial advance refunding

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of the 2001 Series A Bonds, and to pay a portion of certain costs incidental to the sale and issuance of the 2006 Series B Bonds.

(b) 2006 Series C

In March 2007, the Institute received proceeds of the Authority offering of \$20,000,000 Revenue Bonds, 2006 Series C of the Institute for Advanced Study Issue. Proceeds are being used to finance the costs of construction, renovating, and equipping certain educational facilities of the Institute, to fund capitalized interest on the 2006 Series C Bonds during the renovation and construction, and to pay certain costs incidental to the sale and issuance of the 2006 Series C Bonds.

(c) 2008 Series C

In March 2008, the Institute received proceeds of the Authority offering of \$11,255,000 Revenue Bonds, 2008 Series C of the Institute for Advanced Study Issue. The 2008 Series C Bonds were issued to finance the advance refunding of outstanding 1997 Series F Bonds, the advance refunding of outstanding 1997 Series G, and to pay a portion of certain costs incidental to the sale and issuance of the 2008 Series C Bonds.

(d) 2012 Taxable

In December 2012, the Institute received proceeds of \$17,320,000 Taxable Bonds, 2012 Series of the Institute for Advanced Study Issue, which were issued at a discount of approximately \$92,000. The 2012 Taxable Bonds were used to finance the advance refunding of outstanding 2001 Series A Bonds, to fund renovations to the Members Housing facility and the costs of renovation and equipping certain educational facilities of the Institute, and to pay certain costs incidental to the sale and issuance of the 2012 Taxable Bonds.

(e) 2015 Taxable

In November 2015, the Institute received proceeds of \$15,300,000 Taxable Bonds, 2015 Series of the Institute for Advanced Study Issue, which were issued at a discount of approximately \$80,000. The 2015 Taxable Bonds were used to fund capital projects at the Institute and for other corporate purposes of the Institute, and to pay certain costs incidental to the sale and issuance of the 2015 Taxable Bonds.

(f) Interest Rates

The 2006 Series B and C Bonds bear interest at variable rates. The bonds were issued in the weekly mode with weekly rates determined by Lehman Brothers Inc, as Remarketing Agent and paid monthly. The maximum interest rate on the 2006 Bonds shall be twelve percent (12%) per annum. The 2006 bonds are subject to redemption at various prices and require principal payments and sinking fund installments through July 1, 2031 (Series B) and July 1, 2036 (Series C). The obligation to pay the Authority on a periodic basis, in the amounts sufficient to cover principal and interest due on the bonds, is a general obligation of the Institute. On September 18, 2008, the Institute entered into a contract with JPMorgan Chase Bank to take over as Remarketing Agent, replacing Lehman Brothers Inc.

The 2008 Series C Bonds bear interest at rates ranging from 3% to 5% per annum, payable semi-annually, are subject to redemption at various prices and require principal payments and sinking

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fund installments through July 1, 2021. The obligation to pay the Authority on a periodic basis, in the amounts sufficient to cover principal and interest due on the bonds, is a general obligation of the Institute.

The 2012 Taxable bonds bear interest at rates ranging from 0.388% to 3.892% per annum, payable semi-annually, are subject to redemption at various prices and require principal payments and sinking fund installments through December 1, 2042. The obligation to make the interest payments on a periodic basis, in the amounts sufficient to cover principal and interest due on the bonds, is a general obligation to the Institute.

The 2015 Taxable bonds bear interest at rates ranging from 0.906% to 4.394% per annum, payable semi-annually, are subject to redemption at various prices and require principal payments and sinking fund installments through December 1, 2045. The obligation to make the interest payments on a periodic basis, in the amounts sufficient to cover principal and interest due on the bonds, is a general obligation to the Institute.

(g) Bond Swap Agreement

On December 22, 2008, the Institute entered into a swap agreement with Wells Fargo Bank covering \$28,900,000 of outstanding 2006 Series B Bonds that required the Institute to pay a fixed rate of 3.7702% to Wells Fargo Bank in exchange for Wells Fargo Bank agreeing to pay the Institute a variable rate equal to 67% of the USD-LIBOR-BBA rate with a term of three months, payable monthly, on an identical notional amount. The notional value of the 2006 Series B Bond is \$23,400,000. The effective date of the swap was December 22, 2008 and the termination date of the swap agreement coincides with the maturity of the bonds, which is July 1, 2031.

The Institute entered into this swap agreement with the intention of lowering its effective interest rate. At June 30, 2017 and 2016, the fair value of the interest rate swap was (\$3,477,319) and (\$5,127,858), respectively. The unrealized gain (loss) recognized during the years ended June 30, 2017 and 2016 in the amount of \$1,680,539 and (\$996,198), respectively, is reported in the statements of activities in change in fair value of bond swap liability. The swap agreement utilizes Level 2 inputs to measure fair value. The fair value of the interest rate swap was determined using pricing models developed based on the LIBOR swap rate and other market data. Under the swap agreement, the Institute may be required to post collateral to the counterparty if certain triggering events (rates and dollar thresholds) are met. As of June 30, 2017 and 2016, there was no requirement to post collateral imposed by the swap counterparty.

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The bonds are repayable as follows at June 30, 2017:

	<u>Amount</u>
Year ending June 30:	
2018	\$ 3,160,000
2019	3,600,000
2020	3,740,000
2021	3,780,000
2022	3,175,000
2023 through 2046	<u>53,795,000</u>
Total	\$ <u><u>71,250,000</u></u>

The 2006 Series B, 2006 Series C, and 2008 Series C bonds are secured by a pledge of revenues pursuant to the respective Loan Agreements.

(h) Lines of Credit

As of June 30, 2017 and 2016, the Institute had unsecured loan agreements representing a line of credit. As of June 30, 2017, the agreement provides for borrowings up to \$50,000,000, and \$30,000,000 is available through June 2020 and \$20,000,000 is available through April 2019. Interest payments are due on demand and interest accrues for the \$20,000,000 line of credit at the LIBOR rate plus 90 basis points, which was 2.63% as of June 30, 2017 and for the \$30,000,000 line of credit at LIBOR rate plus 50 basis points, which is 2.23% as of June 30, 2017. There were no borrowings in fiscal year 2017 or 2016 against the lines of credit. No interest expense was incurred for the years ended June 30, 2017 and 2016.

(8) Pension Plans and Other Postretirement Benefits

Separate voluntary defined contribution retirement plans are in effect for faculty members and eligible staff personnel, both of which provide for annuities, which are funded, to the Teachers Insurance and Annuity Association and/or the College Retirement Equities Fund. Contributions are based on the individual participant's compensation in accordance with the formula set forth in the plan documents on a nondiscriminatory basis. Contributions for the years ended June 30, 2017 and 2016 totaled approximately \$2,250,588 and \$2,220,500, respectively.

In addition to providing pension benefits, the Institute provides certain health care and life insurance benefits for retired employees and faculty. Substantially, all of the Institute's employees may become eligible for these benefits if they meet minimum age and service requirements. The Institute accrues these benefits over a period in which active employees become eligible under existing benefit plans.

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The following table provides a reconciliation of the change in benefit obligation of the plan at June 30, 2017 and 2016. There are no plan assets at June 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Postretirement benefit obligation:		
Retirees	\$ 6,411,773	5,748,176
Fully eligible active plan participants	2,519,942	3,013,153
Other active plan participants	<u>8,900,928</u>	<u>9,712,039</u>
Postretirement benefit obligation	<u><u>\$ 17,832,643</u></u>	<u><u>18,473,368</u></u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 18,473,368	15,262,863
Service cost	868,823	731,336
Interest cost	658,434	671,036
Benefits paid	(404,078)	(371,378)
Actuarial (gain) loss	<u>(1,763,904)</u>	<u>2,179,511</u>
Benefit obligation at end of year	<u><u>\$ 17,832,643</u></u>	<u><u>18,473,368</u></u>
Components of net periodic benefit cost:		
Service cost	\$ 868,823	731,336
Interest cost	658,434	671,036
Amortization of net (gain) loss	<u>(1,763,904)</u>	<u>2,179,511</u>
Net periodic postretirement benefit cost	<u><u>\$ (236,647)</u></u>	<u><u>3,581,883</u></u>
	<u>2017</u>	<u>2016</u>
Benefit obligation weighted average assumptions at June 30, 2017 and 2016:		
Discount rate	3.87 %	3.61 %
Periodic benefit cost weighted average assumptions for the years ended June 30, 2017 and 2016:		
Discount rate	3.61	4.46

The healthcare trend rate is assumed to be 6.0% in fiscal 2017 and 6.0% in fiscal 2016, trending to an ultimate rate of 5.0% in 2027 and thereafter.

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The effects of a 1% increase or decrease in trend rates on total service and interest cost and the postretirement benefit obligation are as follows:

	2017		2016	
	Increase	Decrease	Increase	Decrease
Effect on total service and interest cost \$	497,021	(345,716)	458,444	(304,768)
Effect on the postretirement benefit obligation	4,262,282	(3,072,704)	4,633,598	(3,319,381)

Projected payments for each of the next five fiscal years and thereafter through 2026 are as follows:

	Amount
Year ending June 30:	
2018	\$ 507,000
2019	513,000
2020	526,000
2021	534,000
2022	551,000
2023 through 2027	3,234,000

The Institute funds claims as they are incurred. The Institute does not expect to contribute any amounts in fiscal 2017 or 2016, except as needed to provide for benefit payments.

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(9) Temporarily and Permanently Restricted Assets

Restricted net assets are available for the following purposes at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Temporarily restricted net assets are restricted to:		
School of Mathematics	\$ 29,824,606	29,821,537
School of Natural Sciences	17,772,836	15,514,305
School of Historical Studies	37,110,599	36,682,351
School of Social Science	57,676,462	56,720,143
Libraries and other academic	6,026,748	5,624,983
Administration and general	28,650,680	26,130,123
	<u>\$ 177,061,931</u>	<u>170,493,442</u>
Permanently restricted net assets are restricted to:		
Investments to be held in perpetuity, the income from which is expendable to support academic services	\$ 253,953,479	252,888,632

(10) Subsequent Events

On July 17, 2017, in connection with the substitution of the Standby Bond Purchase Agreements, the 2006 Bonds were subject to mandatory tender for purchase, and were remarketed with an Alternate Liquidity Facility on July 17, 2017. The 2006 Bonds continue to be in the Weekly Mode, with J.P. Morgan Securities LLC serving as Remarketing Agent for the Bonds. Each Series of the 2006 Bonds are secured by a new Standby Bond Purchase Agreement issued by TD Bank, N.A.